



14 November 2024

ASX ANNOUNCEMENT

ANNUAL MEETING OF SHAREHOLDERS CHAIR AND CEO ADDRESSES

Harmony Corp Limited (ASX:HMY) ("Harmony" or "the Company") is pleased to provide copies of the following addresses for its 2024 annual meeting of shareholders, to be held online at https://us02web.zoom.us/webinar/register/WN_ABIHKzxfQfGQZselS5C74g on **Thursday 14 November 2024** at 12:00pm AEDT / 2:00pm NZDT.

Chairman's Address

Good afternoon, and welcome to Harmony's 2024 Annual General Meeting. I am Paul Lahiff, the Chair of Harmony.

To begin, I'd like to introduce my fellow Board members:

- John Quirk (Independent Director and Chair of the Audit and Risk Committee)
- Monique Cairns (Independent Director and Chair of the Nomination and Remuneration Committee)
- Neil Roberts (Director and Founder)
- David Stevens (Managing Director and Chief Executive Officer)

We also have Simon Ward (Chief Financial Officer) and David Vreugdenhil (our Audit Manager from BDO) with us today.

This past year has been another impressive year for Harmony, continuing growth through a challenging phase of the lending cycle, and setting a very strong foundation for this coming year's performance.

Key among this year's achievements has been the launch of our new internally-developed Stellare® 2.0 lending platform in Australia. This has been a major focus for the team, incorporating leading technologies and some of the latest thinking in machine learning and artificial intelligence to offer a more user-friendly customer experience with an improved ability to assist more applicants. Importantly, it also provides our team with a faster platform on which to innovate and launch new features and products. Pleasingly, the benefits of Stellare® 2.0 are already being demonstrated in our Q1FY25 results, with new customer originations up over 50% on the same period last year.

In addition to delivering strong financial results while developing for the future, we achieved significant sustainability goals this year, including the introduction of a Sustainability Policy and a Modern Slavery Statement, as well as an impressive 57% reduction in our Scope 1, 2 and 3 emissions. Harmony has offset all residual emissions to maintain net zero emissions for the year. These achievements support our ongoing commitment to creating long-term value for all our stakeholders while minimising our environmental impact and making a positive impact on the communities we serve.

I'd like to extend my appreciation to my fellow Board members for their contributions throughout the year. To David Stevens, our CEO, and the entire Harmony team, thank you for a year of significant



progress. Your hard work, commitment to our customers and values, and dedication to each other are truly commendable.

Finally, I would also like to thank you, our shareholders and our fellow stakeholders, for your continuing support of Harmony.

I will now hand over to David, who will discuss our operational achievements in more detail.

CEO's Address

Thank you Paul, and good afternoon everyone. Thank you for attending our 2024 Annual General Meeting.

As Paul mentioned, this past year has been one of significant progress for Harmony, highlighted by the launch of our transformative Stellare® 2.0 platform in Australia. This groundbreaking platform promises to revolutionise our customer experience, accelerating the delivery of personalised solutions and innovative products that cater to their evolving needs.

The development of Stellare® 2.0 has been a major undertaking, and I want to express my deep gratitude to our talented team of engineers and consumer lending experts for bringing this vision to life.

Stellare® 2.0 is already delivering impressive results, with a more than 50% increase in Australian new customer originations, compared to the same quarter last year, and this performance has continued into October, and October has also been our best month for New Zealand originations in over a year. This early success reinforces our confidence in Stellare® 2.0's ability to further enhance our operational efficiency, improve our risk assessment capabilities, and expand our market reach. Our focus now is on innovating further on Stellare® 2.0 and, in the second half of this year, extending its benefits to our valued New Zealand customers.

This past year Harmony has continued to deliver a strong financial performance, right through the tightening phase of the interest rate cycle, delivering our fifth consecutive half of both Cash NPAT profitability and loan book growth.

As at the end of our first quarter FY25 our loan book had grown to \$769m. This combined with reducing funding costs and credit losses is providing strong tailwinds for the current year. Our Q1FY25 new lending net interest margin was back above 10%, compared with last year's portfolio margin of 8.8%. Our Q1FY25 portfolio risk adjusted margin, which is our margin after funding costs and incurred credit losses, rose to 5.1%, up from 4.8% in FY24. Credit continues to perform well with Q1FY25 annualised credit losses down to 3.7%, compared with 4.1% for FY24. 90+ day arrears have remained low at 53 basis points.

Harmony's high levels of automation continue to allow us to grow revenue faster than operating costs, with our cost-to-income ratio further improving to 21% in Q1FY25, down from 24% for FY24.

Harmony remains in a very strong financial position, well-capitalised for future growth, with total warehouse capacity over \$900m, \$20m in available cash, plus \$7.5m in undrawn corporate debt.



October trading update, new Australian customer originations continue +50% on pcip and New Zealand originations were the largest in over 12 months

Since our Q1FY25 trading update last month, our strong Australian growth momentum has continued through October, and New Zealand originations were the largest in over 12 months following the recent government repeal of overly-prescriptive affordability regulations.

- Australian new customer loan originations grew more than 50% on the prior comparative period ("pcp");
- Our Group loan book is now, \$771m, up \$2m on the prior month;
- Our net interest margin on new lending remains above 10%; and
- All other key business KPI's are in line with the Q1FY25 update released last month.

Looking ahead for the remainder of the current year:

- we remain confident of our goal of achieving a 20% cash return on equity run rate in the second half of the year;
- we expect a significant acceleration in loan book growth in the second half of the year, driven by the full rollout of Stellare® 2.0 across both Australia and New Zealand;
- we expect our portfolio net interest margin to return to 9%, as new lending at higher margins makes up a greater proportion of the loan portfolio;
- operational leverage will continue as our high levels of automation mean that revenues will grow faster than operating costs; and
- as a consequence, we expect to deliver Cash NPAT growth this year.

In closing, I would like to extend my sincere thanks to the entire Harmony team for their dedication and hard work through the year, particularly in successfully launching Stellare® 2.0. To our shareholders, thank you for your continued support, and I look forward to sharing further progress updates with you through what is shaping up to be an exciting year for Harmony.

This release was authorised by the Board of Harmony Corp Limited. All numbers are unaudited.

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For Corporate / Investor queries:

Investor Relations



Ask questions via the Harmony Investor Hub.

To join, just scan our QR code or visit:
investorhub.harmony.com.au/link/drLaWP

David Stevens

CEO & Managing Director

investors@harmony.co.nz



ABOUT HARMONEY

Harmony is the only 100% consumer-direct personal lender operating across Australia and New Zealand. Harmony provides customers with unsecured and secured personal loans that are fast, easy, competitively priced (using risk-adjusted interest rates) and accessed 100% online. Harmony's purpose is to help people achieve their goals through financial products that are fair, friendly, and simple to use.

Harmony's proprietary digital lending platform, Stellare® is the power behind the platform. Stellare® can process, approve and fund loan applications within minutes. Stellare® also replaces the traditional industry credit scorecard with a predictive behavioural analytics engine which uses machine learning to analyse our rich, direct consumer data to deliver automated credit decisioning and superior risk-based pricing.

For further information visit <https://www.harmony.co.nz/> or <https://www.harmony.com.au/>

BUSINESS FUNDAMENTALS

- Harmony provides risk based priced unsecured and secured personal loans of up to \$70,000 to consumers across Australia and New Zealand.
- Its 100% consumer-direct model and automated loan approval system is underpinned by Harmony's scalable Stellare® proprietary technology platform.
- A large percentage of Harmony's originations come from existing customers with minimal customer acquisition cost.
- Harmony is comprised of a team of ~75 full-time employees predominantly based in Auckland, New Zealand, approximately half of whom comprise engineering, data science and product professionals.
- Harmony has a highly diversified funding panel with warehouses being provided by three of the "Big 4" banks across Australia and New Zealand. Harmony issued its first asset backed securitisation in 2021, followed up with a \$200m New Zealand asset backed securitisation in August 2023, both being publicly rated by Moody's.

INVESTOR HUB

Harmony's Investor Hub is a dedicated platform for investors to learn more about the Company and engage directly with Harmony's leadership team. The Company will regularly post new content to the Investor Hub, including videos accompanying our ASX announcements, interviews, research reports, and webinars.

1. Visit <https://investorhub.harmony.com.au/auth/signup>, or scan the QR code in the header.
2. Follow the prompts to sign up for an Investor Hub account.
3. Complete your account profile. If you are an existing shareholder, you may choose to link your shareholdings to your Investor Hub account (optional).