14 July 2021

ASX / NZX RELEASE

HARMONEY DELIVERS STRONG ORIGINATIONS GROWTH IN 2HFY21

Total new originations up 144% on 1HFY21
Australian new originations up 260%

Key highlights:

- Harmoney delivered its largest ever month of originations in June of NZ$53m
- Australian new customer originations in 2HFY21 grew by 260% on 1HFY21 to A$47m, with total group originations of NZ$250m
- Group receivables book tops NZ$501m, yielding a net interest margin of 11%
- Australian receivables book grew by 33% since December 2020
- Innovative new behavioural scorecard (Libra 1.8) released in New Zealand mid-June 2021, with early results showing performance uplift similar to that achieved in Australia
- Growth in new customers fuels Harmoney's unique 100% direct-to-consumer business model into FY22 and beyond, with no additional cost of acquisition
- Improved key business drivers are significant lead indicators for receivables and revenue growth in FY22

Harmoney Corp Limited (ASX/NZX:HMY) (Harmoney or the Company), Australasia's largest online direct to consumer personal lender, is pleased to provide this market update, delivering its highest ever month of originations in June 2021.

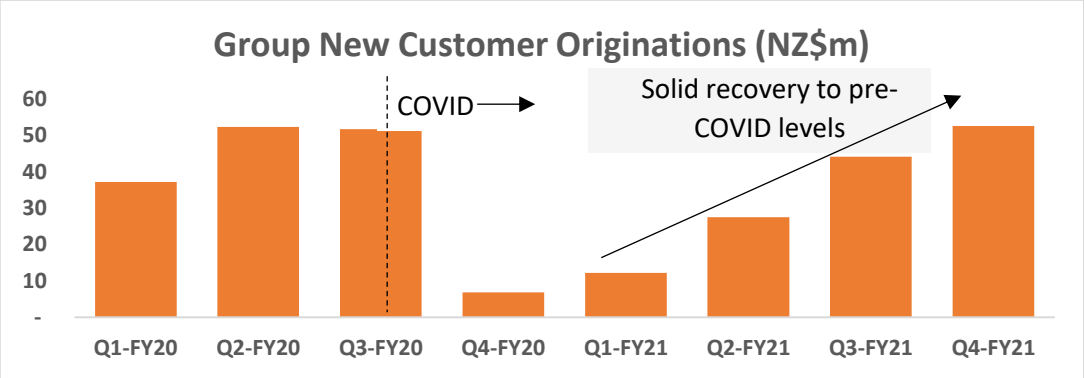
This resulted in total originations for 2HFY21 of NZ$250m, underpinned by a strong increase in new customer originations. Total originations for the half year period are outlined below:

	2HFY21	1HFY21	Growth
AUSTRALIA (A$m)			
New customer originations	46.6	12.9	260%
Repeat customer originations (3R's)	30.5	27.0	13%
Total	**77.1**	**39.9**	**93%**
NEW ZEALAND (NZ$m)			
New customer originations	46.8	25.9	81%
Repeat customer originations (3R's)	121.1	125.1	-3%
Total	**167.9**	**150.9**	**11%**
Total New Customer originations	**96.7**	**39.7**	**144%**
Total Repeat Customer originations (3R's)	**153.7**	**154.0**	**0%**
Total Group originations (NZ$m)	**250.4**	**193.7**	**29%**

FINANCIAL AND OPERATIONAL UPDATE

Harmoney accelerated its data-driven marketing program following listing on ASX/NZX last November, leading to a significant increase in new customer originations. Growth in new customers – who are attracted to Harmoney's simplicity, convenience and competitively priced interest rates – typically leads to a strong increase in repeat customer originations in the following six months. This is due to Harmoney's unique direct-to-consumer model, which allows Harmoney to support and enhance a customer's growing borrowing needs at no additional marketing cost, referred to as Harmoney's 3Rs (Return, Repeat, Renew) business model. Harmoney continues as the only 100% direct to consumer lending model in Australia and New Zealand.

Total new customer originations up 144%



Commenting on the improved performance, CEO & Managing Director David Stevens said:

"It's pleasing to see Harmoney's new customer originations have surpassed pre-COVID levels. New customer originations is a lead indicator for receivables growth as more customers become eligible for our 3Rs repeat program.

"Harmoney has a clear strategy of growing attractive margin personal loans across Australia and New Zealand, where the total addressable market continues to expand as traditional financiers are contracting and more customers are going online for their financial services. In FY22, this strategy will lead to additional revenue for the Group and add to our existing scale as we further grow our Australian business which has very little fixed cost due to the leverage we are able to achieve from our lower cost New Zealand headquarters."

Harmoney's update of its innovative behavioural credit decisioning and pricing engine, Libra 1.7, released in Australia in February and Libra 1.8 in New Zealand in mid-June, will continue to significantly improve new customer originations. As Harmoney's technology is designed to continually improve credit risk prediction, the lead credit performance indicators are already substantially outperforming previous lending scorecards.

Strong net interest margin and credit performance

The strong growth in new customer originations over 2HFY21 was achieved with an attractive net interest margin of 11%. Additionally, a strong credit performance was maintained due to Harmoney's high-quality loan book, with Group 90+ day arrears at 0.69%.

Group receivables continued to grow

At 30 June 2021, Group receivables were NZ$501m, up from NZ$468m at 31 December 2020. Australian receivables grew by 33% in the 6 months since December 2020. The New Zealand receivables book was impacted by strict COVID-19 lockdowns in NZ in CY20 but in June 2021 returned to growth having been assisted by the release of Harmoney's Libra 1.8 behavioural credit decisioning and price engine and economic tailwinds.

	June 21	December 20	6-month Growth
AUSTRALIA (A$m)			
Customer receivables	135	101	33%
NEW ZEALAND (NZ$m)			
Customer receivables	358	362	-1%
Total Group Receivables (NZ$m)	**$501m**	**$468m**	**7%**

Positive outlook for growth in FY22

Group receivables are forecast to grow at significantly higher levels in FY22 as Harmoney realises the benefits of:

1. Higher new customer originations following the resumption of Harmoney's data driven marketing program post IPO;
2. Release of Libra™ 1.7 in Australia in February 2021 and Libra™ 1.8 in New Zealand in June 2021;
3. Repeat customer originations growth off the back of higher Australian and New Zealand new customer originations in 2HFY21.

Strong capital position

As at 30 June 2021, undrawn committed warehouse funding lines were NZ$216m. This is before the inclusion of the previously announced Australian and New Zealand Heartland Bank warehouse facilities, which are expected to be completed in the coming months.

This release was authorised by the Board of Harmoney Corp Limited and the final FY21 numbers remain subject to the Company's year end audit.

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ABOUT HARMONEY

Harmoney is an online direct personal lender that operates across Australia and New Zealand providing customers with unsecured personal loans that are easy to access, competitively priced (using risk-adjusted interest rates) and accessed 100% online.

Harmoney's purpose is to help people achieve their goals through financial products that are fair, friendly, and simple to use.

Harmoney's proprietary digital lending platform, Stellare™, facilitates its personalised loan product with applications processed and loans typically funded within 24 hours of acceptance by the customer. Stellare™ applies a customer's individual circumstance to its data-driven, machine learning credit scorecard to deliver automated credit decisioning and accurate risk-based pricing.

Business fundamentals

- Harmoney provides risk based priced unsecured personal loans of up to $70,000 for three or five year periods to customers across Australia and NZ
- Its direct-to-consumer and automated loan approval system is underpinned by Harmoney's scalable Stellare™ proprietary technology platform
- A large percentage of Harmoney's originations come from 3R™ (repeat) customers
- Harmoney is comprised of a team of ~80 full-time employees predominantly based in NZ, half of whom comprise engineering, data science and product professionals
- Harmoney is funded by a number of sources including two "Big-4" bank warehouse programs across Australia and New Zealand and a further warehouse facility from M&G Investments.

For further information please visit https://www.harmoney.co.nz/ and https://www.harmoney.com.au/