

1 May 2024

ASX ANNOUNCEMENT

BOOK GROWTH, STELLARE 2.0 ROLLED OUT IN AUSTRALIA AND FURTHER REDUCTIONS IN COST TO INCOME

Harmony Corp Limited (ASX:HMY) ("Harmony" or "the Company"), a leading consumer-direct personal lender in Australia and New Zealand, is pleased to provide an update on its performance for the 9 months ended 31 March 2024 ("YTD 31 March 2024").

[Click here](#) to watch a short video commentary on this trading update from our CEO David Stevens, and ask any questions you may have.

YTD 31 March 24 Highlights:

- **Loan book growth** of 4% on the prior corresponding period (pcp), despite challenging market conditions.
- **Australian loan book has now reached \$400m** and represents 53% of the group loan book.
- **Strong revenue growth**, up 18% on the pcp to \$91 million.
- **Credit loss % improves from first half 2024**, down 10bps to 4.1%, as newer Australian scorecard forms a larger percentage of the loan book.
- **Cost to Income continues to improve**, down to an impressive 23% from an already low 28% in the pcp.
- **Stellare® 2.0 is being enjoyed by more Australians every day**, with New Zealand roll out to follow in FY25.

Financial Highlights

| Financial Highlights | YTD 31 March 2024 | YTD 31 March 2023 | Change (pcp) |
|-------------------------|----------------------|----------------------|--------------|
| Loan Book (\$m) | 757 | 728 | +4% |
| Revenue (\$m) | 91 | 77 | +18% |
| Net Interest Income (%) | 8.8% | 9.9% | (110bps) |
| Credit Loss (%) | 4.1% | 3.4% | +70bps |
| 90 day arrears (%) | 0.67% | 0.52% | +15bps |
| Acquisition Costs (\$m) | 8.1 | 9.1 | (11%) |
| Cost to Income (%) | 23% | 28% | (500bps) |

Commenting on the YTD 31 March 2024, Harmony's CEO & Managing Director David Stevens said:

"We have continued our focus on driving profitable loan book growth in this financial year. The business reached a new milestone with the loan book in Australia reaching \$400m, representing 53% of the total group book. With our positive Cash NPAT, strong cash and capital position, diversified warehouse funding facilities and securitisation program, and recently launched Stellare® 2.0 platform,

we believe we are well positioned to take advantage of improving market conditions in the coming period.

We also continue to improve our cost to income ratio, which is an industry-leading 23%, as the loan book continues to grow, and with ongoing efficiencies expected from Stellare® 2.0. Combined with our low cost of acquiring new customers, and the near-zero cost of originating subsequent loans due to our direct relationship with existing customers, we set ourselves apart from our peers by demonstrating the significant competitive advantage we hold as a direct-to-consumer lender.

Our credit losses have moderated to 4.1% year to date, down from the 4.2% reported for the first half of the financial year to December 2023. We expect to see this trend continuing with the loans originated on our newer Australian scorecard, implemented over 20 months ago, now making up the majority of the loan book and with 90+ day arrears remaining low at 67bps.

As mentioned at the half year, the rapid increase in market interest rates has constrained many consumers, slowing growth, and driving increases in our cost of funds, to which we responded with increases to our lending rates. Our YTD 31 March 2024 portfolio Net Interest Income % has contracted to 8.8%, as funding costs have increased at a faster rate, however we are pleased to report 10% NIM on new lending in the current quarter, driving us back towards our 9%-10% target range.

Finally, the rollout of our new Stellare® 2.0 platform in Australia is progressing well, with ever growing numbers of customers enjoying the faster, more seamless experience that it offers. With the New Zealand rollout to follow in FY25, Stellare® 2.0's enhanced automation will continue to drive our costs to serve even lower."

Outlook Maintained

- Continued loan book growth in FY24
- Net interest margin of 9% in FY24
- Positive Cash NPAT
- 20% Cash Return on Equity run rate in FY25

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

-END-

For Corporate / Investor queries please contact us via:

Harmony Investor Hub

Investors are encouraged to lodge questions at the Harmony Investor Hub.

<https://investorhub.harmony.com.au/link/lyalKP>

Please see sign up instructions below.

David Stevens

CEO & Managing Director

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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 most loan applications within 24 hours. 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>
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).