



19 November 2020

ASX release

Harmony lists on ASX with a foreign exempt listing on NZX following its successful A\$92.5 million IPO, with a market capitalisation of A\$353 million

Highlights

- Leading Australian and New Zealand online direct personal lender, Harmony, completes its successful IPO with strong support across institutional and retail investors
- The IPO proceeds will be used predominantly to fund growth in Harmony's loan originations in Australia and New Zealand
- Harmony exceeded its origination, revenue and Cash NPAT Prospectus forecasts for the four months to October 2020

Trading in the shares in Australasia's largest online direct personal lender, Harmony Corp Limited (ASX:HMY) (**Harmony** or the **Company**), will commence on a normal settlement basis on ASX at 11.00am (AEST) today following the successful completion of its A\$92.5 million Initial Public Offering (**IPO**) at A\$3.50 per share.

The IPO was well supported by a range of institutional and retail investors across Australia and New Zealand. Applications exceeded the IPO offer size of A\$92.5 million, of which approximately A\$70.0 million (before costs) will be used to fund Harmony's growth as it accelerates originations in Australia and New Zealand and the funding of loans by bank-funded warehouse facilities. Voluntary escrow arrangements are in place for all significant existing shareholders, including Founder, Neil Roberts and CEO, David Stevens, with 72.3% of the total shares on issue to be subject to voluntary escrow arrangements.

Since originating its first loan in August 2014, Harmony has originated over NZ\$1.8 billion in personal loans (growing at a compound annual growth rate of 86% between FY15 and FY20), serving more than 47,000 customers across New Zealand and Australia and increasing its total current loan book to approximately NZ\$472 million.

CEO and Managing Director, David Stevens, commented:

"The evolving nature of the Australian and New Zealand personal finance market represents a highly attractive growth opportunity for Harmony, with the Company's strong historic record of loan originations, proprietary Stellare™ technology platform, major bank warehouse funding facilities and high customer satisfaction.

"Today's listing is a significant milestone for enabling the acceleration of growth across the Australian and New Zealand markets."

Australia represents a substantial opportunity for Harmony, where the total addressable personal lending market is approximately A\$150 billion. Since 2015, the estimated market share of personal lending captured by non-bank lenders has grown from 9.2% to 46.9% in



November 2018¹. Key structural drivers of growth also include a significant shift in consumer preferences towards online services and ongoing technological innovation.

The Harmony Board includes David Flacks as Independent Chairman and Tracey Jones as Independent Non-Executive Director, who both bring strong commercial and governance expertise. Neil Roberts and David Stevens also sit on the Board as non-independent executive Directors. Harmony is also undertaking a search to identify and select an appropriate candidate to be appointed as a third Independent Non-Executive Director.

On behalf of the Board, Chairman David Flacks said that:

“Today marks an important milestone for Harmony, a young company that is proud to have made the transition to public markets where it can continue its growth trajectory. We’re pleased with the support we’ve received from existing shareholders, who are aligned with our Board, management and staff in holding a cumulative 72% stake in the company post listing. The focus is now on delivering growth to create sustainable value for all shareholders.”

Operational update

Harmony is pleased to advise that it has exceeded its Prospectus pro forma forecasts for the four months to October 2020 (on an unaudited basis), delivering Total Income of NZ\$27.0 million and Cash Net Profit after tax of NZ\$1.6 million. Period end loan book was 1% lower than the Prospectus forecast due to a weaker AUD compared to NZD, and slightly higher customer prepayments. Loan originations for the four months to October 2020 were NZ\$114.5 million, of which NZ\$36.2 million was originated in October 2020, a 125% increase from June 2020.

Payment holidays as at 31 October 2020 were also favourable as compared to the Prospectus forecast at 3.4%, compared to 3.7%.

Harmony further reports that it has continued to see an increase in loan origination momentum in the first of half of November 2020, with volumes up 12% on the same period in October 2020.

NZ\$'000	Pro Forma 4 months to October 2020 (Forecast)	Pro Forma 4 months to October 2020 (Actual) <i>Unaudited</i>	Variance
Total Income	26,411	27,023	2%
Cash NPAT	1,086	1,649	52%
Loan Book (period end)	477,654	472,019	-1%
Loan Originations	113,425	114,538	1%

Our second NZ warehouse funding facility, which is to be provided by a global asset manager, of up to NZ\$200 million is currently being documented (after receiving credit approval in October 2020) and we currently expect to make our first drawdown from this facility prior to 31 December 2020.

¹ABS, 'ABS 5671.0 – Lending Finance, Australia, November 2018 – Table 52.



Statutory Reporting

Harmony's first statutory reporting as an ASX listed company will comprise its interim results for the half year period to 31 December 2020, which is scheduled for release in February 2021.

Business fundamentals

- Harmony provides unsecured personal loans of up to \$70,000 for three or five year periods to customers across New Zealand and Australia
- Its direct-to-consumer and automated loan approval system is underpinned by Harmony's scalable Stellare™ proprietary technology platform
- FY20 pro forma total income of NZ\$86 million (A\$79.1 million) and operating cash flow positive
- During FY20, 65% of originations were "3R" (repeat) customers, with losses on repeat loans approximately 40% lower than first time loans
- Harmony is comprised of a team of 60 full-time employees across Australia and New Zealand, half of whom comprise engineering, data science and product professionals
- Harmony is funded by a number of sources including two "Big-4" bank warehouse programs across Australia and New Zealand

ENDS

Authorised for release to ASX by the Board of Harmony Corp Limited.

For queries please contact:

Investors

David Stevens
CEO & Managing Director
investors@harmony.co.nz

Media

Jim Kelly
+61 412 549 083
jim@domestiqueconsulting.com.au

Courtney Howe
+61 404 310 364
courtney@domestiqueconsulting.com.au



About Harmony

Harmony is an online direct personal lender that operates across New Zealand and Australia providing customers with unsecured personal loans that are easy to access, 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™, 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.