



20 February 2025

ASX ANNOUNCEMENT

## 1H25 Cash NPAT of \$2.3M and Statutory NPAT of \$2.0m Cash NPAT guidance of \$5M in FY25 and targeting \$10M+ in FY26

Harmoney Corp Limited (ASX: HMY) ("Harmoney"), is pleased to provide an update on its performance for the 6 months ended 31 December 2024 ("1H25") and provide market guidance for FY25 and profit target for FY26.

### Profit guidance and outlook

The successful rollout of our new Stellare® 2.0 platform in Australia, together with the performance and strength of our \$783m loan book, has given us the confidence to provide current year Cash NPAT guidance shown below, as well as our Cash NPAT target for next financial year.

	FY24 Actual	FY25 Guidance	FY26 Target
Cash NPAT	\$0.7m	\$5m	\$10m+
Cash ROE	2%	13% in 1H25 20% run rate in 2H25	25%+

### 1H25 highlights vs prior comparative period ("pcp") 1H24:

- **Cash NPAT of \$2.3m**, which is +350% growth and sixth consecutive positive Cash NPAT half.
- **Statutory NPAT of \$2.0m.**
- **Cash return on equity of 13%** (Cash ROE). We remain well **on track for achieving our 20% Cash ROE** run rate during 2H25.
- **Australian new customer loan originations grew +43%**, driven by Stellare® 2.0.
- 1H25 net interest margin on the loan book (NIM) rose to 9.0% (FY24: 8.8%) and is now back within our targeted 9%-10% range. **New lending NIM continuing at 10%.**
- **Credit losses declined to 3.7%**, down from 4.2%.
- **Risk-adjusted income increased to 5.3%**, up from 4.8% in FY24, reflecting both higher NIM and lower credit losses.
- 90+ day **arrears remain low** at 64bps (65bps pcp).
- **Cost to income ratio<sup>1</sup> continues to improve, now at 18% in 1H25**, down from 21%, demonstrating growing operational scalability.
- Harmoney is **well capitalised** with total warehouse capacity of over \$900m, \$21m in unrestricted cash, plus \$7.5m in undrawn corporate debt.

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Financial Highlights	1H25	1H24 (pcp)	Change (pcp)
Cash NPAT (\$m)	2.3	0.5	+350%
Statutory NPAT (\$m)	2.0	(0.6)	+\$2.6m
Loan Book (\$m)	783	756	+4%
<i>Australian Loan Book (\$m)</i>	<i>445</i>	<i>391</i>	<i>+14%</i>
<i>New Zealand Loan Book (NZ\$m)</i>	<i>372</i>	<i>394</i>	<i>(6%)</i>
Revenue (\$m)	64	60	+7%
Net Interest Margin (%)	9.0	9.2	20bps reduction
Credit Losses (%)	3.7	4.2	50bps improvement
90+ Day Arrears (%)	0.64	0.65	1bps improvement
Risk Adjusted Income (%)	5.3	5.0	30bps improvement
Cost to Income Ratio (%) <sup>1</sup>	18	21	300bps improvement

1. To align Cost to income ratio costs with Cash NPAT, and with peer group ratios, non-cash share based payments and depreciation and amortisation costs are now excluded. Cost to income for 1H25 Including those costs is 20%, down from 24% pcp.

## Commenting on 1H25, Harmoney's CEO and Managing Director David Stevens said:

*"This half, Harmoney achieved a Statutory NPAT of \$2.0m and Cash NPAT of \$2.3m, our sixth consecutive positive Cash NPAT half, and up +350% on our pcp (1H24). We achieved an annualised cash return on equity for the half of 13%, placing us well on track for achieving our target of 20% cash return on equity run rate during 2H25.*

*We are pleased to be in a position to provide the market, for the first time, Cash NPAT guidance for the current year as well as our Cash NPAT target for next financial year.*

*Stellare® 2.0 has continued to drive significant increases in Australian new customer originations, which were up 43%. Stellare® 2.0 is scheduled for rollout in New Zealand during 2H25 and is expected to boost originations. While originations in the New Zealand market were down on the prior comparable period, they increased in 2Q25 compared to 1Q25, following an October 2024 platform update prompted by the government's repeal of overly prescriptive affordability regulations. With inflation in New Zealand already comfortably back within the Reserve Bank's target range, the official cash rate easing cycle is well underway and is expected to feed through to stronger economic conditions and demand in the New Zealand market.*

*Overall, the loan book grew by +4% during the half to \$783m, with the Australian loan book up +14%, partially offset by a -6% decline in the New Zealand book. Australian loans now account for 57% of the Group loan book.*

*New business Net Interest Margin (NIM) continued at 10% through the half, driving overall loan book NIM to 9%, which is back within our targeted 9%-10% range. This is up from 8.8% in FY24.*



*Loan book credit performance continued to improve, with incurred credit losses declining to 3.7% from 4.2% pcp. 90+ day arrears remain low at 0.64% (0.65% pcp).*

*Improving NIM and credit losses have collectively increased our risk-adjusted income to 5.3%, within our targeted 5%-6% range, and significantly higher than FY24's 4.8%.*

*Harmony's high levels of automation, further enhanced with the roll out of Stellare® 2.0, continue to drive down our cost to income ratio, down to 18%, from an already low 21% in 1H24. Harmony's high levels of automation provide the operating leverage that enables us to continue growing revenue faster than operating costs.*

*Our smooth transition to Stellare® 2.0 in Australia, along with its strong performance in that market, combined with the strength of our loan book and operational metrics and the stabilising economic environment, has given us the confidence to provide FY25 Cash NPAT guidance and our FY26 Cash NPAT target."*

## **Investor Presentation at 9:00am AEDT / 11:00am NZST today**

CEO and Managing Director, David Stevens, and CFO, Simon Ward, will host an investor presentation, including a Q&A session, today at 9:00am AEDT / 11:00am NZST.

Participants may join the presentation by teleconference or webcast. To attend, please register at <https://s1.c-conf.com/diamondpass/10044916-kj7y6t.html> before the start of the presentation.

Please note that registered participants will receive a dial-in number for the teleconference upon registration. A slide presentation will be viewable via the webcast and released to the ASX market announcement platform.

This release was authorised by the Board of Harmony Corp Limited.

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## **INVESTOR HUB**

Please ask any questions about this announcement, or send us other investor queries, via Harmony's InvestorHub at: [investorhub.harmony.com.au/link/WPGvxr](https://investorhub.harmony.com.au/link/WPGvxr).

Harmony's Investor Hub is a dedicated platform for investors to learn more about us and engage directly with Harmony's leadership team. Harmony will regularly post new content to the Investor Hub, including videos accompanying our ASX announcements, interviews, research reports, and webinars. To create an account and stay up-to-date:

- Visit [investorhub.harmony.com.au/auth/signup](https://investorhub.harmony.com.au/auth/signup) or scan the QR code in the header.
- Follow the prompts to complete your account profile.
- If you are an existing shareholder, you may choose to link your shareholdings to your account (optional).



## INVESTOR RELATIONS

For corporate queries, please contact Michael Pegum of Ethicus Advisory Partners via: [investors@harmony.com.au](mailto:investors@harmony.com.au).

## 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 [www.harmony.com.au](http://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 80 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.