

17 October 2023

## ASX ANNOUNCEMENT

### HARMONEY COMPLETES THE CLOSURE OF ITS LEGACY P2P PLATFORM

Harmony Corp Limited (ASX:HMY) (**Harmony** or the **Company**), a leading consumer-direct personal lender in Australia and New Zealand, advises that it has successfully completed the closure of its legacy retail peer-to-peer (**P2P**) platform.

Harmony started its business as a P2P lending platform in 2014, having received New Zealand's first P2P lending licence. Following its success in New Zealand and with an outlook for strong growth across New Zealand and Australia, Harmony recognised a more efficient and profitable way of operating the business through a warehouse funding model. Harmony ceased its P2P loan funding in March 2020, but has continued to manage the run-off of existing loan balances through the platform.

Harmony believes it is now the right time to close the P2P platform, with residual P2P-funded loan balances diminished to a level where the monthly amounts being received by most lenders are small. In recognition of this, and in appreciation for the support of the 9,861 individual P2P lenders over the past nine years, Harmony recently completed an accelerated payout of all remaining retail P2P balances, including paying out all future contractual interest to the P2P lenders.

The project has been an area of focus through 1Q24, consuming some resources that would otherwise have been directed to growth and Stellare 2.0. However, closing out the P2P platform enables Harmony to retire significant complexity from its technology stack and to reduce large data storage costs arising from the fractionalisation of P2P loans. It also allows Harmony to fully focus on the roll out of its next generation Stellare 2.0 platform.

**Commenting on the closure of its P2P platform, Harmony's CEO & Managing Director David Stevens said:**

*"Over the past nine years, more than \$960 million of lending has been funded through our P2P platform by nearly 10,000 individual lenders who, on average, enjoyed a 11.6% realised annual return. Having commenced transition to a warehouse funding model in 2020, and as part of our ongoing commitment to provide an exceptional customer experience, closing out this legacy part of the business has been an area of recent focus for us."*

*The closure of the P2P platform allows us to streamline our tech stack and fully focus on our highly successful warehouse funding model, supported by three of the 'Big 4' Australian banks, and the Stellare 2.0 platform which we are in process of rolling out to all our customers."*

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

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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 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.

**BUSINESS FUNDAMENTALS**

- Harmony provides risk based priced unsecured and secured personal loans of up to \$70,000 to consumers across Australia and NZ.
- 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 no customer acquisition cost.
- Harmony is comprised of a team of ~85 full-time employees predominantly based in Auckland, New Zealand, 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 also issued its first asset backed securitisation in 2021, and followed up with a \$200m NZ asset backed securitisation in August 2023, both being publicly rated by Moody's.

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