

27 August 2021

ASX / NZX RELEASE

## Settlement with New Zealand Commerce Commission

Harmony Corp Limited (ASX/NZX:HMY) (Harmony or the Company), Australasia's largest online direct to consumer personal lender, has entered into a settlement agreement with the New Zealand Commerce Commission (NZCC) in respect of litigation that commenced in relation to its New Zealand peer-to-peer lending product.

In 2016 the NZCC alleged that the loan establishment fee charged to borrowers in New Zealand for the Company's peer-to-peer lending product was actually a credit fee subject to the Credit Contracts and Consumer Finance Act 2003 (CCCFA), and that this fee exceeded the amount of reasonable costs which were recoverable under the CCCFA.

The trial in the NZCC's proceedings was due to take place in the New Zealand High Court in September 2021. However, the parties entered into a settlement agreement on 26 August 2021.

Under this agreement, the NZCC agreed to discontinue its proceedings, and to not issue any other legal proceedings against the Company in respect of fees charged up to the date of the settlement agreement. In return, the Company agreed to: admit breaching the CCCFA and consent to the Court making declarations; provide eligible borrowers with an establishment fee rebate of NZ\$7million in total over the next two years; and set its go-forward establishment fee at no more than \$165 for the next five years.

CEO & Managing Director David Stevens said, "Although our business was launched in 2014 as New Zealand's first and largest peer to peer lending platform, connecting willing investors with borrowers who wanted a loan, our business has now evolved and we are pleased to reach an outcome that allows us to put this matter behind us. Instead, we can focus on providing unsecured personal loans of up to \$70,000 to customers across Australia and New Zealand, which have risk-based interest rates, and are funded by several bank warehouse facilities."

The establishment fee rebate has been fully provisioned in the Company's FY21 financial statements which are to be lodged with the ASX/NZX on 31 August 2021. The Company had recognised a NZ\$3million provision as at 30 June 2020 and has increased this provision by NZ\$4million in its FY21 financial statements.

The Company will use its best endeavours to contact all eligible borrowers and provide details on how they may access their establishment fee rebate.

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

For queries please contact:

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