



3 March 2022

Letter to Shareholders - HCF Transaction and 1H22 Results

hummm group limited (**hummmgroup**) (ASX: HUM) attaches a letter from our Chairman, Christine Christian AO, sent to shareholders today in relation to the sale of **hummmgroup** Consumer Finance (HCF) to Latitude and **hummmgroup's** 1H22 results.

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Authorised for release by Belinda Hannover, Company Secretary.

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ABOUT HUMMMGROUP

hummmgroup is revolutionising the way people pay. **hummmgroup** has developed some of Australia and New Zealand's most exciting and accessible consumer finance products including **hummm**, **bundll**, **hummm90** and **hummmpro**. **hummmgroup** continues to design products around the core needs of financially savvy consumers spanning millennial spenders through to young families and SMEs. **hummmgroup** facilitates purchases for over 2.7 million customers and operates in Australia, New Zealand, Ireland, the United Kingdom and Canada.

3 March 2022

Dear Fellow Shareholder

SALE OF HUMM CONSUMER FINANCE TO LATITUDE AND HUMMGROUP 1H22 RESULTS

HCF Transaction

On 18 February 2022, humm group limited (**humm**group or the Company) (ASX: HUM) announced that it had entered into a binding agreement with Latitude Group Holdings Limited (Latitude) (ASX: LFS) for the sale of **humm**group Consumer Finance (HCF), comprising our buy now pay later, instalment and credit card operations.

The consideration for HCF comprises 150 million Latitude shares¹ and \$35 million cash, with an aggregate value of \$335 million², all of which the Company intends to distribute to shareholders. The Board of **humm**group considers the price offered by Latitude for HCF to be attractive.

Through receiving Latitude shares as consideration, **humm**group shareholders could further benefit from the enhanced increased scale and synergies of the combined businesses. The **humm**group Board expects that, as part of Latitude, HCF will be in a stronger position to accelerate the delivery of its strategy, pursue further international and product growth, diversify risk, and benefit from enhanced access to capital. Latitude has stated it expects \$65 million of pre-tax annualised run-rate synergies from the combination³.

hummgroup will also retain full ownership of the flexicommercial business, which will continue as an ASX-listed company owned by our existing shareholders. flexicommercial is the 2nd largest non-bank provider of asset finance to small-to-medium enterprises in Australia and New Zealand, with over \$1 billion in receivables.

After completing the sale of HCF and distributing the share and cash consideration to shareholders, **humm**group expects that it will have significant unrestricted cash, which will be first applied to the retirement of its perpetual note. Thereafter, the Board of **humm**group will take a

¹ Latitude will seek approval from its shareholders under Listing Rules 7.1 and/or 7.4 for the issue of the 150 million Latitude shares payable to **humm**group. If Latitude is unable to secure the requisite shareholder approval, then the consideration for HCF will comprise 45 million Latitude shares and \$245 million cash.

² Subject to customary completion adjustments.

³ Refer to Latitude's 18 February 2022 announcement and investor presentation for further detail on its synergy assessment.

disciplined approach in allocating the remaining unrestricted cash between investing further in the accelerated growth of flexicommercial and capital management initiatives.

You do not need to take any action at this stage. Shareholders will be asked to vote on the HCF transaction (and all related resolutions and the associated scheme) at a date to be determined. A comprehensive package of information, including notices for the general and scheme meetings, explanatory memorandum (incorporating an independent expert's report) and associated documentation, is expected to be provided to shareholders in approximately two months.

This is a transformational opportunity for **hummg**roup and represents compelling value for all shareholders. Accordingly, the Board of **hummg**roup recommends that shareholders vote in favour of the HCF transaction (and all related resolutions and the associated scheme) in the absence of a superior proposal and subject to an independent expert concluding that the Latitude transaction is in the best interests of shareholders.

hummgroup 1H22 Results

On 22 February 2022, we released our 1H22 results. The Company delivered Cash NPAT⁴ of \$27.8 million, down 37% on the previous corresponding period. A strong performance by flexicommercial (the Commercial and Leasing segment - Cash NPAT of \$15.3 million, up 3%) was offset by a lower contribution from HCF (Cash NPAT of \$12.5 million, down 57%) due to a range of factors including the challenging market environment and higher operating expenses relating to investment in **hummg**roup's international expansion and new products.

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hummgroup will keep shareholders fully informed of further developments. We thank you for your continued support.

You can find the HCF transaction and our results announcement and presentation, along with all other company releases, at investors.humm-group.com/investor-centre.

Yours faithfully,



Christine Christian AO
hummgroup Chair

⁴ Cash NPAT is a non-statutory measure of profit and is defined as statutory profit after tax, adjusted for the after-tax effect of material infrequent items and the amortisation of acquired intangible assets