



4 May 2022

## hummmgroup 3Q22 business update

- **hummmgroup** 3Q22 volume of \$871.1m, up 31.5% on pcp
- Commercial and Leasing volume of \$275.3m in 3Q22, up 93.6% on pcp
- **hummm** Consumer Finance ("HCF")<sup>1</sup> volume of \$595.8m, up 14.5% on pcp
  - BNPL segment volume of \$296.9m in 3Q22, up 16.1% on pcp
  - Cards (Australia and New Zealand) 3Q22 volume of \$299.0m, up 12.9% on pcp
- Group net loss<sup>2</sup> / average net receivables ("ANR") of 2.8%, a 30bps improvement on pcp (3Q 21: 3.1%)

hummm group limited (ASX: HUM) ("**hummmgroup**" or the "Company") today provides an update in relation to its unaudited financial results for the quarter ended 31 March 2022 ("3Q22").

**hummmgroup** Chief Executive Officer Rebecca James said:

*"Despite growth period on period, HCF volumes have been impacted by the slower than anticipated return of travel spend and declining consumer sentiment, headwinds which we expect to continue into the next quarter. This has been compounded by widespread flooding across the East coast of Australia impacting solar installations, a key vertical for our Big Things offering."*

*"Our Commercial and Leasing business continues its strong performance, with the business delivering record volumes in the quarter, up 93.6% on pcp. Notably while volume increased credit quality improved by 70bps."*

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<sup>1</sup> Consisting of BNPL, Australia Cards and New Zealand Cards.

<sup>2</sup> Net loss comprises gross write-offs less bad debt and recoveries.

Segment	3Q22	3Q21	3Q20	3Q22 vs 3Q21
<b>Volume (A\$m)</b>				
BNPL	296.9	255.3	191.9	16.1%
Australia Cards	134.7	104.8	169.0	28.6%
New Zealand Cards	164.2	160.0	191.1	2.6%
<b>Consumer Finance</b>	<b>595.8</b>	<b>520.1</b>	<b>552.0</b>	14.5%
Commercial and Leasing	275.3	142.2	87.9	93.6%
<b>hummgrou</b>	<b>871.1</b>	<b>662.3</b>	<b>639.9</b>	<b>31.5%</b>
<b>Net loss<sup>3</sup></b>				
	FYTD MAR-22	FYTD MAR-21	FYTD MAR-20	<b>vPCP</b>
BNPL – big ticket <sup>4</sup> (Net loss/ANR)	3.3%	2.2%	5.3%	110bps
BNPL – small ticket <sup>5</sup> (Net loss/volume)	3.8%	3.0%	- <sup>6</sup>	80bps
Australia Cards	3.0%	3.9%	4.2%	(90bps)
New Zealand Cards	3.2%	3.8%	2.7%	(60bps)
<b>Consumer Finance</b>	<b>4.1%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>30 bps</b>
Commercial and Leasing	0.6%	1.3%	1.7%	(70bps)
<b>hummgrou</b>	<b>2.8%</b>	<b>3.1%</b>	<b>3.6%</b>	<b>(30bps)</b>

## hummgrou

hummgrou total customers of 2.73m as at 31 March 2022, a reduction on December 2021 as a result of the run off in legacy Cards and retail leasing products, partly offset by continued growth in BNPL customer numbers.

hummgrou total transaction volume of \$871.1m in 3Q22, up 31.5% (3Q21: \$662.3m), reflects continued strong growth in the Commercial and Leasing business and growth in HCF relative to COVID affected volumes in 3Q21. Net loss / ANR improved by 30 bps.

## BNPL

BNPL segment growth was subdued, with volume of \$296.9m in 3Q22 up 16.1% (3Q21: \$255.3m). Growth was driven by continued momentum in humm 'Little Things' offset by lower volume in humm 'Big Things' on pcp, driven by weaker consumer confidence due to cost of living increases and severe weather events impacting solar installations, a key vertical.

Big Ticket BNPL year to date net loss / ANR of 3.3% at March 2022 represents an increase of 110bps on pcp as losses were subdued during FY21 following a period of government support and increased consumer savings during the pandemic. This result is still well below pre-pandemic levels. Small Ticket BNPL losses are measured against volume given the short-term nature of the product. Year to date net loss/volume of 3.8% at March 2022 an increase of 80bps on pcp largely due to the growth in bundll and humm Little Things. Additional measures to improve credit performance were introduced in the first half and resulted in lower losses in the second quarter bringing this measure down to approximately 3%, which has continued into the third quarter.

<sup>3</sup> Net loss comprises gross write offs less bad debt recoveries as a proportion of net receivables unless otherwise stated.

<sup>4</sup> Comprising of humm 'Big things' AU and Ireland.

<sup>5</sup> Comprising of humm 'Little things' AU, NZ, UK and humm pro and bundll.

<sup>6</sup> Small ticket products launched within the quarter with negligible loss in the period.

## Cards

Australia Cards volume of \$134.7m in 3Q22 was up 28.6% (3Q21: \$104.8m) due to the commencement of a return of volumes from the travel vertical and an increase in everyday spend, but still below pre-COVID levels. Net loss / ANR of 3.0% decreased 90bps on pcp attributable to the run off in legacy products, improved credit controls and lower arrears as customers prioritise paydown of outstandings.

New Zealand Cards volume similarly continues to track below pre-COVID levels and at \$164.2m was broadly flat (3Q21: \$160.0m) during 3Q22, the result of a more established portfolio delivering a stabilised performance. Net loss / ANR of 3.2% decreased 60bps on pcp.

## Commercial and Leasing

Commercial and Leasing volume of \$275.3m was up 93.6% (3Q21: \$142.2m), another record quarter for the business. This was predominantly driven by strong momentum in the Australian Commercial business driven by the strategic shift to targeted Small to Medium Enterprise equipment lending through the broker channel supported by strong demand in key sectors.

**flexicommercial** 3Q22 net loss / ANR of 0.6%, a decrease of 110bps on pcp, was driven by ongoing improvement in credit quality at point of origination.

## PROPOSED SALE OF HUMMGROUP CONSUMER FINANCE

**hummg** announced on 18 February 2022 that it had entered into a binding, definitive agreement to sell HCF to Latitude Group for aggregate consideration of \$335 million ("HCF Sale").

**hummg** will continue to fully own **hummg**'s strongly performing Commercial business, **flexicommercial**, which will remain an ASX-listed company. The **hummg** Board considers **flexicommercial** is well positioned for continued growth.

A detailed Explanatory Booklet, including an independent expert's report, is expected to be released to the market and to shareholders by the end of May 2022.

**-ENDS-**

Authorised for release by the **hummg** Disclosure Committee.

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## ABOUT HUMMGROUP

**hummg** is revolutionising the way people pay. **hummg** has developed some of Australia and New Zealand's most exciting and accessible consumer finance products including **hum**, **bundll**, **hum90** and **hummp**. **hummg** continues to design products around the core needs of financially savvy consumers spanning millennial spenders through to young families and SMEs. **hummg** facilitates purchases for over 2.7 million customers and operates in Australia, New Zealand, Ireland and the United Kingdom.