

6 January 2022

Proposal from Latitude for Humm Consumer Finance

- **HUM has entered into a non-binding heads of agreement with Latitude for the sale of Humm Consumer Finance for approximately \$335 million**
- **Exclusivity (subject to a customary fiduciary carve-out) has been agreed through to 31 January 2022 to facilitate reciprocal due diligence and negotiation of a definitive agreement**
- **Execution of any binding agreement will be subject to satisfactory due diligence, acceptable documentation, and Board approvals**
- **Completion of any transaction is anticipated to be conditional upon ATO review, regulatory approvals, and HUM shareholder approvals**
- **There is no assurance that any binding agreement will be reached or that a transaction will occur**

Humm Group Limited (ASX: HUM) announces that it has received a proposal from Latitude Group Holdings Limited (ASX: LFS; Latitude) for the purchase of its BNPL, instalment, and credit card operations, Humm Consumer Finance (HCF), and has entered into a non-binding heads of agreement to facilitate reciprocal due diligence and negotiation of a definitive agreement.

Latitude has proposed consideration of 150 million Latitude shares (worth \$300m based on a \$2.00 Latitude share price) and \$35 million cash for HCF, which equates to \$335 million in aggregate. HCF would be combined with Latitude's existing BNPL and instalments businesses, and HUM shareholders would fully retain the Commercial business.

HUM Chairman Christine Christian said: *"HUM's Board and Management are committed to maximising shareholder value. In this context, we believe that the Latitude proposal is potentially attractive to HUM shareholders and warrants due diligence and detailed negotiation."*

Combined HCF / Latitude

Latitude's proposal for HCF equates to approximately \$0.68 per HUM share based on a \$2.00 Latitude share price.

By receiving Latitude shares as consideration HUM shareholders could further benefit from any potential enhanced scale and efficiencies of Latitude's enlarged consumer finance platform. Latitude has indicated it expects significant synergies to arise from the combination.

Pure play Commercial business

If it proceeds, the transaction with Latitude is expected to lead to the establishment of HUM as a pure play Commercial business, with HUM shareholders retaining full exposure to this high growth segment.

HUM has purposefully reoriented FlexiCommercial, focusing on broker-originated SME lending. This has resulted in both positive operating performance, with the Commercial business delivering cash NPAT of \$22.3m in FY2021, and strong forward momentum, as highlighted by 100% increase in volumes in 1Q22 compared to the prior corresponding period.

As a standalone ASX-listed Commercial business, HUM's market position across Australia and New Zealand would be underpinned by robust standalone operational and technology platforms and an appropriate capital base. HUM's Board and Management believe the Commercial business has significant organic and strategic growth potential.

Potential structure and process

HUM and Latitude have entered into a non-binding heads of agreement to facilitate reciprocal due diligence and negotiation of a definitive agreement. The heads of agreement provides for exclusivity (subject to a customary fiduciary carve-out) through 31 January 2022 to allow the parties to progress discussions. Execution of any binding agreement will be subject to satisfactory due diligence, acceptable documentation, and approval by both the HUM and Latitude Boards.

As part of its assessment of Latitude's proposal, HUM is reviewing structuring and execution mechanics. It is currently anticipated that a transaction would be effected by a sale of HCF to Latitude, with Latitude shares received as consideration subsequently distributed in specie on a pro rata basis to HUM shareholders. The completion of any transaction is anticipated to conditional upon ATO review, regulatory approvals, and HUM shareholder approvals.

There is no assurance that any binding agreement will be reached or that a transaction will occur. HUM shareholders do not need to take any action in response to this announcement.

HUM is being advised by Flagstaff Partners and MinterEllison.

-ENDS-

Authorised for release by the **hummg**roup Board of Directors.

Investors

Adrian Fisk, Chief Financial Officer
+61 425 220 814

Media Contact

Lauren Thompson - Domestique Consulting
+61 438 954 729

ABOUT HUMMGROUP

hummgroup is revolutionising the way people pay. **hummg**roup has developed some of Australia and New Zealand's most exciting and accessible consumer finance products including **hum**, **bundll**, **hum**m90 and **hum**mpro. **hummg**roup continues to design products around the core needs of financially savvy consumers spanning millennial spenders through to young families and SMEs. **hummg**roup facilitates purchases for over 2.7 million customers and operates in Australia, New Zealand, Ireland and the United Kingdom.