



SALE OF HUMMGROUP CONSUMER FINANCE BUSINESS

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Authorised for release by the hummgroup Board of Directors
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SALE OF CONSUMER BUSINESS TO LATITUDE



Today we are announcing the sale of **hummgroup's** consumer finance business (HCF) to Latitude.

HCF comprises the BNPL, instalment and credit card operations of **hummgroup**.

hummgroup will retain full ownership of **hummgroup's** strongly performing commercial business and remain as a standalone listed entity.

SALE OF CONSUMER BUSINESS TO LATITUDE

Overview of transaction

CONSIDERATION FOR HCF

Aggregate consideration of A\$335 million representing 13.4x Cash NPAT¹ and 1.8x P/NTA²
150 million Latitude shares³ plus \$35 million in cash with proceeds to be fully distributed to HUM shareholders

COMMERCIAL

HUM will continue to fully own HUM's strongly performing Commercial business, **flexicommercial**, and will remain an ASX-listed company

RATIONALE FOR COMBINATION

Combination of HCF with Latitude will create a leading and profitable pure-play consumer finance business

NEXT STEPS

HUM shareholders will be asked to vote on the HCF transaction and associated resolutions at a date to be determined

1. Based on HCF 1H22 Cash NPAT of \$12.5 million annualised. 2. Based on NTA of \$190 million as at 31 December 2021 3. Subject to Latitude shareholder approval. Customary completion adjustments apply. Refer Note 2 of ASX announcement

STRATEGIC RATIONALE FOR HCF

Accelerating the growth of HCF as part of Latitude

Pure play consumer finance business

More significantly sized and profitable pure play consumer finance company able to compete at scale

Stronger competitive position

Build further on HCF's track record of award-winning products and services as part of a larger, profitable company

Logical owner of HCF

HCF will become Latitude's BNPL brand, building on HUM's investments in brand, product and customer experience

Accelerated execution of strategy

Access to additional capital to accelerate domestic and international market share growth

Enhanced partner proposition

Stronger value proposition for merchants, retailers and customer partners

Compelling proposition for shareholders

Compelling valuation for HCF, combined with the opportunity to participate in the benefits and synergies arising from the combination

COMPELLING VALUE PROPOSITION

Latitude has offered an aggregate consideration of \$335 million for HCF⁴

As consideration for HCF Latitude has offered:

- 150 million Latitude shares⁵
- \$35 million in cash

HUM intends to distribute the entire HCF consideration of 150 million Latitude shares and \$35 million in cash to shareholders

- HUM shareholders will receive approximately \$0.68 per share, consisting of 0.30 Latitude shares and \$0.07 cash
- 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
- HUM shareholders will retain full ownership of the flexicommercial business, which will continue as a well capitalised ASX-listed company

After completing the sale of HCF and distributing the share and cash consideration to shareholders, HUM expects that it will have unrestricted cash, which will be first applied to the retirement of its perpetual note (c. \$55 million est. as at 30 June 2022). Thereafter, the HUM Board will take a disciplined approach in allocating the remaining unrestricted cash between investing further in the accelerated growth of the Commercial business and capital management initiatives

4. Assuming a Latitude share price of \$2 per share. 5. Subject to Latitude shareholder approval. Refer note 2 ASX announcement for further details.

POSITIONING OF HUMMGROUP COMMERCIAL

ANZ's leading provider of specialist asset finance with over \$1 billion in receivables

1.

2nd largest NBFi in asset finance in Australia and New Zealand. Products are exclusively distributed through the broker channel (73% of SME asset finance sold through brokers)

2.

Primarily offers equipment finance to growing SMEs to fund the purchase of revenue-generating assets. >600 SMEs within the target customer segment

3.

Key differentiators include speed to reach decisions and fund applications, and specialist offering for capital intensive businesses

4.

Large, under-served addressable market of \$49 billion across Australia and New Zealand within a broader \$430 billion SME lending market

5.

Profitable, growing business with strategy to build a scale financial services business through organic and inorganic growth

NEXT STEPS

HUM shareholders do not need to take any action in response to this announcement



HUM shareholders will be asked to vote on the HCF transaction and associated resolutions at a date to be determined.

A comprehensive package of information, including notices of meeting, explanatory memorandum (accompanied by an independent expert's report) and associated documentation, is proposed to be provided to shareholders in approximately two months.



| THANK YOU