humm group

FY22 RESULTS

Rebecca James | CEO
Adrian Fisk | CFO

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Authorised for release by the **humm**group Board of Directors

humm group limited
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CORE STRENGTH - IN TWO BUSINESSES

BIGGER TICKET FINANCIER

$3.3b
in receivables + 20% PCP

<2%
in small ticket BNPL

Average ticket value of $4k in Consumer

Average loan value of ~$100k in Commercial

PROFITABILITY FUNDING GROWTH

$51.1m
Cash NPAT in FY22

1.4c
Fully franked dividend, FY 3.1cps

Inclusive of investment in international expansion and new products

Provides capital to support dividends and growth

ROBUST CREDIT PERFORMANCE

2.8%
Net Loss/ANR

Historical low for the Group
Down from 3.5% in FY21

Delivered by enhancements to credit decision engine

25+ year heritage in finance

COST REDUCTION

$9m
costs removed between H1 and H2 FY22

Additional reduction in depreciation of $9m

10% reduction in people employed (excluding offshore) from December to June

STRONG LIQUIDITY POSITION

$113m
of unrestricted cash

$896m
warehouse headroom

$110m
in undrawn corporate debt

$170m of additional mezz capacity added in the last 12 months

Post-year end warehouse headroom increased to $1.2b

EXECUTED KEY INITIATIVES TO STRENGTHEN FURTHER

ALIGNING TO 'BIG TICKET' CORE

- Accelerated growth in Commercial AU
- Commercial NZ now 85% larger ticket
- Closed **humm**pro
- Closed **bundll** NZ
- **bundll** AU will migrate to **humm** AU
- POS leasing run-off complete
- Streamlined our partnerships
- Review of **humm** NZ

LAUNCHED NEW CLOUD BASED INSTALMENTS TECHNOLOGY

- Delivered new scalable instalment platform for the Consumer business
- Aligned telephony and click to chat across all sites in preparation for consolidation to one centre

TIGHTER MARGIN MANAGEMENT

- Portfolio is 77% hedged
- Repriced new originations by 125-150bps
- Repriced NZ Cards back book
- Increased origination fees
- Switched off non-viable merchants

INCREASED FINANCIAL FLEXIBILTY

- Separated Consumer and Commercial
- $709m additional capacity to fund Commercial growth in 1QFY23
- Successfully issued public securitisation for NZ Cards 1QFY23

AGENDA

01 | GROUP OVERVIEW

02 | CONSUMER FINANCE

03 | COMMERCIAL UPDATE

04 | GROUP FINANCIALS

05 | SUMMARY

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TO BE THE FAVOURED WAY TO PAY FOR BIGGER PURCHASES

	humm CONSUMER FINANCE	flexicommercial
POSITIONING	#1 POS financer for transactions over $500	ANZ leading provider of specialist asset finance
RECEIVABLES	$1.8bn	$1.5bn
VERTICALS/ INDUSTRIES	Health // Car Servicing Home // Travel	Transport // Engineering Agriculture
CUSTOMER PROFILE	Families aged 35+ Home owners	SMEs looking to grow
$ATV [1]	$4,000	$100,000
CNPAT	$22.4m	$28.7m
NET LOSS/ANR [2]	2.9%	0.7%

CORE EXPERTISE

>> Instant credit decisioning

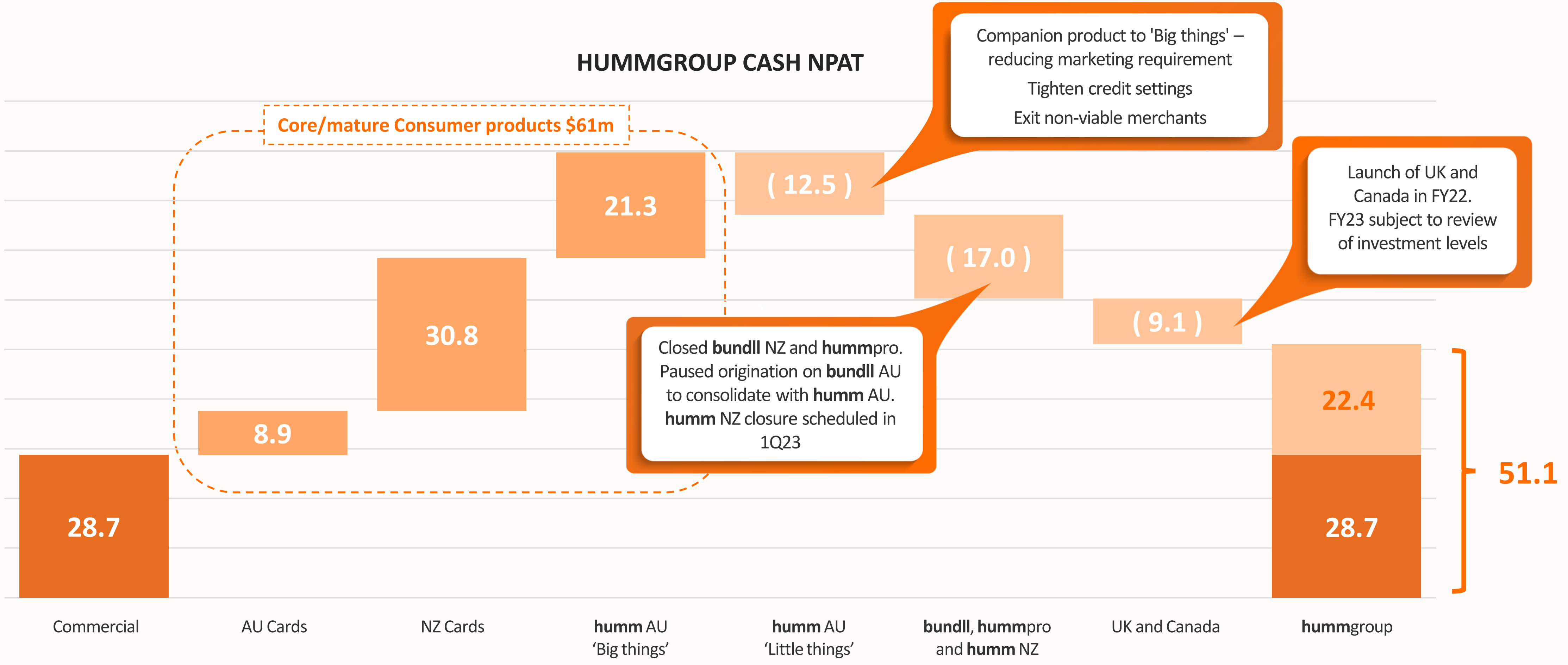
>> Continual credit improvements driven by data and scale

>> Collections strategy and management

>> Funding and securitisation to gain competitive advantage and improve capital efficiency

1. ATV for Consumer includes **humm**. NZ Cards and AU Cards LTIF. 2. Consumer finance ratio for receivables based products only – **humm** 'Big things' and NZ and AU Cards.

CASH NPAT WALK



Note: Product view of Cash NPAT for BNPL is sourced from hummgroup management accounts

02

CONSUMER FINANCE

2022

OUR CONSUMER FINANCE BUSINESS

3%

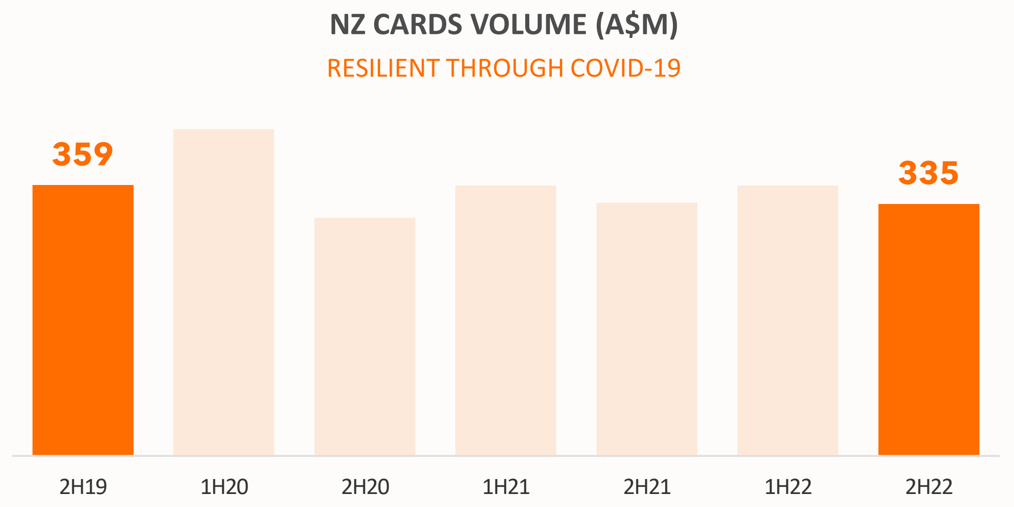
$1.8B RECEIVABLES | **$48m**

	NZCards	humm90	humm 'Big things'	humm 'Little things'
POSITIONING	Point of sale interest free instalments • Average ticket $4,000 • Reduced competition			• Small ticket 'Pay in 5' • Average ticket $234 • Highly competitive
MARKET POSITION	• Leading issuer of new credit cards in market • Moderate growth • Strong, sustainable profit	• Card designed for the traveller: no FX fees • Facilitates the purchase of interest free holidays – and other large household purchases	Domestically the #1 interest free provider in: • transactions >$500 • residential solar • home improvement • key health verticals – private audiology and dental	• Companion product to 'Big things'
OPPORTUNITY	• 2.8m New Zealanders spending $3.5b a month on credit cards • Partnerships with leading New Zealand brands	• Capturing the return of travel	• $349b TAM across core verticals • Facilitates the purchase of 'necessities' in a rising interest rate and inflationary environment	• One solution for merchants looking to span small through to big transactions

NZ CARDS: STRONG AND RESILIENT PROFIT PROFILE

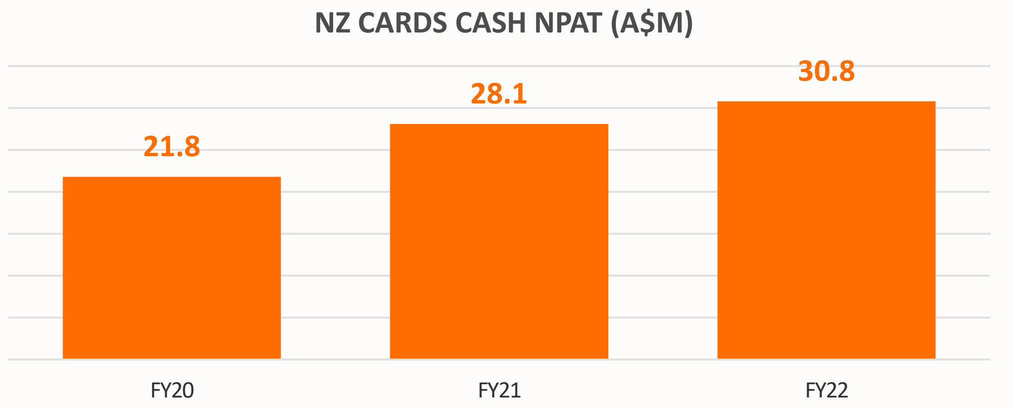
FY22 PERFORMANCE

- 1 in every 3 new cards issued was a **humm** product [1]
- $694m volume flat to PCP, slightly below pre–COVID-19 levels
- New credit enhancements drove an 80bps improvement in net loss
- Cash NPAT up 10% to $30.8m



FY23 FOCUS

- Simplifying systems, reducing cost and boosting spend
- Migrating ‘closed loop’ Q Card customers to Q Mastercard® to enable spend anywhere
- Volume growth through partnerships with New Zealand’s leading brands
- Margin focus through back book repricing

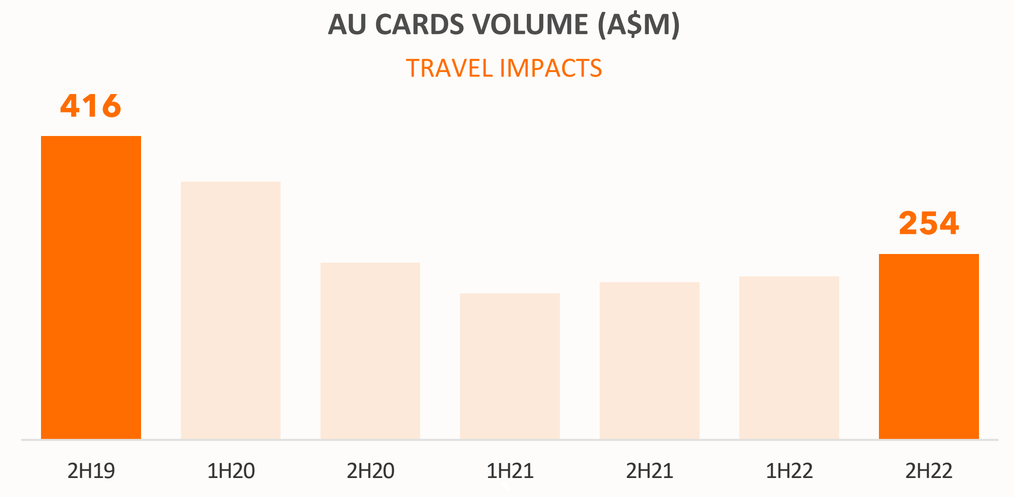


1. Centrix Credit Bureau NZ May 2022

AU CARDS: READY FOR THE TRAVEL REBOUND

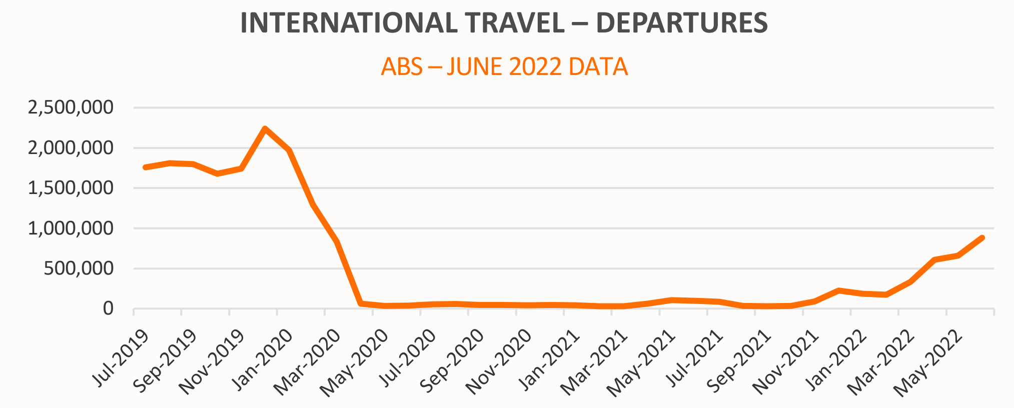
FY22 PERFORMANCE

- Start of travel in Q4 saw volume growth of 15% on PCP – however still below pre-COVID-19 levels
- Accelerated paydowns softened in 2H with receivables returning to growth
- 190 bps improvement in credit loss driven by the introduction of new machine learning models
- CNPAT of $8.9m in FY22 down 47% on PCP largely driven by receivables reductions and reversal of macro provision in the prior year



FY23 FOCUS

- Recapturing travel market as spend returns
- Shortening average interest free term to reduce the lag between volume and income
- Margin management through merchant services fee, and interest free term



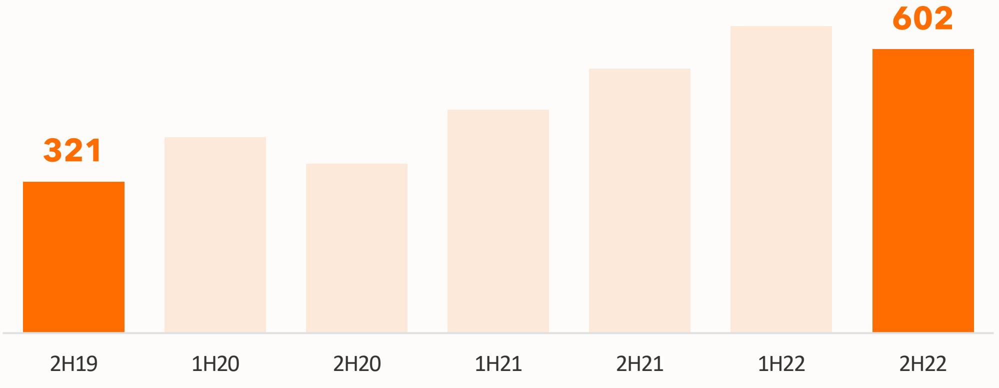
BNPL: FOCUSING ON PROFITABLE ‘BIG TICKET’

FY22 PERFORMANCE

- Continued volume growth reflects engagement with small ticket e-commerce purchases
- **humm** AU ‘Big things’ down $52m in FY22 offset by growth in other regions
- Omicron and Delta restricting in-store shopping and growth of 'Big things’; margin compression in solar
- Diversification of ‘Big things’ portfolio across health and automotive
- Humm AU Big Things Cash NPAT of $21.3m offset by investment in new products ($17.0m), offshore ($9.1m) and Little Things ($12.5m)

BNPL VOLUME [1] (A$M)

GROWTH DRIVEN BY ‘SMALL TICKET’ IN AUSTRALIA



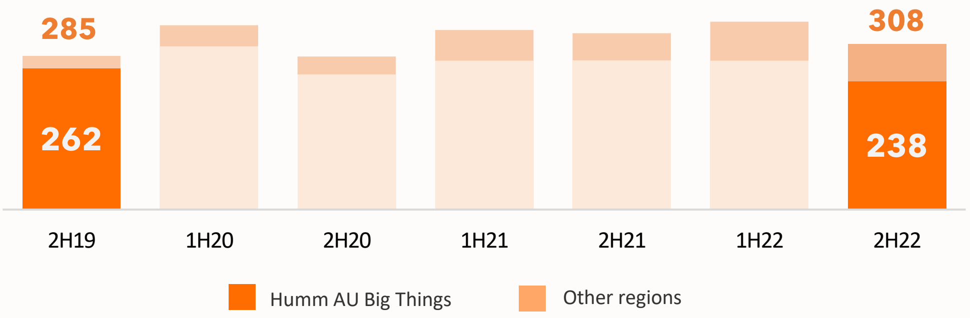
1. BNPL includes **humm** AU, NZ, IE, **bundll**, **humm**pro and legacy Flexirent Ireland

FY23 FOCUS

- Focus on core products and verticals ‘big ticket’
- Product rationalisation to products that are driven by merchant vs marketing origination
- Margin management through MSF and fees
- Readying product for regulation in Australia
- Review of international investments underway

‘BIG THINGS’ VOLUME (A$M)

REDUCED VOLUME IN AUSTRALIA OFFSET BY OTHER REGIONS



FY23 CONSUMER PRIORITIES

ALIGNING TO 'BIG TICKET' CORE

- Consolidation of **bundll** and **humm** AU
- Readying the product for regulation in Australia
- Closure of BNPL NZ
- Review of offshore investment levels and return horizons – update provided at AGM

TECHNOLOGY SIMPLIFICATION

- Transitioning the domestic instalment business onto global technology platform
- Simplify NZ Cards systems via back book migration and transition to the Cloud

SERVICE TRANSFORMATION

- Reduce call volumes with greater self-serve capability in mobile apps
- Consolidation of three customer service centres to one

IMPROVING MARGIN

- Optimising profitability through disciplined management of merchant return profiles

>> **$15-20m** of in year cost savings in **FY23** with **$20-25m** annualised
>> Reduction in CAPEX investment to **$18m**
>> Expecting further **~15%** reduction in the number of people employed in **FY23**

03

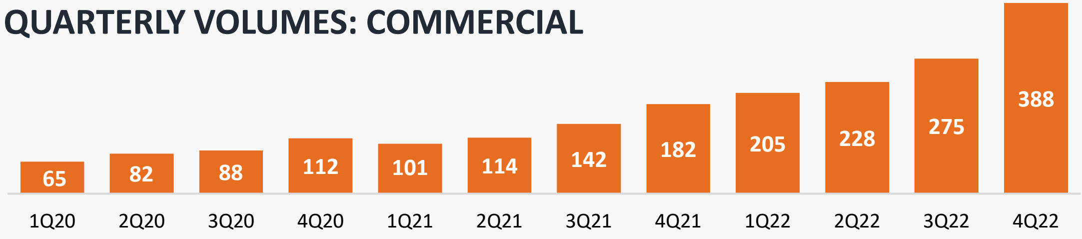
COMMERCIAL UPDATE

2022

flexicommercial | MOMENTUM & STRONG RISK SETTINGS

EXCELLENT GROWTH MOMENTUM

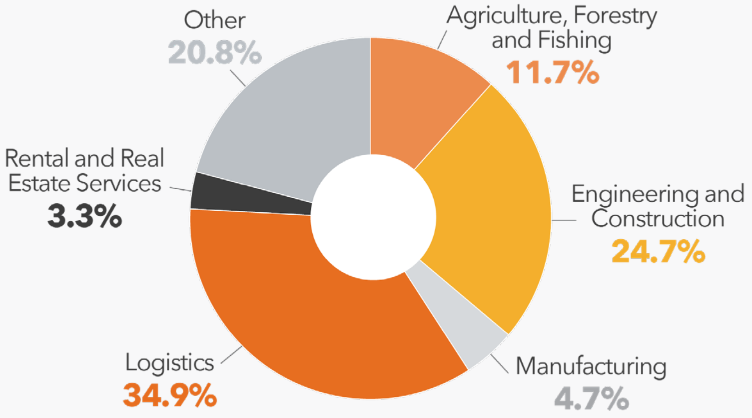
QUARTERLY VOLUMES: COMMERCIAL



- >> Onboarded more than 212 new brokers and increased receivables to $1.5 billion
- >> Continued investment ensuring that the business continues to deliver a differentiated service proposition of speed to yes and settlement within 24-48 hours
- >> Now focused on replicating the broker led strategy in New Zealand
- >> Continue to manage risk based on economic outlook

STRONG CREDIT OUTCOMES AND FAVOURABLE SECTOR CONCENTRATION – COMMERCIAL AU

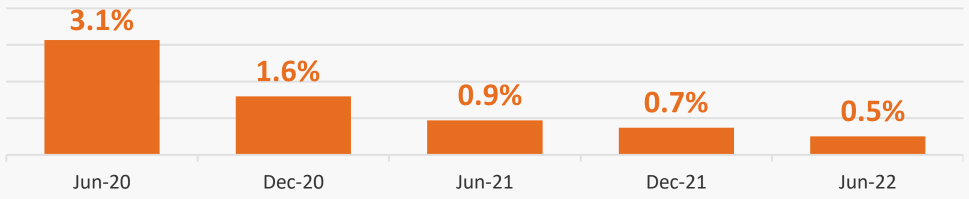
SECTOR CONCENTRATION



- >> Broad based sector exposure
- >> Concentration in logistics, civil engineering and agriculture

DELINQUENCY

30+ days past due



- >> 30+ days past due consistently declined improved underwriting, better collections capabilities and improved systems
- >> Lower losses and better recoveries

flexicommercial® | INVEST & GROW BROKER CHANNEL

- ANZ's leading provider of specialist asset finance with over $1.5bn in receivables
- Primarily offers equipment finance to growing SMEs to fund the purchase of revenue-generating assets. >600K SMEs within the target customer segment
- Key differentiators include speed to decision and settlement, and specialist offering for capital intensive businesses
- Profitable, growing business with strategy to build a scaled financial services business through organic and inorganic growth

~$100k

average deal size in FY22

~10,000

deals settled in FY22

~650

brokers with one or more deals in FY22 (FY21: 549)

TOP 3 ASSETS FINANCED

Transport

Civil Engineering

Light Commercial Vehicles

MARKET LEADING SERVICE DRIVEN BY TECHNOLOGY

~45%

of deals decisioned on same day

~35%

of approved deals are automated

1. Based on information from aggregators.

flexicommercial | TOTAL ADDRESSABLE MARKET

TARGETING A $49B ADDRESSABLE MARKET UNDERSERVED BY THE BANKS

SME LENDING MARKET

$41b asset finance written during 2020 + **$8b** estimated asset finance market

500k target SMEs within 2.4m + **100k** target SMEs within 530k

SME LENDING – LARGE AND GROWING

>> 1 in 2 SMEs applied for funding in 2021

>> 5% annual growth in the lending market over 10 years

BROKER CHANNEL

WHY DO SMEs USE BROKERS?

>> Convenience

>> Advocacy

>> Best fit

15-20k brokers in AU, NZ a growing market

73% of AU asset loans are sold through brokers

4,500 mortgage brokers now offer asset finance

95%+ of brokered asset loans are <$1m

DIFFERENTIATED APPROACH

BROKER ONLY

>> Best service provider to brokers

>> Brokers the sole channel

SPECIALIST SME LENDER

>> Specialise in asset finance to capital intensive businesses – opportunities to broaden industry and product

EXCEPTIONAL SME EXPERIENCE

>> 24hr approval and same day settlement

>> Full spectrum of lending from low doc to full credit assessment

>> Focusing where the market is underserviced

flexicommercial® | FY23 PRIORITIES

GROWING PRESENCE IN CHOSEN SECTORS

Increasing business development team size and locations

Expanding broker channel in New Zealand

Inorganic growth opportunities through targeted accretive acquisitions

FOCUSING OUR TECHNOLOGY INVESTMENT ON SIMPLIFICATION

Investing in FY23 in a scalable tech platform to facilitate growth in the Commercial business

Enhancing Systems:

>> Receivables

>> Asset management

>> Customer relationship

>> Supplier Payment

FURTHER STRENGTHENING OUR BALANCE SHEET

Enhancing and expanding warehouse facilities, capital markets program and mezzanine funding

2 new warehouses established with senior funding

Mezzanine funding introduced

SHARPENING MARGIN MANAGEMENT

Maintain effective hedging strategies

Repricing front book to reflect implications of rising interest rates

Enhanced credit management leading to lower losses – further development of risk-based pricing capability

04

GROUP FINANCIALS

2022

HUMMGROUP FINANCIAL PERFORMANCE

STATUTORY NPAT IMPACTED BY IMPAIRMENT OF INTANGIBLES

HUMMGROUP ($M)[1]	FY22	FY21	V PCP
Gross income	440.4	443.9	(0.8%)
Net operating income	328.7	342.9	(4.1%)
Credit impairment charge	(63.4)	(58.7)	(8.0%)
Marketing expense	(23.9)	(30.0)	20.3%
Operating expenses	(174.4)	(156.9)	(11.2%)
Tax expense	(15.9)	(28.9)	45.0%
Cash NPAT	**51.1**	**68.4**	**(25.3%)**
Software and intangibles	(202.1)	(2.1)	
Legal provision	(10.9)	–	
Transaction costs	(7.6)	–	
Other	(0.8)	(6.2)	
Statutory NPAT	**(170.3)**	**60.1**	
Dividend (fully franked)	**[3.1c]**	**–**	

1. The profit and loss statement and breakdown of non-cash items can be found in the appendices.

CASH NPAT

- Gross income of $440.4m broadly in line with PCP
- Net operating income down 4.1% due to volume related increase in cost of origination and interest expenses
- Increased operating expenses – JobKeeper in FY21 and investment in offshore expansion in FY22
- Credit impairment costs of $63.4m, up 8.0% reflecting growth in portfolio – net loss was 2.8% of ANR down from 3.5% in FY21
- Cash NPAT of $51.1m, down 25.3%

NON-CASH ADJUSTMENTS

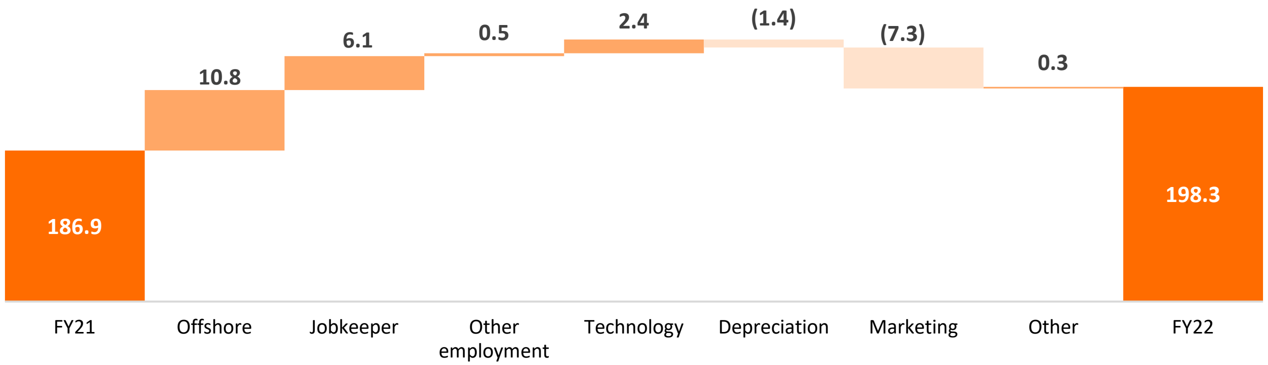
- Impairment of intangibles – $152.1m goodwill and $39.3m software
- Accelerated amortisation of intangibles $10.7m
- Legal provision relating to Forum Finance – additional $3.5m (pre-tax) in 2H22 taking total FY22 pre-tax provision to $15.5m ($10.9m after tax)
- LFS transaction costs of $7.6m

DIVIDENDS

- Continued profitability and funding strength supports fully franked dividend in FY22 of 3.1cps, final 1.4cps
- hummgroup remains committed to paying dividends where there is sufficient capital and liquidity to fund growth – target payout range unchanged at 30-40% Cash NPAT

COMMITTED TO COST TRANSFORMATION

HUMMGROUP OPERATING EXPENDITURE



$M	FY22	FY21	MVMT
Professional fees and outsource ops	20.3	17.8	2.5
Insurance and occupancy	6.8	5.6	1.2
IT and communications	29.7	23.2	6.5
Insurance claims cost	1.1	3.4	(2.3)
Employment expenses	88.2	77.1	11.1
Other expenses	6.8	6.9	(0.1)
Depreciation	21.5	22.9	(1.4)
Operating expenses	**174.4**	**156.9**	**17.5**
Marketing	23.9	30.0	(6.1)
Total expenses	**198.3**	**186.9**	**11.4**

INVESTMENT DRIVING HIGHER OPERATING EXPENSES UP $10.8M

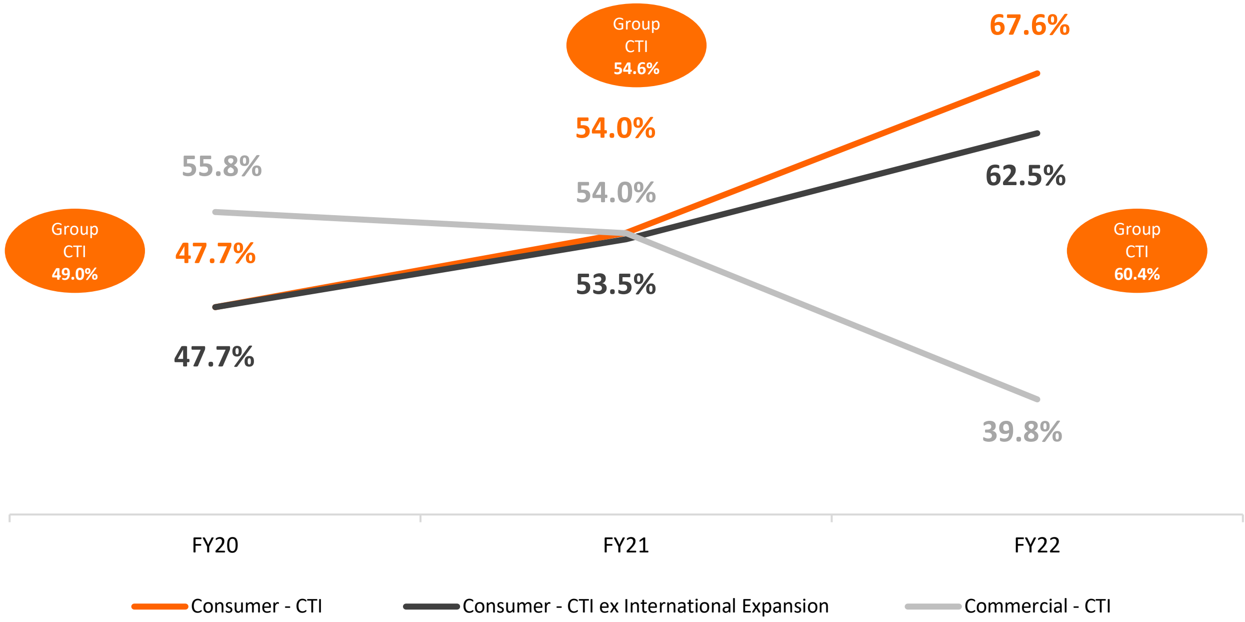
- Investment in UK and Canada of $12.3m (pre-tax) -up from $1.5m in PCP
- Payroll expense up $11.1m – international expansion ($4.5m) and JobKeeper support ($6.1m) in prior period
- IT and communications costs increased $6.5m largely reflecting investment in offshore and replatforming

COST REDUCTION

- Activities in FY22:
  - Impacted by LFS transaction
  - 10% reduction in the number of people employed in the business (excluding offshore) between December and June
  - Marketing reduced from $30m to $24m, driven by the closure of non-core products in 2H
  - Capital expenditure reduced to $23.9m from typical $30.0m
  - Depreciation reduced from $22.9m to $21.5m

COMMITTED TO COST TRANSFORMATION

COST TO INCOME RATIO[1]



1. Cost to income is calculated on a Cash NPAT basis by dividing total expenses (operating, marketing, employment, depreciation and amortisation) by net operating income (gross income, less interest expense and direct cost of origination).
2. Operating expenses in commentary based on Cash NPAT.

COST TO INCOME RATIO

- Separation of the Commercial and Consumer business has enabled focus on the costs base
- Operational leverage being achieved in the Commercial business
- Right size of the Consumer cost base is now the priority.
- The FY22 CTI for Consumer has been impacted by revenue (~7% points), opex investment in offshore expansion of $12.3m (pre-tax) and growth of new BNPL products including humm NZ, bundll and hummpro

ROAD MAP: INTERIM CONSUMER TARGET OF 50% CTI

- Simplification through product rationalisation and associated direct costs already actioned
- Impairment of capitalised software driving lower depreciation
- Consolidation of three customer service centres into one
- Technology enabled transformation, including recent Salesforce/Q2 to drive productivity and scalability
- Significant IT cost reduction through cloud, simplification, system consolidation and automation
- Reduced investment in CAPEX in FY23 to $18m with lower depreciation charge
- Targeting FY23 cost savings of $15-20m with annualised benefits of $20-$25m

CREDIT RISK MANAGEMENT

DATA & TECHNOLOGY DRIVING SUSTAINABLE IMPROVEMENTS

PRODUCT[1]	DENOMINATOR	FY22	FY21
BNPL ‘big ticket’[2, 3]	ANR	2.7%	2.8%
BNPL ‘small ticket’ [2, 4]	Volume	4.0%	3.2%
AU Cards	ANR	2.4%	4.3%
NZ Cards	ANR	3.2%	4.0%
Commercial & Leasing	ANR	0.7%	1.6%
Group	**ANR**	**2.8%**	**3.5%**

1. Net loss includes bad debts and loss recoveries.
2. BNPL has been split between ‘big ticket’ and ‘small ticket’ above as shorter dated ‘small ticket’ products are best compared against volume. For information BNPL net loss to ANR is 5.5% at 2H22 versus 4.1% at 1H21.
3. ‘Big ticket’ includes humm AU BT and Ireland.
4. ‘Small ticket’ includes humm AU LT, bundll and humm NZ.

GROUP

- Net loss/ANR of 2.8% down 70bps reflecting our strength in credit decisioning and management practices. This is a historical low for net loss across the Group

BNPL

- BNPL ‘big ticket’ loss to ANR down from 2.8% in FY21 to 2.7% to FY22
- BNPL ‘small ticket’ loss to volume has increased from 3.2% in FY21 to 4.0% in FY22 with increased losses in 'Little things' (introduction of new product features including gift cards and humm Tapp) and initial losses from hummpro. **bundll** losses reduced c45% in the second half of the year
- Net loss to volume measure has been reported for BNPL ‘small ticket’ as it is more appropriate for short dated products

AUSTRALIA CARDS

- Net loss/ANR down 190bps due to continued strong credit performance arising from improved used of data and technology, paydown of receivables and better loss recoveries

NEW ZEALAND CARDS

- Net loss/ANR down 80bps reflecting the maturing of the Q Mastercard product, better use of data and technology and improved recovery rates

COMMERCIAL AND LEASING

- Net loss/ANR down to 0.7% reflecting improved credit quality in Commercial Australia and benefiting from strong growth (denominator effect)

CREDIT IMPAIRMENT CHARGE

$M	FY22	FY21	MVMT
Net loss	82.0	88.9	(6.9)
Macro provision release	(4.7)	(21.6)	16.0
Provision movement	(13.9)	(8.5)	(5.4)
Credit impairment charge	**63.4**	**58.7**	**4.7**
Net loss			
BNPL	43.9	30.2	13.7
'Big ticket'	19.1	18.1	1.0
'Small ticket'	24.8	12.0	12.8
AU Cards	10.4	20.3	(9.9)
NZ Cards	19.8	26.7	(6.8)
Commercial	7.8	11.7	(3.9)
Group	**82.0**	**88.9**	**(6.9)**
Provision movement			
BNPL	(1.2)	2.0	(3.2)
AU Cards	(8.1)	(7.1)	(1.0)
NZ Cards	(6.1)	(2.2)	(3.9)
Commercial	1.5	(1.2)	2.7
Group	**(13.9)**	**(8.5)**	**(5.4)**

1. Net loss includes bad debts and loss recoveries.
2. BNPL has been split between 'big ticket' and 'small ticket' above as shorter dated 'small ticket' products are best compared against volume. For information BNPL net loss to ANR is 5.5% at 2H22 versus 4.1% at 1H21.
3. 'Big ticket' includes humm AU BT and Ireland.
4. 'Small ticket' includes humm AU LT, bundll and humm NZ.

NET LOSS DOWN $6.9M ON PCP

- BNPL net loss increased $13.7m or 45% on PCP driven by 'small ticket' volume growth of 64% and increased losses in the humm AU 'Little things'. 'Big things' losses increased slightly largely as a result of changing vertical mix
- AU Cards down $9.9m or 49% – lower receivables, higher recoveries and better arrears trends (partly run-off legacy products)
- NZ Cards down $6.8m or 26% – lower receivables and higher recoveries
- Commercial down $3.9m or 33% despite increased receivables – improved quality of both customers and collateral

MACRO PROVISION RELEASE OF $4.7M ($21.6M IN FY21)

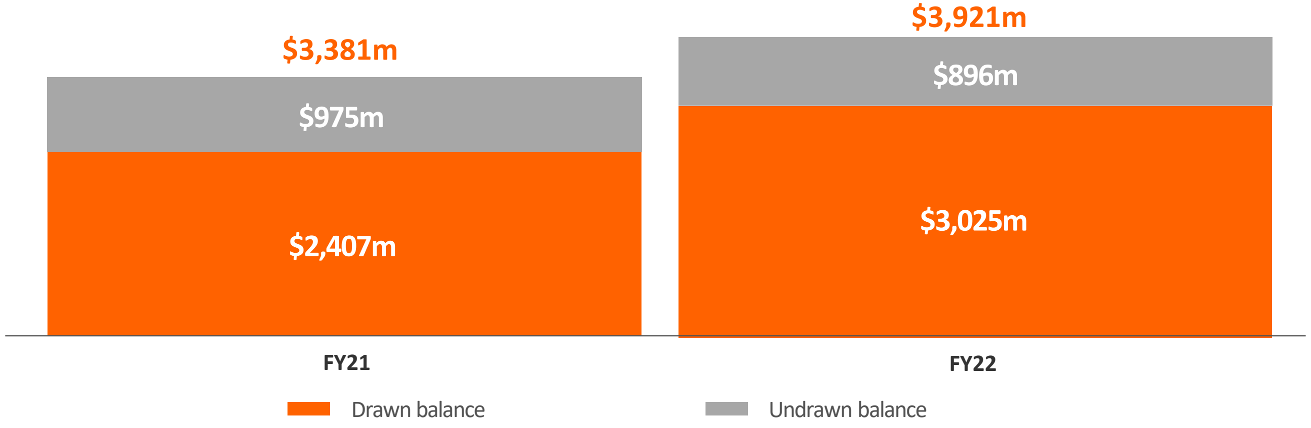
- Macro provision release in FY21 reflected surplus macro provision booked in FY20 in anticipation of losses rising as a result of COVID-19
- Macro provision release of $5.7m in 1H22. In 2H22, macro provision of $1m was booked

PROVISION RELEASE $13.9M ($8.5M IN FY21)

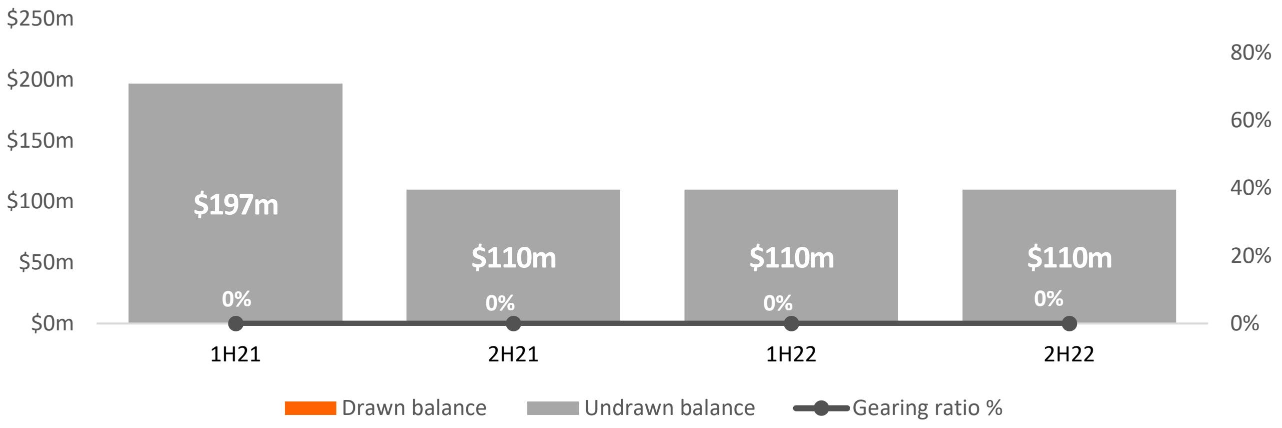
- We continue to maintain conservative credit provison settings. Overall provision coverage slightly up on Dec 21 (excluding closed products)
- BNPL release this year reflects lower arrears primarily in bundll following changes to origination and credit controls and better recovery rates
- AU Cards – lower receivables ($1m), improved controls leading to lower arrears ($6m) and better recovery rates ($1m)
- NZ Cards – lower receivables ($3m) and lower arrears ($3m)
- Commercial provision charge of $1.5m reflecting growth in the portfolio offset by releases related to legacy portfolio wash up (POS Leasing and Commander)

STRONG BALANCE SHEET TO FUND GROWTH

WHOLESALE FUNDING FACILITIES



CORPORATE DEBT FACILITY



WHOLESALE FUNDING FACILITIES

- Well established funding platform a strategic differentiator against peers with increased capacity to support growth
- Executed a term out of BNPL funding facility in March 2022 $250m
- Undrawn capacity increased to $1.2b post year end:
  - Secured two new warehouse facilities for the Commercial business and increased senior funding limits by $709m
  - Introduced mezzanine funding across Australian Commercial warehouse facilities
- In 1Q23 successfully issued Q Card Trust NZD70 million Class A Series 2022-1 floating rate notes with the issuance being 2 times over subscribed at market rates
- Over $600m of green ABS notes now issued across seven BNPL ABS transactions since 2016

CORPORATE DEBT FACILITY

- Committed two year syndicated revolving corporate debt facility of $110m expiring in June 2024
- Nil net corporate gearing at 30 June 2022

CASH

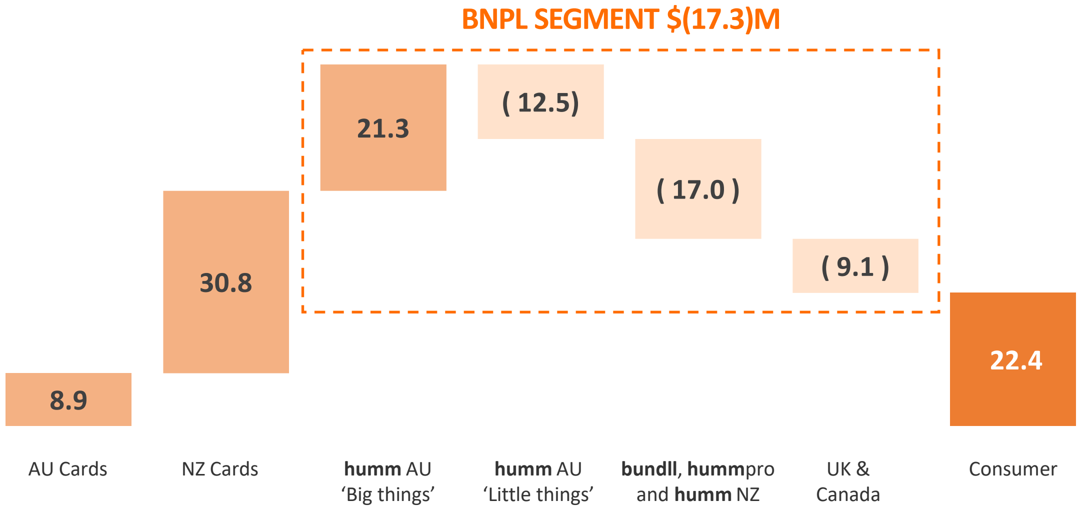
- Unrestricted cash of $113m, in line with FY21 ($111m) despite growth in the book

CONSUMER FINANCE

CONSUMER FINANCE

$M	FY22	FY21	V PCP
Gross income	321.4	347.1	(7.4%)
Net operating income	239.3	266.8	(10.3%)
Cash NPAT	**22.4**	**46.1**	**(51.4%)**
Volume	**2,425**	**2,147**	**12.9%**

CONSUMER CASH NPAT



REDUCED EARNINGS IN A CHALLENGING OPERATING ENVIRONMENT

- Gross income down due to lower Cards receivables and yield pressure from competition
- Cash NPAT down due to lower gross income and increased expenses
- Cash NPAT of $22.4m reflects earnings contribution from:
  - 'Big things' $21.3m down $8.0m on FY21 reflecting competitive environment and provision release in FY21
  - Cards portfolio of $8.9m in Australia and $30.8m in New Zealand despite reduced receivables
  - Offset by investment in new products including 'Little things' ($12.5m) and bundll, hummpro and humm NZ (aggregate $17.0m) as well as investment in offshore growth (UK and Canada)

FOCUSING ON PROFITABLE GROWTH

- Optimising profitability through product, geography and merchant
- More targeted growth in chosen verticals
- Transforming cost base for profitability and scalability

MANAGING INTEREST RATE RISK

- 70% of the back book hedged
- Repriced front book by 125-150bps over the last few months
- Timing of rate increases and repricing will put pressure on net yield in the first half of FY23
- Unrealised gains on interest hedging of $66.0m

Note: Product view of cash NPAT for BNPL is sourced from hummgroup management accounts

CONSUMER FINANCE: HUMM AUSTRALIA

HUMM AUSTRALIA ('BIG THINGS')	FY22	FY21	FY20
Volume (A$m)	513.5	553.4	553.4
Receivables (A$m)	593.9	610.8	556.5
Product yield (%)[1]	14.8	16.5	19.2
Net loss/ANR (%)	2.9	2.9	5.2
Cost of funding/borrowings (%)	2.4	3.1	3.4
Cash NPAT[2]	21.3	29.3	n/a

- Volume growth limited by COVID-19 with 'Big Things' largely an in-store purchase
- Product yield continues to be affected by competitive environment with our focus on specific verticals
- Stable net loss rate resulting from historical credit improvements
- Cost of funding lower as a result of low rates and ongoing funding optimisation
- Passing on rising cost of funds through increased merchant MSF in FY23 although expecting some yield compression in 1H23
- Cash NPAT reduction in FY22 is largely a result of higher provision releases in FY21

HUMM AUSTRALIA ('LITTLE THINGS')	FY22	FY21	FY20
Volume (A$m)	301.8	178.7	90.9
Receivables (A$m)	48.3	38.6	12.0
Product yield (%)[1]	3.9	3.5	3.4
Net loss/volume (%)	3.8	2.2	1.3
Cost of funding/borrowings (%)	1.8	3.1	3.4
Cash NPAT[2]	(12.5)	(8.0)	n/a

- Volume growth over this period reflects strong customer engagement with the product now focused on accompanying 'Big things'
- Product yield from this product continues to build as we drive fee collection initiatives
- Net losses have increased with the introduction of certain new product features like gift cards and humm Tapp, with improvements expected over the medium term as we tighten settings and reduce features
- Cost of funding lower as a result of low rates and ongoing funding optimisation
- Increased Cash NPAT loss in FY22 is largely a result of increased marketing to drive customer acquisition and credit loss
- **humm** AU marketing was $7m, the majority of which was related to 'Little things'

1. Gross income/average net receivables for **humm** AU 'Big things' and gross income/volume for humm AU 'Little things'.
2. humm AU is operated as a portfolio including both 'Big things' and 'Little things' products and Cash NPAT has been allocated based on assumptions related to fees, cost of sales and operating expenditure. FY20 Cash NPAT not available for BT and LT. Total **humm** AU Cash NPAT in FY20 was $11.6m

CONSUMER FINANCE: CARDS

New Zealand

NEW ZEALAND CARDS	FY22	FY21	FY20
Volume (A$m)	693.8	695.4	750.6
Receivables (A$m)	572.4	639.9	700.5
Interest bearing balances (%)	60.3	61.4	n/a
Product yield (%)	20.0	20.4	19.3
Cost of funding/borrowings (%)	3.4	3.2	3.9
Net loss/ANR (%)	3.2	4.0	3.2
Cash NPAT (A$m)	30.8	28.1	21.6

- Volume has remained relatively stable with growth subdued in FY22 due to ongoing impacts of COVID-19, uncertainty in the economic environment and regulatory changes in New Zealand
- Interest bearing balances drifted down due to run-off in higher interest-bearing legacy product portfolios
- Product yield is stable despite decline in interest bearing balances
- Net loss to ANR actively reduced by improvements in use of data and technology
- Cost of funds improved in FY21 reflecting the benign interest rate environment and improved ABS issuance pricing but has started drifting up in FY22

Australia

HUMM90	FY22	FY21	FY20
Volume (A$m)	478.3	416.9	596.5
Receivables (A$m)	435.2	454.9	578.4
Interest bearing balances (%)	55.4	59.5	46.7
Product yield (%)	17.9	19.2	16.7
Cost of funding/borrowings (%)	4.2	3.3	3.3
Net loss/ANR (%)	2.4	4.3	4.5
Cash NPAT (A$m)	8.9	16.8	6.9

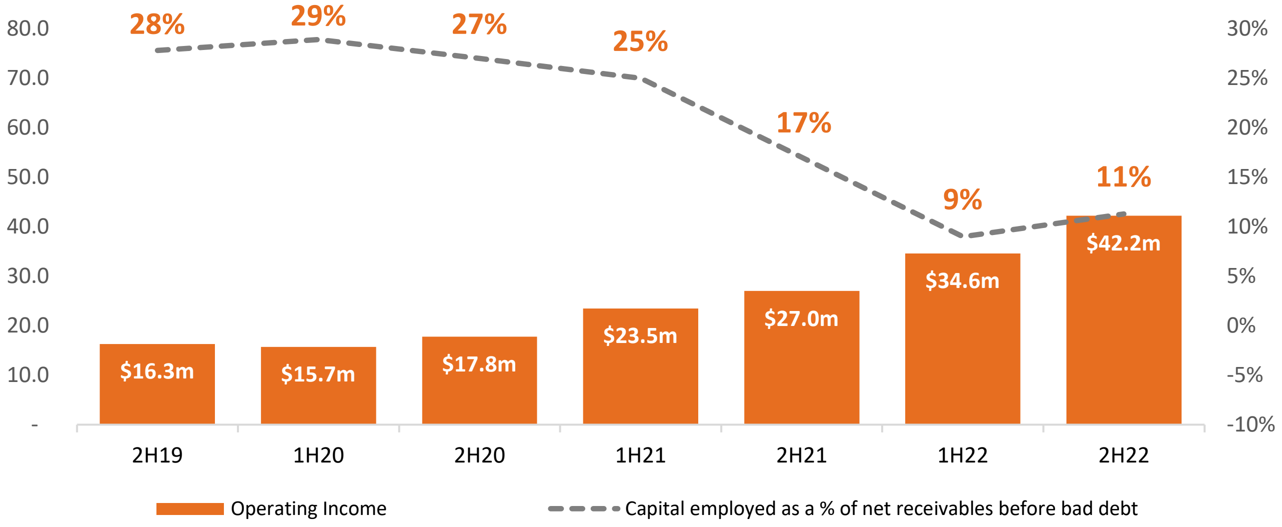
- Volume increased by 15% as COVID-19 related restrictions ease driving some rebound in merchant activity, resulting in higher interest free volume
- The proportion of interest-bearing balances drifted down as legacy product receivables (high proportion interest bearing) were repaid leading to lower product yield in FY22
- Cost of funds has increased with the introduction of mezzanine funding but improving capital efficiency
- Net loss measures are trending down due to improved controls and use of data and technology
- Cash NPAT benefited in FY21 from higher macro provision releases

COMMERCIAL AND LEASING

COMMERCIAL AND LEASING

$M	FY22	FY21	V PCP
Gross income	119.0	96.8	22.9%
Net operating income	89.4	76.1	17.5%
Cash NPAT	**28.7**	**22.3**	**28.7%**
Volume	**1,096.3**	**540.3**	**102.9%**

AUSTRALIA FLEXICOMMERCIAL



STRONG MOMENTUM IN COMMERCIAL & LEASING SEGMENT

- CNPAT of $28.7m up 28.7% on FY21, driven by continued growth in operating income as the business has seen significant volume and receivables growth offset by higher impairment provisions due to strong growth
- Net operating income of $89.4 million increased 17.5% on FY21
- Credit impairment charges were $13.9m up $9.7m on FY21. Bad debts were lower despite growth in the book due to improved credit performance

AUSTRALIA FLEXICOMMERCIAL CHANGING PROFILE

- Operating income of $76.8 million increased 52.1% on FY21
- Continued growth in operating income as the business has seen significant receivables growth
- Capital deployed as a proportion of portfolio continues to decline, with material improvements in capital efficiency in Australia Commercial over 2022
- Mezzanine funding of up to $82.5m also introduced for the Australia Commercial warehouse facility in December 2021 reducing capital requirements and additional mezzanine capacity was added in 2H22 with mezzanine funding in excess of $170m for the year
- Solid support for flexicommercial brand across public capital markets with $840m of asset-backed securities (“ABS”) issued in support of the portfolio across two successful ABS transactions executed in March and October 2021

FLEXICOMMERCIAL: SUMMARY

FLEXICOMMERCIAL AUSTRALIA	FY22	FY21	FY20
Volume (A$m)	983.0	465.4	262.9
Number of transactions	9,663	6,141	n/a
Product yield (%)	10.3	11.6	12.3
Average receivables (A$m)	994	566	374
Cost of funding/borrowings (%)	2.9	3.4	4.7
Net loss/ANR (%)	0.8	2.0	3.0

- Volume growth exceptionally strong reflecting strength in the broker led SME market and the ability to take advantage of Big4 bank service issues
- Product yield is drifting down as expected due to competitive environment and a continued shift towards better quality customers and collateral
- Average receivables are a product of volume growth and term
- Net loss measures are trending down in line with improved credit quality and strong growth in receivables

FLEXICOMMERCIAL NEW ZEALAND	FY22	FY21	FY20
Volume (A$m)	113.3	74.8	75.0
Number of transactions	3,445	7,545	n/a
Product yield (%)	15.9	18.0	20.1
Average receivables (A$m)	143	139	144
Cost of funding/borrowings (%)	3.3	3.1	3.7
Net loss/ANR (%)	0.3	0.1	0.3

- Volume growth accelerated in the second half of the year with the continued expansion into broker originated SME asset finance business
- Product yield is drifting down as expected due to mix changes and growth in asset financing
- Net loss remains stable at relatively low levels

1. Gross income/average net receivables.

05

SUMMARY

2022

SUMMARY

Profitable and resilient business

Strong capital and funding position

Prudent credit management

Refocus on the core

Improve profitability through yield and cost management

06

APPENDICES

2022

PROFIT AND LOSS ($M)	FY22	FY21[1]	FY20[1]	v PCP %
Interest income	341.2	340.6	359.4	0.2%
Fee and other income	99.2	103.3	114.9	(4.0%)
Gross income	**440.4**	**443.9**	**474.3**	**(0.8%)**
Cost of origination	(27.6)	(26.8)	(28.6)	(3.0%)
Interest expense	(84.1)	(74.2)	(89.3)	(13.3%)
Net operating income	**328.7**	**342.9**	**356.4**	**(4.1%)**
Credit impairment charge	(63.4)	(58.7)	(146.7)	(8.0%)
Marketing expenses	(23.9)	(30.0)	(23.7)	20.3%
Employment expenses	(91.6)	(81.1)	(86.0)	(12.9%)
Operating and other expenses	(88.9)	(65.4)	(53.9)	(35.9%)
Depreciation and amortisation expenses	(37.2)	(25.8)	(19.0)	(44.2%)
Impairment of goodwill and other intangible assets	(207.5)	–	–	–
Profit before income tax	**(183.8)**	**81.9**	**27.1**	**(309.0%)**
Income tax expense	13.5	(21.8)	(4.0)	(161.9%)
Statutory profit/(loss) after income tax	**(170.3)**	**60.1**	**23.1**	**(383.4%)**
Adjustments	221.4	9.8	7.8	(161.9%)
Cash NPAT	**51.1**	**69.9**	**30.9**	**(25.3%)**
Basic earnings per share (cents)	(35.2)	12.0	5.3	(393.3%)
Cash earnings per share (cents)	9.5	13.7	7.3	(30.7%)
Volume	3,521.0	2,687.5	2,482.7	31.0%
Closing receivables and customer loans	3,303.2	2,742.7	2,562.4	20.4%

1. Restated for IFRIC.

BALANCE SHEET ($M)	FY22	FY21	FY20	v PCP %
Cash and cash equivalents	281.0	218.2	157.5	28.8%
Receivables	219.8	226.2	638.2	(2.8%)
Chattel loans	1,277.9	643.8		98.5%
Customer loans	1,729.6	1,783.1	1,814.4	(3.0%)
Inventories	2.1	1.0	1.9	110.0%
Current tax receivable	5.4	–	1.7	–
Assets classified as held for sale	–	8.5	–	–
Equity investment	0.3	1.1	14.3	(72.7%)
Plant and equipment	3.9	5.2	7.4	(25%)
Right-of-use assets	12.8	15.9	12.5	(19.5%)
Goodwill and other intangible assets	130.2	350.1	342.2	(62.8%)
Derivatives financial instruments	66.0	0.6	-	LRG
Deferred tax asset	37.7	46.3	46.3	(18.6%)
Total assets	**3,766.7**	**3,300.0**	**3,038.3**	**14.1%**
Trade and other payables	51.8	56.2	67.3	(7.8%)
Contract liabilities	11.5	7.8	7.5	47.4%
Lease liabilities	16.0	18.6	16.5	(14.0%)
Borrowings	3,025.5	2,406.5	2,295.1	25.7%
Current tax liabilities	–	6.4	14.8	–
Provisions	32.7	21.8	20.5	50.0%
Derivative financial instruments	–	18.9	38.2	–
Deferred tax liabilities	1.5	4.7	–	(68.1%)
Total liabilities	**3,139.0**	**2,540.9**	**2,459.9**	**23.5%**
Equity	**627.7**	**759.1**	**578.4**	**(17.3%)**
Gearing[1]	0.0%	0.0%	28.7%	–
ROE[2]	7.3%	10.2%	5.1%	28.4%

1. Gearing is recourse (corporate) borrowings as a percentage of equity excluding intangible assets.2. Calculated based on Cash NPAT.

CONSOLIDATED CASH FLOW ($M)	FY22	FY21	FY20	v PCP %
Interest income received from customers	359.7	349.7	374.5	2.9%
Fee and other income received from customers less cost of origination	73.2	76.9	89.9	4.8%
Payment to suppliers and employees	(217.0)	(176.8)	(176.1)	(21.7%)
Borrowing costs	(83.0)	(73.2)	(86.4)	(13.4%)
Income taxes paid	(17.5)	(24.0)	(6.5)	27.1%
Net movement in:				
Customer loans	53.5	(51.8)	21.2	203.3%
Receivables	(55.7)	(31.3)	78.1	(78.0%)
Chattel loans	(634.1)	(180.1)		(252.1%)
Net cash outflow from operating activities	**(520.9)**	**(110.6)**	**138.5**	**LRG**
Payment for equity investment	–	(2.2)	–	–
Proceeds from sale of associate	8.5	–	–	–
Payment for purchase of plant and equipment and software	(23.3)	(29.1)	(31.7)	19.9%
Net cash outflow from investing activities	**(14.8)**	**(31.3)**	**(31.7)**	**52.7%**
Dividends paid	(14.1)	(19.5)	(15.2)	27.7%
Proceeds from equity raising, net of transaction costs	–	111.3	–	–
Purchase of Treasure Shares	(0.3)	–	–	–
Cash payments relating to lease liabilities	(3.7)	(5.4)	(3.1)	31.5%
Drawdown of corporate borrowings	–	84.9	341.6	–
Repayment of corporate borrowings	–	(152.3)	(371.5)	–
Net movement in:				
Non-recourse borrowings	619.0	157.8	(43.3)	292.3%
Loss reserve on non-recourse borrowings	–	26.6	–	–
Net cash inflow from financing activities	**600.9**	**203.4**	**(91.5)**	**195.4%**
Net increase in cash and cash equivalents	65.2	61.5	15.3	6.0%
Cash and cash equivalents at the beginning of the year	218.2	157.5	143.1	38.5%
Effects of exchange rate changes on cash and cash equivalents	(2.4)	(0.8)	(0.9)	(200.0%)
Cash and cash equivalents at the end of the year	**281.0**	**218.2**	**157.5**	**28.8%**

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