



27 October 2022

hummgroupp 1Q23 business update

- hummgroupp 1Q23 volume of \$988.2m, up 29% on pcp
- Consumer Finance volume of \$601.7m, up 8% on pcp
- BNPL big ticket volume up 8% with BNPL small ticket down 11%, a result of planned product closures
- Cards (Australia and New Zealand) 1Q23 volume of \$296.5m, up 19% on pcp
- flexicommercial volume of \$386.5m in 1Q23, up 88% on pcp
- Net loss (gross write offs net of recoveries) of \$19.3m in 1Q23, down 20% despite a 24% growth in receivables
- Net loss / average net receivables in 1Q23 of 2.3%, down 110bps on pcp
- Cost reduction initiatives well progressed with 1Q23 operating expenses below pcp

hummgroupp limited (ASX: HUM) ("hummgroupp" or the "Company") today provides an update in relation to its unaudited financial results for the quarter ended 30 September 2022 ("1Q23").

Hummgroupp Chief Executive Officer Rebecca James said:

"Today's result reflects the disciplined approach we are taking to grow our core business in bigger ticket financing, across both businesses.

*Our **FlexiCommercial** business recorded another strong quarter with volumes growing 88% on pcp, while also delivering improved credit quality, with net loss/ANR of 0.7%, a decrease of 20bps.*

*Our **Consumer** business performed well this quarter with card volumes growing 19% pcp, reflecting a rebound in spend activity as travel and everyday spend returns post COVID. Our strategy to focus on bigger ticket financing is starting to gain traction with an 8% growth in volumes. As a result of planned product closures of non-core products hummp, bundll and humm BNPL in New Zealand, we have experienced a large improvement in our net loss rate and the quality of our smaller ticket book, down 230bps to 2.9%.*

Looking ahead we will continue to focus on managing our margin in a rising rate environment, ensuring that we continue to grow our core businesses in a profitable and competitive manner, and reducing our operating cost base."

GROUP PERFORMANCE

Segment		1Q23	1Q22	1Q21	1Q23 vs 1Q22
Volume (A\$m)					
BNPL		305.2	308.8	213.6	(1%)
	<i>Big Things AU</i>	145.3	137.8	134.5	5%
	<i>Little Things AU</i>	67.0	69.1	26.9	(3%)
	<i>Other BNPL¹</i>	92.9	101.9	52.2	(9%)
Australia Cards		124.5	95.5	77.2	30%
New Zealand Cards		172.0	153.9	154.5	12%
Consumer Finance		601.7	558.2	445.4	8%
flexicommercial		386.5	205.1	101.4	88%
hummgrou		988.2	763.3	546.8	29%
Net Loss/ANR²					
	<i>Denominator</i>				
BNPL Big Ticket ^{3 4}	ANR	2.5%	2.2%	3.3%	30bps
BNPL Small Ticket ⁵	Volume	2.9%	5.2%	5.2%	(230bps)
Australia Cards	ANR	2.9%	5.0%	3.8%	(210bps)
New Zealand Cards	ANR	3.9%	3.1%	4.4%	80bps
Consumer Finance		3.8%	4.7%	4.3%	(110bps)
flexicommercial	ANR	0.7%	0.9%	1.2%	(20bps)
hummgrou		2.3%	3.4%	3.5%	(110bps)

¹ Other BNPL includes humm NZ, Ireland, bundll and hummpro

² Net loss includes bad debts and loss recoveries

³ BNPL has been split between 'Big Ticket' and 'Small Ticket' above as shorter dated 'small ticket' products are best compared against volume

⁴ 'Big Ticket' includes humm AU BT and Ireland

⁵ 'Small Ticket' includes humm AU LT, bundll, humm NZ and hummpro

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hummgroup total volume of \$988.2m in 1Q23, up 29% (1Q22: \$763.3m). Following the strategic pivot at the end of FY22 to increase focus on Big Ticket BNPL and Cards in the Consumer portfolio we are seeing increased volumes in these portfolios. Credit performance improved in the quarter with net losses (gross write offs net of recoveries) of \$19.3m, down 20% despite growth in receivables. Net loss / average net receivables ("ANR") decreased 110bps to 2.3%.

During the quarter good progress was made in transforming our cost base including product closures, consolidation of customer service functions and simplification of our technology platforms. A number of products have been closed in the quarter including **hummm** NZ, now in run-off and **hummp**ro which has seen no volumes in FY23. In addition, we have reset other key smaller ticket products including Little Things in Australia which is now positioned as a companion product to Big Things and **bundll** which is no longer originating new customers. Customer contact centres have been rationalised into a single customer service centre. Technology transformation is progressing well with the first phase of migration of the BNPL technology stack to our global solution to take place in 2Q23.

COMMERCIAL

flexicommercial volume of \$386.5m was up 88% (1Q22: \$205.1m), with this business continuing its strong growth driven by its differentiated service proposition and strong broker relationships. In New Zealand, Commercial volumes have grown strongly as we continue to build out a broker originated equipment finance proposition in this region.

flexicommercial continues to deliver growth while improving credit quality, with 1Q23 net loss / ANR of 0.7%, a decrease of 20bps on pcp.

CONSUMER FINANCE

Consumer Finance delivered total volumes of \$601.7m for 1Q23, up 8% on pcp (1Q22: \$558.2m). Receivables for Consumer Finance of \$1,736m for 1Q23 (1Q22: \$1,805m) were down 4%, a result of reduced volumes in FY22 and accelerated paydowns due to higher household savings post pandemic.

Net loss / ANR decreased 110bps, driven by improved credit decisioning and the closure of **hummp**ro and **hummm** and **bundll** in New Zealand.

BNPL

BNPL volume of \$305.2m in 1Q23 was down 1% (1Q22: \$308.8m) as expected reflecting the impact of product closures including **hummm** NZ and **hummp**ro and reduced volumes from restructured products, **bundll** and **hummm** LT. BNPL Ireland delivered strong growth over the year and with its focus on bigger ticket instalment products it continues to deliver favourable returns. BNPL receivables of \$773m were stable on pcp.

Net loss / ANR for Big Ticket BNPL products of 2.5% in 1Q23 increased 30bps on pcp but slightly improved on the FY22 outcome of 2.7%. Net loss / volume for Small Ticket BNPL of 2.9% was 230bps below pcp largely driven by reduced losses on closed and restructured products.

AU Cards

Australia Cards volume of \$124.4m in 1Q23 was up 30% (1Q22: \$95.5m), with a rebound of activity in key sectors including the travel industry. Receivables balances are 1% above pcp but growth in interest free volumes will delay income growth until customers roll off interest free periods.

Net loss / ANR of 2.9% fell 210bps on pcp which was elevated as a result of COVID related disruptions and is attributable to improved credit controls and lower arrears relative to pcp.

NZ Cards

New Zealand Cards volume of \$172.0m in 1Q23 was up 12% (1Q22: \$153.9m). Receivables balances fell 12% on pcp a result of lower volumes in FY22 due to COVID related lockdowns, accelerated paydown in recent months and revaluation of the NZ dollar against the Australian currency, and this will create an operating income headwind in FY23.

Net loss / ANR of 3.9% increased 80bps on pcp largely related to the timing of recoveries.

-ENDS-

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

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ABOUT HUMMGROUP

hummgroup provides easy instalment plans which enable businesses and consumers to make bigger purchases. **hummg**roup facilitates purchases for over 2.7 million customers and operates in Australia, New Zealand, Ireland, Canada and the United Kingdom.