



3 May 2023

## hummgroup 3Q23 business update

humm group limited (ASX: HUM) ("**humm**group" or the "Company") today provides an update in relation to its **unaudited** financial results for the quarter ended 31 March 2023 ("3Q23").

- **humm**group 3Q23 volume of \$965.2m up 11% on prior corresponding period ("pcp")
- flexicommercial volume of \$382.2m in 3Q23, up 39% on pcp
- Consumer Finance volume of \$583.0m, down 2% on pcp
  - PosPP<sup>1</sup> AU Big Things volume up 31%
  - PosPP AU Little Things down 19%, a result of Little Things becoming a pure companion product to big ticket purchases
  - Other PosPP volumes down 38%, a result of planned product closures now in run-off
  - Cards (Australia and New Zealand) volumes up 2% on pcp
- Net loss / ANR in 3Q23 of 2.1%, down 70bps on pcp
- Cost reduction initiatives well progressed with in-year savings of \$15.8m and total operating expenses below pcp

**humm**group Chief Executive Officer Rebecca James said:

*"Today's results are a further demonstration of the disciplined approach we are taking to growing our core business in bigger ticket financing in both Commercial and Consumer Finance, in a profitable and competitive manner."*

*"Our **Commercial** business produced another record quarter with volumes growing 39% on pcp while also delivering strong credit outcomes. Receivables for Commercial were up 69% on pcp, with net loss / ANR remaining at 0.6%. Repricing initiatives implemented in the first half are beginning to deliver results with cost of funds increases being fully passed on in the Commercial business."*

*"Our strategy of focusing on bigger ticket items in the **Consumer** business is continuing to gain traction with volumes in Big Things AU growing 31% on pcp. Receivables for Consumer Finance were up 3% on pcp, while net loss / ANR was down 37bps driven by improved performance. Repricing initiatives implemented in the first half are beginning to deliver results with cost of funds increases being partially passed on in the Consumer business."*

*"Margin compression from the unprecedented increases in funding costs during late FY22 and FY23 continues to work its way through the backbook and will be offset by higher gross income which grows in line with the volume increases across the Commercial and Consumer businesses."*

*"The combination of higher gross income and the benefits of cost saving initiatives are expected to mitigate the seasonal impact of credit losses and margin compression, resulting in a second half normalised cash profit higher than the first half."*

---

<sup>1</sup> Point of Sale Payment Plans (PoSPP): hummgroup renamed its Buy Now Pay Later ("BNPL") business to Point of Sale Payment Plans ("PosPP") to more accurately reflect its products and services. The new name encompasses interest free payment plans that **humm**group has been providing since 2007. Over 97% of receivables consist of transactions greater than \$4,000.

## GROUP PERFORMANCE

### hummgroup

hummgroup total volume of \$965.2m in 3Q23, up 11% on pcp (3Q22: \$871.1m) driven by strong growth in the Commercial portfolio, partially offset by planned reduction of volumes in legacy products in run-off.

Credit performance improved in the quarter with a 70bps reduction in net losses (gross write offs net of recoveries) as a percentage of average net receivables ("ANR") to 2.1%.

Continued progress was made in the quarter with year-to-date reductions in expenses totalling \$15.8m including savings from reduced marketing spend on suspended products, people cost savings from consolidation of customer service functions and lower transaction and regulatory costs.

## COMMERCIAL

flexicommercial volume of \$382.2m was up 39% on pcp (3Q22: \$275.3m), with the business continuing its strong growth driven by market demand, differentiated service proposition and strong broker relationships. In New Zealand, Commercial volumes have grown strongly (up 36% on pcp) as the business continues to build a broker originated equipment finance proposition.

flexicommercial continues to deliver strong volume growth while retaining strong credit quality, with 3Q23 net loss / ANR holding stable at 0.6%. The benefits of pricing initiatives introduced in the prior period are beginning to flow through. Front book NIM remains at a higher level than the prior 12-month period; with growth in Normalised Cash Profit (after tax) now more in line with volume growth.

## CONSUMER FINANCE

Consumer Finance delivered total volumes of \$583.0m for 3Q23, down 2% on pcp (3Q22: \$595.8m). Receivables for Consumer Finance of \$1.85bn were up 3%. This result is driven by the reduction in volume of small ticket transactions due to product closures and an increase in volume of larger ticket transactions which have longer tenor and a greater impact on receivables.

Net loss / ANR decreased 37bps to 3.7%, driven by improved credit decisioning. This positive result occurred despite a temporary increase in losses following the closure and restructure of suspended products.

### Point of Sale Payment Plans ("PoSPP")

PosPP volumes for Big Things AU were up 31% to \$150.2m. This growth was offset by a 19% reduction in volume for Little Things AU to \$62.5m, following the strategy to align this product as a companion product for Big Things. A further 38% reduction in other PosPP volumes to \$65.7m related to product closures for **hummm** NZ, **hummp**ro and product restructures for **hummm** UK and **bundll**.

Big Tickets PosPP net loss / ANR of 2.7% was down 61bps on pcp. Net loss / volume for Small Ticket PosPP of 3.6% was down 15bps on pcp, a strong result after losses relating to the closure and restructure of suspended products.

PosPP receivables of \$811.9m were up 4% on pcp (3Q22: \$781.3m).

## **NZ Cards**

New Zealand Cards volume of \$177.9m in 3Q23 was up 8% on pcp (3Q22: \$164.2m). Receivables balances increased 2% on pcp to \$603.8m, as a result of higher customer spend. Net loss / ANR of 3.1% decreased 15bps on pcp demonstrating the strong credit quality and fundamentals of this book.

## **AU Cards**

Australian Cards volume of \$126.8m in 3Q23 was down 6% on pcp (3Q22: \$134.7m). The prior comparative periods benefitted from the post pandemic rebound in customer spending which has returned to normalised levels in the current period. Whilst the broader market continues to see strong pay downs, **hummg**group AU Cards receivables balances are 1% above pcp to \$437.5m.

Net loss / ANR of 3.3% increased 29bps on pcp, a period which saw excess COVID related cash payments reducing balances.

**-ENDS-**

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

### **Investor Relations Contact**

David Grevler - Head of FP&A and Investor Relations  
+61 414 488 042

### **Media Contact**

Roger Newby - Domestique Consulting  
+61 401 278 906

## **ABOUT HUMMGROUP**

**hummg**group provides easy instalment plans which enable businesses and consumers to make bigger purchases. **hummg**group facilitates purchases for 2.6 million customers and operates in Australia, New Zealand, Ireland, Canada and the United Kingdom.