



28 November 2024

humm Group Limited (ASX: HUM) 2024 Annual General Meeting Chairman's Address

On behalf of the Directors of **humm**group, I am pleased to welcome you all today to the 2024 Annual General Meeting.

I'd like to start by taking you through some highlights of the financial year, before handing over to our Managing Director and Chief Executive Officer, Stuart Grimshaw.

We will then move to the business being put to the meeting for decision, which will include any questions you have for the Board, Management, or our Auditors Ernst and Young.

OVERVIEW OF FY24

hummgroup delivered a good financial performance for second half of FY24, following continued transformation of the Consumer business, and growth in the Commercial business.

Our second half performance was supported by good receivables growth, a stable net interest margin, low credit losses and continued efforts to manage expenses and reduce unnecessary cost to offset heightened inflationary pressures.

Together with the newly executed Forward Flow arrangement with our partner MA Financial, the company remains well-positioned to meet the future growth of our core products in Australia.

We also executed a \$185.0m asset-backed securities funding transaction by way of private placement to support the continued growth of our solar portfolio, although this vertical continues to experience intense competitive pressures and compressed margins. We propose to address this more aggressively with marketing and other strategies.

MARKET CONDITIONS

Consumers and SME businesses in Australia and New Zealand continue to be affected by inflation and cost of living pressures, with geo-political pressures hanging over the global economy.

Despite these macro-economic factors, we continue to grow, and our credit losses remain stable, with only small pockets of heightened credit concerns in the Victorian SME market. We are also seeing improved credit performance in our **hummaU** Point of Sale product from initiatives taken over the last 12 months. The management team remain vigilant and adjust credit settings as conditions change across the markets in which we operate.

Over the last 4 months we have observed slowing growth in the commercial broker market as customers hold back on investment in anticipation of RBA rate cuts. Despite this we continue to deliver receivables growth, albeit at a slower rate. Importantly we have seen growth in market share with key brokers and dealer groups as our speed to decision and speed to cash settlement differentiate us in the market.

I have just returned from a trip to Ireland where our business is performing well, with above expected profits and improving return on equity. The Board have decided to expand our return to the UK in specific verticals and with specific merchants. We understand the market now and can deliver appropriate returns to shareholders in the long run. I am positive about the UK opportunity with 68 million people, in a parallel legal, accounting and cultural framework. I am confident that our differentiated point of sale product will be valued by merchants and consumers.

In Canada, we are refocusing on core technology and working with capable merchants. While this has been slower than we hoped we consider that our capacity to differentiate our product offering in the market will bear fruit in the longer term.

CAPITAL MANAGEMENT

With the opportunities that exist in local and offshore markets we are focused on deploying our capital into growth.

In FY24, we successfully completed our \$10.0m on market share buy back and purchased 11.2m additional shares to settle our FY23 long-term incentive programs which was non-dilutive to shareholders. These initiatives which represented circa 6% of total shares delivered positive returns to shareholders.

Our planned repayment of our unsecured subordinated perpetual note in FY25 will mean that the dividend currently paid to the note holder will be replaced by interest expense in the profit of loss, to the extent the repayment is funded by debt.

DIVIDEND

hummgroup paid a fully franked dividend of 1.25c per share for FY24, bringing total dividends for the year to 2.0c per share. This represents a post-tax return of 6.02% of 2024 VWAP to shareholders. There are \$25.0m of franking credits as at 30 June 2024 so that any dividends paid will be fully franked.

The FY24 result, supported by a balance sheet with unrestricted cash position of \$125.1m as of 30 June 2024 augers well for the future.

BOARD CHANGES

The Board has advised that Mr Anthony Thomson will resign as a director of **hummmgroup** today. On behalf of the Directors and management team, I extend my thanks to Mr Thomson for his contribution, particularly in relation to chairing the People and Remuneration Committee over the last two years.

We have appointed Mr Andrew Darbyshire as an independent non-executive director of **hummmgroup**. Mr Darbyshire has over 35 years' proven experience in digital transformation and point-of-sale software development, as well as over 10 years' experience in electronic engineering that will be an asset to the IT team.

OUTLOOK

Over the last 12 months, we have seen new wholesale shareholders coming onboard and positive movement in the share price. We are pleased to see that the market has recognised the strength of our business, and continued growth with increased focus on investment in the UK and Canada for the long term.

Dividends are likely to be at the lower end of our policy in the short to medium term, as we deliver on strategic goals, with an equally important focus on strengthening our technology foundations with new investment for future growth.

My shareholding has increased to 26.65% in the last 12 months, which is a demonstration of my continued faith and optimism in the future of this company.

On behalf of the Board, I would like to thank our shareholders for their continued support, and our people for their ongoing hard work.

We enter FY25 with an efficient and diversified funding platform that underpins future balance sheet growth.

I will now hand over to Stuart Grimshaw for his Chief Executive presentation.

-ENDS-

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ABOUT HUMMMGROUP

hummmgroup is a diversified financial services company that provides easy instalment plans which enable businesses and consumers to make bigger purchases. **hummmgroup** operates in Australia, New Zealand, Canada, Ireland and the United Kingdom. **hummmgroup**'s principal activities include the provision of commercial lending in Australia and New Zealand; Point of Sale Payment Plans (**hummm**), Australian Credit Cards (**hummm**®90); and New Zealand Credit Cards (including Farmers Finance Card, Farmers Mastercard®, Q Card, Q Mastercard® and Flight Centre Mastercard®).