18 February 2025

hummgroup announces half year 2025 results

- **humm**group Cash profit (after tax) of $29.8m up 119%[1]
- Statutory net profit (after tax) of $27.3m up 555%
- Cash Earnings per Share[2] ("EPS") of 11.0c was up 124%
- Return on Cash Equity[3] ("ROCE") of 10.9% was up 122%
- Fully franked interim dividend of 1.25 cents per share, up 67% on the 1H24 interim dividend and representing an annualised return to shareholders of 6.0%[4]
- Net Loss/Average Net Receivables ("ANR") maintained at historic lows of 1.8%
- Cost to income ratio of 52.4%, an 18% improvement
- Assets under management[5] of $5.3b, up 14%
  - Commercial asset under management[1] of $3.2b, up 18%
  - Consumer Finance receivables of $2.1b, up 10%
- Net Interest Margin ("NIM") stabilised at 5.5%
- Strong balance sheet with $113.6m in unrestricted cash with $1.4b in undrawn capacity across warehouses and the Forward Flow arrangement

humm Group Limited (ASX: HUM) ("**humm**group" or "the Company") today reported its results for the six months ended 31 December 2024 ("1H25").

hummgroup Chief Executive Officer and Managing Director Stuart Grimshaw said:

"Our focus on exceptional customer experience has delivered a 119% increase of Cash profit (after tax) to $29.8m. This result was underpinned by 14% growth in assets under management which delivered a 12.5% increase to Gross Income. Net Interest Margin remained stable at 5.5%, with record low credit losses and a 13% reduction to operating costs.

The result delivered a 124% increase in Earnings Per Share from 4.9 cents to 11.0 cents per share and a 122% increase to annualised Return on Cash Equity from 4.9% to 10.9%.

Our Commercial business delivered a 35% growth in Cash profit (after tax) from $19.7m to $26.5m and continued to demonstrate impressive operating leverage, growing net operating income by 20%, whilst lowering operating costs by 15%.

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1. All comparative results are based on 1H24 to 1H25 unless otherwise stated. Prior comparative period ("pcp") refers to 1H24.
2. Cash earning per share is calculated as annualised Cash profit (after tax) as percentage of weighted average total number of shares (comprising Ordinary Share and Preference Shares on Perpetual Notes) on issue for the period.
3. ROCE is calculated as Cash profit (after tax) in the year divided by average total cash equity (Total equity exclude reserves).
4. Annualised shareholder return calculated on a pre-tax basis taking into consideration the level of franking provided and using a share price of 60c per share.
5. Includes loans and receivables under Forward Flow arrangement. Excludes other debtors, provision for impairment losses, contract liabilities and unamortised direct transaction costs.

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We continue to invest in transforming our Consumer businesses in New Zealand and Australia to deliver a better customer experience while at the same time improving our unit economics and profitability and that of our channel partners.

We will be formally launching our regulated hybrid loan product in Australia during Q4FY25. The hybrid product expands our tailored merchant specific offerings, opens new channels and creates opportunities to serve new merchants, while delivering improved return metrics. This fully regulated product provides a desirable point of sale finance option for larger purchases that will meet growing demand from our customers and channel partners.

As previously signalled at our AGM, we are making a targeted investment across our UK, Ireland and Canada businesses to develop the significant potential these markets have which can deliver long-term sustainable profitable growth for the company. Within the reporting period, Ireland has already delivered $2.9m in Cash profit (after tax).

The strong result has allowed us to pay a fully franked interim dividend of 1.25 cent per share (totalling $6.1m and payable on 2 April 2025) representing a 6.0% annualised return to shareholders. This interim dividend represents a 67% increase on the 1H24 interim dividend."

GROUP PERFORMANCE

Cash Profit (after tax) (A$m)

SEGMENT	1H24	2H24	1H25	1H25 vs 1H24 Change %	1H25 vs 2H24 Change %
Commercial Finance	**19.7**	**21.2**	**26.5**	**35%**	**25%**
Australia Cards	2.9	0.9	2.3	(21%)	156%
New Zealand Cards	7.5	7.8	7.4	(1%)	(5%)
Point of Sale Payment Plans	(16.5) [1]	(7.6) [1]	(6.4) [2]	61%	16%
Consumer Finance	**(6.1)[1]**	**1.1[1]**	**3.3[2]**	**154%**	**200%**
hummgroup	**13.6[1]**	**22.3[1]**	**29.8[2]**	**119%**	**34%**

1. FY24 includes losses associated with suspended products.
2. 1H25 includes $1.9m investment in **humm®** hybrid loan product and $6.8m investment in Canada and UK businesses.

Volumes (A$m)

SEGMENT	1H24	2H24	1H25	1H25 vs 1H24 Change %	1H25 vs 2H24 Change %
Commercial Finance	**761.5**	**772.9**	**770.4**	**1%**	**0%**
Australia Cards	254.0	241.5	250.4	(1%)	4%
New Zealand Cards	432.0	385.8	447.8	4%	16%
Point of Sale Payment Plans[1]	461.5	489.8	544.7	18%	11%
Consumer Finance	**1,147.5**	**1,117.1**	**1,242.9**	**8%**	**11%**
Continuing Products	**1,909.0**	**1,890.0**	**2,013.3**	**5%**	**7%**
Suspended Products[2]	*50.9*	*7.8*	–	–	–
hummgroup	**1,959.9**	**1,897.8**	**2,013.3**	**3%**	**6%**

1. PosPP includes **humm** AU, **humm** Ireland and UK and **humm** Canada.
2. In the prior period **humm** AU excludes suspended products ('Little Things', BPAY within **humm®** AU LT, **bundll®**, **humm®**pro and **humm®** NZ).

Net Credit Loss/ANR[1]

SEGMENT	1H24	2H24	1H25	1H25 vs 1H24 Change %	1H25 vs 2H24 Change %
Commercial Finance	**0.5%**	**0.7%**	**0.8%[2]**	**30bps**	**10bps**
Australia Cards	4.1%	4.0%	3.5%	(60bps)	(50bps)
New Zealand Cards	2.9%	3.3%	3.4%	50bps	10bps
Point of Sale Payment Plans	3.1%	2.9%	2.2%	(90bps)	(70bps)
Consumer Finance	**3.3%**	**3.3%**	**2.5%**	**(80bps)**	**(80bps)**
hummgroup	**1.7%**	**1.8%**	**1.8%**	**10bps**	**–**

1. Net Credit Loss/ANR is presented on a 12 month rolling basis that takes into consideration on seasonality.
2. Net losses to ANR for the period of 0.8% is presented after adjusting for the impact of the Forward Flow arrangement. Before adjusting for the impact of the forward flow arrangement, 12 months net loss to ANR for the period is 0.9%.

COMMERCIAL

The strength and resilience of our Commercial business is demonstrated by continued growth in receivables and profit in an industry that has experienced areas of negative growth during the period.[2]

The business delivered Cash profit (after tax) of $26.5m, up $6.8m or 35%, while assets under management of $3.2b grew by 18%. Driven by growth in our competitive position and our superior and differentiated service offering, the business achieved 13% increase in Net Interest Income and 20% increase in Net Operating Income.

The 20% growth in Net Operating Income was delivered with a 15% reduction in operating expenses over the same period, demonstrating the operating leverage and technology and process improvement delivered by the Commercial business.

Net Credit Loss/ANR of 0.8%[1] (a 10bps increase in the current period) is in line with management expectations following periods of high volume and receivables growth that have now stabilised. Credit quality of the portfolio continues to remain strong with areas of improvement from the focus on premium credit customers that target higher quality (lower yield assets) which have lower losses in future periods.

During the period, $495.1m in assets were sold under the Forward Flow arrangement. Lower net interest income was replaced by higher net fee and other income, in the form of reimbursement of origination costs (offset by the expense of deferred origination costs), servicer fee income, and flexicommercial's share of residual income under the arrangement. This resulted in a one-off net decline of $1.1m in Cash profit (after tax).

CONSUMER FINANCE

Driven by growth in **humm** AU and our global businesses, the Consumer business delivered volumes from continuing operations of $1.2b in 1H25 up 8% on 1H24. Total Receivables of $2.1b were up by 10% driven by 25% growth in receivables within the PosPP business, which was offset by a 5% reduction in receivables within Cards AU and flat receivables in Cards NZ. Cash profit (after tax) was $3.3m, up 154%.

The upcoming Q4FY25 launch of the new hybrid loan product will boost return metrics and higher profitability for the **humm** AU business over the medium term.

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1. After adjusting for the impact of the forward flow arrangement.
2. Equifax Commercial Credit Insights Q4 2024.

New Zealand Cards

The New Zealand cards business has remained stable through a challenging economic period, outperforming the market in relation to credit card spend and Net Interest Margin. This outperformance demonstrates the strength of our brands and merchant relationships in the New Zealand market, increased stability of platforms and attracting more customers.

New Zealand Cards volume of $447.8m grew 4% (1H24: $432.0m). Closing loans and advances were in line with pcp but 3% higher than 30 June 2024 along with higher revolve rates, resulting in higher interest-bearing balances and a 3% increase to net interest income. Loss rates for the New Zealand cards business remained broadly in line with 2H24.

Cards NZ delivered a Cash profit of $7.4m in 1H25, down 1% on the prior comparative period. Despite the result being down on the prior comparative period, this was a pleasing result with higher interest income and lower operating costs nearly all but covering the increase to interest expense (following the run-off of favourable hedges) and $1.1m in higher net losses in the current period. Record volumes in the last 2 months of the year provide a strong starting point for receivables for the second half of the year.

Australian Cards

Management slowed growth on the Cards AU platform to allow time for the rebuild of the Consumer AU business to take effect. Together with tighter credit settings implemented in the first half of the FY24 year the business saw 1% lower volumes totalling $250.4m for the half.

The tighter credit settings resulted in a 34% reduction in credit impairment charges compared to the same time last year. Net credit losses of $5.7m were $3.0m lower than 1H24 and drove a 60bps reduction in net loss as a percentage of ANR from 4.1% to 3.5% in the current period. The tighter credit settings also resulted in a $1.0m release of AASB9 provisions.

Cash profit (after tax) for the period of $2.3m was 21% down on pcp but 156% up on 2H24, a positive signal that the targeted focus on credit settings and improving profitability combined with future strategic investment into technology is already generating some positive momentum for the business.

Point of Sale Payment Plans ("PosPP")

$5.1m in profit contribution from **humm** AU and **humm** Ireland was offset by $8.7m strategic investment in **humm** Canada, **humm**group's new hybrid loan product and the re-entry of the humm Ireland business into the UK. These investments have significant potential to deliver profitable growth for the business into the future.

Volumes from continuing products grew 18% compared to pcp and 11% over 2H24 driving a 25% increase in closing loans and advances of $1,102.7m at 31 December 2024 versus $885.0m at 31 December 2023. Growth in volumes was driven by longer term verticals from solar, health and home improvement.

Tighter credit settings and the reset of unprofitable merchant relationships delivered 12% growth in Net Operating Income from $32.7m in 1H24 to $36.5m in 1H25, and a 26% reduction to net credit losses, from $13.4m in 1H24 to $9.9m for the current period.

FULLY FRANKED INTERIM DIVIDEND OF 1.25 CENTS PER SHARE

Subsequent to the half-year, on 18 February 2025, the Group determined a fully franked interim dividend of 1.25 cents per ordinary share totalling $6.1m, to be paid on 2 April 2025.

OUTLOOK

The **humm**group management team continue to prioritise profitable growth that builds upon our strong credit performance. **humm**group remains well diversified in terms of customers, channel partners, products, geographies and funding sources which is a distinct advantage in this economic environment.

We will continue to drive operational efficiencies and use the cost savings to offset the impact of inflation, enhance our customer facing capability and free up capital to invest in the future growth of the business. We will continue to transform our technology platform, particularly in the consumer business, to deliver additional revenue and cost efficiencies.

hummgroup will retain a disciplined focus on executing our customer focussed strategy to continue to drive profitable future growth. Our flexible cost base, as evidenced by our reducing cost to income ratio, provides us opportunities to decisively respond to changing circumstances and to capitalise on market opportunities as they emerge.

Finally, we will reinstate our quarterly updates which will see us provide a Q3 trading update at the end of April/early May 2025.

WEBCAST

hummgroup 's Chief Executive Officer and Managing Director, Stuart Grimshaw and Chief Financial Officer, Adrian Fisk will host a webcast at 11.00am on Tuesday 18 February 2025.

Details of the webcast: https://edge.media-server.com/mmc/p/kfpejwjt

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

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ABOUT HUMMGROUP

humm Group Limited ACN 122 574 583 (ASX: HUM) ("the Company", and with its other group and consolidated entities "**humm**group" or "Group") is a diversified financial services company that provides instalment plans which enable businesses and consumers to make large purchases. **humm**group operates in Australia, New Zealand, Ireland, Canada, and the United Kingdom. Its principal activities include the provision of Commercial Lending in Australia and New Zealand; Point of Sale Payment Plans; Australia Cards (**humm**®90, Lombard and Once); and New Zealand Cards (including Farmers Finance Card, Farmers Mastercard®, Q Card, Q Mastercard® and Flight Centre Mastercard®).