# 2024 RESULTS

## FOR THE YEAR ENDED 30 JUNE 2024

Stuart Grimshaw CEO | Adrian Fisk CFO
21 August 2024

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

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# AGENDA

# 01 HIGHLIGHTS

# STRONG HALF-ON-HALF PERFORMANCE

**01**

18% loan growth delivered **$5.0b** in receivables

**02**

**$13.6m** in 2H24 cost savings delivered

**03**

Net interest margin stabilised in 2H24 at **5.5%**

**04**

Credit losses maintained at historic lows of **1.8%**

# FY24 HIGHLIGHTS

## BALANCE SHEET GROWTH

**$5.0b**
18% increase
in receivables

**$3.8b**
6% increase in volumes
from continuing products

**$125.1m**
in Unrestricted cash

## STRONG NET OPERATING INCOME

**5.5%**
NIM[2] stabilising in 2H24
June 2024 Exit NIM[2] of 5.5%

**1.8%**
Group Net Loss/ANR[1]
Maintained at low level
from prior year

**11.6%**
Gross Yield[3]
improved by 50bps

## IMPROVING COST EFFICIENCY

**$13.6m**
Costs removed in 2H24 offsetting
inflation and allowing for investment
in front office growth

**$4.9m**
Reduction of origination costs in FY24

**1,100bps**
Reduction in 2H24 cost to income ratio
from 64.0% in 1H24 to 53.0% for 2H24

## DRIVING SHAREHOLDER VALUE

**$60.6m**
Normalised cash profit (after tax)
in FY24. $7.1m Statutory profit
(after tax) up 145% on PCP

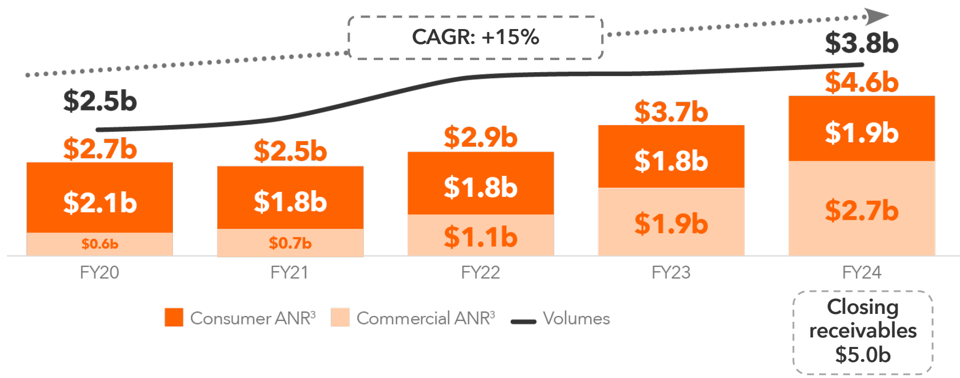
**2.0c**
declared dividend for the year
following a fully franked final dividend
of 1.25 cents per share

**$6.0m**
11.2m shares purchased for share plan,
non-dilutive to shareholders.
Further $10.0m or 20.0m shares
purchased via on market buy-back

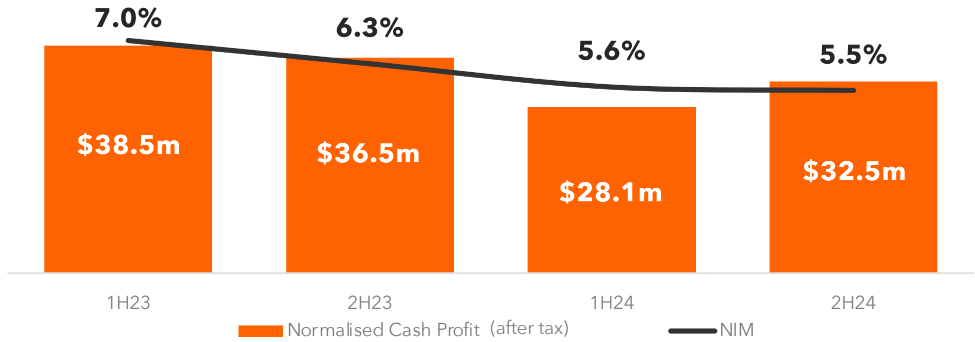
1. ANR is Average Net Receivables and excludes losses relating to operational risk items. 2. NIM is net interest income as percentage of ANR. 3. Gross Yield is interest income as percentage of ANR.

# GROUP KEY PERFORMANCE METRICS

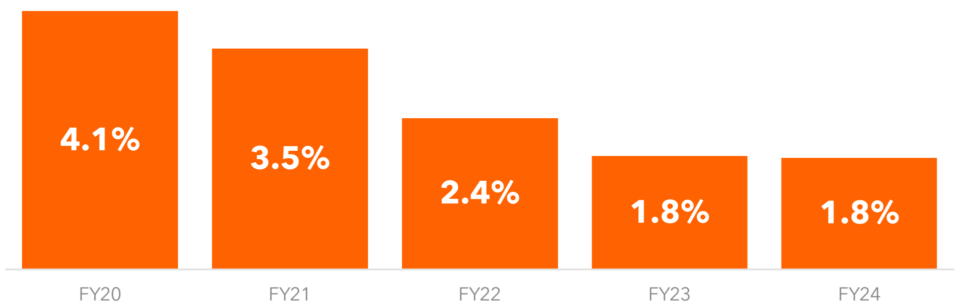
## CONTINUED GROWTH[1]




## 2H24 NIM STABILISED

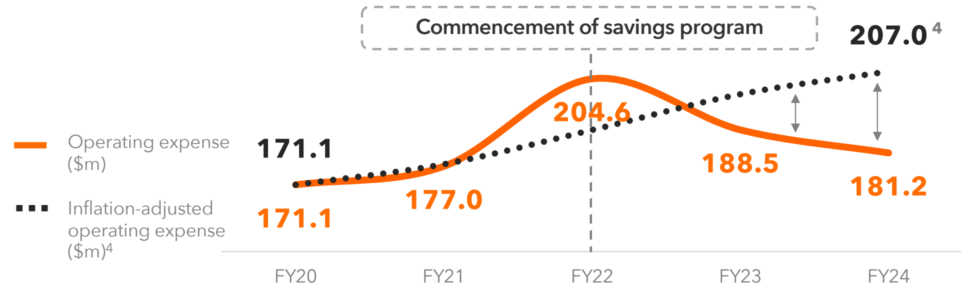



## STRONG CREDIT PERFORMANCE




NET LOSS/ANR (%)[3]

## COST SAVINGS DELIVERED

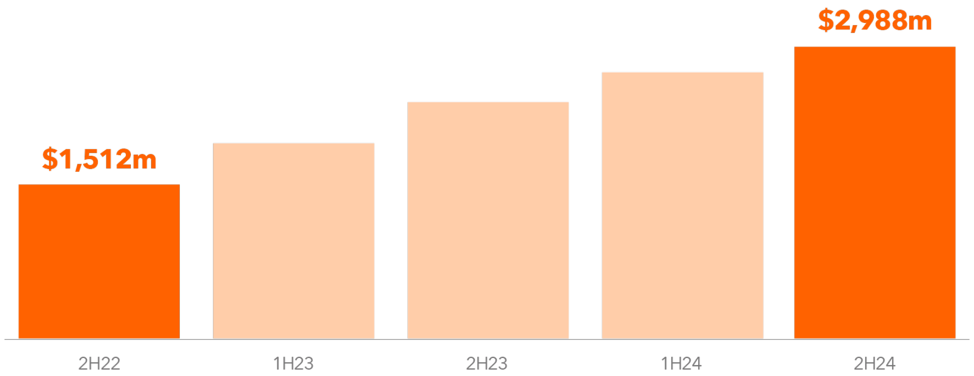



| Cost to Income[2] | 47.0% | 51.5% | 62.2% | 61.0% | 58.2% |
|---|---|---|---|---|---|

1. Volume excludes suspended products. 2. Cost to Income represents total operating expense as a percentage of net operating income. 3. ANR – Average Net Receivables of $4.6b in FY24. Closing receivables of $5.0b in FY24. 4. Based on the prevailing inflation rate year-on-year.

# FY25+ GROWTH DRIVERS

## COMMERCIAL
### FLEXICOMMERCIAL CLOSING RECEIVABLES

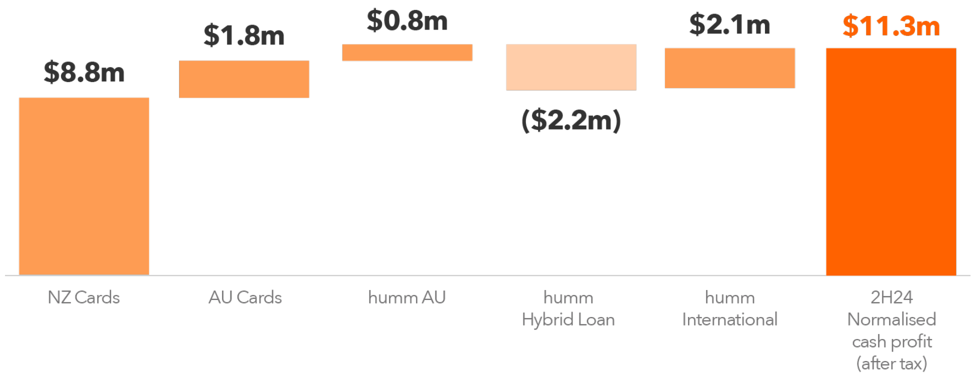



Continued volume and receivables growth from:

- Expanding offering to repeat customers with higher exposures.
- Investing in new geographies.
- Increasing focus on agriculture, medical and other sectors.
- Potential inorganic opportunities in new sectors that leverage our current strength in the broker channel.

**Diversified funding platform provides capacity for future growth**

## CONSUMER
### RETURN TO PROFIT IN CONSUMER BUSINESS IN 2H24




Repositioning the consumer business for growth via:

- Launch of regulated hybrid loan product in **humm** AU in 1H25, delivering a tailored offering to new and existing merchants.
- Enhance Q brand to leverage further opportunities in New Zealand market and improve customer value proposition.
- Profitable growth in international businesses.

**Investment in technology and platforms to deliver better customer and merchant experiences**

# 02

# GROUP FINANCIALS

# HUMMGROUP FINANCIAL PERFORMANCE

| HUMMGROUP ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| Interest income | 254.8 | 276.2 | 8% | 413.7 | 531.0 | 28% |
| Interest expense | (132.1) | (147.5) | 12% | (168.1) | (279.6) | 66% |
| **Net interest income** | **122.7** | **128.7** | **5%** | **245.6** | **251.4** | **2%** |
| Fee and other income | 43.9 | 44.4 | 1% | 96.7 | 88.3 | (9%) |
| Origination costs | (14.0) | (14.6) | 4% | (33.5) | (28.6) | (15%) |
| **Net operating income** | **152.6** | **158.5** | **4%** | **308.8** | **311.1** | **1%** |
| Net losses | (37.3) | (44.1) | 18% | (85.1) | (81.4) | (4%) |
| Operating expenses | (97.4) | (83.8) | (14%) | (188.5) | (181.2) | (4%) |
| **Cash profit (before tax)** | **17.9** | **30.6** | **71%** | **35.2** | **48.5** | **38%** |
| Tax | (4.3) | (8.3) | 93% | (6.5) | (12.6) | 94% |
| **Cash profit (after tax)** | **13.6** | **22.3** | **64%** | **28.7** | **35.9** | **25%** |
| Suspended products and other material items (after tax)[1] | 14.5 | 10.2 | (30%) | 46.3 | 24.7 | (46%) |
| **Normalised cash profit (after tax)** | **28.1** | **32.5** | **16%** | **75.0** | **60.6** | **(19%)** |

## STRONG SECOND HALF PERFORMANCE

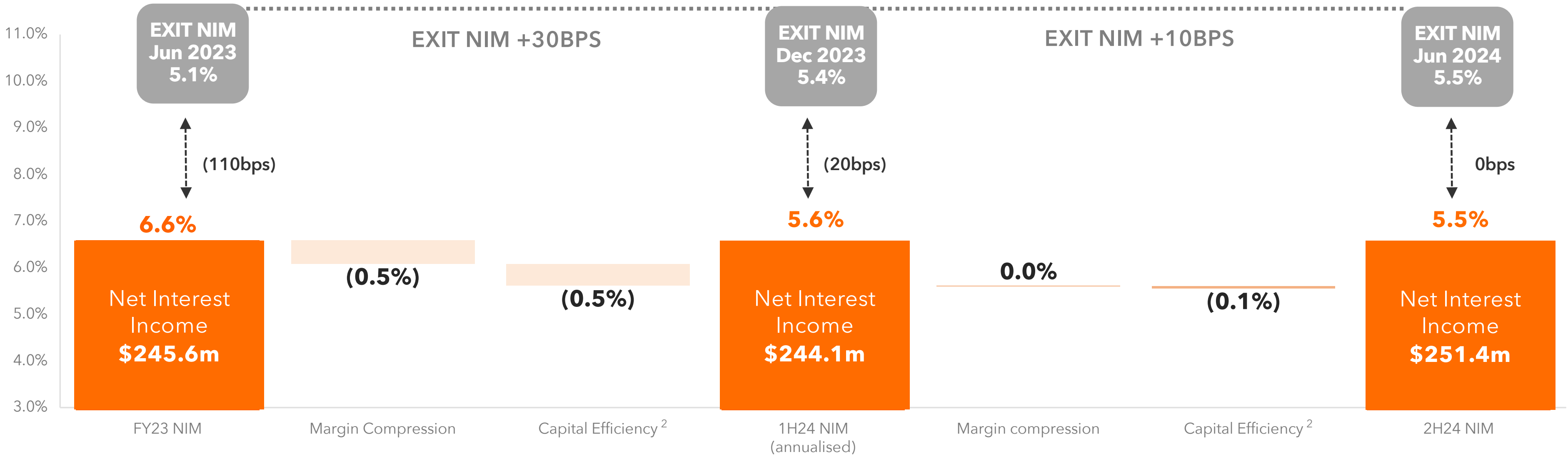
- 5% increase on 1H24 in Net interest income following stabilisation of net interest margin.
- 2H24 operating expenses down 14%.
- Second half cost to income ratio down from 64% to 53%.
- 16% growth in 2H24 Normalised cash profit (after tax) from $28.1m to $32.5m.

## FY24 V FY23

- NIM stabilisation at 5.5%.
- Run-down of suspended product costs with no additional costs in FY25.
- Cash profit metric, removes impact of normalisations and will be the reporting metric going forward.

1. Include costs associated with suspended products and other material items such as onerous contract provision, redundancy, remediation and prior tax adjustments.

# NET INTEREST MARGIN ("NIM") STABILISING OVER 2H24




- NIM stabilised at 5.5% in second half – Exit NIM now in line with portfolio NIM.
- 50bps margin compression in 1H24 result of higher funding costs (-110bps) offset by increases to customer rates (+60bps).
- Continued focus on unit economics has increased profitability with focus on pricing of products, merchants and verticals.
- Combination of lower forecast base rates, tightening credit spreads, impact of lower funding costs from new deals (Solar Private Placement) and pricing impacts indicate favourable outlook for FY25 NIM (subject to current market conditions).



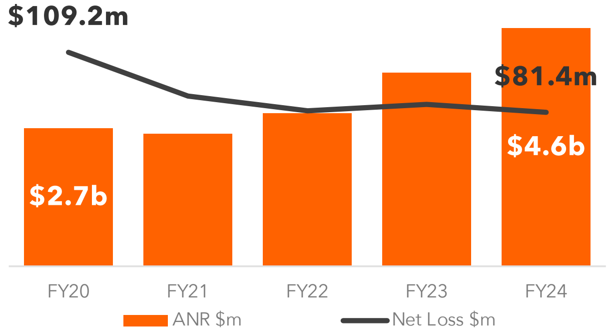
1. Portfolio NIM for the period. 2. Increased leverage.

# CREDIT RISK MANAGEMENT

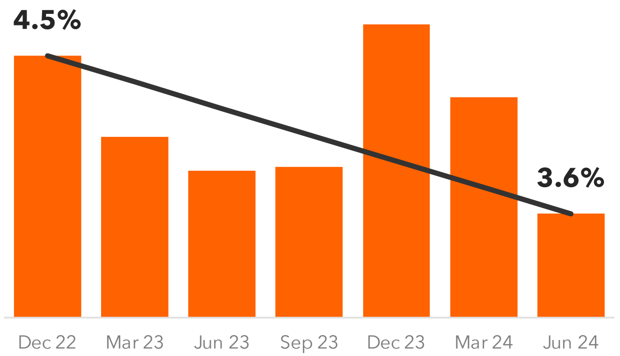
| NET LOSS TO ANR | FY23 | FY24 | MVMT |
|---|---|---|---|
| **Group** | **1.8%** | **1.8%** | **0bps** |
| **Commercial** | **0.5%** | **0.7%** | **20bps** |
| PosPP *(including Global)* | 3.7% | 3.1% | (60bps) |
| Cards AU | 3.6% | 4.0% | 40bps |
| Cards NZ | 3.2% | 3.3% | 10bps |
| **Consumer** | **3.5%** | **3.3%** | **(20bps)** |
| **Balance Sheet Provision Coverage** | **3.1%** | **2.8%** | **(30bps)** |

- Group Net Loss/ANR remain at historical low level of 1.8%.
- Strength in credit decisioning and collections.
- Commercial Net Loss/ANR increased by 20bps to 0.7% from losses catching up to higher volume growth in 2022/23.
- Consumer Net Loss/ANR decreased by 20bps to 3.3% following tightening of credit settings and lower losses following exit of 'Little Things'.
- Balance sheet coverage exceeds actual losses by 100bps as at 30 June 2024.

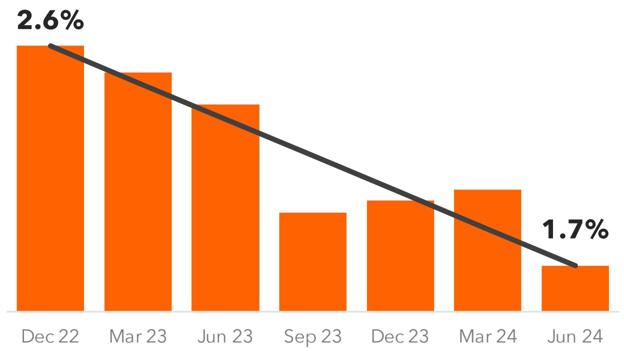
### $ VALUE OF NET LOSS[1] REDUCING AS RECEIVABLES GROW




### 30 DAY ARREARS: CARDS AU




### 30 DAY ARREARS: HUMM AU

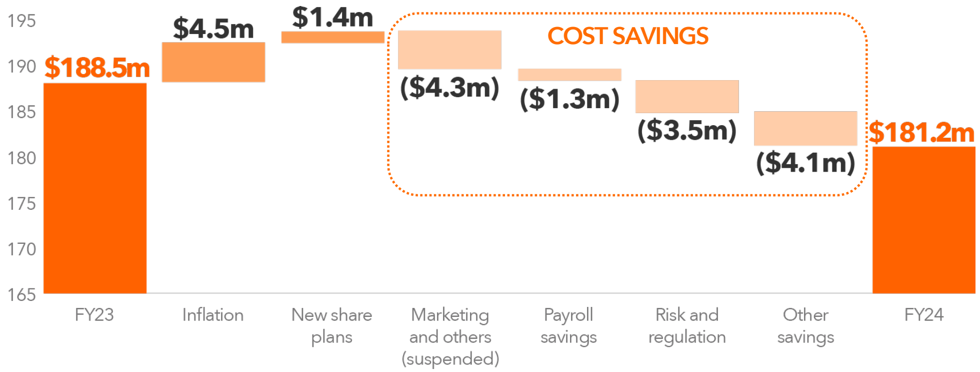



humm group

1. Net loss includes bad debts and loss recoveries.

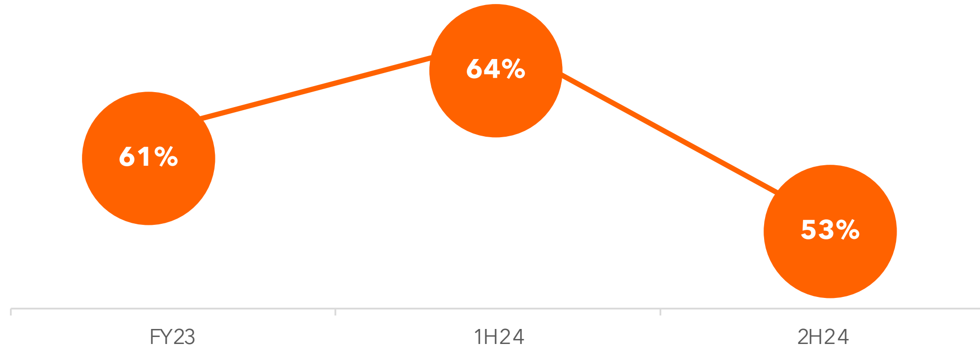
# COMMITTED TO COST[1] EFFICIENCY

## $13.2M COST SAVINGS DELIVERED IN FY24




| OPERATING EXPENSES ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| Marketing | 6.8 | 4.0 | (2.8) | 13.7 | 10.8 | (2.9) |
| Employment | 44.4 | 43.9 | (0.5) | 84.2 | 88.3 | 4.1 |
| Professional and outsourced operations | 8.5 | 10.0 | 1.5 | 21.8 | 18.5 | (3.3) |
| Information technology and communication | 16.3 | 16.4 | 0.1 | 32.6 | 32.7 | 0.1 |
| Insurance and other occupancy | 5.5 | 4.4 | (1.1) | 9.2 | 9.9 | 0.7 |
| Other expenses | 7.3 | 2.3 | (5.0) | 10.5 | 9.4 | (1.1) |
| **Operating expenses** | **88.8** | **81.0** | **(7.8)** | **172.0** | **169.8** | **(2.2)** |
| Material one-off expenses | 8.6 | 2.8 | (5.8) | 16.5 | 11.4 | (5.1) |
| **Statutory operating expenses** | **97.4** | **83.8** | **(13.6)** | **188.5** | **181.2** | **(7.3)** |

## IMPROVED OPERATING LEVERAGE (COST TO INCOME RATIO[2])




- 2H24 delivered $13.6m in cost savings:
  - $13.2m of cost savings for FY24 bringing total cost savings delivered since 1H23 to $31.8m.
- Further $4.9m savings in origination costs.
- Cost focus to continue to offset expected impact of inflation and provide additional capacity for investment.



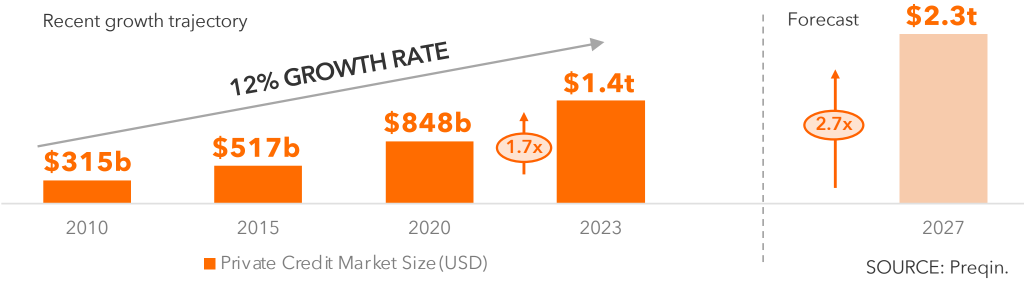
1. Costs represents operating expenses (exclude depreciation and amortisation) at Group level. 2. Cost to Income represents total operating expense as a percentage of net operating income.

# DIFFERENTIATED FUNDING PLATFORM

## UNLOCKS GROWTH RELATIVE TO COMPETITORS

- Leading global and local banks and investors.
- Diversified funding platform with scale for growth.
- Issuing experience across a range of economic environments with sophisticated credit and loan performance history.

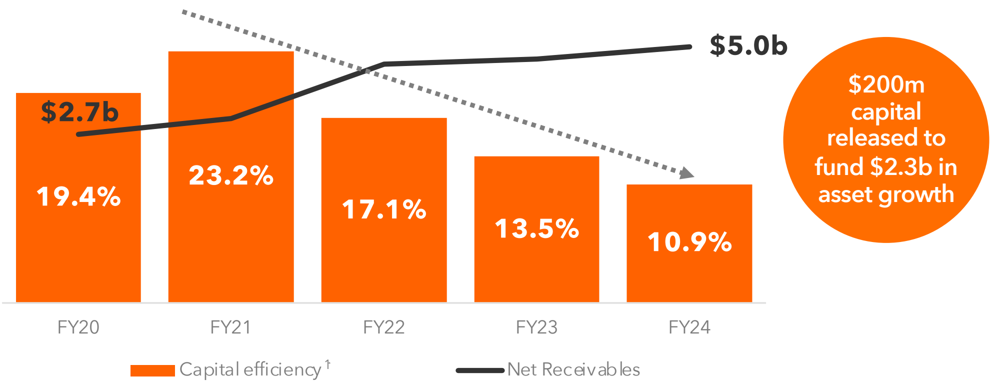
## STRATEGIC OPPORTUNITY AS PRIVATE CREDIT EXPANDS GLOBALLY




SOURCE: Preqin.

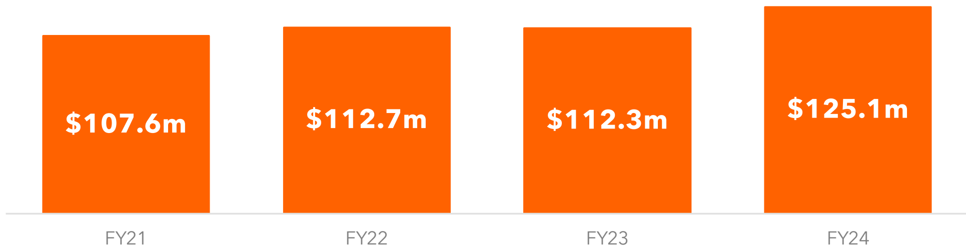
New funding platform provides exposure to growing segment of credit market.

## IMPROVED CAPITAL EFFICIENCY TO FUND GROWTH




## $12.8M INCREASE IN UNRESTRICTED CASH BALANCE

Increase in unrestricted cash which incorporated a $15.2m paydown in the corporate 'growth' facility and $16.0m used to purchase shares on issue via market buy-back and share plan.




1. Capital efficiency is calculated as statutory equity/tangible assets.

# FORWARD FLOW – CAPITAL 'LITE' FUNDING MODEL

## KEY FEATURES

- Strategic partnership arrangement with MA Financial Group.
- **flexicommercial** continue to originate, credit assess, service and collect loans.
- **humm** receives reimbursement of origination costs, servicer fees and a share of residual income.
- No credit losses for **humm**.
- Off balance sheet accounting treatment.

## MEDIUM TERM P&L IMPACT

- Lower Net Interest Income.
- New income stream for Commercial business comprising origination fee income, servicing fee income and an excess spread.
- Lower NOI, but increases ROCE for Commercial business.

## KEY BENEFITS

- Capital 'lite' funding model.
- Opportunity to accelerate growth.
- ROCE accretive.
- Diversifies funding platform and allows for continued growth in constrained markets.
- Establishes platform style revenue streams.
- Opportunity to expand model beyond Commercial.

| | MEDIUM TERM | |
|---|---|---|
| P&L IMPACT FOR HUMM[1] | WAREHOUSE | FORWARD FLOW |
| Interest income | ✔ | ✖ |
| Interest expense | ✔ | ✖ |
| **Net interest income** | ✔ | ✖ |
| Fee and other income | ✔ | ✔ |
| Cost of origination | ✔ | ✔ |
| Credit losses | ✔ | ✖ |
| Excess spread income | N/A | ✔ |
| **Capital requirement** | ✔ | ✖ |
| **ROCE[2] accretive** | – | ✔ |
| **Profit accretive** | – | ✔ |

| | CAPITAL REQUIRED | COST OF FUNDS | ABILITY TO GROW | MARKET DEPENDENCE |
|---|---|---|---|---|
| **Warehouse** | 6% | Higher | Limited by Capital | ✖ |
| **Term deal** | 2-3% | Lower | Limited by Capital | ✔ |
| **Forward flow** | NIL | Lower | Not limited by Capital | ✖ |

1. Illustrative purposes only. 2. ROCE is calculated as Normalised cash profit (after tax) divided by average total cash equity.

# EFFICIENT AND EFFECTIVE USE OF CAPITAL

## STRONG AND STABLE BALANCE SHEET

Loans and advances grew **18% to $5.0b in FY24**

Continued focus on **improving capital efficiency**

**New "Capital Lite"** funding platform

## PRE-TAX DIVIDEND RETURN OF 6.02%[1]

Fully franked final dividend of **1.25cps totaling $6.2m**

Targeting annual dividends **of between 30% - 40%** of Free Cash Flow[2]

**$25.0m in franking credits** as at 30 June 2024 to support fully franked dividends into the future

## CAPITAL INITIATIVES

**$10m Board approved** share buy-back completed

**31.2m shares** (c. 6% of total shares) purchased 20.0m shares purchased via on market buy-back and 11.2m shares purchased to satisfy prior LTI grants which is non-dilutive to shareholders

**Enhancing shareholder value** with focus on ROE accretive initiatives

1. Pre-tax annualised return on average share price of 47.5 cents per share got the year.
2. Free Cash Flow is defined as Normalised cash profit (after tax) adjusted for future capex and working capital requirements.

# 03

# COMMERCIAL

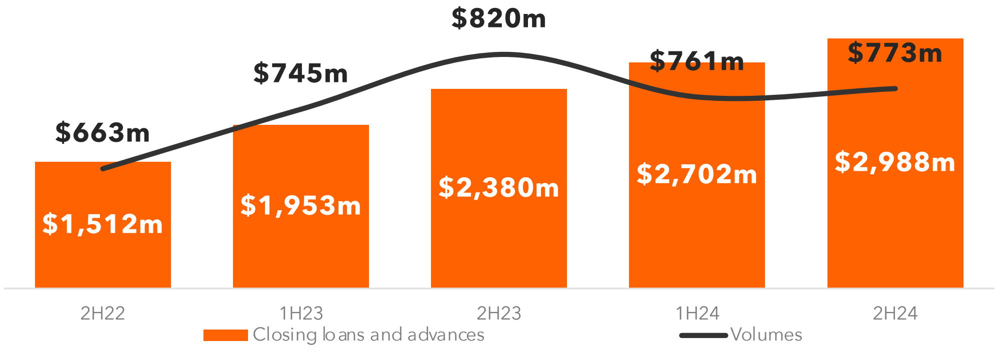
# COMMERCIAL

| HUMMGROUP ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| Interest income | 123.5 | 136.4 | 10% | 170.7 | 259.9 | 52% |
| Interest expense | (78.3) | (87.8) | 12% | (92.1) | (166.1) | 80% |
| **Net interest income** | **45.2** | **48.6** | **8%** | **78.6** | **93.8** | **19%** |
| Fee and other income | 9.3 | 10.8 | 16% | 23.0 | 20.1 | (13%) |
| **Net operating income** | **54.5** | **59.4** | **9%** | **101.6** | **113.9** | **12%** |
| Net losses | (6.5) | (12.0) | 84% | (9.0) | (18.5) | 105% |
| Operating expenses | (20.7) | (17.4) | (16%) | (36.5) | (38.1) | 4% |
| **Cash profit before tax** | **27.3** | **30.0** | **10%** | **56.1** | **57.3** | **2%** |
| Tax | (7.6) | (8.8) | 16% | (15.6) | (16.4) | 5% |
| **Cash profit after tax** | **19.7** | **21.2** | **8%** | **40.5** | **40.9** | **1%** |
| Other material items (after tax)[1] | 1.9 | - | (100%) | 1.8 | 1.9 | 6% |
| **Normalised cash profit (after tax)** | **21.6** | **21.2** | **(2%)** | **42.3** | **42.8** | **1%** |
| **Loans and advances** | **2.7b** | **3.0b** | **11%** | **2.4b** | **3.0b** | **26%** |

## STRONG MOMENTUM IN COMMERCIAL BUSINESS

- Net interest income grew during period of margin compression, which arose from assets written at lower margins in FY22.
- Higher net losses, increased as expected by $9.5m due to a catch up from higher volume growth in prior periods.
- Net loss as a percentage of ANR up 20bps to 0.7%, as expected.
- A 26% increase in loans and advances was accompanied by only a 4% increase in expenses.
- 2H24 volumes were delivered in a more competitive environment following the changes to the Government supported instant Asset Write off in 2H23.

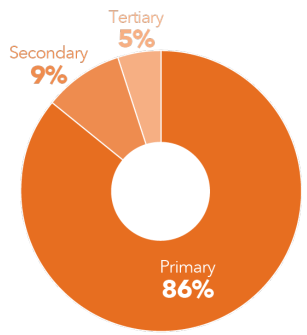
### COMMERCIAL AU AND NZ: VOLUMES AND LOANS AND ADVANCES



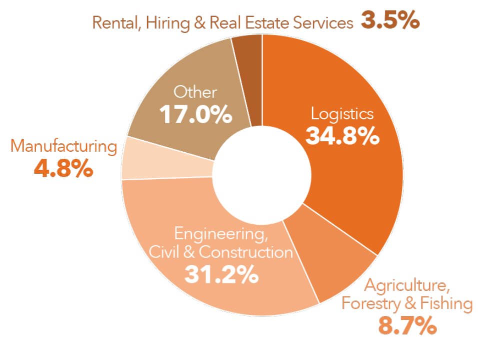

1. Include costs associated with suspended products and other material items such as onerous contract provision, redundancy, remediation and prior tax adjustments.

# flexicommercial CREDIT QUALITY – SECURED AND DIVERSIFIED

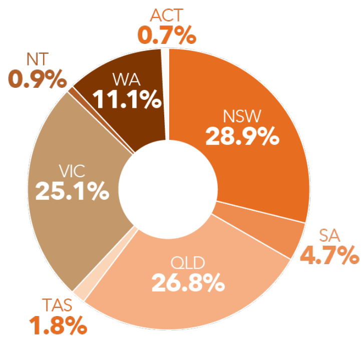
### ASSET CATEGORY



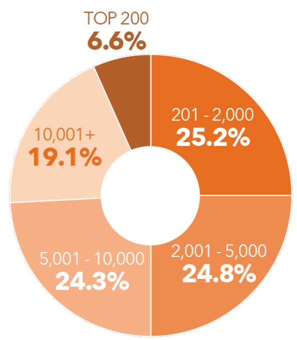

### SECTOR CONCENTRATION




### STATE CONCENTRATION

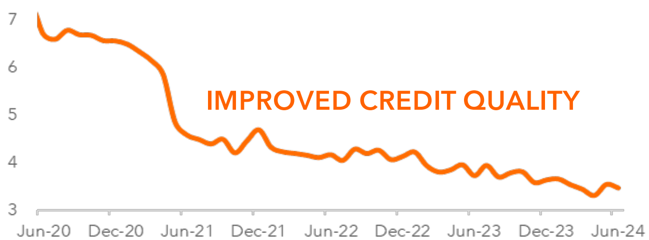



### DIVERSE CUSTOMER BASE




### WEIGHTED AVERAGE CREDIT RISK RATING[1]

Credit worthiness rated from 1 (Highest) to 10 (Lowest)




### BROAD BASED EXPOSURE AND DIVERSIFICATION

- Low asset concentration risks and well diversified portfolio.
- Focus on "tools of trade" assets with strong retained value and strong knowledge of secondary resale market.
- Low single customer concentration with no customer >$4m in portfolio.
- Repeat customers continuing to grow to 42% of FY24 volume, up from 38% in FY23.
- Well established risk models built on years of 'through the cycle' SME market experience.

1. Secured.

# 04

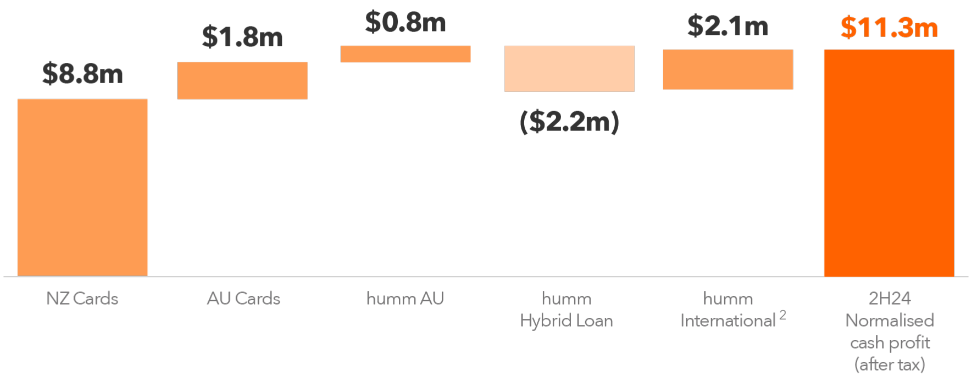
# CONSUMER

# CONSUMER FINANCE

| HUMMGROUP ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| Interest income | 131.3 | 139.8 | 6% | 243.0 | 271.1 | 12% |
| Interest expense | (53.8) | (59.7) | 10% | (76.0) | (113.5) | 49% |
| **Net interest income** | **77.5** | **80.1** | **3%** | **167.0** | **157.6** | **(6%)** |
| Fee and other income | 34.6 | 33.0 | (5%) | 73.7 | 67.6 | (9%) |
| Origination costs | (14.0) | (14.0) | - | (33.5) | (28.0) | (16%) |
| **Net operating income** | **98.1** | **99.1** | **1%** | **207.2** | **197.2** | **(5%)** |
| Net Losses | (30.7) | (32.2) | 5% | (76.1) | (62.9) | (17%) |
| Operating expenses | (76.7) | (66.4) | (13%) | (152.0) | (143.1) | (6%) |
| **Cash profit before tax** | **(9.3)** | **0.5** | **105%** | **(20.9)** | **(8.8)** | **58%** |
| Tax | 3.2 | (0.1) | (103%) | 9.1 | 3.1 | (66%) |
| **Cash profit after tax** | **(6.1)** | **0.4** | **107%** | **(11.8)** | **(5.7)** | **52%** |
| Suspended products and other material items (after tax)[1] | 12.6 | 10.9 | (13%) | 44.5 | 23.5 | (47%) |
| **Normalised cash profit (after tax)** | **6.5** | **11.3** | **74%** | **32.7** | **17.8** | **(46%)** |
| **Loans and advances** | **1.9b** | **2.0b** | **2%** | **1.8b** | **2.0b** | **11%** |

## IMPROVED RESULTS IN 2H24 WITH STABLE NIM

- NIM stabilised in 2H24 to 8.2%.
- 74% growth in 2H24 Normalised cash profit (after tax).
- 13% reduction in 2H24 operating expenses.
- 17% reduction in net losses following tightening of credit settings and exit of 'Little Things'.

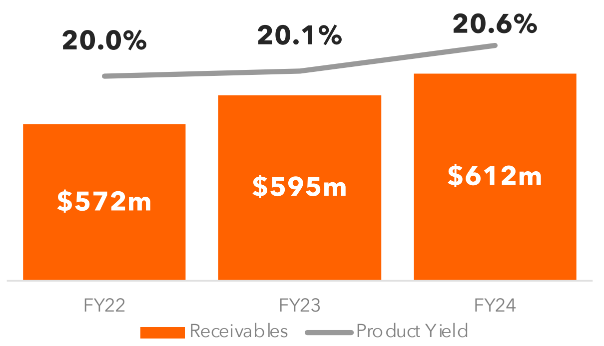



1. Include costs associated with suspended products and other material items such as onerous contract provision, redundancy, remediation and prior tax adjustments.
2. **humm** International includes **humm** Ireland and Canada.

# CONSUMER BUSINESS SEGMENT UPDATE

## CONSUMER NZ

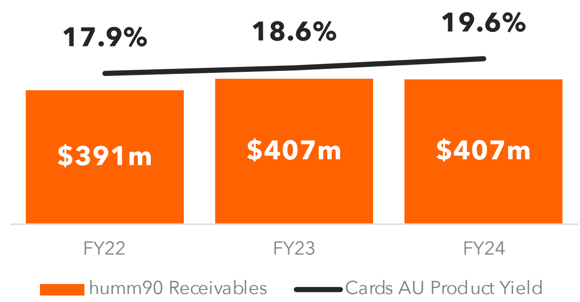
### GROWTH IN RECEIVABLES AND YIELD[1]




- Revolve rates[2] improved by 280bps to 64.1% in 2H24.
- Net loss to ANR up 10bps for the year.
- 2H24 Normalised profit (after tax) of $8.8m, up 13% half-on-half.

## CARDS AU

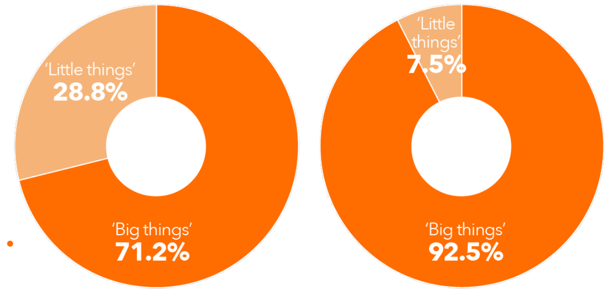
### HIGHER PRODUCT YIELD[1]




- Revolve rates[2] improved from 56.0% to 58.5% in 2H24.
- Lower net loss to ANR of 4.0% in 2H24, down by 30bps half-on-half.
- 2H24 Normalised profit (after tax) of $1.8m, down on 1H24 following decision to slow growth while rebuilding the business.

## HUMM AU

### EVOLUTION OF THE VOLUME MIX




- Solar private placement executed in March24 delivers lower funding costs.
- Lower net loss to ANR of 3.4% in 2H24, down by 130bps half-on-half.
- 2H24 Normalised profit (after tax) of $0.8m, improved from Normalised loss (after tax) of $2.5m in 1H24.

## FY25+ PRIORITIES

- Optimising profitability with focus on unit economics by product, geography and merchants.
- Focus on cost management to fund transformation and investment for growth.
- New regulated hybrid loan product to be launched in 1H25.



1. Yield represents Product Yield and is calculated as the sum of Interest Income and Fee and Other Income, divided by Average Net Receivables.
2. Revolve rates represents percent of interest-bearing balances.

# 05

# SUMMARY

# OUTLOOK

Strong balance sheet position

Efficient funding platform

Forward Flow provides new access for continued growth

Continued strong credit performance

Secured Commercial portfolio

Focused cost management

Improving cost to income ratio

Focus on customer value proposition

Technology and data modernisation

Stablised net interest margin

# 06 APPENDICES

# TO BE THE PROVIDER OF FINANCE FOR BIGGER PURCHASES

| | flexicommercial | humm CONSUMER FINANCE |
|---|---|---|
| POSITIONING | ANZ leading provider of specialist asset finance | #1 POS financer for transactions over $1,000 |
| LOANS AND ADVANCES | $3.0b | $2.0b |
| VERTICALS/ INDUSTRIES | Logistics // Engineering // Agriculture | Health // Car Servicing // Solar // Home // Travel |
| CUSTOMER PROFILE | SMEs looking to borrow for tools of trade | Families aged 35+ // Home owners |
| $ATV[1] | $130,000 | $4,400 |
| NORMALISED CASH PROFIT* | $42.8m | $17.8m |
| NET LOSS/ANR[2] | 0.7% | 3.3% |

## CORE EXPERTISE

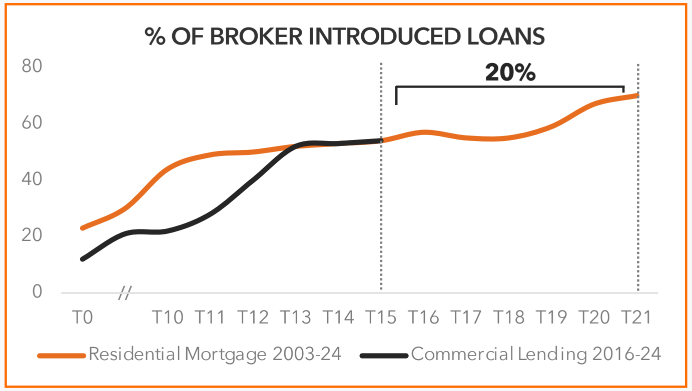
- >> Instant credit decisioning
- >> Continual credit improvements driven by data and scale
- >> Collections strategy and management
- >> Funding and securitisation to gain competitive advantage and improve capital efficiency

*Post tax. 1. ATV is Average Transaction Value and for Consumer includes **humm** 'Big Things', NZ Cards LTIF and AU Cards LTIF.
2. Consumer finance ratio for receivables based products only – **humm** 'Big Things' and NZ and AU Cards.

# FLEXICOMMERCIAL

## NON-BANK LENDERS OVERTAKE BANKS AS PROVIDERS OF SME LENDING

Equipment finance TAM $45b (AU) and $8b (NZ)




## BROKER CHANNEL LOW COST OF SALE

- 50% of AU asset loans are sold through brokers.
- Brokers used for their convenience, advocacy and customer service.
- 15-20k brokers in AU, NZ a growing market.

## AU AND NZ'S LEADING PROVIDER OF SPECIALIST ASSET FINANCE

Delivered solely through the broker channel

**~$130k** average amount financed

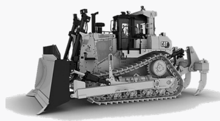
**4.4 years** average term

**+9%** growth in brokers in FY24

**~13,350** deals settled in FY24

## TOP 3 ASSETS FINANCED

Transport



Civil Engineering

Light Commercial Vehicles

## SPEED TO DECISION AND SETTLEMENT, with specialist offering a key differentiator

**80%** of deals are approved same day

**30%** of approved deals are automated

**~100%** of deals are settled the same day

**~92%** broker satisfaction score

## EXCEPTIONAL SME EXPERIENCE

- Full spectrum of lending from streamlined to full credit assessment.
- Specialist offering for capital intensive businesses.

# RECONCILIATION OF NORMALISED CASH PROFIT TO STATUTORY PROFIT AND NEW REPORTING METRIC

## CURRENT

| HUMMGROUP ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| **Normalised cash profit[2]** | **28.1** | **32.5** | **4.4** | **75.0** | **60.6** | **(14.4)** |
| Redundancy and restructure | (0.8) | (0.9) | (0.1) | (2.1) | (1.7) | 0.4 |
| Suspended products and related costs | (8.2) | (7.7) | 0.5 | (33.2) | (15.9) | 17.3 |
| Other[1] | (5.5) | (1.6) | 3.9 | (11.0) | (7.1) | 3.9 |
| **Other material items** | **(14.5)** | **(10.2)** | **4.3** | **(46.3)** | **(24.7)** | **21.6** |
| Amortisation of intangibles | (5.2) | (1.1) | 4.1 | (8.1) | (6.3) | 1.8 |
| Movement in AASB9 provision | (8.4) | (2.6) | 5.8 | (9.2) | (11.0) | (1.8) |
| Depreciation | (6.0) | (5.5) | 0.5 | (8.5) | (11.5) | (3.0) |
| **Non-cash items** | **(19.6)** | **(9.2)** | **10.4** | **(25.8)** | **(28.8)** | **(3.0)** |
| **Statutory loss/profit** | **(6.0)** | **13.1** | **19.1** | **2.9** | **7.1** | **4.2** |

## REVISED

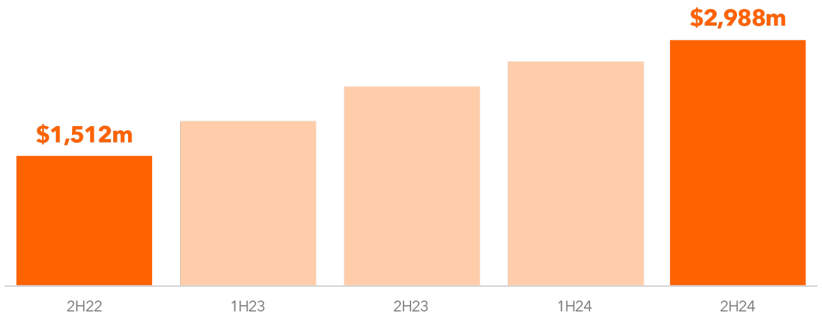
| HUMMGROUP ($M) | 1H24 | 2H24 | MVMT | FY23 | FY24 | MVMT |
|---|---|---|---|---|---|---|
| **Normalised cash profit[2]** | **28.1** | **32.5** | **4.4** | **75.0** | **60.6** | **(14.4)** |
| Redundancy and restructure | (0.8) | (0.9) | (0.1) | (2.1) | (1.7) | 0.4 |
| Suspended products and related costs | (8.2) | (7.7) | 0.5 | (33.2) | (15.9) | 17.3 |
| Other[1] | (5.5) | (1.6) | 3.9 | (11.0) | (7.1) | 3.9 |
| **Cash profit (after tax)[3]** | **13.6** | **22.3** | **8.7** | **28.7** | **35.9** | **7.2** |
| | | | | | | |
| **Statutory loss/profit** | **(6.0)** | **13.1** | **19.1** | **2.9** | **7.1** | **4.2** |
| Amortisation of intangibles | 5.2 | 1.1 | (4.1) | 8.1 | 6.3 | (1.8) |
| Movement in AASB9 provision | 8.4 | 2.6 | (5.8) | 9.2 | 11.0 | 1.8 |
| Depreciation | 6.0 | 5.5 | (0.5) | 8.5 | 11.5 | 3.0 |
| **Cash profit (after tax)[3]** | **13.6** | **22.3** | **8.7** | **28.7** | **35.9** | **7.2** |

1. Other includes provisions for onerous contracts, one-off legal provisions, remediation and other costs. 2. After tax. 3. New.

# FLEXICOMMERCIAL

| FLEXICOMMERCIAL (AU/NZ) | 1H24 | 2H24 | FY23 | FY24 |
|---|---|---|---|---|
| Volume (A$m) | 761.5 | 772.9 | 1,564.4 | 1,534.4 |
| Average Net Receivables (A$m) | 2,539.7 | 2,812.6 | 1,937.0 | 2,676.1 |
| Number of transactions | 6,836 | 6,514 | 15,363 | 13,350 |
| Product yield[1] (%) | 10.4 | 10.6 | 10.0 | 10.5 |
| Gross yield[2] (%) | 9.7 | 9.8 | 8.8 | 9.7 |
| Cost of funding/borrowings (%) | 6.4 | 6.6 | 5.2 | 6.5 |
| NIM (%) | 3.5 | 3.5 | 4.1 | 3.5 |
| Net loss/ANR[3] (%) | 0.5 | 0.7 | 0.5 | 0.7 |
| Cost to income (%) | 31.9 | 29.3 | 34.7 | 30.6 |
| Normalised cash profit (after tax) (A$m) | 21.6 | 21.2 | 42.3 | 42.8 |

**FLEXICOMMERCIAL CLOSING LOANS AND ADVANCES**




- 53% CAGR in loans and advances from FY22 demonstrating our competitive service offering and strong market position with small and medium enterprises.
- Volumes for Commercial AU increased by $45.6m for FY24, following record volumes in FY23 prior to changes in the Government supported instant asset write-off.
- New Zealand business successfully streamlined and aligned with AU business model in 2H24.
- Gross yield improved by 90bps as cost of funds increases passed onto customers.
- NIM, including origination costs, stabilised in 2H24 at 3.5% half-on-half.
- Cost of funds increases associated with swaps rolling off and improved capital efficiency following the expansion of mezzanine funding.
- Swap roll-off relates to funding of assets that were written prior to 2022/2023 in a lower interest rate environment.
- Net Loss/ANR increased by 20bps to 0.7% following a period of high-volume growth with Average Net Receivables now stabilising.
- Credit quality remained strong as a result of high-quality assets being financed and recoveries remaining strong.

1. Product yield is calculated as the sum of Interest Income and Fee and Other Income, divided by Average Net Receivables.
2. Gross yield is calculated as Interest Income divided by Average Net Receivables. 3. Net Loss/ANR calculated on rolling 12 months basis.

# CONSUMER AU

| HUMM AUSTRALIA[3] | 1H24 | 2H24 | FY23 | FY24 |
|---|---|---|---|---|
| Total volume (A$m) | 405.7 | 373.5 | 863.3 | 779.2 |
| Closing loans and advances (A$m) | 732.2 | 784.7 | 683.8 | 784.7 |
| Product yield[1] (%) | 14.2 | 13.3 | 15.0 | 13.7 |
| Gross yield[2] (%) | 10.7 | 10.8 | 10.5 | 10.7 |
| Cost of funding/borrowings (%) | 6.2 | 6.2 | 4.2 | 6.2 |
| NIM (%) | 4.9 | 5.0 | 6.8 | 4.9 |
| Net loss/ANR (%)[4] | 4.7 | 3.4 | 4.7 | 3.4 |
| Cost to income (%) | 83.9 | 62.2 | 55.2 | 73.2 |
| Normalised cash profit (after tax) (A$m) | (2.5) | 0.8 | 9.3 | (1.7) |

- 2H24 return to breakeven.
- Volume in **humm** AU 'Big Things' grew 17% compared to prior year across the key verticals of Solar, Home Improvement and Health, offset by lower volumes from 'Little Things' following its closure.
- Product yield reduction from 15.0% to 13.7% the result of:
  - improved customer rate pricing initiatives executed through the period, offset by
  - change in volume mix to lower yield and lower loss Solar, Home Improvement and Health, with the benefits of lower loss rates to arise in future periods.
- Funding costs have increased with the base rates, credit spreads and additional mezzanine.
- $2.2m of costs associated with establishing the **humm** hybrid loan product (to be launched in 1H25).

| AUSTRALIA CARDS | 1H24 | 2H24 | FY23 | FY24 |
|---|---|---|---|---|
| Volume (A$m) | 254.0 | 241.5 | 514.9 | 495.5 |
| Closing loans and advances (A$m) | 429.1 | 420.0 | 434.2 | 420.0 |
| Revolve rate (Interest bearing balances %) | 56.0 | 58.5 | 53.4 | 57.2 |
| Product yield[1] (%) | 19.6 | 19.7 | 18.6 | 19.6 |
| Gross yield[2] (%) | 14.5 | 14.7 | 13.7 | 14.6 |
| Cost of funding/borrowings (%) | 5.4 | 6.3 | 4.6 | 5.8 |
| NIM (%) | 9.4 | 8.7 | 9.4 | 9.1 |
| Net loss/ANR (%)[4] | 4.3 | 4.0 | 3.6 | 4.0 |
| Cost to income (%) | 53.3 | 60.2 | 59.2 | 56.5 |
| Normalised cash profit (after tax) (A$m) | 3.7 | 1.8 | 5.4 | 5.5 |

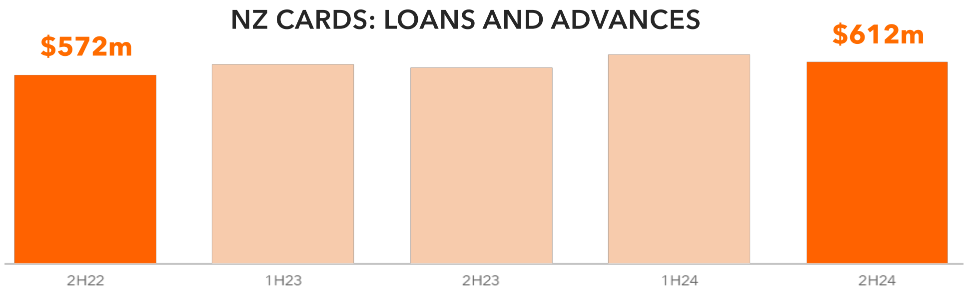
- Overall loans and advances down 3% due to the sale of Once receivables and the run-down of Lombard.
- Gross yield improved at 14.6%, impact of customer rate increases and revolve rate.
- Funding costs increased in line with increases to base interest rates, improved capital efficiency and run-off of favourable hedges that were executed in 2019.
- Net loss to ANR of 4.0% remained consistent with historical levels and was impacted by the sale of Once arrears at completion.
- Normalised cash profit (after tax) of $5.5m in FY24 was driven by **humm**90.



1. Product Yield is calculated as the sum of Interest Income and Fee and Other Oncome, divided by Average Net Receivables. 2. Gross yield is calculated as Interest Income divided by Average Net Receivables. 3. **humm** AU is operated as a combined portfolio of 'Big Things' and 'Little Things'. 4. Net Loss/ANR calculated on rolling 12 months basis.

# CONSUMER NZ

| NEW ZEALAND CARDS | 1H24 | 2H24 | FY23 | FY24 |
|---|---|---|---|---|
| Volume (A$m) | 432.0 | 385.8 | 747.6 | 817.8 |
| Closing loans and advances (A$m) | 634.5 | 612.2 | 595.1 | 612.2 |
| Revolve rate (Interest bearing balances %) | 61.3 | 64.1 | 60.0 | 64.1 |
| Product yield[1] (%) | 20.4 | 20.8 | 20.1 | 20.6 |
| Gross yield[2] (%) | 17.3 | 17.9 | 16.8 | 17.6 |
| Cost of funding/borrowings (%) | 6.4 | 7.0 | 5.0 | 6.7 |
| NIM (%) | 11.2 | 11.1 | 12.0 | 11.1 |
| Net Loss/ANR (%)[3] | 3.1 | 3.3 | 3.2 | 3.3 |
| Cost to income (%) | 49.3 | 40.1 | 43.9 | 44.7 |
| Normalised cash profit (after tax) (A$m) | 7.8 | 8.8 | 20.6 | 16.6 |




- Volume has grown 9%, while the legacy portfolio is running down at -12% on prior year. Scheme cards performed above market with a 15% increase in volume on prior year.
- Loans and advances have grown, 12% growth for the scheme cards offset by 11% reduction from pay-downs in non-acquiring portfolios.
- Gross Yield was 17.6% for the year, 80bps higher than FY23.
- Funding costs increased in line with increases to NZ base interest rates, improved capital efficiency and run-off of favourable hedges that were executed in 2019.
- NIM stabilised at 11.1% with benefits of headline rate changes offsetting higher funding costs.
- Net loss to ANR remains stable following improvements in the use of data and technology.
- 2H24 improvement in Normalised cash profit (after tax) to $8.8m.

1. Product Yield is calculated as the sum of Interest Income and Fee and Other Oncome, divided by Average Net Receivables.
2. Gross yield is calculated as Interest Income divided by Average Net Receivables. 3. Net Loss/ANR calculated on rolling 12 months basis.

# REGULATION AND HUMM'S NEW HYBRID LOAN PRODUCT

## BNPL REGULATION

- Regulation presents an opportunity for **humm**group.
- Buy-now-pay-later regulation maintains caps on customer fees and does not allow interest to be charged to customers.
- **humm** has a long history and strong experience in operating regulated products. Our consumer credit card portfolios are regulated and operate under the National Credit Code ("NCC").

## HUMM'S NEW HYBRID LOAN PRODUCT

- **humm**'s new hybrid loan product is designed as a loan that fits within the existing regulatory frameworks under the NCC.
- A fully regulated product under the NCC provides additional confidence to merchants and customers that we are servicing their financing needs in a responsible way, with full consumer protection afforded under the *National Consumer Credit Protection Act* ("NCCPA").
- To launch in FY25 as a point-of-sale instalment product for new and existing merchant partners.
- Regulated loans under the NCC allow us to charge interest and fees to customers and fees to merchants within NCCPA rules, providing more flexibility in balancing pricing between the customer and merchant.
- Enables the Consumer AU business to offer point-of-sale financing to a broader range of industry verticals and merchants where interest-free financing was prohibitive to acceptable returns.
- Improved unit economics with the ability to charge interest to customers reducing the reliance on merchant fees to drive point-of-sale returns.
- NCCPA compliant product so will be unimpacted by impending buy-now-pay-later regulation.

# THANK YOU