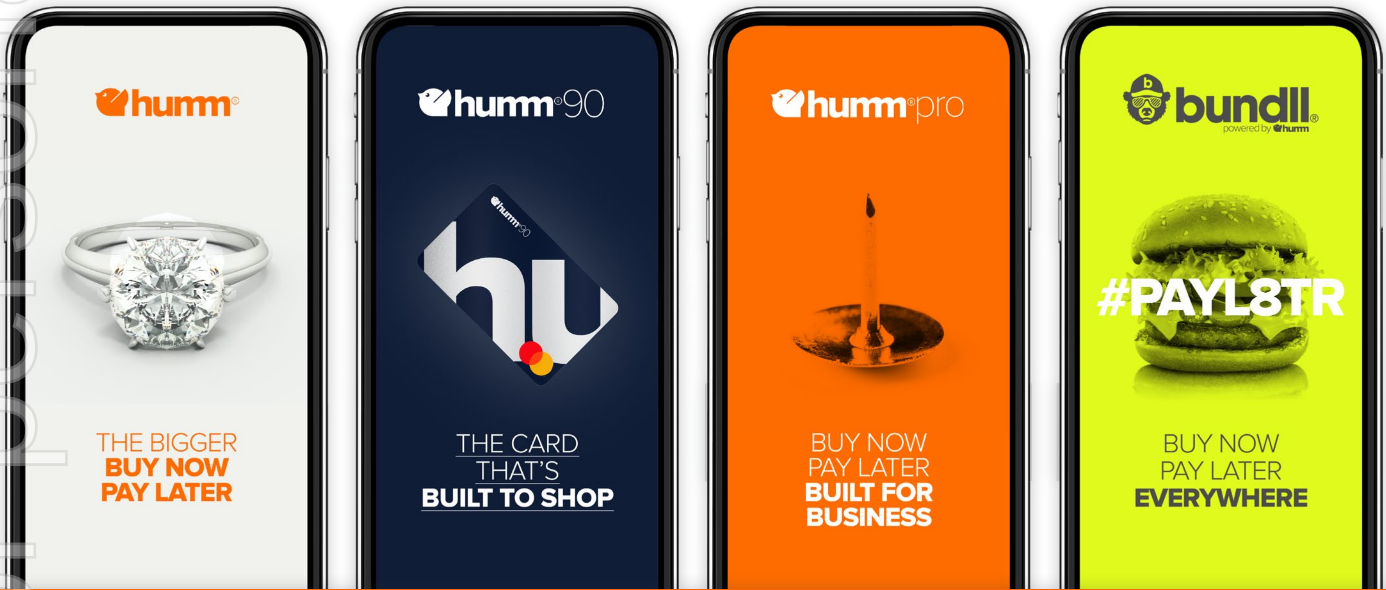
humm group

INTERIM REPORT



// 2021

humm group limited
ABN 75 122 574 583

This report is based on the condensed consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by PricewaterhouseCoopers.

ABOUT THIS REPORT.

This Interim Financial Report ("Half Year Report") has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) and does not include all the notes of the type normally included in an annual financial report. humm group limited's (referred to hereafter as the "Group" or "**humm**®group") (previously known as FlexiGroup Limited), most recent annual financial report is available at https://investors.humm-group.com/Investor-Centre/ as part of **humm**group's 2020 Annual Report. **humm**group has also released information to the Australian Securities Exchange operated by ASX Limited ("ASX") in compliance with the continuous disclosure requirements of the ASX Listing Rules. Announcements made by **humm**group under such rules are available on ASX's internet site www.asx.com.au (**humm**group's ASX code is ASX:HUM). The material in this report has been prepared by humm group limited ABN 75 122 574 583 and is current at the date of this report. It is general background information about **humm**group's (humm group limited and its subsidiaries) activities, is given in summary form in terms of the requirements of AASB 134 Interim Financial Reporting, and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate. The Half Year Report was authorised for issue by **humm**group's Directors on 24 February 2021. The Board of Directors has the power to amend and reissue the Half Year Report.

humm group limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
179 Elizabeth Street
Sydney NSW 2000

ABN 75 122 574 583

CONTENTS //

DIRECTORS' REPORT

The Directors present their Interim Operating and Financial Review on the consolidated entity consisting of humm group limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 ("1H21"), which is designed to provide shareholders with a clear and concise overview of **humm**group's operations and the financial position of the Group. The review complements the Financial Report.

DIRECTORS

The following persons were Directors of humm group limited during the half-year and up to the date of this report:

Andrew Abercrombie (Chairman)
Christine Christian AO (Deputy Chairman)
Rajeev Dhawan
Jodie Leonard (retired 19 November 2020)
Carole Campbell
John Wylie AM

COMPANY SECRETARY

Isobel Rogerson

PRINCIPAL ACTIVITIES

hummgroup is a diversified financial services group providing, both directly and through a network of over 78,100 retailers and brokers, an ecosystem designed to help people buy everything, everywhere, every day. These products include Buy Now Pay Later ("BNPL") products, leasing, interest free finance, credit cards and other finance solutions. **humm**group operates in Australia, New Zealand and Ireland, serving over 2.6 million customers.

In November 2020, following approval from shareholders at the Annual General Meeting, it was resolved to change the name of the holding company from FlexiGroup Limited to humm group limited. **humm**group has also undertaken a rebrand of some of its key product offerings.

During the half-year our principal activities continued to be:

- BNPL category of products trading as **humm®, bundll®, FlexiFi, humm®pro.**
- Long-term interest free and everyday spend credit cards, with Australia Cards now trading as **humm®90**.
- Commercial Lease and Small to Medium-Sized Enterprise ("SME") financing services.

In the period **humm**group launched a new product, **humm**pro, which offers BNPL services to SME customers. This is reported in the BNPL segment.

PRESENTATION OF FINANCIAL INFORMATION

Results and key performance indicators of the current and prior year are set out below on a Cash Net Profit After Tax ("Cash NPAT") basis.

Cash NPAT reflects the reported net profit after tax adjusted for material infrequent items and the amortisation of acquired intangibles.

In the current reporting period **humm**group has amended the presentation of the income statement line items by adding the sub-totals gross income and gross profit. Gross income comprises of interest and fee income and gross profit comprises of gross income less interest expense and direct cost of sales. This expands and better defines profitability of the Group. Marketing expenses have also been shown separately on the face of the income statement.

Prior comparative figures have been updated in line with new disclosure line items.

REVIEW OF OPERATIONS

1. GROUP PERFORMANCE

For the half-year ended 31 December 2020 the Group reported a Cash NPAT of $43.4m up 25.8% compared with the prior comparative period ("PCP"). This was driven by lower payroll costs, lower impairment expense and lower interest expense. This was partially offset by a reduction in interest and fee income due to the impact of COVID-19 and the Group's simplification of its product offerings. Higher expenditure in marketing and depreciation, as we continue to invest in our product and system capabilities, also lowered Cash NPAT.

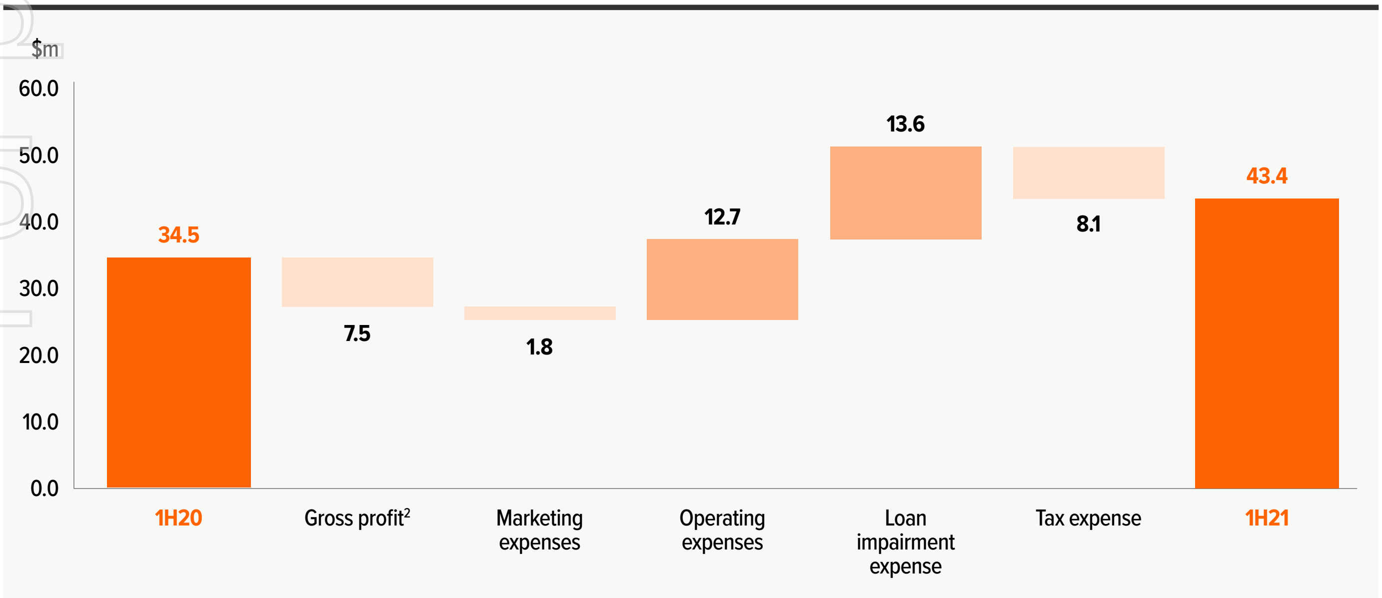
Cash earnings per share ("EPS") of 9.6c represents a 15.7% increase from PCP of 8.3c, reflecting the increase in Cash NPAT. This also takes account of the capital raised in September 2020 of $112.4m (net of transaction costs), which reduced Cash EPS by 1.4c.

Summary Financial Results

A$m	1H21 Statutory	1H21 Cash NPAT[1]	1H20 Cash NPAT[1]	$m Change	Change %
Gross income	225.2	225.2	240.7	(15.5)	(6.4%)
Gross profit	174.3	174.3	181.8	(7.5)	(4.1%)
Marketing expenses	(15.4)	(15.4)	(13.6)	(1.8)	13.2%
Operating expenses	(77.4)	(71.8)	(84.5)	12.7	(15.0%)
Loan impairment expense	(25.0)	(25.0)	(38.6)	13.6	(35.2%)
Tax expense	(17.9)	(18.7)	(10.6)	(8.1)	76.4%
Profit after tax	**38.6**	**43.4**	**34.5**	**8.9**	**25.8%**

1. Cash NPAT reflects the reported net profit after tax adjusted for material infrequent items and the amortisation of acquired intangibles. The analysis of results is based on Cash NPAT to align to the way the Directors view the business and to better understand the Group's performance. The Directors believe that Cash NPAT is the most appropriate measure of maintainable earnings of the Group and therefore best reflects the core drivers and ongoing influences upon those earnings.

Below is a period on period Cash NPAT movement by key line items:



2. Gross profit comprises of interest and fee income less interest expense and direct cost of sales.

KEY PERFORMANCE METRICS

Active Customers (m)

Half-year to 31 December

2020	2019	Change %
2.62	1.87	40.4%

Active customers increased 40.4% on PCP, largely driven by strong growth in the BNPL segment including the introduction of new products across Australia and New Zealand. **humm**group also benefited from an increased digital presence with over 1.3m app downloads to date which has also been a key driver of customer growth.

Retail Partners

Half-year to 31 December

2020	2019	Change %
78,100	69,000	13.2%

Retail partners increased from 69,000 to 78,100, largely attributable to strong growth in the BNPL segment. In addition, the Company benefited from the strong performance in Commercial and Leasing, adding to its distribution network and the unification of all our consumer facing brands under **humm**.

Volume ($b)

Half-year to 31 December

2020	2019	Change %
1.25	1.35	(7.4%)

Transaction volume of $1.25b, down 7.4% on PCP. The performance was a combination of strong growth in Commercial and Leasing (+46.9%), driven by the successful shift towards SME lending and growth across all regions where **humm**group offers BNPL (+13.8%). This was offset by the Cards segment (-28.9%) which saw COVID-19 restrictions impact key Card partners, particularly in travel and hospitality.

Cost to Income Ratio[1]

Half-year to 31 December

2020	2019	Change BPS
49.8%	54.0%	(420bps)

Cost to income ratio decreased by 420bps compared to 1H20 due to lower expenses, offset by lower gross income. Significant progress has been made in executing the simplification and transformation strategy, demonstrated through reduction in operations and shared service full time equivalent personnel and costs. Savings in payroll costs have been partially redirected to marketing and product development.

1. Cost to income is calculated on a Cash NPAT basis. Cost comprises of marketing and operating expenses, while income comprises of gross income, less interest expense and direct cost of sales.

KEY FINANCIAL DRIVERS

Gross Income ($m)

Half-year to 31 December

2020	2019	Change %
225.2	240.7	(6.4%)

Gross income down 6.4% predominately due to reduced income from the discontinued consumer leasing portfolio and 32.8% decrease in Australia Cards receivables reflecting COVID-19 impacts on merchant activity, particularly in travel and hospitality. Dishonour fees were also lower as a result of improved customer payments. These have been partially offset by higher interest and fees from Commercial and Leasing with receivables increasing 22.7% and volumes increasing 46.9%.

Loan Impairment Expense ($m)

Half-year to 31 December

2020	2019	Change %
(25.0)	(38.6)	(35.2%)

Impairment expense down 35.2% due to lower gross write offs of $5.5m predominately in Australia Cards and $6.1m benefit from the partial reversal of the COVID-19 macro overlay, due to a decline in hardship customers in Australia Cards. The Group continues to take a prudent approach to monitoring the potential impact on arrears and losses from changes to government stimulus and remains well provisioned for the future.

Receivables and Customer Loans ($m)[1]

Half-year to 31 December

2020	2019	Change %
2,571.7	2,735.7	(6.0%)

Receivables and Customer Loans declined overall from lower receivables in Australia Cards of 32.8% and New Zealand Cards of 15.3%, offset by growth in receivables in Commercial and Leasing of 22.7% and BNPL of 8.9%. Commercial and Leasing continued its growth momentum from the second half of FY20 supporting SME businesses in Australia and New Zealand. Increased receivables in BNPL stemmed from higher eCommerce volumes in 'Little things' and continued investment in marketing and product initiatives. Lower receivables in Australia and New Zealand Cards were due to higher than normal customer paydown rates, travel restrictions and more conservative risk settings during peak COVID-19 period impacting volumes, and the runoff of the legacy Once and Lombard portfolios.

1. Excludes other debtors, provision for impairment losses and unamortised direct transaction costs excluding impairment.

Gross Profit ($m)

Half-year to 31 December

2020	2019	Change %
174.3	181.8	(4.1%)

Gross profit down 4.1% due to lower interest and fee income, partially offset by lower interest expense of $7.0m and lower direct cost of sales of $1.0m. Lower interest expense is due to lower funding costs and the pay down of all corporate debt. With only 58.0% of borrowings hedged at 31 December 2020, the Group has benefited from the lower interest rate environment.

Operating Expenses ($m)[1]

Half-year to 31 December

2020	2019	Change %
(87.2)	(98.1)	(11.1%)

Operating expenses down 11.1% due to lower employment expense of $13.0m from reduced headcount and JobKeeper benefits in Australia of $6.1m. Part of this saving has been redirected to higher marketing and advertising spend of $1.8m. Depreciation was $3.9m higher associated with investment in product and system capability.

1. Presented on a Cash NPAT basis.

Wholesale Debt and Corporate Borrowings ($m)

Half-year to 31 December

	2020	2019	Change %
Secured Debt Facility	2,209.5	2,448.0	(9.7%)
Corporate Debt Facility	0.0	96.1	(LRG)

Wholesale debt decreased 9.7% with the decline in Receivables and Customer Loans. All corporate debt outstanding as at 30 June 2020 was paid down during the period.

FUNDING AND CAPITAL

hummgroup is in the middle of a comprehensive business transformation, the objectives of which are to accelerate growth, reduce costs, deliver a best in class digital platform and invest in loved brands.

hummgroup maintains a conservative yet dynamic funding strategy; to retain committed funding facilities for all scale businesses, combined with an active debt capital markets presence in both Australia and New Zealand. The Group currently has revolving wholesale debt facilities in place with Authorised Deposit-taking Institutions and large international banks and has numerous institutional investors through its asset-backed securities ("ABS") programs in both Australia and New Zealand.

At balance sheet date, the Group had $2,946.5m of wholesale debt facilities, with $737.0m undrawn and no indications that the revolving facilities will not be extended. The wholesale debt facilities are secured against underlying pools of receivables and customer loans. The majority of these facilities ($2,376.8m) provide for the repayment of outstanding loans in line with the relevant receivables and customer loans held in these facilities. The remaining facilities have soft bullet maturities with sufficient lead-time for refinance ahead of maturity.

In September 2020 the Group undertook a successful retail and institutional equity raise, raising $112.4m, net of transaction costs. The funds have significantly strengthened the balance sheet enabling the pay down of the Group's corporate debt facilities during this period.

CORPORATE DEBT FACILITY

The Group's $197.3m (June 2020: $197.1m) of corporate debt facilities were undrawn at balance sheet date (June 2020: $66.7m). These facilities are secured by the assets of the Group and have maturity dates ranging from December 2021 to March 2022.

Gearing

Half-year to 31 December

2020	2019	Change BPS
0.0%	33.6%	(LRG)

The decrease in recourse corporate debt gearing to 0.0% (1H20: 33.6%) was driven by the repayment of all corporate borrowings outstanding during the period. The Group continues to optimise its capital structure to maximise shareholder value and prudently manage liquidity by working to securitise a higher portion of assets and make greater use of mezzanine debt investment.

Return on Equity ("ROE")

Half-year to 31 December

2020	2019	Change BPS
13.1%	11.0%	210bps

ROE of 13.1% increased 210 basis points ("BPS") compared to 1H20 due to higher Cash NPAT, from reduced costs and impairment despite higher average equity balances from the capital raise.

2. SEGMENT PERFORMANCE

The Directors consider the business from a product perspective and have identified four reportable segments:

- BNPL (a consolidation of **humm** Australia and New Zealand, Ireland FlexiFi business and legacy FlexiRent Ireland, **bundll** and **humm**pro),
- New Zealand Cards (including Farmers, Q Card and Flight Centre Mastercard®),
- Australia Cards (**humm90** (formerly Skye), Lombard and Once),
- Commercial and Leasing (consisting of Australia and New Zealand Commercial lending and the discontinued Consumer Leasing product).

Comparative financial information has been restated in order to enhance comparability of current period results with PCP. This relates to costs incurred in relation to the development of **bundll** in the PCP of $5.0m, which have been reclassified from Australia Cards ($3.5m) and New Zealand Cards ($1.5m) and recognised in BNPL. As a result Cash NPAT reduced in BNPL by $3.3m and increased in Australia Cards by $2.4m and New Zealand Cards by $0.9m.

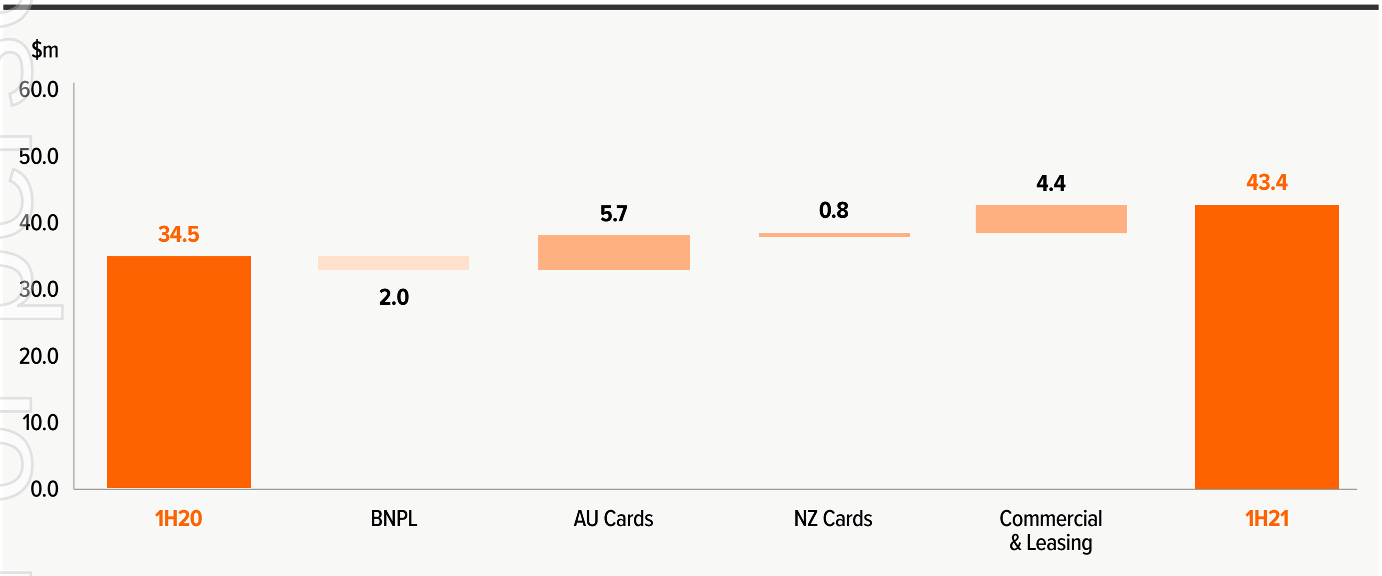
hummgroup's Cash NPAT performance for its four operating segments is summarised in the table below.

Segment Summary

A$m	Dec-20	Dec-19[1]	Change %
BNPL	**3.1**	5.1	(39.2%)
Australia Cards	**12.2**	6.5	87.7%
New Zealand Cards	**14.3**	13.5	5.9%
Commercial & Leasing	**13.8**	9.4	46.8%
Total Cash NPAT	**43.4**	34.5	25.8%

1. Comparative information restated.

Cash NPAT movement by reportable segment ($m)



SEGMENT ANALYSIS

BNPL

A$m	Dec-20	Dec-19[1]	Change %
Gross income	**60.6**	60.9	(0.5%)
Gross profit	**45.5**	49.1	(7.3%)
Operating expenses	**(26.9)**	(29.3)	(8.2%)
Impairment losses on customer loans	**(13.1)**	(14.4)	(9.0%)
Cash NPAT	**3.1**	5.1	(39.2%)
Volume	**473.0**	415.8	13.8%
Closing customer loans	**699.4**	642.0	8.9%

1. Comparative information restated.

Cash NPAT in BNPL of $3.1m in 1H21 represents a 39.2% decline on the PCP. The key movements are as follows:

- gross income was down by 0.5% reflecting margin compression offset by growth in volume.
- gross profit is down 7.3% with volume and receivables growth offset by margin compression and higher direct cost of sales.
- volume and receivables up 13.8% and 8.9% respectively from increased customer numbers and growth in customer spend.
- operating expenses were down 8.2% as a result of cost savings from operational efficiencies offsetting increased marketing investment.
- impairment losses down 9.0% despite underlying portfolio growth of 8.9%, reflecting improved credit performance and lower arrears.

Australia Cards

A$m	Dec-20	Dec-19[1]	Change %
Gross income	**47.8**	57.6	(17.0%)
Gross profit	**37.5**	41.6	(9.9%)
Operating expenses	**(20.8)**	(20.7)	0.5%
Impairment losses on customer loans	**0.2**	(12.4)	(101.6%)
Cash NPAT	**12.2**	6.5	87.7%
Volume	**200.8**	353.6	(43.2%)
Closing customer loans	**475.1**	707.5	(32.8%)

1. Comparative information restated.

Cash NPAT of $12.2m in 1H21 increased from $6.5m in 1H20. This strong performance is largely attributable to lower impairment losses. Key movements are:

- a reduction in gross income of 17.0% and 9.9% in gross profit, mainly as a result of a decline in interest bearing receivables as volumes declined. For gross profit, this was partially offset by lower interest expenses and lower volume rebates.
- volume fell by 43.2% attributed to COVID-19 related restrictions which impacted merchant activity, particularly in the travel and hospitality sectors, resulting in lower interest free volume.
- operating expenses were flat with operational efficiencies and lower staff costs offsetting an increase in depreciation.
- impairment losses fell by 101.6% as a result of lower arrears as well as a partial release of the macro overlay provision.

New Zealand Cards

A$m	Dec-20	Dec-19[1]	Change %
Gross income	**69.9**	72.9	(4.1%)
Gross profit	**54.6**	53.1	2.8%
Operating expenses	**(23.8)**	(26.0)	(8.5%)
Impairment losses on customer loans	**(11.2)**	(8.4)	33.3%
Cash NPAT	**14.3**	13.5	5.9%
Volume	**359.2**	434.2	(17.3%)
Closing customer loans	**677.6**	799.8	(15.3%)

1. Comparative information restated.

Cash NPAT in New Zealand Cards of $14.3m in 1H21 represents a 5.9% increase on the PCP. The increase is largely attributable to:

- gross income down 4.1% reflecting higher net interest margin offsetting a decline in volumes.
- gross profit increased by 2.8% driven by higher net interest margin and lower direct sales costs.
- operating expenses fell by 8.5% reflecting the benefit of operational efficiencies and lower staff costs.
- impairment losses increased 33.3% with higher bad debts attributed to the maturing of Mastercard portfolios.
- volume and customer loans declined in the year as a result of COVID-19 related reductions in activity and spend.

Commercial and Leasing

A$m	Dec-20	Dec-19[1]	Change %
Gross income	**46.9**	49.3	(4.9%)
Gross profit	**36.7**	38.0	(3.4%)
Operating expenses	**(15.7)**	(22.2)	(29.3%)
Impairment losses on receivables	**(0.9)**	(3.4)	(73.5%)
Cash NPAT	**13.8**	9.4	46.8%
Volume	**215.7**	146.8	46.9%
Closing customer loans	**719.6**	586.4	22.7%

1. Comparative information restated.

Cash NPAT of $13.8m in 1H21, increased from $9.4m in the PCP. The increase is largely attributable to:

- a decline in gross income and gross profit of 4.9% and 3.4% respectively with changing portfolio mix resulting in lower margins, coupled with the impact of the discontinuation of the Consumer Leasing business.
- volume increase of 46.9% is driven by strong origination growth in the Commercial business in Australia.
- operating expenses decrease of 29.3% with no originations in Consumer Leasing as the portfolio is in run-off, as well as continuing success in simplifying operations in Commercial.
- impairment losses decrease of 73.5% reflecting higher credit quality of new originations and lower provision requirements due to portfolio performance in Commercial, as well as Consumer Leasing impairment losses reducing due to book run-off.

Dividends on ordinary shares

	31 Dec 2020		31 Dec 2019	
A$m	Cents	$m	Cents	$m
2020 interim dividend paid on 14 October 2020	3.85	15.2	–	–
2019 final dividend paid on 11 October 2019	–	–	3.85	15.2
Total dividends paid during the half-year	**3.85**	**15.2**	3.85	15.2
Total interim dividend declared for the financial year	**–**	**–**	3.85	15.2

MATTERS SUBSEQUENT TO END OF THE HALF-YEAR

As at the date of this report the Directors are not aware of any matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

a. the Group's operations in future financial years, or

b. the results of those operations in future financial years, or

c. the Group's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the "rounding off" of amounts in the Directors' Report and the Interim Financial Report. Some amounts in the Directors' Report and the Interim Financial Report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars.

This report is made in accordance with a resolution of Directors.

Andrew Abercrombie
Chairman
Sydney

24 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of humm group limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of humm group limited and the entities it controlled during the period.

Marcus Laithwaite
Partner

Sydney
24 February 2021

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 31 December

A$m	Notes	31 Dec 20	31 Dec 19
Interest income		172.9	181.8
Fee and other income	3	52.3	58.9
Gross income		225.2	240.7
Cost of sales		(12.2)	(13.2)
Interest expense		(38.7)	(45.7)
Gross profit		174.3	181.8
Depreciation and amortisation expenses	4	(13.3)	(9.6)
Employment expenses		(38.0)	(48.2)
Marketing expenses		(15.4)	(13.6)
Receivables and customer loan impairment expenses		(25.0)	(38.6)
Other operating expenses	4	(26.1)	(28.4)
Profit before income tax		56.5	43.4
Income tax expense		(17.9)	(10.1)
Profit for the year attributable to shareholders of humm group limited		38.6	33.3
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(0.1)	1.4
Changes in the fair value of cash flow hedges, net of tax		4.8	1.7
Changes in fair value of equity investments, net of tax		(0.6)	–
Other comprehensive income for the year, net of tax		4.1	3.1
Total comprehensive income for the year attributable to shareholders of humm group limited		42.7	36.4
Earnings per share for profit attributable to the ordinary equity holders of the Company		Cents	Cents
Basic earnings per share		8.5	8.0
Diluted earnings per share		8.5	8.0

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the half-year ended 31 December

A$m	Notes	31 Dec 20	30 Jun 20
Assets			
Cash and cash equivalents	5	175.1	157.5
Inventories		1.0	1.9
Receivables and customer loans	6	2,465.9	2,452.6
Equity and other investments		14.4	14.3
Current tax receivable		–	1.7
Plant and equipment		6.5	7.4
Right-of-use assets		11.0	12.5
Deferred tax assets		43.0	44.9
Goodwill		240.6	239.9
Other intangible assets		120.0	113.7
Total assets		**3,077.5**	**3,046.4**
Liabilities			
Trade and other payables		50.8	67.3
Contract liabilities		9.2	7.5
Lease liabilities		14.5	16.5
Borrowings		2,183.5	2,295.1
Current tax liabilities		22.9	14.8
Provisions		21.4	20.5
Derivative financial instruments		31.1	38.2
Deferred tax liabilities		0.4	–
Total liabilities		**2,333.8**	**2,459.9**
Net assets		**743.7**	**586.5**
Equity			
Contributed equity	8	507.6	393.1
Reserves		(13.7)	(17.8)
Retained earnings		249.8	211.2
Total equity		**743.7**	**586.5**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December

2019

A$m	Contributed equity	Reserves	Retained earnings	Total
Balance at the beginning of the half-year	390.1	2.8	223.2	616.1
Profit for the half-year	–	–	33.3	33.3
Other comprehensive income	–	3.1	–	3.1
Total comprehensive income for the half-year	–	3.1	33.3	36.4
Share-based payment expense	–	0.2	–	0.2
Transfer to share capital from share-based payment reserve	0.3	(0.3)	–	–
Dividends provided for or paid	2.2	–	(17.6)	(15.4)
Balance at the end of the half-year	392.6	5.8	238.9	637.3

2020

A$m	Contributed equity	Reserves	Retained earnings	Total
Balance at the beginning of the half-year	**393.1**	**(17.8)**	**211.2**	**586.5**
Profit for the half-year	–	–	38.6	38.6
Other comprehensive income	–	4.1	–	4.1
Total comprehensive income for the half-year	**–**	**4.1**	**38.6**	**42.7**
Share issue (net of transaction costs)	112.4	–	–	**112.4**
Share-based payment expense	–	2.1	–	2.1
Transfer to share capital from share-based payment reserve	2.1	(2.1)	–	–
Balance at the end of the half-year	**507.6**	**(13.7)**	**249.8**	**743.7**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December

A$m	31 Dec 20	31 Dec 19
Cash flows from operating activities		
Interest and other portfolio income received from customers	236.4	230.9
Payment to suppliers and employees	(87.6)	(104.4)
Borrowing costs	(39.1)	(45.8)
Income taxes paid	(8.7)	(14.8)
Net cash inflow from operating activities	**101.0**	**65.9**
Cash flows from investing activities		
Payment for purchase of plant and equipment and software	(17.2)	(11.1)
Payment for purchase of equity investments	(2.5)	–
Net movement in:		
Customer loans and receivables	(47.5)	(137.4)
Net cash outflow from investing activities	**(67.2)**	**(148.5)**
Cash flows from financing activities		
Proceeds from issuance of shares	112.4	–
Dividends paid	(15.2)	(15.2)
Cash payments relating to Finance Lease liability	(2.5)	(2.0)
Drawdown of corporate borrowings	84.9	142.6
Repayment of corporate borrowings	(152.3)	(144.1)
Net movement in:		
Non-recourse borrowings	(42.8)	120.1
Loss reserve on non-recourse borrowings	(0.6)	6.2
Net cash (outflow)/inflow from financing activities	**(16.1)**	**107.6**
Net increase/(decrease) in cash and cash equivalents	17.7	25.0
Cash and cash equivalents at the beginning of the year	157.5	143.1
Effects of exchange rate changes on cash and cash equivalents	(0.1)	0.1
Cash and cash equivalents at the end of the year	**175.1**	**168.2**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 // BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The condensed consolidated interim financial statements for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements. As a result, they should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2020 and any public announcements made in the period by humm group limited ("the Group") in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

In the current reporting period **humm**group has amended the presentation of the income statement line items. Gross income and gross profit are now shown on the face of the income statement. Gross income comprises of interest and fee income, while gross profit comprises of gross income less interest expense and direct cost of sales. This expands and better defines profitability of the Group.

Marketing expenses have also been shown separately on the face of the income statement.

Prior comparative amounts have been updated in line with new disclosure line items.

i. New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period

The IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

The IASB published 'COVID-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The above mentioned changes have been assessed as not having a material impact on the Group financial statements in the current financial year.

ii. Use of judgement, estimates and assumptions

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 30 June 2020.

While the specific areas of judgement noted in the Group's Annual Report did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future.

NOTE 2 // SEGMENT INFORMATION

Description of segments

Management has determined the operating segments based on the reports reviewed by the Directors that are used to make strategic decisions. In addition to statutory profit after tax, the Directors assess the business on a Cash NPAT basis. Cash NPAT is defined as statutory profit after tax, adjusted for the after tax effect of material infrequent items that the Directors believe do not reflect ongoing operations of the Group, and the amortisation of acquired intangible assets.

The Directors consider the business from a product perspective and have identified four reportable segments:

- BNPL (a consolidation of **humm** Australia and New Zealand, Ireland FlexiFi business and legacy FlexiRent Ireland, **bundll** and **humm**pro),
- New Zealand Cards (including Farmers, Q Card, Flight Centre Mastercard),
- Australia Cards (**humm90** (formerly Skye), Lombard, Once),
- Commercial and Leasing (consisting of Australia and New Zealand Commercial lending and the discontinued Consumer Leasing product).

The Group operates in Australia, New Zealand and Ireland. The operating segments are identified according to the nature of the products and services provided, with New Zealand Cards disclosed separately (based on its product offering) and Ireland included within BNPL.

In order to enhance comparability of prior period results with current period, costs incurred in relation to the development of **bundll** in the PCP of $3.5m have been reclassified from Australia Cards and $1.5m from New Zealand Cards and recognised in BNPL. As a result Cash NPAT reduced in BNPL by $3.3m and increased in Australia Cards by $2.4m and New Zealand Cards by $0.9m.

The segment information provided to the Directors for the reportable segments for the half-year ended 31 December 2020 is as below:

Half-year ended 31 December 2020

A$m	BNPL	AU Cards	NZ Cards	Commercial & Leasing	Total
Interest income	47.0	36.3	58.4	31.2	172.9
Fee and other income	13.6	11.5	11.5	15.7	52.3
Gross income	**60.6**	**47.8**	**69.9**	**46.9**	**225.2**
Cost of sales	(5.1)	(3.2)	(3.9)	–	(12.2)
Interest expense	(10.0)	(7.1)	(11.4)	(10.2)	(38.7)
Gross profit	**45.5**	**37.5**	**54.6**	**36.7**	**174.3**
Marketing expenses	(8.2)	(2.4)	(4.4)	(0.4)	(15.4)
Operating expenses	(19.8)	(19.1)	(20.1)	(16.9)	(75.9)
Impairment losses on receivables and customer loans	(13.1)	0.2	(11.2)	(0.9)	(25.0)
Amortisation of acquired intangible assets	–	–	(1.2)	(0.3)	(1.5)
Profit before income tax	**4.4**	**16.2**	**17.7**	**18.2**	**56.5**
Income tax expense	(2.2)	(4.6)	(4.9)	(6.2)	(17.9)
Statutory profit for the half-year	**2.2**	**11.6**	**12.8**	**12.0**	**38.6**
Non-cash adjustments:					
Redundancy and other restructuring costs	0.5	0.3	0.0	0.1	0.9
Sale of Think Office Technology	–	–	–	1.2	1.2
Amortisation of acquired intangible assets	–	–	1.1	–	1.1
Other[1]	0.4	0.3	0.4	0.5	1.6
Cash net profit after tax	**3.1**	**12.2**	**14.3**	**13.8**	**43.4**
Total segment assets at 31 December 2020	**821.8**	**515.0**	**976.6**	**764.1**	**3,077.5**
Fee and other income:					
Account service fees	9.8	5.7	5.8	1.3	22.6
Transaction processing fees	2.9	5.4	3.4	1.3	13.0
Leasing related income	–	–	–	13.6	13.6
Share of profit after tax from investment in associate	–	–	–	(0.8)	(0.8)
Other fees and income	0.9	0.4	2.3	0.3	3.9
Total fee and other income	**13.6**	**11.5**	**11.5**	**15.7**	**52.3**

1. Other includes the accelerated share based payment expense recognised in the half-year due to the cancellation of the Group's 2020 long term incentive plan ("LTIP"), with hurdles being out of the money as a result of COVID-19 and this no longer acting as a suitable retention tool.

Half-year ended 31 December 2019

A$m	BNPL	AU Cards	NZ Cards	Commercial & Leasing	Total
Interest income	46.9	44.1	59.5	31.3	181.8
Fee and other income	14.0	13.5	13.4	18.0	58.9
Gross income	**60.9**	**57.6**	**72.9**	**49.3**	**240.7**
Cost of sales	(1.3)	(6.3)	(5.6)	–	(13.2)
Interest expense	(10.5)	(9.7)	(14.2)	(11.3)	(45.7)
Gross profit	**49.1**	**41.6**	**53.1**	**38.0**	**181.8**
Marketing expenses	(6.1)	(2.1)	(4.6)	(0.8)	(13.6)
Operating expenses	(23.1)	(18.5)	(21.5)	(21.4)	(84.5)
Impairment losses on receivables and customer loans	(14.4)	(12.4)	(8.4)	(3.4)	(38.6)
Amortisation of acquired intangible assets	(0.2)	–	(1.5)	–	(1.7)
Profit before income tax	**5.3**	**8.6**	**17.1**	**12.4**	**43.4**
Income tax expense	(0.3)	(2.1)	(4.7)	(3.0)	(10.1)
Statutory profit for the half-year	**5.0**	**6.5**	**12.4**	**9.4**	**33.3**
Non-cash adjustments:					
Amortisation of acquired intangible assets	0.1	–	1.1	–	1.2
Cash net profit after tax	**5.1**	**6.5**	**13.5**	**9.4**	**34.5**
Total segment assets at 31 December 2019	**770.0**	**747.2**	**1,087.5**	**681.5**	**3,286.2**

Fee and other income:					
Account service fees	7.9	5.2	6.0	0.3	19.4
Transaction processing fees	5.3	7.7	3.7	2.2	18.9
Leasing related income	–	–	–	15.1	15.1
Share of profit after tax from investment in associate	–	–	–	0.2	0.2
Other fees and income	0.8	0.6	3.7	0.2	5.3
Total fee and other income	**14.0**	**13.5**	**13.4**	**18.0**	**58.9**

NOTE 3 // FEE AND OTHER INCOME

A$m	Half-year ended 31 Dec 20	Half-year ended 31 Dec 19
Account servicing fees	22.6	19.4
Transaction processing fees	13.0	18.9
Leasing related income	13.6	15.1
Share of (loss)/profit after tax from investment in associate	(0.8)	0.2
Other income	3.9	5.3
Total fee and other income	**52.3**	58.9

NOTE 4 // EXPENSES

A$m	Half-year ended 31 Dec 20	Half-year ended 31 Dec 19
Depreciation and amortisation expenses		
Depreciation of plant and equipment	2.6	2.6
Amortisation of other intangible assets	10.7	7.0
Total depreciation and amortisation expenses	**13.3**	9.6
Other operating expenses		
Information technology and communication	10.9	10.5
Other occupancy, equipment and related costs	2.5	2.5
Outsourced operation costs	2.7	3.3
Professional, consulting and other service provider costs	7.1	7.8
Other	2.9	4.3
Total other operating expenses	**26.1**	28.4

NOTE 5 // CASH AND CASH EQUIVALENTS

A$m	As at 31 Dec 20	As at 30 Jun 20
Restricted[1]	121.8	143.0
Unrestricted	53.3	14.5
Cash at bank and on hand	**175.1**	157.5

1. Represents amounts held as part of the Group's secured funding arrangements which are not available to the Group. The restricted cash balances are distributed to various parties at a future dates and are not available to the Group for any other purpose.

NOTE 6 // RECEIVABLES AND CUSTOMER LOANS

The table below presents the gross exposure and related Expected Credit Loss ("ECL") allowance for each class of asset and off-balance sheet item subject to impairment requirements of AASB 9:

	As at 31 Dec 2020			As at 30 Jun 2020		
A$m	Gross[1]	ECL Allowance	Net[2]	Gross[1]	ECL Allowance	Net[2]
Receivables	726.3	(37.2)	689.1	662.2	(41.2)	621.0
Customer loans	1,853.7	(92.9)	1,760.8	1,919.8	(105.4)	1,814.4
Undrawn credit commitments	–	(13.3)	(13.3)	–	(11.3)	(11.3)
Total	**2,580.0**	**(143.4)**	**2,436.6**	**2,582.0**	**(157.9)**	**2,424.1**

1. Gross exposure represents the carrying value of assets subject to AASB 9's impairment requirements.
2. Receivables and customer loans excludes other debtors of $6.8m (30 June 2020: $9.7m) and includes contract liabilities of ($9.2m) (30 June 2020: ($7.5m)) and as a result does not reconcile to the face of the balance sheet.

The table below presents the movement in the Group's total impairment provisions on receivables and customer loans as at 30 June 2020 and 31 December 2020:

A$m	31 Dec 20	30 Jun 20
Balance at 30 June	**157.9**	**123.0**
Net change in provision	25.4	81.6
Amounts written off, previously provided for	(40.0)	(46.0)
FX movements	0.1	(0.7)
Balance at end of the period	**143.4**	**157.9**
Receivable and customer loans		
Finance receivables	37.2	41.2
Loans	106.2	116.7
Total	**143.4**	**157.9**

ECL provisions reduced by $14.5m when compared to 30 June 2020. This decline was driven by $8.6m reduction in the baseline provision as customers paid down debt and loan loss arrears declined. The Group released $6.1m COVID-19 hardship overlay, as Australia Cards hardship exposures declined to levels consistent with periods prior to the onset of COVID-19.

Forward looking macro-economic overlays, including scenario weightings, have been determined on a consistent basis to those applied at 30 June 2020. Though unemployment forecasts have improved since June, downside scenarios have remained at similar levels for Australia, New Zealand and Ireland, with COVID-19 macro-economic overlays also anticipating a degree of forecasting downside risk. Watchlist overlays for Commercial exposures have been held at similar levels to 30 June 2020. Commercial customers in hardship have declined by 89.7% from the peak in April 2020. The Group's exposure to sectors highly impacted by COVID-19 restrictions are well provided for considering likelihood of recovery.

The Group remains well provisioned for expected future losses at 31 December 2020, with a provision coverage ratio of 5.6%. We anticipate a rise in net losses in the second half of the year as government stimulus recedes, and temporary bankruptcy relief for Commercial customers is removed in Australia.

NOTE 7 // DIVIDENDS

A$m	Half-year ended 31 Dec 20	Half-year ended 31 Dec 19
Ordinary shares		
Dividends provided for or paid during the half-year	15.2	15.2
Preference shares		
Dividends provided for during the half-year	–	2.2

Due to on-going uncertainties associated with COVID-19 and the flow on impact to our customers including expected removal of government stimulus, the Directors have decided not to pay an interim dividend for the period. The Directors will re-assess their position at year-end.

NOTE 8 // CONTRIBUTED EQUITY

a. Movement in ordinary share capital

	Number of shares (m)	$m
1 July 2020	394.3	339.5
Transfer to share capital from share based payment reserve	–	2.1
Equity issuance	100.9	112.4
31 December 2020	495.2	454.0

b. Movement in subordinate perpetual notes

	Number of shares (m)	$m
1 July 2020	49.1	53.6
31 December 2020	49.1	53.6
Total contributed equity	544.3	507.6

NOTE 9 // RELATED PARTY TRANSACTIONS

Rental of Melbourne premises

A related company in the Group has rented premises in Melbourne owned by entities associated with a Director, Mr Andrew Abercrombie. The rental arrangements for the Melbourne premises are based on market terms.

	Half-year ended 31 Dec 20 A$	Half-year ended 31 Dec 19 A$
Rental of Melbourne premises	72,443	94,077

NOTE 10 // CONTINGENCIES

humm group limited and its wholly owned consumer leasing subsidiary, FlexiRent Capital Pty Limited ("FlexiRent"), have proactively engaged with the Australian Financial Complaints Authority ("AFCA") (formerly the CIO) regarding historic responsible lending practices in relation to the FlexiRent product, which ceased being sold in February 2018. As part of this engagement, the Group has focused on seeking to ensure that its practices meet evolving consumer demands and community expectations and utilise available technology. A remediation program was agreed with AFCA to compensate affected customers which is due to be completed in full within the 2021 financial year. We believe we have adequate remediation provision for this matter, taking into consideration probable outcomes.

FlexiRent has resolved the matters previously disclosed in the 2020 Annual Report with AFCA in relation to the liquidation of Viewble Media Pty Ltd.

humm cards pty limited (formerly known as Flexicards Australia Pty Limited) has resolved the matters previously disclosed in the 2020 Annual Report with AFCA in relation to responsible lending practices undertaken by Flexicards for its Once, Lombard and Skye cards products.

Other than the matters outlined above, the Group does not have any further material contingent liabilities.

NOTE 11 // FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value reflects the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

Financial instruments measured at fair value are categorised under a three-level hierarchy as outlined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has assessed its financial instruments recorded at fair value and are categorised as per below under fair value hierarchy.

The table below summarises the carrying amount and fair value of financial assets and financial liabilities held at amortised cost. The methodology and assumptions used in determining fair values are as follows:

Cash and cash equivalents

The carrying amount of cash and cash equivalents is an approximation of fair value as they are short term in nature or are receivable on demand.

Receivables and customer loans

The fair value of lease receivables and customer loans are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group. The nominal value (including unamortised initial direct transaction costs) less estimated credit adjustments of lease receivables and customer loans are assumed to approximate their fair values.

Payables

The carrying amount of payables is an approximation of fair values as they are short term in nature.

Borrowings

The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 31 December 2020 and 30 June 2020:

A$m	Carrying amount 31 Dec 20	Fair value 31 Dec 20	Carrying amount 30 Jun 20	Fair value 30 Jun 20
Financial assets				
Cash and cash equivalents	175.1	175.1	157.5	157.5
Receivables	699.5	699.5	638.2	638.2
Customer loans	1,770.0	1,770.0	1,814.4	1,814.4
Financial liabilities				
Payables	60.0	60.0	74.8	74.8
Lease liabilities	14.5	14.5	16.5	16.5
Borrowings				
Floating interest rate	2,175.2	2,175.2	2,263.6	2,263.6
Fixed interest rate	34.3	36.3	58.1	46.1
Total borrowings before loss reserves	**2,209.5**	**2,211.5**	2,321.7	2,309.7
Derivative financial instruments	31.1	31.1	38.2	38.2

Fair value hierarchy

The fair value hierarchy is determined by reference to observable inputs into the fair value models.

Receivables and customer loans

Unobservable inputs such as historic and current product margins and customer creditworthiness are considered to determine the fair value. These are classified as level 3.

Borrowings and derivative financial instruments

These are classified as level 2 as the inputs into the fair value models used to determine fair value are observable.

Other financial assets and financial liabilities are classified as Level 2.

NOTE 12 // SECURITISATION AND SPECIAL PURPOSE VEHICLES

The Group sells receivables and customer loans to securitisation vehicles through its asset-backed securitisation programs and other special purpose vehicles. The securitisation and special purpose vehicles are consolidated as the Group is exposed or has rights to variable returns and has the ability to affect returns through its power over the securitisation vehicles. The Group may serve as a sponsor, servicer, manager, liquidity provider, purchaser of notes and/or purchaser of residual interest and capital units with respect to these securitisation and special purpose vehicles.

The table below presents assets securitised and the underlying borrowings as a result of the securitisations.

A$m	As at 31 Dec 20	As at 30 Jun 20
Receivables	651.3	576.9
Customer loans	1,727.6	1,814.9
Cash held by securitisation vehicles	121.8	143.0
	2,500.7	**2,534.8**
Borrowings related to receivables and customer loans, net of loss reserve	2,183.5	2,228.4

NOTE 13 // EVENTS OCCURRING AFTER BALANCE SHEET DATE

As at the date of this report the Directors are not aware of any matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

a. the Group's operations in future financial years, or
b. the results of those operations in future financial years, or
c. the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of Directors of humm group limited, we state that:

In the opinion of the Directors:

a. the financial statements and notes of the Group are in accordance with the *Corporations Act 2001* (Cth), including:
   i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
   ii. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

b. there are reasonable grounds to believe that humm group limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Andrew Abercrombie
Chairman
Sydney

24 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HUMM GROUP LIMITED

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of humm group limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of humm group limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report section* of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Marcus Laithwaite
Partner

Sydney
24 February 2021

LOCATIONS

AUSTRALIA
7/179 Elizabeth Street
Sydney NSW 2000

NEW ZEALAND
111 Carlton Gore Road
Newmarket
Auckland 1023

IRELAND
4/No.5 Custom House Plaza
Harbourmaster Place
Dublin 1

humm group limited
ABN 75 122 574 583