



LATITUDE CAPITAL NOTES

Investor Presentation

2 September 2021

Important notice



This presentation has been prepared and authorised by Latitude Group Holdings Limited (ACN 604 747 391) (“**Latitude**”) in relation to its proposed offer of convertible, perpetual, subordinated and unsecured debt obligations in the form of unsecured notes (“**Capital Notes**”) (the “**Offer**”). The Offer is made pursuant to a prospectus under Part 6D.2 of the Corporations Act 2001 (Cth) which was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on 2 September 2021 (“**Prospectus**”). Latitude intends to lodge a replacement prospectus which will include the offer size and the Margin, on or around 10 September 2021.

Insight Capital Advisors Pty Ltd (ABN 55 609 475 630), Morgans Financial Limited (ABN 49 010 669 726), National Australia Bank Limited (ABN 12 004 044 937), Ord Minnett Limited (ABN 86 002 733 048) and Westpac Institutional Bank (a division of Westpac Banking Corporation) (ABN 33 007 457 141) are the joint lead managers to the Offer (“**Joint Lead Managers**”).

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Capital Notes are complex and may not be suitable for all investors. The investment performance of Capital Notes is not guaranteed by Latitude nor any other member of the Latitude Group. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Capital Notes are detailed in the Prospectus.

All amounts are in Australian dollars unless otherwise indicated. Unless otherwise defined, capitalised terms in this presentation have the meaning in the Prospectus.

01 | Offer summary





Business overview:

- Latitude is a leading Instalments and Lending business, with 2.8 million customer accounts (as at 30 June 2021) and more than 5,500 merchant partners (with over 13,200 outlets) in Australia and New Zealand
- Latitude's merchant base covers major retailers across a wide range of living and lifestyle goods, including Apple, Harvey Norman, The Good Guys, JB Hi-Fi, Samsung and Luxury Escapes, and provides Latitude with significant scale and distribution for its Instalments and Lending products
- Latitude's business model is highly cash generative and its strength in leveraging lifestyle marketing and driving production graduation has delivered a strong growth and return profile
- In April 2021, Latitude was listed on the ASX (code ASX:LFS), and currently has a market capitalisation of \$2.3 billion (as at 27 August 2021)
- At its 1H21 results release, Latitude reported:
 - total assets of \$7.7 billion (as at 30 June 2021)
 - 1H21 operating income of \$426.0 million ⁽¹⁾
 - 1H21 cash NPAT of \$120.9 million
- On 9 August 2021, Latitude announced it had agreed to acquire personal lending fintech, Symple Group, for approximately \$200 million in shares and cash (the acquisition remains subject to, among other things, regulatory approvals)

(1) Shown on a management basis used to determine the cash NPAT (refer Section A of the Latitude Half-Year Results 30 June 2021)

Latitude Capital Notes – Offer summary

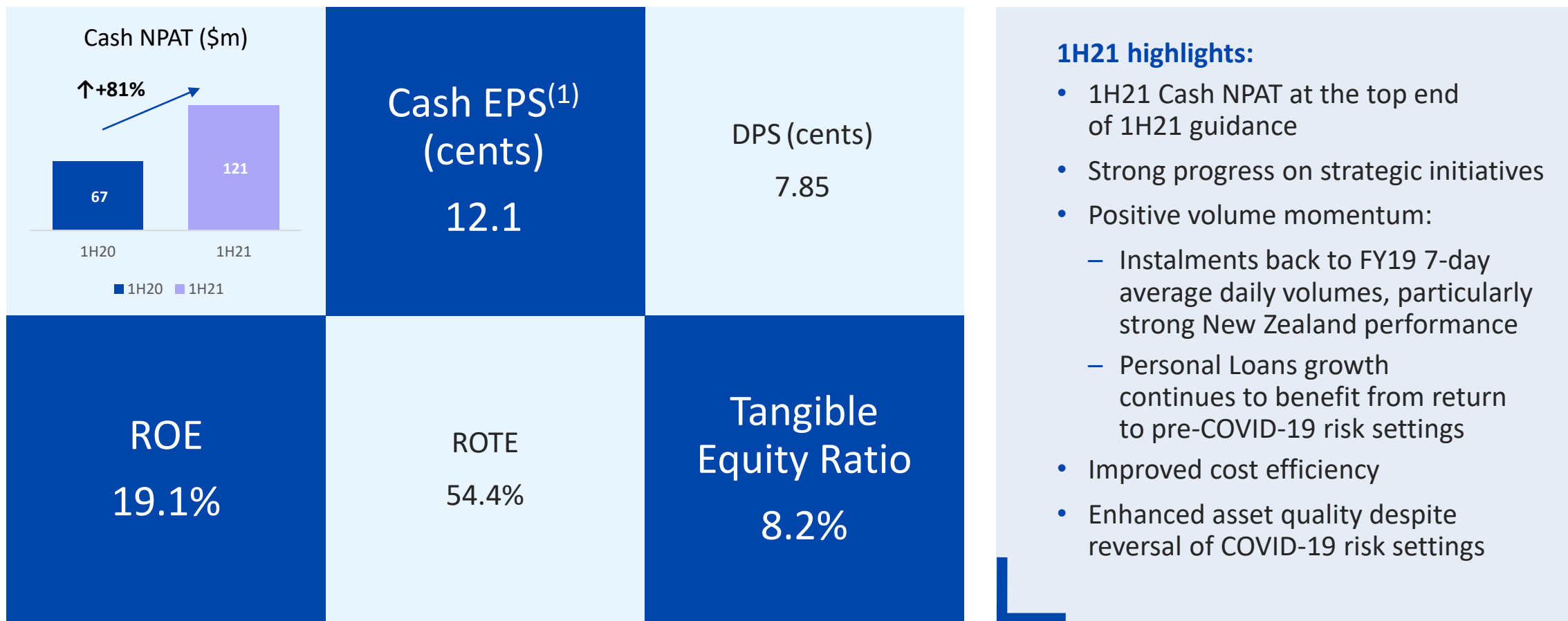


Issuer	<ul style="list-style-type: none">• Latitude Group Holdings Limited (ACN 604 747 391) (“Company”)
Offer	<ul style="list-style-type: none">• Perpetual, subordinated, unsecured notes (“Capital Notes”)
Offer size	<ul style="list-style-type: none">• \$125 million, with the ability to raise more or less
Purpose	<ul style="list-style-type: none">• The Capital Notes are being issued as part of the Company’s ongoing optimisation of funding and capital, to improve financial flexibility and provide additional growth capital through diversified sources of funding
Ranking	<ul style="list-style-type: none">• In a winding-up of Latitude, the Capital Notes rank ahead of Latitude Ordinary Shares, equally among themselves and with any Equal Ranking Obligations and behind all Senior Creditors
Distributions	<ul style="list-style-type: none">• Holders are expected to receive quarterly, floating rate discretionary Distributions, which are cumulative• Distributions on Capital Notes are expected to be fully franked• Margin expected to be in the range of 4.75% to 5.00% per annum
Term	<ul style="list-style-type: none">• Perpetual (no fixed maturity date) unless Redeemed or Converted• Latitude may Redeem or Convert the Capital Notes on the Optional Exchange Date (27 October 2026) or on any Distribution Payment Date thereafter, and in certain other circumstances
Offer structure	<ul style="list-style-type: none">• Institutional Offer and Broker Firm Offer
Arranger	<ul style="list-style-type: none">• Insight Capital Advisors Pty Ltd
Joint Lead Managers	<ul style="list-style-type: none">• Insight Capital Advisors Pty Ltd, Morgans Financial Limited, National Australia Bank Limited, Ord Minnett Limited and Westpac Institutional Bank
Quotation	<ul style="list-style-type: none">• Latitude will apply for Latitude Capital Notes to be quoted on ASX under ASX code ‘LFSPA’

02 | 1H21 key highlights



Latitude delivers strong first half 2021 profit at the top end of guidance with strong volume momentum

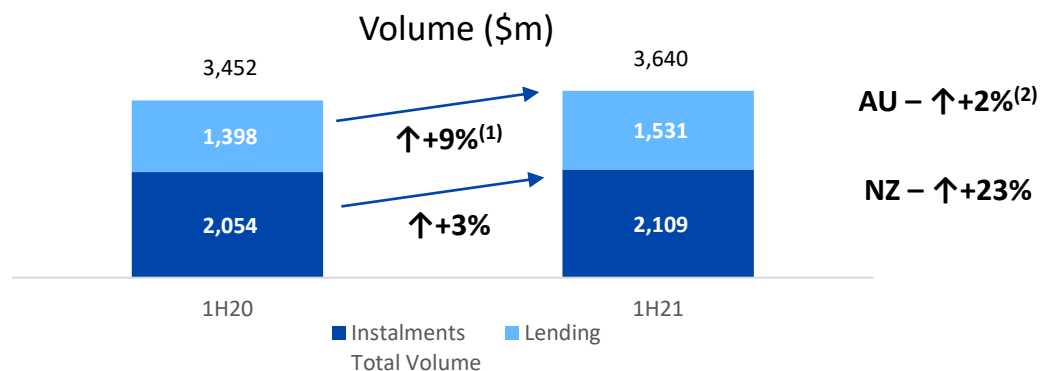


(1) Shown on a proforma basis for the number of shares on issue at the end of the period, which reflects the number of shares on issue as a listed company

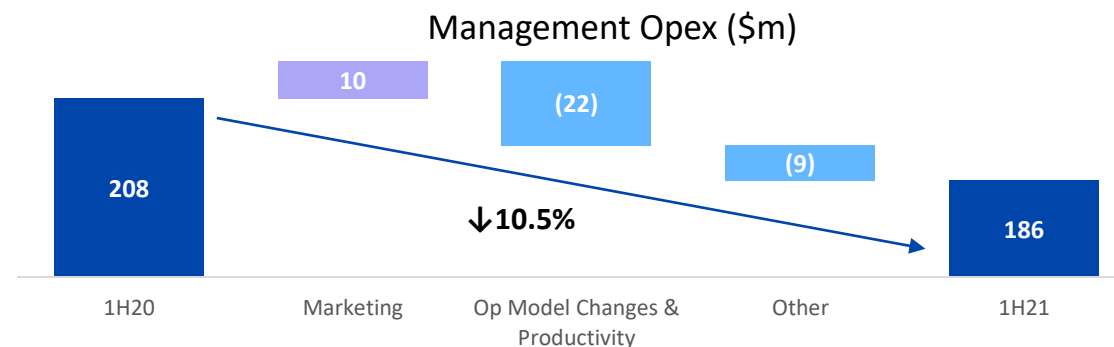
Solid 1H21 operational performance in mixed conditions



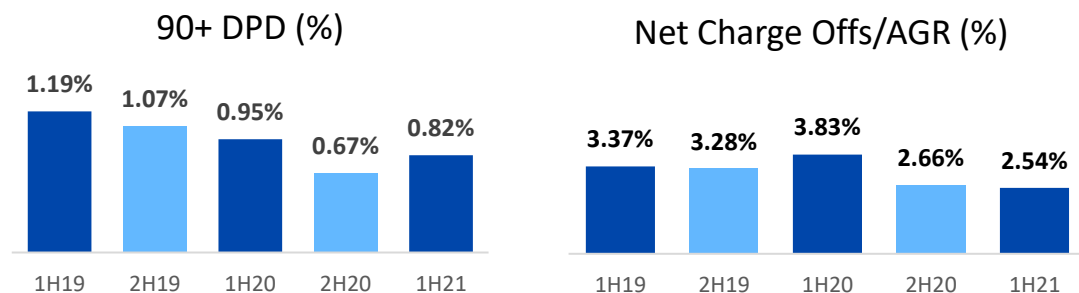
Strong volume recovery with group volumes up 5.4%, excluding international and travel volume is up 10.9%



Improved cost efficiency whilst maintaining investments



Asset quality continues to improve



Strong customer experience



(1) Personal and Auto Loans (excluding 28 Degrees and other runoff credit cards) is up 37% vs PCP
 (2) Excluding international and travel volumes, Australia volume is up 7% vs PCP
 (3) Customer NPS – blended NPS score is the weighted average based on # interactions per channel/segment.
 (4) Broker BDM Relationship NPS survey.

Note: 2020 numbers are shown on a proforma basis consistent with the IPO Prospectus

Diverse, cost-effective funding underpinned by prudent capital management



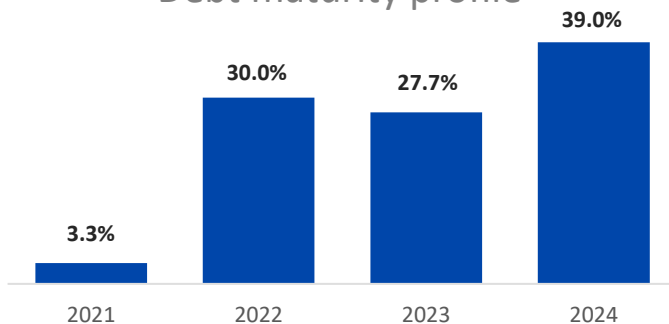
Diverse Funding Platform⁽¹⁾

Cost Effective

50+ Investors

- Settled refinancing of its \$1,038 million Australian Personal Loans Warehouse Facility
- Increased the limit of the Australian Auto Loans Trust to \$926 million
- Established limits for the Australia Sales Finance and Credit Cards Warehouse No. 3 of \$1,056 million following the repayment of funding and termination of limits from an existing cards warehouse facility

Debt maturity profile



Warehouse Financing

A\$5.3bn
Limits

A\$1.7bn
Total Headroom



ABS Issuance⁽²⁾

A\$2.3bn
Total Outstanding

6 Current
Issuances

Prudent capital management approach

- Appropriate capital strength to protect against adverse scenarios
- TER at 30 Jun'21 at 8.2%, above target range of 6% and 7%

A\$ million	30 June 2021
Total equity	1,319.8
Intangible assets	825.0
TE	494.8
Net Loans and other receivables	6,061.0
TER	8.2%

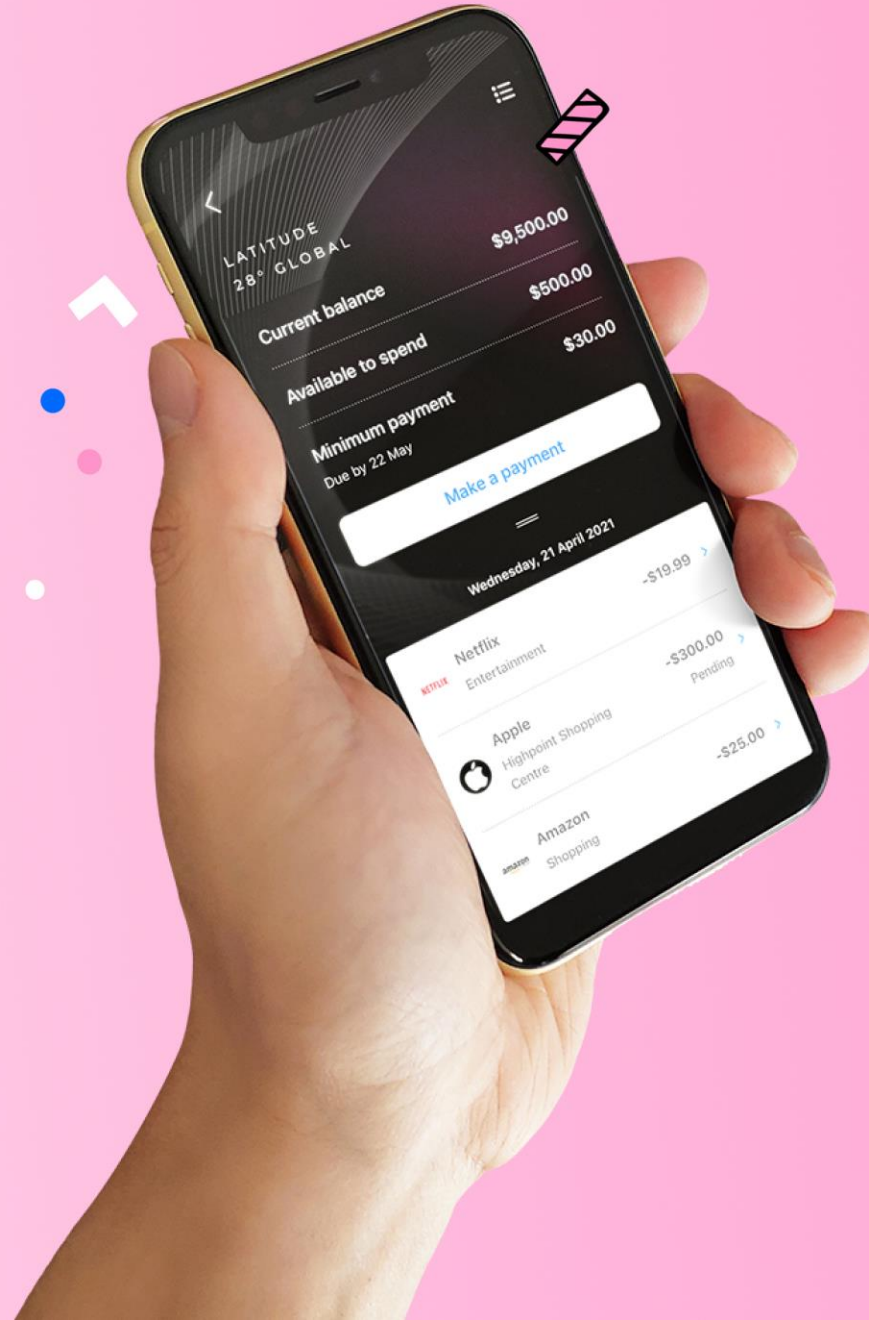
- Whilst capital levels remain strong, Latitude continues to explore further diversification of its funding and capital sources like the issue of these Capital Notes to support its growth aspirations.

(1) Numbers as at 30 June 2021

(2) Excludes the NZ Credit Card ABS (NZCCMT 2021-1), which settled on 23 Aug'21 and increased total outstandings to A\$2.5bn across 7 issues

03

Summary of the Latitude Capital Notes



Key features of the Capital Notes



Fully paid	<ul style="list-style-type: none"> Each Capital Note has a Face Value of \$100, which must be paid to the Company before the Capital Notes are issued
Subordinated	<ul style="list-style-type: none"> Capital Notes have priority over Latitude Ordinary Shares but are subordinated to the claims of Senior Creditors in a Winding-up of the Company
Perpetual	<ul style="list-style-type: none"> Capital Notes are perpetual and do not have any fixed maturity date The Company may Convert or Redeem the Capital Notes on the Optional Exchange Date (27 October 2026) and in certain other circumstances
Discretionary Distributions	<ul style="list-style-type: none"> Holder are expected to receive quarterly, floating rate discretionary Distributions, which are cumulative Distributions on Capital Notes are expected to be fully franked
Distribution Rate	<ul style="list-style-type: none"> The Distribution Rate for each Distribution Period will be calculated as the sum of the 3-month Bank Bill Rate plus the Margin, adjusted for franking credits The Margin will be determined pursuant to the Bookbuild and is expected to be within the range of 4.75% to 5.00% per annum
Dividend stopper	<ul style="list-style-type: none"> For so long as any Unpaid Distribution remains outstanding, the Company must not declare, determine to pay or pay a dividend on Latitude Ordinary Shares or undertake any Buy-Back or Capital Reduction, until the Unpaid Distribution Amount has been paid in full
Margin Step-Up	<ul style="list-style-type: none"> If the Capital Notes are not Converted or Redeemed on the Optional Exchange Date, then the Margin will be increased by 3.00% per annum If the Capital Notes are not redeemed following a Change of Control Event, then the margin will be increased by a further 5.00% per annum, with effect from the later of the Optional Exchange Date and fifteen Business Days following the date of the Change of Control Event
Redemption	<ul style="list-style-type: none"> If the Capital Notes are Redeemed, holders will receive an amount equal to their Face Value together with accrued Distributions and Unpaid Distributions
Conversion	<ul style="list-style-type: none"> If the Capital Notes are Converted, holders will receive a number of Latitude Ordinary Shares in exchange for their Capital Notes (the “Conversion Number”) The Conversion Number is determined based on the prevailing VWAP of Latitude Ordinary Shares (for the VWAP Period prior to the relevant Exchange Date), less a 2.50% discount

Comparison between Capital Notes and other types of investments



	Latitude Ordinary Shares	Typical bank Tier 1 listed hybrid	Typical corporate listed hybrid	Capital Notes
Legal form / Security	Shares	Unsecured Notes	Unsecured Notes	Unsecured Notes
Term	Perpetual (unless bought back)	Perpetual (unless redeemed, converted or written-off)	Typically 60 years	Perpetual (unless Redeemed or Converted)
Initial redemption date	None	Typically from 5-8 years	Typically from 5-7 years	27 October 2026 (5 years)
Redemption subject to regulatory approval?	No	Yes – subject to APRA approval	No	No
Distributions	Discretionary, payable at the absolute discretion of the Board	Discretionary, payable at the absolute discretion of the issuer	Discretionary, payable at the absolute discretion of the issuer	Discretionary, payable at the absolute discretion of the Board
Distribution step- up	No	No	Yes – typically up to 1% step-up	Yes – 3.00% step-up on 27 October 2026, and another 5.00% after that date if a Change of Control Event has occurred
Distribution accumulation	No	No	Yes – typically cumulative and compounding	Yes – cumulative (but not compounding)
Franking	Yes	Yes	Generally no	Yes
Ranking	Behind all other securities and obligations	Subordinated – senior only to ordinary equity	Subordinated – senior only to ordinary equity	Subordinated – senior only to ordinary equity
Point of non- viability trigger	No	Yes	No	No
Voting rights	Yes	No	No	No
Dividend stopper	No	Yes	Yes	Yes

Key risks associated with an investment in the Capital Notes



Market price of Capital Notes	<ul style="list-style-type: none">• The price at which Holders are able to sell Capital Notes on ASX is uncertain. The market price might be below the Issue Price of \$100 per Capital Note• Circumstances in which the price of Capital Notes may decline include general financial market conditions, the availability of better rates of return on other securities and investor perception of Latitude's financial performance or position• Unlike Latitude Ordinary Shares, Capital Notes do not provide a material exposure to growth in Latitude's business
Liquidity of Capital Notes	<ul style="list-style-type: none">• There may be no liquid market for Capital Notes• Holders who wish to sell their Capital Notes may be unable to do so at a price acceptable to them, or at all
Market price and liquidity of Latitude Ordinary Shares	<ul style="list-style-type: none">• The market price of Latitude Ordinary Shares may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions and Latitude's financial performance and position. As a result, if Capital Notes Convert into Latitude Ordinary Shares, the value of Latitude Ordinary Shares received by Holders upon such Conversion (if any) may be greater than or less than anticipated when they are issued or thereafter. Where Capital Notes are Converted, there may be no liquid market for Latitude Ordinary Shares at the time of Conversion, or the market for Latitude Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.
Distributions may not be paid	<ul style="list-style-type: none">• Distributions are discretionary and there is a risk that Distributions may not be paid• Non-payment of a Distribution is not an event of default• Unpaid Distributions are cumulative (but will only be paid at the election of the Company or on Redemption or Conversion, whichever happens first). Interest will not accrue on any Unpaid Distribution
Changes in Distribution Rate and Distributions	<ul style="list-style-type: none">• The Distribution Rate will fluctuate over time (it may increase or decrease) as a result of movements in the Bank Bill Rate• There is a risk that the Distribution Rate may become less attractive when compared with the rates of return available on comparable securities or financial products• The amount of cash Distributions will also fluctuate with any change in the rate of franking of Distributions

Key risks associated with an investment in the Capital Notes (cont.)



Restrictions on rights and ranking in a winding-up of the Company	<ul style="list-style-type: none">• If there is a shortfall of funds on a Winding-up of the Company to pay all amounts ranking senior to and equally with Capital Notes, Holders will lose all or some of their investment• The Company is the ultimate holding company of the Latitude Group and substantially all its assets are made up of shares in, or other claims on, the Company's subsidiaries. Accordingly, the claims of Holders against the Company will be limited to the value of the Company's residual claims to the net assets (if any) of the subsidiaries, after all liabilities of the relevant companies have been discharged or provided for
It is not certain whether and when Capital Notes may be Redeemed or Converted	<ul style="list-style-type: none">• There are a number of scenarios in which Capital Notes may be Redeemed for cash or Converted to Latitude Ordinary Shares. It is uncertain whether and when Exchange may occur. The timing of any Redemption or Conversion may not suit Holders• Capital Notes may not be Redeemed or Converted at all, in which case they may remain on issue indefinitely and you may not receive your capital back• Where Capital Notes are Converted to Latitude Ordinary Shares, this may be disadvantageous to Holders in light of market conditions or not suit individual circumstances and preferences
No right for Holders to request Redemption or Conversion	<ul style="list-style-type: none">• Holders have no right to request that their Capital Notes be Redeemed or Converted. To realise their investment, unless their Capital Notes are Redeemed or Converted, Holders would need to sell their Capital Notes on ASX at the prevailing market price. That price may be less than the Issue Price and there may be no liquid market in Capital Notes
Further issues or redemptions of securities by the Company	<ul style="list-style-type: none">• There is no limit on the amount of senior debt or other obligations or further Capital Notes that may be incurred or issued by the Company at any time, which may affect a Holder's ability to be repaid on a Winding-up of the Company, increase the likelihood of Capital Notes Distributions not being paid and/or adversely affect the market price of Capital Notes• There is no restriction on the Company redeeming or otherwise repaying other securities it may have on issue from time to time, and an investment in Capital Notes carries no right to be redeemed or otherwise repaid at the same time as the Company redeems or otherwise repays other securities
More information	<ul style="list-style-type: none">• More information about these and other risks associated with Capital Notes and the market for Capital Notes generally is contained in Section 5 of the Prospectus

04 | Key dates and contacts



Key dates for the Offer



Lodgment of this Prospectus with ASIC	<ul style="list-style-type: none">• 2 September 2021
Bookbuild to determine the Margin	<ul style="list-style-type: none">• 9 September 2021
Announcement of the Margin	<ul style="list-style-type: none">• 9 September 2021
Lodgment of the replacement Prospectus with ASIC	<ul style="list-style-type: none">• 10 September 2021
Opening Date	<ul style="list-style-type: none">• 10 September 2021
Closing Date	<ul style="list-style-type: none">• 23 September 2021
Issue Date	<ul style="list-style-type: none">• 28 September 2021
Capital Notes commence trading on ASX (normal settlement basis)	<ul style="list-style-type: none">• 29 September 2021
Confirmation Statements dispatched by	<ul style="list-style-type: none">• 1 October 2021





Issuer

Latitude Group Holdings

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Arranger and Joint Lead Manager

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Joint Lead Managers

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National Australia Bank

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Ord Minnett

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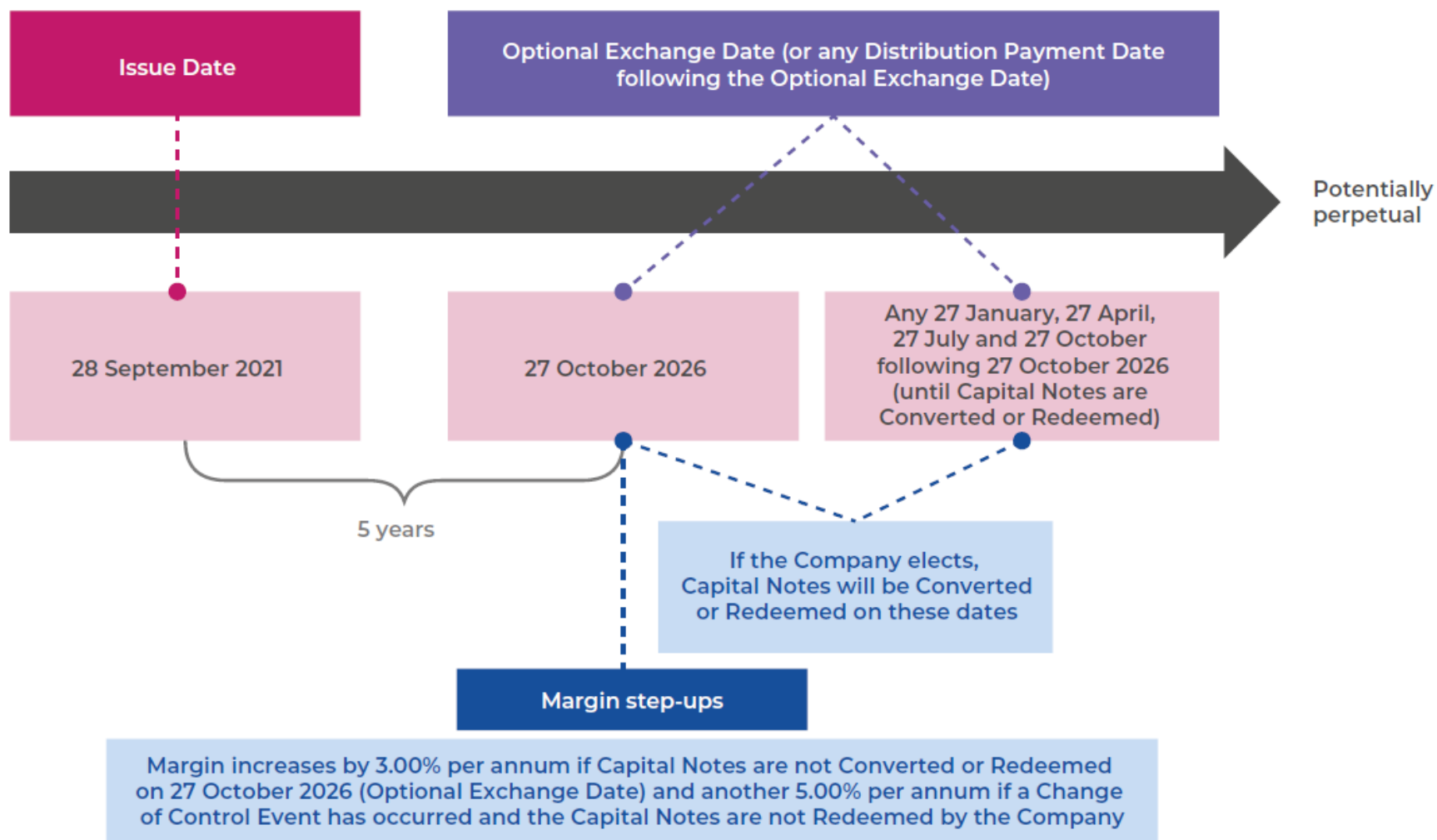
Westpac Institutional Bank

- Allan O'Sullivan
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05 | Appendix



When can Capital Notes be Redeemed or Converted?





Existing debt instruments, hybrid instruments and equity

Higher ranking



Lower ranking

- Secured liabilities and liabilities preferred by law (including employee entitlements)

- Bank debt facilities

- Unsubordinated and unsecured debt (including the Deferred Settlement arrangement with KVDS, and trade creditors)

- **Capital Notes**

- Latitude Ordinary Shares

Thank you

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