



LATITUDE

Latitude Group Holdings Limited
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ASX ANNOUNCEMENT

2022 Annual General Meeting – Managing Director and CEO’s Address

Thank you Chair and welcome to all shareholders.

It is a special privilege to be with you today at our first AGM as a listed company and to be able to outline some of the highlights of our operational and financial performance.

Despite the obvious challenges created by COVID-19, 2021 was a strong year for Latitude as we maintained our high profitability while seizing on strategic opportunities which add to our scale and capability, create growth and enhance future shareholder value.

In February, we announced our full year results for 2021. We reported a Statutory NPAT of \$160 million which was up on 2020. Total volumes rose 4.3% despite the significant impact of COVID. Personal and Auto loan volumes performed particularly strongly, rising by 46% in Australia and 27% in New Zealand, while instalments in New Zealand, without the disruption of the protracted lockdowns we felt in Australia, were up 10.1%. We are very excited about our ability to be a disruptor and to grow our lending, especially as we fully integrate the user-friendly Symple platform.

While we have invested in our future capability, cost reduction remained a key focus resulting in a 4% reduction in operational costs in 2021. Our ROE of 16.6% in 2021 is highly attractive and TER of 8.7% was also strong by industry standards. We were able to achieve a strong 2021 result while supporting our customers and partners through the pandemic and improving the asset quality of our book.

Our customers took advantage of government initiatives and other financial support during COVID-19 to pay down their debts. This had an obvious impact on our Gross Receivables, which were slightly down in the year.

We also have achieved our goal to better optimise and diversify Latitude’s funding and capital sources to support growth initiatives. Our successful completion in September last year of a \$150 million capital notes issue illustrates the strong investor support for Latitude.

We had many operational highlights in 2021. These included the launch of instalments in Singapore in November last year with the acquisition and rebranding of Instalments provider OctiFi, with plans to expand into other SE Asian countries. Instalments is a \$5.5 billion segment in SE Asia, and the high rate of growth and digital adoption, combined with the digital experience we can offer creates a great opportunity for Latitude.

To all our shareholders, I’d like to emphasize the importance of the past six months as we add scale through important strategic investments, as the chair outlined. The acquisition of Symple Loans late last year was a critical step forward. We are already Australia and NZ’s leader in instalments but we want to build on our position as the number two provider of new personal loans across both countries. I am excited to say that next month we begin offering variable rate personal loans to our customers on the new Symple Technology platform. This is the beginning of a new chapter for us.

Our lending performance in 2021 was outstanding, and that has continued this year. The transition of all our lending operations to Symple's state-of-the-art platform will add to the momentum we've created. The proposed acquisition of Humm's consumer business this year is a major development, for which the ACCC confirmed yesterday, that they do not intend to conduct a public review of the proposed acquisition. It significantly adds to our scale, while accelerating the deployment of BNPL and instalment solutions for our customers and merchant partners. Once the deal is completed, Latitude will have over \$8 billion of gross receivables, \$9.5 billion of transaction volumes and over five million customers, with 60,000-plus merchants. The Humm transaction will be highly accretive to our shareholders and is expected to realise combined synergies and cash earnings exceeding \$90 million pre-tax on a full run rate basis, by the end of 2023.

While we have seized on opportunities to expand our capability through acquisition in the past year, we have kept our eye on our core instalments and lending businesses. We are building a customer-led culture and, as we evolve our platform operating model, our customers and business partners remain at the core of everything we do. We will continue to invest in digital experiences that make our customers and partners lives better, while we consolidate our legacy operations and transition legacy technology to cloud based platforms.

Last year I was delighted to welcome to our senior leadership team SympleLoans CEO and co-founder Bob Belan as EGM Money and from January 1 this year elevate Paul Varro to the important role as CFO. Both are strong leaders who are making a significant difference. We've also announced that Rebecca James, CEO of Humm Group, will be invited to join us when the proposed acquisition of Humm's consumer business completes. I also wanted to acknowledge that our previous CFO Adrienne Duarte left Latitude this year and I thank her for her valuable service over many years.

We have terrific employees at Latitude, who – during the second difficult year – continued to serve our customers and support one another while they worked largely from home. I'd like to thank every one of them for their efforts.

While Latitude is in a strong position to benefit as the economy continues to improve, so far in FY22 we have observed:

- Our first quarter growth in volume of 3% on 2021 with Personal lending up 26% while Instalments and Credit Cards are down 2%;
- Instalments remains impacted by Covid with higher levels of cash purchases plus softening consumer sentiment due to increasing cost of living, floods, war and housing. This has resulted in elevated repayment rates and the slow recovery of sales finance volumes which has reduced our group receivables by 2%;
- Yield curve steepening has seen some increase in borrowing costs. However, Latitude is well-placed to manage this timing difference with pricing initiatives in place for 2022;
- Asset quality remains strong with sustained low rates of net charge-offs; and
- Continued strong cost control discipline across the business.

We have the right strategy to become an even stronger company, where profitability and sustainable returns will benefit all shareholders. I am excited about our growth prospects, and confident we can achieve our goals.

I want to finish by thanking our Chairman and the whole Board for their support, direction and drive to help drive our business to even greater heights.

Thank you to our customers and business partners – our total focus is to serve your needs. We now look forward to your questions.

Authorised for release to the ASX by the Company Secretary, Paul Burke.

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