



LATITUDE

Latitude Group Holdings Limited
ACN 604 747 391

Level 4, 800 Collins St,
Docklands VIC 3008

latitudefinancial.com

21 February 2022

ASX ANNOUNCEMENT

Latitude delivers solid FY21 profit on strong volume momentum, with personal and auto loans volume rising 42% on the prior comparative period (PCP)

Latitude Group Holdings Limited (ASX: LFS) is pleased to announce its full year results to 31 December 2021.

FY21 Financial Highlights

- Statutory NPAT of \$160 million, up 255% on (PCP) and up 25% on FY20 Proforma NPAT
- Cash NPAT of \$232 million, up 4% on PCP
- 2H21 dividend of 7.85 cents per share fully franked, taking full year dividend to 15.7 cents per share, maintaining 60-70% payout range
- ROE 16.6% and TER of 8.7%
- Operating expenses of \$387 million, down 4% on PCP

FY21 Key Operating Metrics

- Volumes \$7.3 billion, up 4.3% on PCP, with PL and Auto loans up 41.6% on PCP
- Gross receivables of \$6.4 billion stabilising but down 2.6% on PCP due to ongoing elevated repayments
- Net charge-off yield declined to 2.33%, down from 3.27% in PCP as asset quality strengthens
- Risk adjusted income (RAI) yield of 10.6%, up from 10.2% in PCP

FY21 Operational Highlights

- Total volume rose 4.3% on PCP but grew even more strongly by 6.3% on PCP excluding the significantly COVID-impacted travel and international category
- Personal and auto loans volume up 46% in Australia and 27% in New Zealand on PCP
- RAI yield up 41bps on PCP, with a higher quality receivables book and increased consumer repayments delivering lower charge offs
- Cost reduction of 4% on PCP driven by simplification and digitisation program while maintaining growth-related investments and increasing marketing activity
- Completed acquisition of Symple Loans, with Australian loan originations moving to the Symple platform in early 2Q22. First loans written in Canada in September 2021
- Launched instalments in Singapore in November through the acquisition and rebranding of BNPL provider OctiFi. Grown to more than 300 merchants including Harvey Norman and 16,000 customers, with plans to expand into other Asian markets
- LatitudePay (BNPL) customer base in Australia and New Zealand grew 42% on PCP to 539,000 open accounts
- Launched six-month interest free shopping on Latitude GO Mastercard as part of the Future of Interest Free program
- Completion in September 2021 of \$150 million capital notes raising to optimise and diversify Latitude's funding and capital sources and support growth initiatives
- Settled the refinancing of \$1.038 billion Australian Personal Loans Warehouse Facility, established a new \$1.056 billion Australia Sales Finance and Credit Cards Warehouse and completed public

transactions across Australian Personal Loans of \$500 million and New Zealand Sales Finance of NZ\$250 million

- Tangible Equity Ratio of 8.7% demonstrating strong cash and capital generation

Managing Director and CEO Ahmed Fahour said: "This is a positive profit result, underlined by the strong performance of personal and auto loans and continued momentum in overall volume growth. Encouragingly, total weekly volumes lifted to or near 2019 levels during November after lockdowns ended and before the impact of the Omicron variant.

"Today's result demonstrates that Latitude is a highly profitable and disciplined business with a positive outlook, and we continue to add to our significant capability and scale. With the proposed acquisition of Humm's consumer finance business, as well as the addition of the Symple platform, Latitude is well positioned to further enhance its operating performance in 2022 and take advantage of future growth opportunities in our core segments, as well as internationally.

"The strength of our 2021 performance, which saw overall volume growth, segment share gains and lower costs, has allowed Latitude to declare a 2H21 dividend of 7.85 cents per share fully franked (\$81.5 million)."

Outlook

Based on the strong rebound in Latitude's volumes post previous lockdowns, including in NSW and Victoria in late 2021, and with the low unemployment rate, it is expected consumer spending will return to pre-pandemic levels as confidence lifts. The resumption of international tourism into Australia this week provides further optimism and a boost in activity.

While the Omicron variant outbreak impacted consumer confidence and retail foot traffic through December 2021 and January 2022, Latitude is well placed to benefit as the economy normalises, including in the important travel segment. Gross receivables are expected to grow as repayment rates moderate, while the switch to the Symple lending platform for personal loans in 2Q22 will support customer growth, including through a new variable rate product, and enable further operating synergies.

Latitude Managing Director and CEO Ahmed Fahour and CFO Paul Varro will host a briefing on the FY21 results at 9.30am today (AEDT):

Date: 21 February 2022

Time: 9.30am (AEDT)

Webcast: Participants can register for the webcast here: <https://webcast.openbriefing.com/8311/>

Conference call pre-registration link: <https://s1.c-conf.com/diamondpass/10018749-163ak9.html>

Authorised for release to the ASX by the Board.

For further information:

Media

Mark Gardy

+61 412 376 817

Investor Relations

Matt Wilson

+61 401 454 621