



LATITUDE

# Acquisition of Symple – Accelerating Growth in Consumer Lending

August 2021



# Important Notice and Disclaimers

---

## Important notice and disclaimer

The following important notice and disclaimer applies to this presentation (“**Presentation**”) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation.

This Presentation has been prepared by Latitude Group Holdings Limited (“**LFS**”). This Presentation has been prepared in connection with LFS’s proposed acquisition of Symple Financial Group Pty Ltd (“**Symple**”) (the “**Acquisition**”).

The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## Summary information

This Presentation contains summary information about the current activities of LFS and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation should be read in conjunction with LFS’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (“**ASX**”), which are available at [www.asx.com.au](http://www.asx.com.au). No member of LFS gives any warranties in relation to the statements and information in this Presentation.

## Symple information

Certain information in this Presentation has been sourced from Symple or its representatives or associates. While steps have been taken to confirm that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, completeness, reliability or adequacy.

## Financial information

The financial information in this Presentation is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards (“**AAS**”) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. You should consider the basis of preparation and assumptions underlying the financial information contained in this Presentation.

The financial information for Symple contained in this Presentation has been made available by Symple in connection with the Acquisition. LFS has not independently reviewed or verified such information of Symple and investors should note that neither LFS nor any other person makes any representation or warranty with respect to the accuracy, completeness or adequacy of such information. Accordingly, investors should not place undue reliance on any such information.

All dollar values are in Australian dollars (“**A\$**” or “**\$**”). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Past performance

Past performance and historical information in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance including future share price information.

## Forward looking statements

This Presentation contains certain “forward-looking statements”. The words “forecast”, “estimate”, “likely”, “anticipate”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “guidance”, “intend”, “should”, “could”, “may”, “target”, “plan”, “project”, “consider”, “foresee”, “aim”, “will”, “seek” and other similar expressions are intended to identify forward-looking statements.

Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of LFS and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management.

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.**

# Important Notice and Disclaimers (Cont'd)

---

## Forward looking statements (Cont'd)

Nothing in this Presentation is a promise or representation as to the future. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of LFS's business strategies and the integration of Symple following completion of the Acquisition, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this Presentation. The forward-looking statements are based only on information available to LFS as at the date of this Presentation. Except as required by applicable laws or regulations, none of LFS, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this Presentation, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

## Information and liability

To the maximum extent permitted by law, LFS and its respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, agents and advisers (together, the “**Beneficiaries**”) exclude and expressly disclaim:

- all duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, losses, damage or costs (whether foreseeable or not) incurred by you as a result of the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise;
- any obligations or undertaking to release any updates or revisions to the information in this Presentation to reflect any change in expectations or assumptions; and
- all liabilities in respect of, and make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns (or any event or results expressed or implied in any forward looking statement) contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about LFS or which a prospective investor or purchaser may require in evaluating a possible investment in LFS or acquisition of securities in LFS.

## Not an offer, advice or recommendation

This Presentation is for information purposes only and should not be read or understood as an offer, invitation, solicitation, inducement or recommendation to subscribe, buy or sell LFS shares or any other financial products in any jurisdiction.

Nothing contained in this Presentation constitutes financial product, investment, legal, tax or other advice or any recommendation. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, prospective investors should consider the appropriateness of the information in this Presentation having regard to their own investment objectives, financial situation and needs and with their own professional advice.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of LFS and the values and the impact that different future outcomes may have on LFS.

## Market and industry data and other information

Certain market and industry data and other information used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither LFS nor its representatives or its advisers have independently verified, or can assure investors as to the accuracy of, any market or industry data or other information provided by third parties or industry or general publications.

Photographs and diagrams used in this Presentation that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Presentation or its contents or that the assets shown in them are owned by LFS. Diagrams used in this Presentation are illustrative only and may not be drawn to scale.

## General

In this Presentation references to ‘LFS’, ‘we’, ‘us’ and ‘our’ are to Latitude Group Holdings Limited and (where applicable) its controlled subsidiaries.

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. LFS may in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation. Any further information will be provided subject to the terms and conditions contained in this Important Notice and Disclaimer.

# Accelerating Latitude's Growth in Consumer Lending

---

## Transaction Overview

- Latitude to acquire Symple for \$200m, comprised of a mix of \$100m cash and \$100m scrip consideration<sup>1</sup>
- A highly competitive, new-age lending platform which accelerates Latitude's growth strategy
- Acquisition expected to complete in 4<sup>th</sup> quarter of CY2021, subject to regulatory approval and execution by Symple of internal restructuring steps

## Strategic Rationale

- Latitude has significant opportunity to continue to disrupt the Personal Loans industry through improved digital experiences and new products such as variable rate
- Latitude's Personal Loans and Auto Loans businesses will be transferred to the Symple platform, accelerating Latitude's growth strategy by delivering faster application processing and decisioning, and enhanced customer experience at a lower unit cost
- Combined Symple and Latitude management team with extensive consumer finance experience, growth and transformation expertise and track record of launching and scaling digital businesses

## Overview of Symple

- Digital Personal Loans provider delivering simple digital experiences to customers and brokers, fast approvals and same day settlements
- State-of-the-art, scalable and cloud-based technology platform built "customer first"
- Prime portfolio – with a variable rate loan product which allows redraw (variable price / repayment)
- Fast growing fintech lending business in Australia – reaching a loan portfolio of \$53m at June 2021 after just 25 months of operation

(1) Transaction is subject to completion adjustments for cash and cash-like balances at completion and excludes integration costs, including earnout, of c.\$40m which are expected to be about 1x FY23E annualised synergies

# Accelerating Latitude's Growth in Consumer Lending (Cont'd)

## Financial Impact<sup>1</sup>

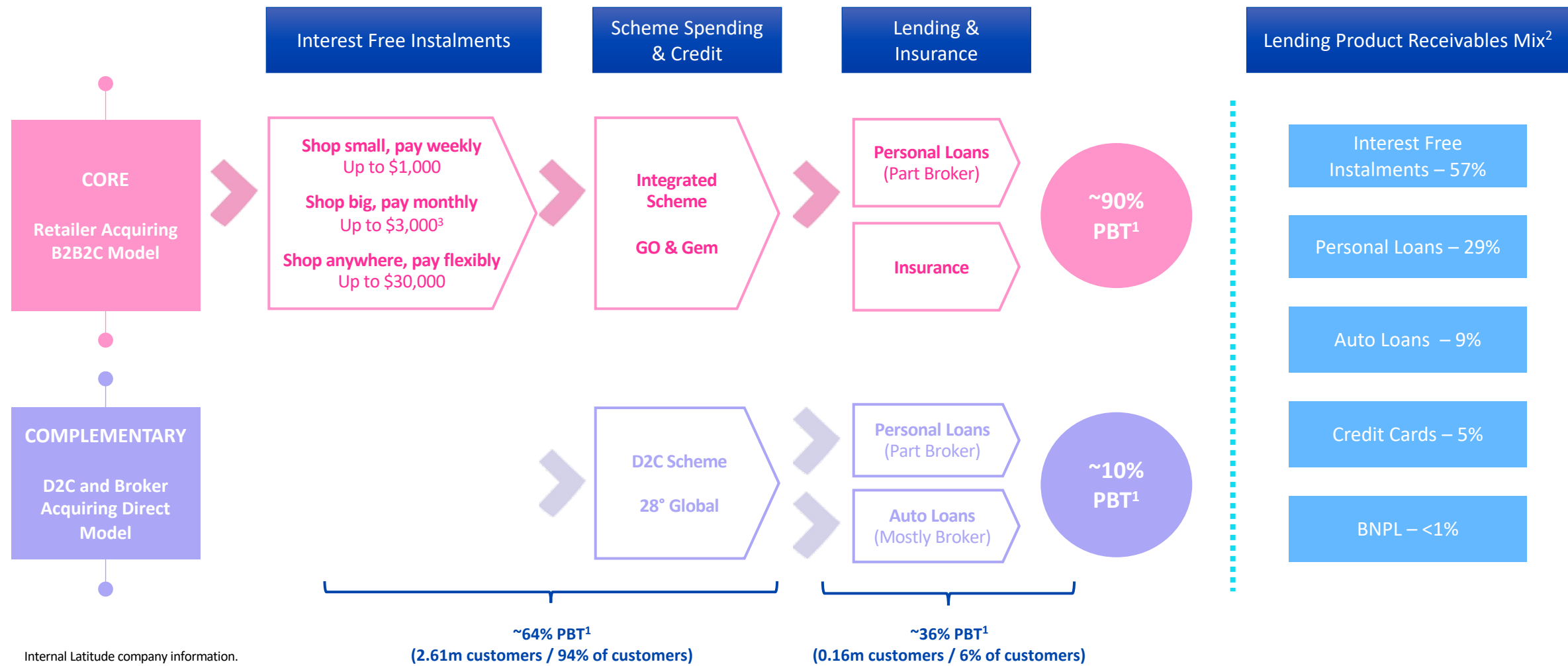
- Expected to deliver substantial synergies:
  - FY23E forecast in-year pre-tax synergies<sup>2</sup> of c.\$32m<sup>2</sup>, of which c.\$8m<sup>3</sup> profit arise from conversion improvements and new products and c.\$24m profit arise from operating costs
  - FY23E forecast pre-tax annualised synergies<sup>2</sup> of c.\$41m<sup>2</sup>, of which c.\$13m<sup>3</sup> profit arise from conversion improvements and new products and c.\$28m profit arise from operating costs
- Based on the average of equity analysts' FY23E Cash NPAT forecasts plus modelled synergies, expect FY23E in-year Cash NPAT<sup>2</sup> accretion of c.9% (12% on an annualised basis), and including shares issued FY23E in-year Cash EPS<sup>2</sup> accretion of c.5% (8% on an annualised basis)
- Based on Latitude's current share price<sup>4</sup>, the FY23E implied Price to Earnings is c.8.5x and the implied franked dividend yield is in the range of 7% to 8% based on Latitude's planned future dividend payout ratio range of 60% to 70% of Cash NPAT

## Funding Details

- Transaction is intended to be funded by:
  - \$100m of scrip being a fixed number of 38.46m shares at \$2.60 per share. Equity to Symple founders of \$61m will be escrowed for 2 years. No further ordinary share issue is required to fund this transaction
  - \$100m of cash funded through existing cash and corporate facilities (consistent with the IPO prospectus, Latitude will continue to consider how it may optimise its balance sheet over time)
- In FY22E and FY23E, we expect pro forma Total Tangible Equity/Net Receivables will remain in the target zone of 6-7% and accretive to our current Return on Equity of 18%

(1) This is based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. These assumptions include the completion of a successful roll out of vaccines by the end of 2021 and international travel reopening in 2022 as well as no further extended national or state-wide lockdowns. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed. (2) Pre-IFRS 9 provision. (3) Volume related revenue and funding cost synergies, offset by incremental interest associated with cash consideration, variable and integration costs and charge offs. Excludes potential investment that may be required to expand the Canadian business. (4) Share price of \$2.29/share as at 6 August 2021.

# Latitude's Lending Business Approximately 36% of PBT



Internal Latitude company information.

(1) FY20 profit before tax

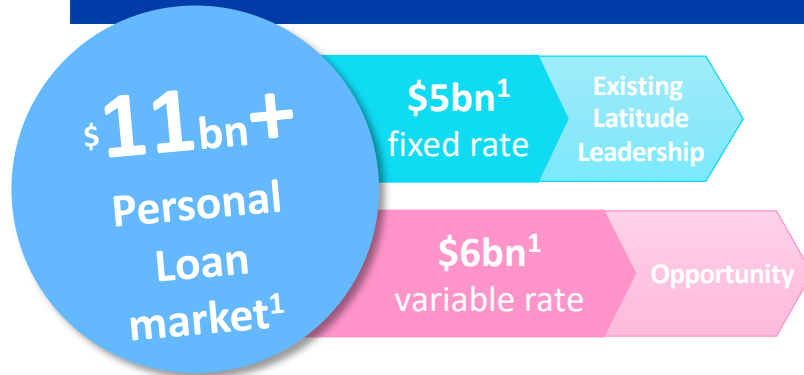
(2) Proportion of group gross loan receivables as at 31 December 2020

(3) Up to \$10,000 for new growth segments



# Latitude is Disrupting Traditional Consumer Lending

## Large addressable opportunity in consumer loans



- Consumers are considering alternatives away from traditional lenders
- Challengers with digital lending propositions are disrupting incumbents and growing share
- Significant opportunity for Latitude to disrupt and win share from traditional lenders

## Latitude is well positioned with unique capabilities

- ✓ B2B2C distribution model with a large and growing Instalments products customer base
- ✓ Proven lifecycle marketing and graduation capabilities
- ✓ Proprietary data and risk-based pricing, credit decisioning and portfolio management capabilities
- ✓ Significant funding capacity
- ✓ Capabilities underpin Latitude's strong position in personal loans – #2 share in Australia for personal loans by volume and #4 by receivables<sup>2</sup>, with c.12% market share in Australia and c.27% market share in NZ<sup>2</sup>

## Latitude's lending growth initiatives address these trends

1. Improving digital experience for customers across all channels – reducing "time to yes (TTY), time to cash (TTC)"
2. Improving digital experience and service to increase activation and penetration of our ~5,800 accredited brokers<sup>3</sup>
3. Enter the variable rate (line of credit and redraw) market
4. Improving digital lifecycle marketing capabilities to graduate the growing BNPL and Instalments customer base
5. Develop new partnerships to grow new customers

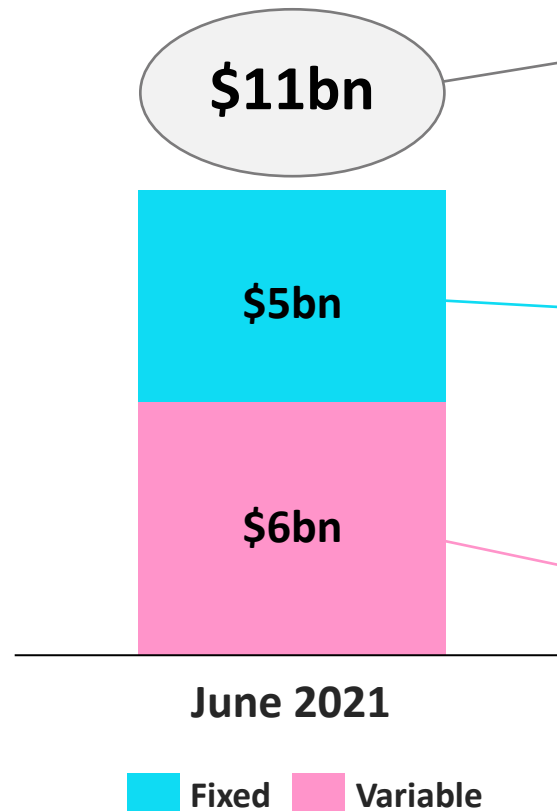
(1) A\$ receivables, internal Latitude data as at 30 June 2021

(2) Internal Latitude data as at 30 June 2021

(3) As at 31 December 2020

# Latitude has a Significant Share in the Fixed Rate Australian Personal Loans Market with Large Upside Potential Remaining in the Variable Rate Market

Personal Loans market in Australia, \$bn<sup>1</sup>



- Latitude is #4 in total market receivables with a 12% share of total market<sup>1</sup> (up from #6 and 8% in 2017) despite not having a variable rate personal loan product

- #2 total market volume<sup>2</sup> (up from #6 in 2017)

- Latitude has a 26% share of the Australian personal loans fixed rate market<sup>1</sup> (up from 24% in 2017)
- #2 fixed rate market volume<sup>2</sup> (up from #3 in 2017)
- 80%+ 2020<sup>3</sup> Australian personal loan volume from Latitude's B2B2C model

- Latitude does not compete in this market currently
- **Within the next 5 years, Latitude's ambition is to have the same market share in variable rate personal loans as it currently has in fixed rate personal loans**

(1) A\$ receivables, internal Latitude data as at 30 June 2021.

(2) Internal Latitude data as at 30 June 2021.

(3) As at 31 December 2020.



# Symple Adds Significant Technology, Management and Product Capability to Latitude’s Lending Business

## Leading Capabilities



Globally experienced **leadership team** with deep banking, credit, tech and operational expertise



State-of-the-art, scalable and cloud-based **technology platform** built “customer first”



Market leading interest rates and CX attracting **prime borrowers** at strong unit economics



**Multi-tiered, granular risk-based pricing** system **bespoke** to each customer – response in **60 seconds**

## Leading Products



**Clear and transparent products and pricing**  
Unsecured, variable rate loans up to \$70,000 with **no prepayment penalties or fees**



**Proprietary digital application process** engineered for speed, ease and convenience – apply in **7 minutes**



7 year loan term for monthly **repayment flexibility** and **approval rate optimisation**



State-of-the-art digital platform for **rapid processing** and “time to cash” – **funding in 24 hours**

# Symple Acquisition Accelerates Latitude's Growth at Attractive Returns

1



## Rapid Capability Deployment

Fast tracks speed to market with an immediate competitive response that is significantly faster and cheaper than an internal build

Accelerates growth and opportunities by combining Latitude's customer base and partner network with Symple's superior product capability, customer experience (TTY, TTC) and scalable technology platform

2

## Accelerated Growth – c.\$13m Synergies<sup>1</sup>



Drives additional volume and receivables growth – improving Latitude's leading consumer lending position with enhanced volume and conversion

Expands product offering – variable rate, pipeline of additional new product releases and NZ auto loan will provide further differentiation

Enhances B2B2C partnership opportunities and adds international growth

3



## Cost Efficiency – c.\$28m Synergies<sup>2</sup>

Unit economics materially improved through digitisation, simplification and automation

Enables decommissioning of legacy lending platforms and a simplified operating environment with reduced risk

A globally scalable platform, with superior customer and partner experiences – at lower cost

4

## Financially Attractive, Structured for Long Term



Significant EPS, DPS and ROE accretion on an annualised basis as synergies are realised<sup>3</sup>

Revenue growth accelerated through low-cost funding and operational efficiency and expanded Total Addressable Market (TAM)

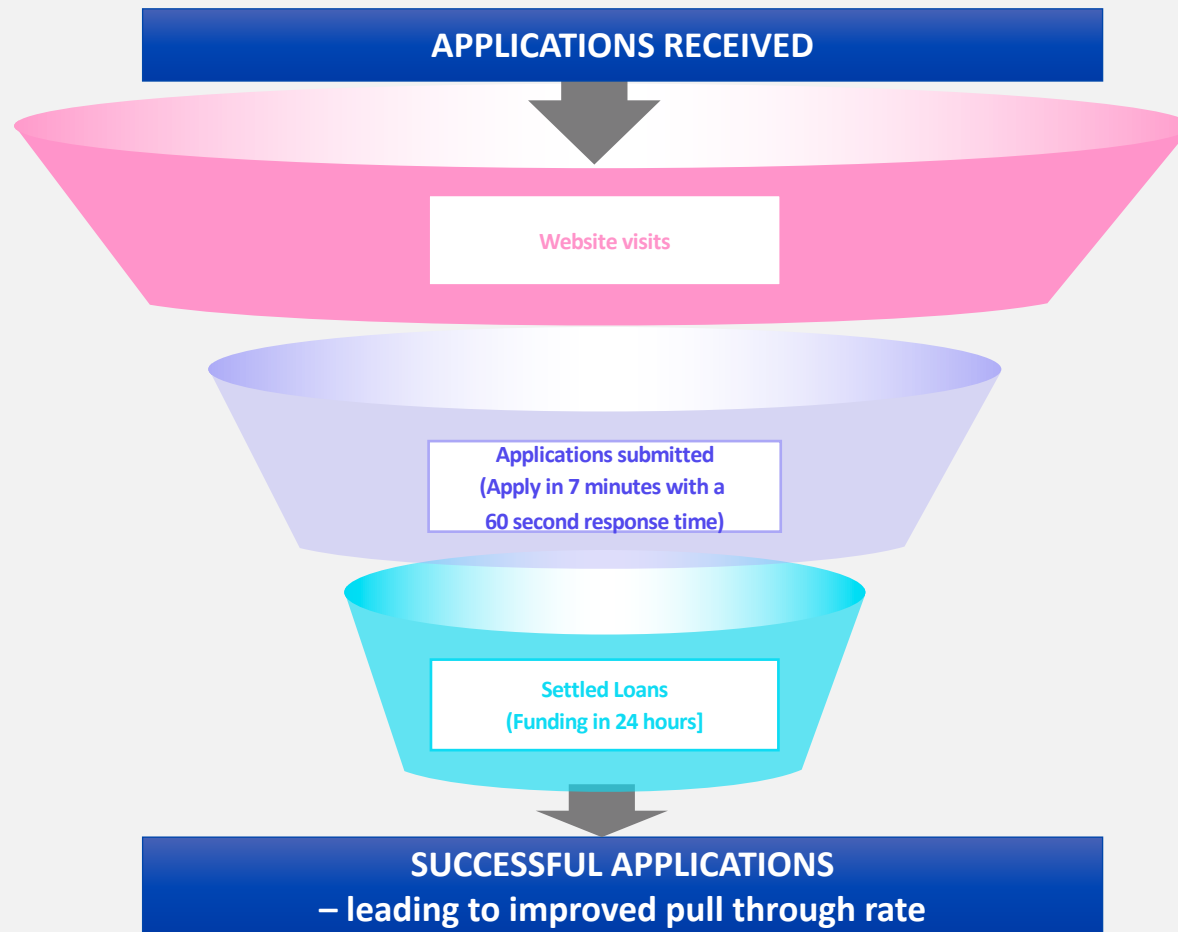
Scrip portion of consideration designed to align long term interests and retain key management talent

No further ordinary share issue required

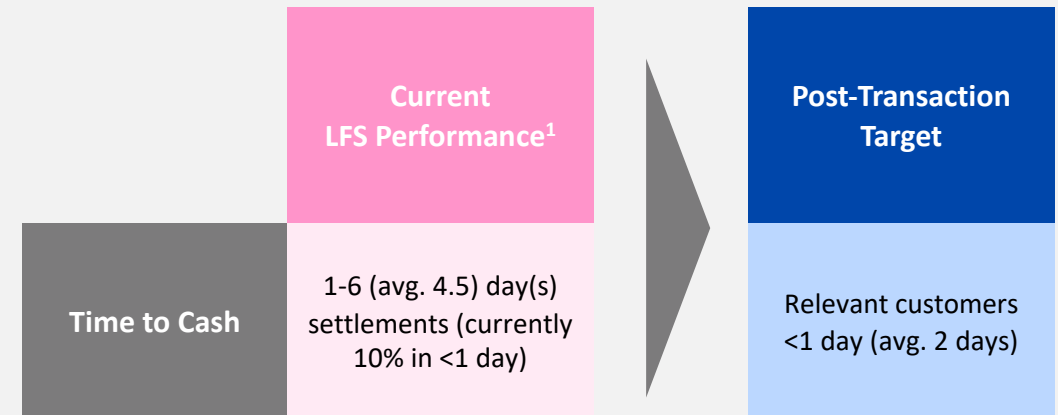
(1) Pre-tax and pre-IFRS 9 provision annualised volume related revenue and funding cost synergies, offset by incremental variable and incremental interest associated with cash consideration, integration costs and charge offs. Excludes potential investment that may be required to expand the Canadian business. This is based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed. (2) Annualised operating cost synergies. Excludes potential investment that may be required to expand the Canadian business. This is based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed. (3) The actual outcome may differ because events and actual circumstances may not occur as projected or assumed

# Enhanced Experience Will Drive More Customers and Receivables At a Significantly Lower Cost

Improvements in the origination process will improve conversion across all channels



Single biggest driver of lending performance is time to cash



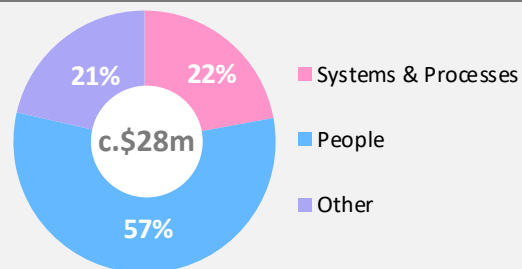
Many customers value instant satisfaction

(1) Internal Latitude data

# 2 + 3 Significant Operating Synergy Opportunity

## Cost Efficiency Opportunities

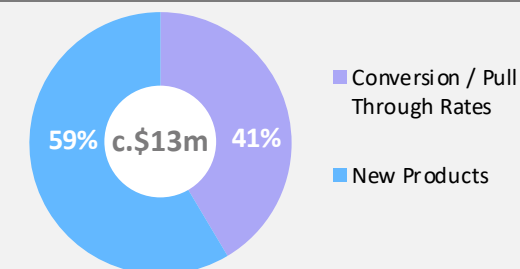
### FY23 Composition



Systems & Processes	<b>Technology:</b> Discrete PL / Auto systems decommissioned incl. ICBS, Genesis and technology license savings
People	<b>Operations and Sales:</b> efficiency through digitisation of manual / voice processes, automation of document generation. Improved collections (single platform gives uplift in FTE productivity)  <b>Enablement:</b> Removal of duplication across Product, Marketing, Finance, Risk, Tech, Corporate Services
Other	<b>Marketing Efficiencies:</b> 20% improvement in cost per application, driving uplift in funnel performance  <b>Other:</b> Bureau costs absorbed, stop enhancement and development of existing PL/AL systems

## Growth Opportunities

### FY23 Composition



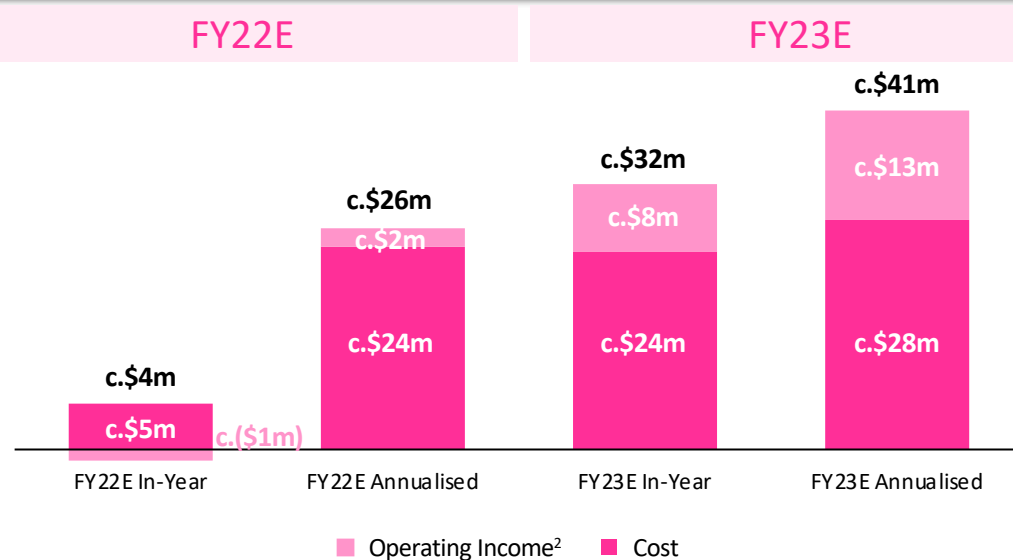
Conversion / Pull Through Rates	<b>Australia &amp; New Zealand PL:</b> 0.8% - 1.5% funnel pull through rate conversion uplift (Quote to Apps). Across all all Latitude channels  <b>Australia Auto:</b> 0.8 - 1.5% pull through rate uplift (Units/Apps)
New Products	<b>Variable Loan Product:</b> Launch variable rate product in Australia in April 2022 growing to c.4% market share by FY23  <b>Australia &amp; New Zealand Redraw:</b> By October 2022, redraw capability for existing customers

Note: The figures in this slide are based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed.

# Material Value Creation for Shareholders with Annualised Synergies Set to Deliver Cash NPAT Growth c.12% Higher than Consensus in FY23E

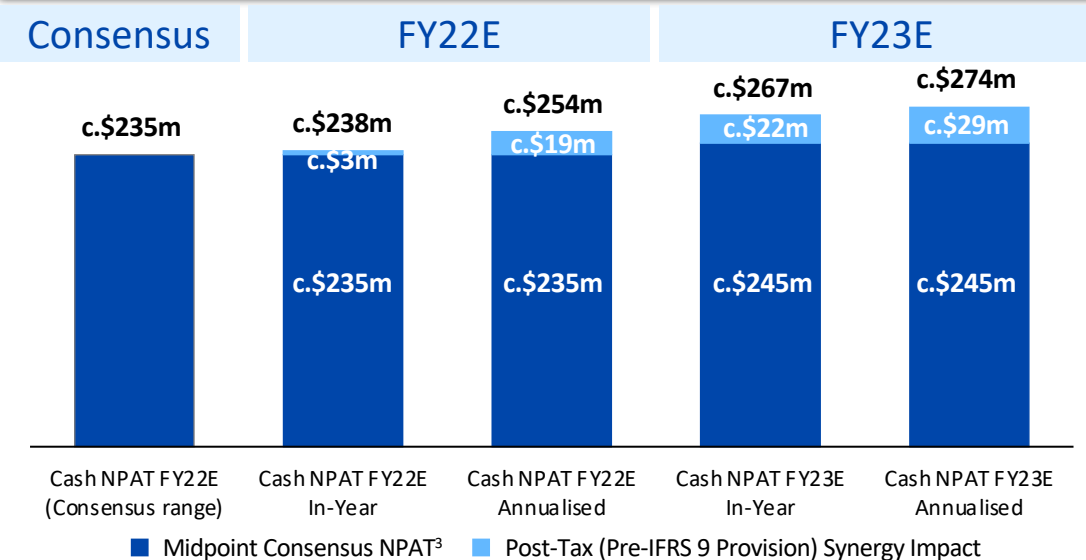
Strong capability combined with attractive growth and investment metrics

## Expected PBT Synergies<sup>1</sup>



- Cost synergies realised through migration of portfolio
- Operating Income synergies realised from increased volumes
- Strong, improved cost efficiency as synergies are realised, supporting Latitude's long-term ambitions for a cost-to-income ratio of c.35% after FY23
- Integration cost including earnout of c.\$40m (around 1.0x annualised synergies) expected with c.50% capitalisation rate

## Consensus Forecast Cash NPAT (Including Post-Tax Synergies)<sup>1</sup>



- Strong earnings growth as synergies are realised
- Yield and asset quality expected to remain in line with existing LFS estimates
- Based on Latitude's current share price<sup>4</sup>, the FY23E implied Price to Earnings is c.8.5x, and the implied franked dividend yield is in the range of 7.0% to 8.0% based on Latitude's planned future dividend payout ratio range of 60% to 70% of Cash NPAT

(1) This is based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. These assumptions include the completion of a successful roll out of vaccines by the end of 2021 and international travel reopening in 2022 as well as no further extended national or state-wide lockdowns. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed. Pre-IFRS9 provision. (2) Operating Income synergies include volume related revenue and funding synergies, offset by incremental interest associated with cash consideration, variable and integration costs. Excludes potential investment that may be required to expand the Canadian business. This is based on Latitude management estimates and assessment, having regard to the information disclosed in respect of Symple and a range of assumptions and contingencies. The actual outcome may differ because events and actual circumstances may not occur as projected or assumed. (3) Midpoint of broker consensus comprising Macquarie (May 2021) & BofA Securities (June 2021). (4) Share price of \$2.29/share as at 6 August 2021.

# Exciting Additional Receivables Growth Opportunities

Incremental growth levers for Latitude

## Variable Rate Product and New Product Constructs

- \$6bn<sup>1</sup> TAM in Australia
- Launch new products (redraw/LoC, enhanced risk-based pricing offers) in Australia & New Zealand
- New products to support industry verticals

Included in synergy numbers (less than 2 years)

## New Zealand Auto Loans

- \$840m TAM<sup>2</sup>
- Launch post decommission of legacy Auto Loan platform

Excluded from synergy numbers (greater than 2 years)

## Canada

- Significant \$600bn<sup>3</sup> TAM opportunity in Canada
- Established team and platform
- Further opportunity to leverage Latitude's Instalments capabilities

## Expanded Market Growth Opportunities

- Complement international Instalments and Lending strategies
- Enhance B2B2C partner opportunities

(1) A\$ receivables, internal Latitude data as at 30 June 2021  
 (2) NZ\$ 2024 volume, internal Latitude analysis  
 (3) C\$ receivables, internal Symple analysis



## 4 Financing Overview, Timetable and Other Key Matters

Financing Structure	<ul style="list-style-type: none"> <li>Transaction intended to be structured through a combination of scrip and cash consideration<sup>1</sup>:             <ul style="list-style-type: none"> <li>\$100m of scrip being a fixed number of 38.46m shares at \$2.60. No further ordinary share issue is required to fund this transaction</li> <li>\$100m of cash funded through existing cash and corporate facilities (consistent with the IPO prospectus, Latitude will continue to consider how it may optimise its balance sheet over time)</li> </ul> </li> </ul>
Employees and Retention Arrangements	<ul style="list-style-type: none"> <li>Symple's team will join the Latitude platform, equivalent to 20 FTE</li> <li>Symple's founders will take senior management positions within the Latitude Group, tasked with successfully integrating and growing Latitude's lending business</li> <li>As part of the transaction, an earnout payable in shares and linked to realisation of key operational and annualised synergy milestones and stretching targets will be payable over a 2-year period to the Symple team directly responsible for the integration and delivery of the new platform</li> </ul>
Liability Regime	<ul style="list-style-type: none"> <li>The transaction has been structured as a private treaty acquisition conditional on implementation of an appropriate warranty and indemnity insurance policy</li> <li>The scrip consideration will be subject to an escrow regime, with founders of Symple subject to a 24-month escrow</li> </ul>
Timing and Other Considerations	<ul style="list-style-type: none"> <li>Transaction expected to complete in Q421</li> <li>The transaction is subject to regulatory approval and execution by Symple of internal restructuring steps</li> </ul>

(1) Transaction is subject to completion adjustments for cash and cash-like balances at completion and excludes integration costs, including earnout, of c.\$40m which are expected to be about 1x FY23E annualised synergies

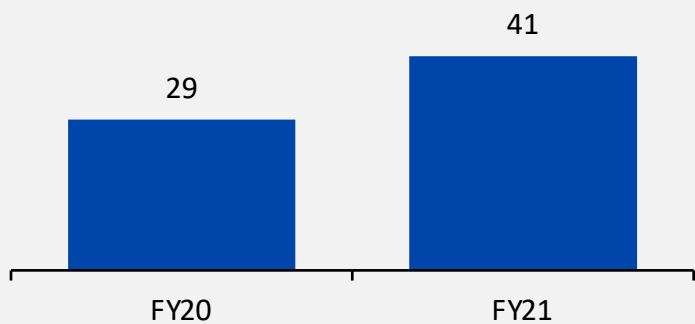
# Overview of Symple



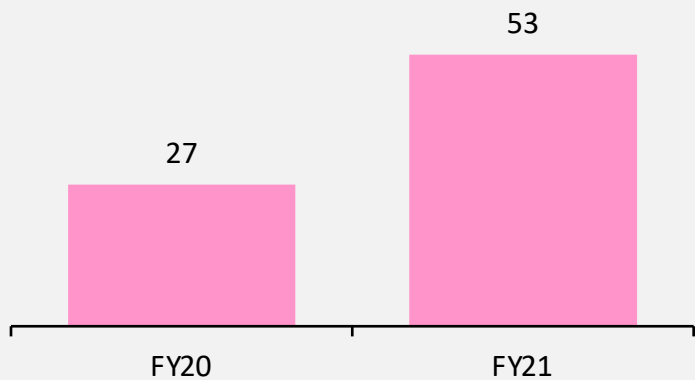
# Symple Overview: Prime Focussed Digital Lending Platform

## Symple Key Metrics

New Loan Originations (A\$m)<sup>1</sup>



Year End Receivables (A\$m)



## Product and Growth Strategy

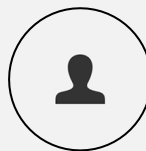
Fast digital-only personal loan provider with fast approvals and same day settlements



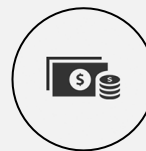
Quotes in 2 Minutes



7 Minute Applications



Response in 60 Seconds



Transfer in 1 Business Day



## Key Financials

\$5.4m

FY21 Revenue

\$19.4m<sup>2</sup>

FY21 Assets (ex. Receivables)

## Key Management



**Bob Belan – Co-Founder & CEO**

- Previous Managing Director at ANZ
- 20 years of management experience including Amex and JPMorgan Chase



**Paul Byrne – Co-Founder & COO**

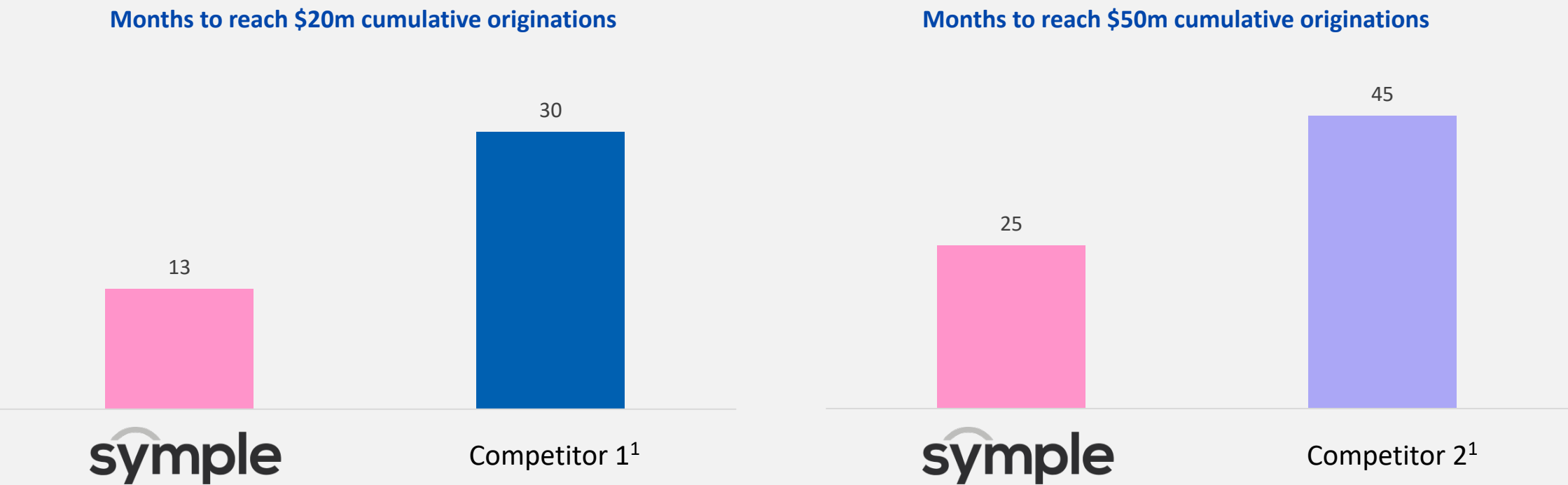
- Previous Head of Personal Lending (Australia) for ANZ's Consumer Finance Group
- 20 years of global banking experience

Note: Symple metrics shown as provided (June year-end). Figures provided by Symple

(1) New loan originations (non-cumulative)

(2) Excludes Canada net assets of \$10.7m

# Symple Growth is Outpacing Fintech Peers



Sources: Competitor 1 and Competitor 2 public disclosures