23 February 2024

Latitude
FY23 Results

LATITUDE

Latitude Group Holdings Limited
ACN 604 747 391

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Important notice and disclaimer

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FY23 Summary

Bob Belan
Managing Director & CEO

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Momentum Restored & Building Into FY24

FY23 Key Metrics

Volume: $7.6bn lent to customers ↓4% YoY, 2H23 ↑11% HoH

Receivables: Ending at $6.2bn, ↑$16m HoH / ↓$229m YoY

NII: NIM of 9.8%, flat HoH as pricing actions resumed / 2H23 ↓42bps YoY

Op Income: $658m, ↓8% YoY, rebounding in 2H23 ↓3% HoH

Net Charge-Offs: Increased $68m YoY as Cyber impacted collections and normalisation of the macro environment with higher cash rates & inflation

OpEx: discipline maintained, profile reshaped creating investment in growth

Cash NPAT: $18.4m, in line with guidance range

Stat Loss[1]: $(138)m due to Cyber provisions, goodwill write off & integration

Operational Highlights

New *Path to Full Potential* corporate strategy launched: focussed on high ROE core products, partners and segments

Margins: 50+ pricing changes since FY22, HoH revenue % ↑48bps & NIM flat

Cost Re-Engineering: operating model redesign delivering 16% FTE reduction and $10m employee expense savings in 2H23 v 1H23

Simplification: exited Insurance, Buy Now Pay Later and Canada.

Challenges

Cyber: Collection activities impacted driving temporary spike in delinquencies and losses, pricing actions delayed by system disruptions

Retail Sales: softening in discretionary categories

Elevated CoF: additional AU rate increase in 2H23, debt market volatility

Dividend: paused for FY23

FY24 Momentum

Clear rebound in key operating metrics

- Sales Finance new accounts ↑6% vs. Q4'23
- Card scheme spend volume per account ↑10% YoY
- 90dpd at 92bps, ↓35 bps from Cyber peak, ↑23bps YoY (normalising)

Margin Management: Revenue yield ↑ from FY22-23 actions, NIM flat

Cash rates peaking: Unlikely to materially ↑, potential to ↓ in next 12 mths.

Repayments: Slowing. 2H23 ↓264bps YoY as household savings ↓

New White Label Partnerships: David Jones on track supporting new originations and receivables growth

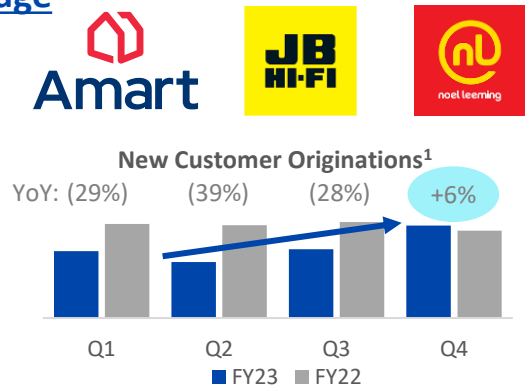
[1] Statutory Loss from continuing operations

Pay Division– Unlocking Customer & Partner Potential

Extending Our Distribution Advantage

- Strong merchant engagement and all retailer partnerships retained
- Key agreements extended
- New partners added – e.g. Warehouse Group, Fantastic Furniture & BSR Group
- Demand for Sales Finance products accelerating, AU↑ 6% YoY in Q4

AU NZ NZ

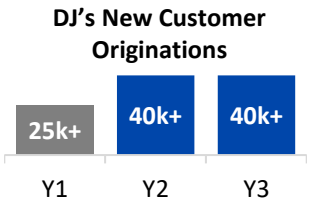


Capitalising On Private Label Capabilities

- Signed a 10-year agreement as David Jones' exclusive credit card provider

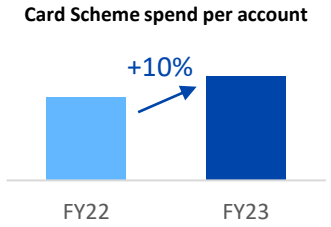
> ***"David Jones signs decade-long Latitude deal"***
> channelnews, Jan 2023

- Introduction of new originations capabilities
- White label functionality to further scale/extend



Enhancing Customer Engagement & Experience

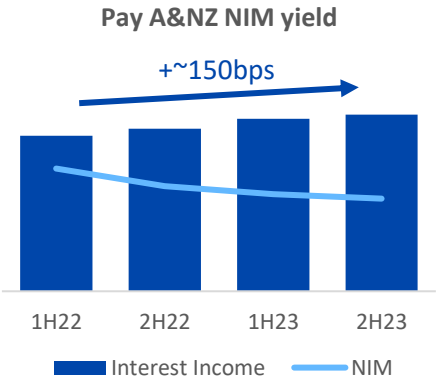
- MarTech driving new personalised, multi-channel communications



- Optimising the application process to remove friction and increase pull through rates
- Credit strategy optimisation

Margin Management Discipline

- Interest Income yield +150bps since 1H22 from pricing initiatives
- Pricing initiatives includes APR's (Scheme, Cash & Expired IF) and Fees (monthly AKF, annual fees and late fees)
- Various new initiatives in motion to further elevate revenue yield



Money Division – Powered By The New Symple Platform

Transforming Our Capabilities

- Symple platform installation and back book migration complete
- $2.6bn in receivables converted and legacy systems fully decommissioned
- Enhanced customer/broker experience + new capabilities to drive volume & yield growth

Future benefits ...

- Increase addressable market with new variable rate product
- New features - redraw, new broker portal, 3rd party API integrations
- Enhanced security features
- White Label expansion

Accelerating Asset Growth

- Restoring and accelerating growth
  - ➢ Volume ↑$176m (↑28%) vs 1H23
  - ➢ Receivables up $58m from cyber low
- YoY Op Income growth despite cyber and CoF impact

Future benefits ...

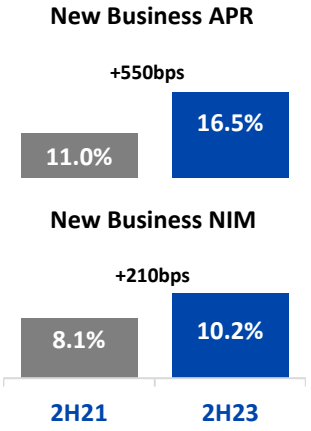
- Momentum into 2024 Interest bearing receivables
- Capitilising on segment share from retreating Tier 2 Fintech lenders
- Marketing & x-sell optimisation

Optimising New Business Yields

- Effectively delivering margin expansion
- New Business APR's up ~550bps since 2H21, more than fully offsetting higher funding costs resulting in elevated NIM

Future benefits ...

- Margin expansion and volume growth supporting stronger revenue yield driving profit growth.

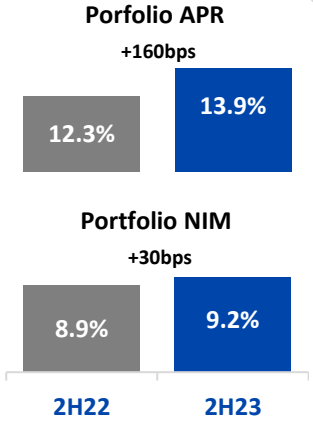


Revenue Growth Tailwinds

- Growing Variable Rate loan back-book re-pricing supporting higher returns
- New treasury strategies supporting further revenue margin growth.

Future benefits ...

- Variable rate provides further repricing flexibility
- Continued run off of lower priced vintages (FY20-1H22)



The March cyber incident created significant disruption and required a focused approach to safely restore business operations

4-prong strategic approach:	1 RESTORE (Complete)	2 REBOUND (Complete)	3 REMEDIATE (Ongoing)	4 REBUILD (In Progress)
Description	**Restore systems to enable day-to-day business activities**	**Regain and surpass previous business momentum**	**Customer & regulatory focused remediation program**	**Begin executing new strategic plan to reach "full potential"**
Timeline	March – April 2023	April – May 2023	March 2023 – onward	June 2023 – onward
Key outcomes	• Returned key tech to normal operations • Resumed origination & collection activity • Implemented security enhancements	• Digital marketing reactivation • Sales channel re-engagement • Re-initiation of planned pricing changes.	• Launch of customer contact & support programs • Initiated insurance claims process • Regulatory engagement	• Restore customer & stakeholder trust • Build enhanced cyber and data security agenda • Launch new "Path to Full Potential" strategy & initiatives

- ☑ **No retail partner lost + new partners signed**
- ☑ **Originations trending back to pre-cyber levels**
- ☑ **Stable active accounts / limited attrition impact**
- ☑ **Elevated focus on collections driving results**

Regulatory & Legal
- Proactive and regular engagement with government agencies and regulators
- OAIC/OPC NZ investigations continuing
- Customer remediation continues

Insurance
- Regular engagement with insurers
- ~$5m in recoveries received to date
- Claims assessment process continue to progress

Technology
- Platform assurance reviews completed
- Third-party security controls strengthened
- Threat detection and MFA coverage increased
- Multi-year strategy and execution plan developed and progressing

A renewed strategic focus on fundamentals to accelerate growth and elevate profitability

Path to Full Potential Strategy – Phase I
(Simplify – Optimise – Maximise)

1 Brilliant Basics		2 Portfolio Rationalisation	3 Optimised Balance Sheet
Operating Leverage	*Revenue Management*		
Cost Re-Engineering	Margin Recovery	Exit Non-Core Geographies	Optimise Credit Strategies
CX & Operational Simplification	Optimise & Extend Distribution	Exit Non-Core Products	Exploit Funding Advantage
		Portfolio Acquisitions	Maintain Balance Sheet Strength

Progress to Date

Brilliant Basics

- ✓ Re-engineered cost base and operating model
- ✓ Continued pricing adjustments to elevate RAI
- ✓ Upgraded customer application experience
- ✓ Marketing re-platforming and capability uplift

Portfolio Rationalisation

- ✓ Insurance sale completed
- ✓ BNPL AU & NZ closure
- ✓ Sale of Symple Canada portfolio

Optimised Balance Sheet

- ✓ Executed 6 financing transactions worth $3.2bn
- ✓ Maintain w/house headroom & 12mth liquidity runway
- ✓ Enhanced Credit strategies & processes

OUTLOOK...

Latitude has emerged from 2023 as a more focused business, positioned to capitalise on macroeconomic conditions that are conducive to Latitude's core strengths.

Interest rate increases appear to have peaked, with potential cuts to the cash rate forecast in the next 12 months, while continued low unemployment supports a positive turnaround in credit demand, helping to offset softer retail conditions.

Latitude expects repayment rates to continue to reduce in line with household savings, ensuring the positive volume momentum in 2H23 is reflected in future receivables. These lower repayment rates are expected to result in the normalisation of loss outcomes in line with long term averages.

With net interest margins stabilising at 9.8%, further pricing initiatives to be deployed in FY24 are expected to expand margins despite our funding costs increasing year on year. Productivity measures under Latitude's *Path to Full Potential* strategy and the deployment of capital to the highest growth areas will support Latitude's continued cost management.

FY23 Financial Update

Paul Varro
Chief Financial Officer

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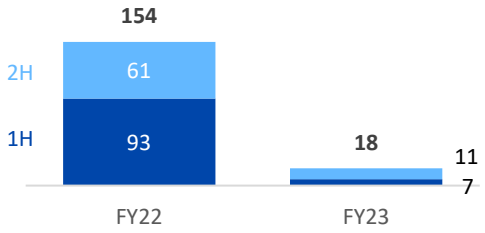
FY23 financial snapshot

Cash NPAT in line with guidance

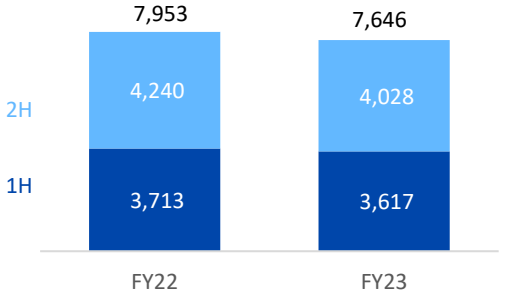
Cash NPAT ($m)



FY23 Guidance: 15-25m

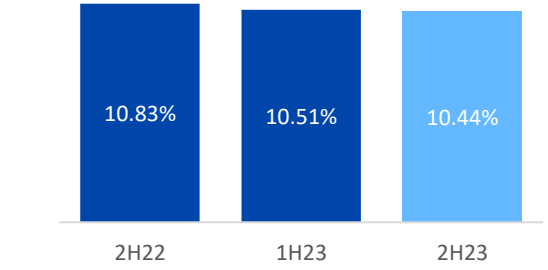
Volume recovering post Cyber, Receivables stabilised

Volume ($m)



Op Income % steady, Cyber impacted NCO & RAI

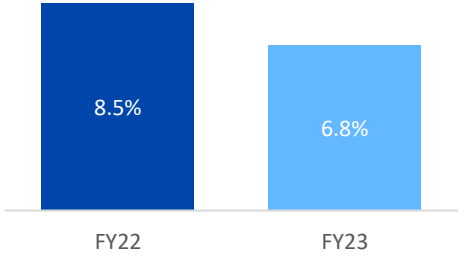
TOI/AGR (%)



	2H22	1H23	2H23
RAI%	8.5%	7.2%	6.9%

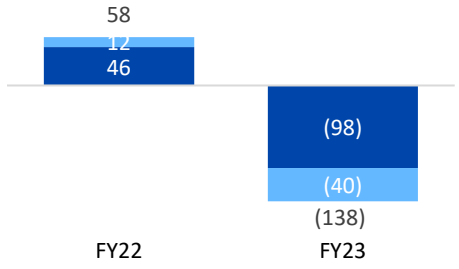
TER in 6-7% target range, FY23 Dividend paused

TER (%)

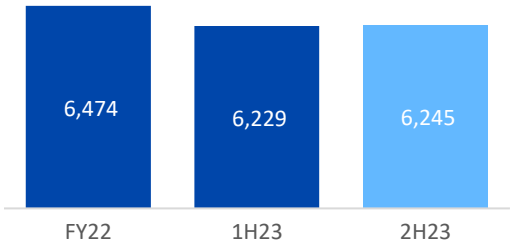


Target Range: 6-7%

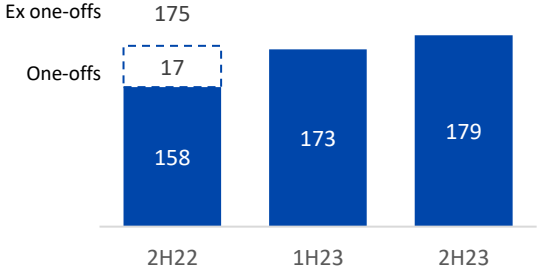
Statutory NPAT cont. ($m)



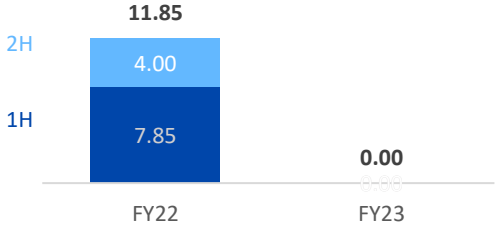
Gross Loan Receivables ($m)



Cash Opex ($m)

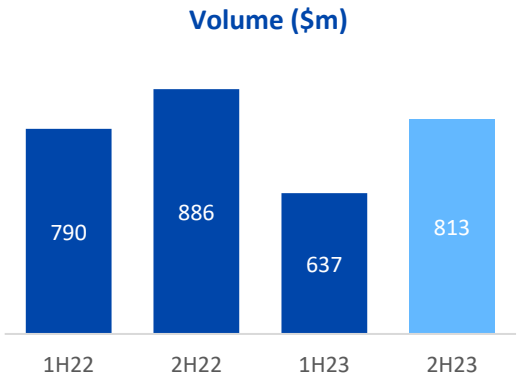


DPS (cents)



Volume building momentum post Cyber, repayments slowing to stabilise receivables

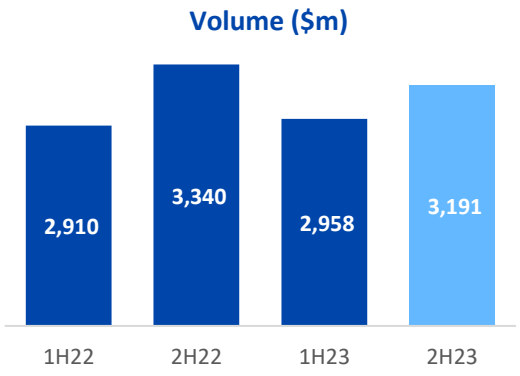
Money 2H23 volume up 28% HoH



2H23 Volume ↓8% YoY, up 28% HoH

- ✓ PL AU ↑1% YoY in 2H23, pricing of ↑150bps new biz & ↑350bps back-book
- PLNZ/Auto ↑31% HoH and ↓21% YoY, further pricing optimization planned

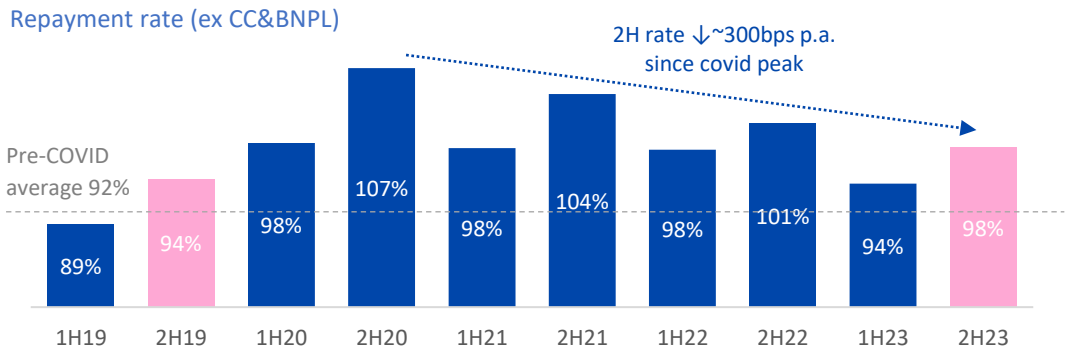
Pay 2H23 volume up 8% HoH



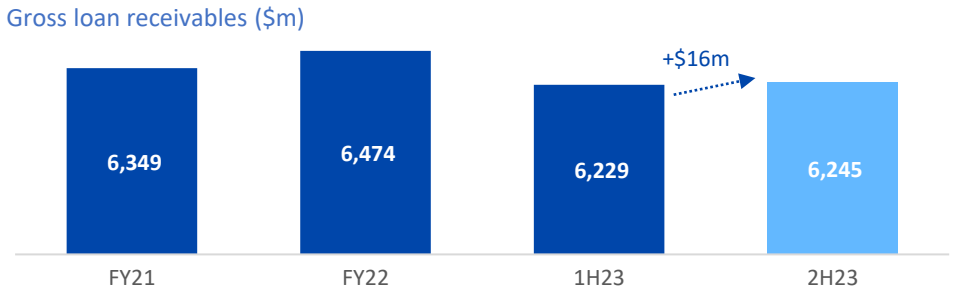
2H23 Volume ↓4% YoY, ↑8%HoH

- ✓ Scheme vol per account ↑10% YoY and 28D ↑17% YoY
- Interest free volume ↓7% YoY in Q423, ↓16% YoY for FY23
- ✓ Sales Finance Australia new accounts ↑ 6% YoY for Q423

Repayments reducing with ↓ household savings



Volume building & decreasing repayments…Receivables flat



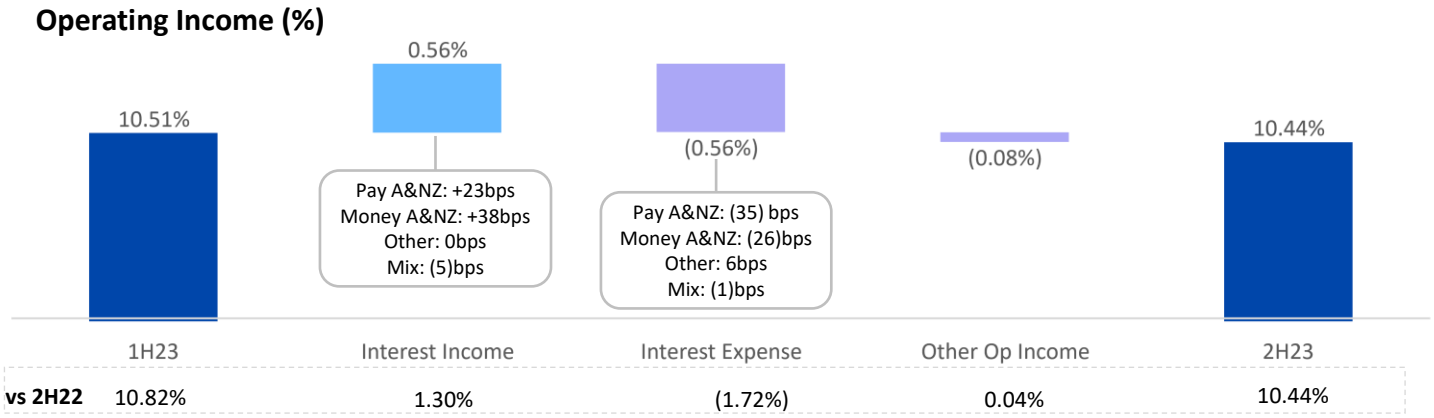
Average Receivables ($m)

6,264 2H22	6,399 1H23	6,158 2H23	↓$105m/ 2% YoY

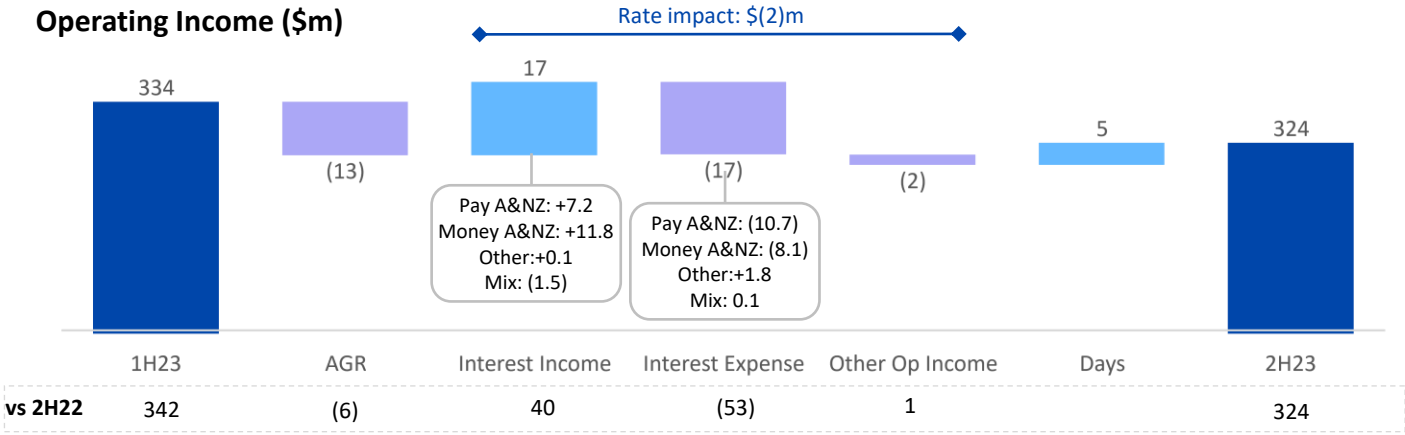
↓ $241m/4% HoH

Pricing actions resumed post Cyber, further planned in 2024

Operating Income yield down 7bps HoH, down 39bps YoY



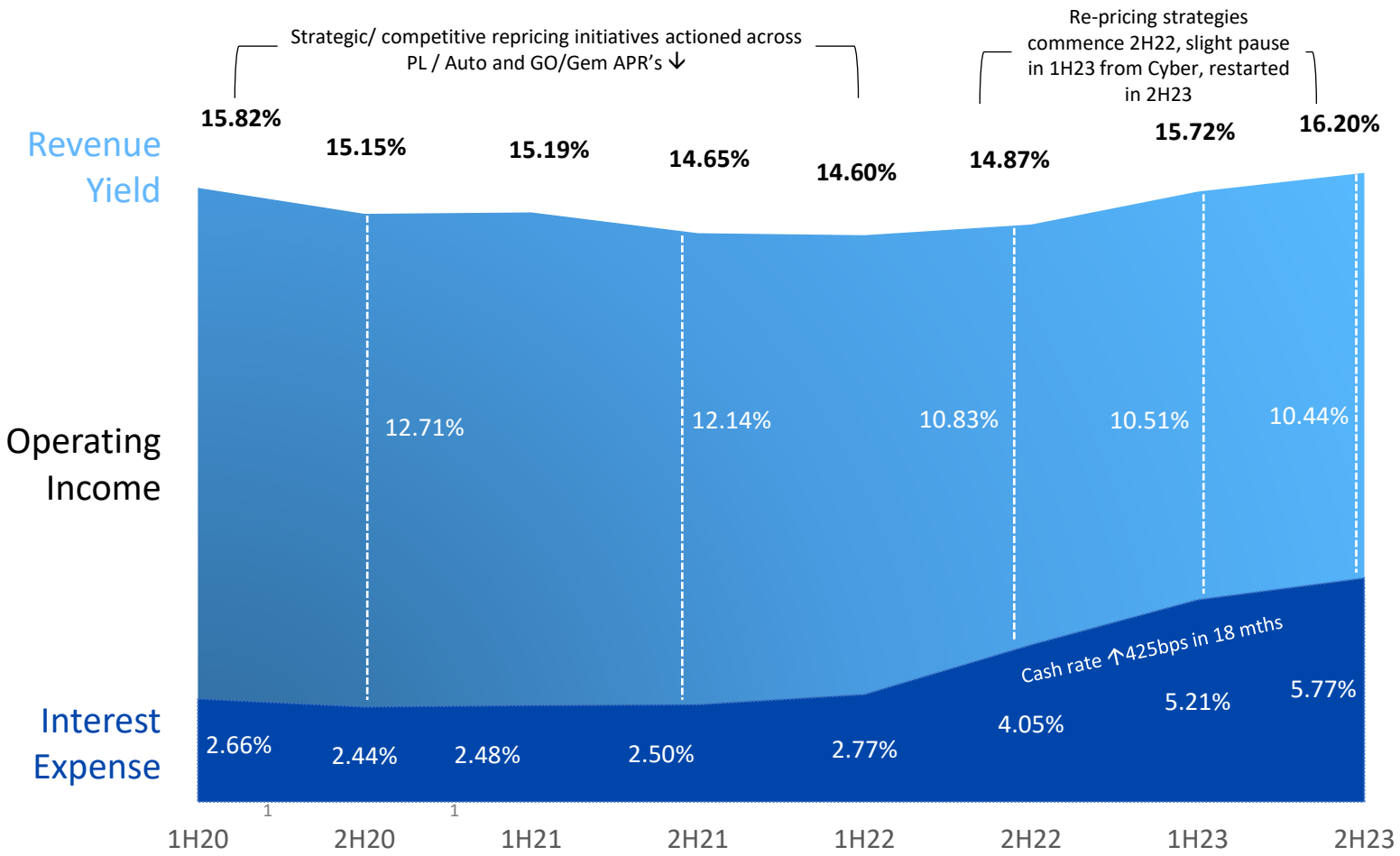
Operating Income down $(10)m HoH, $(18)m YoY



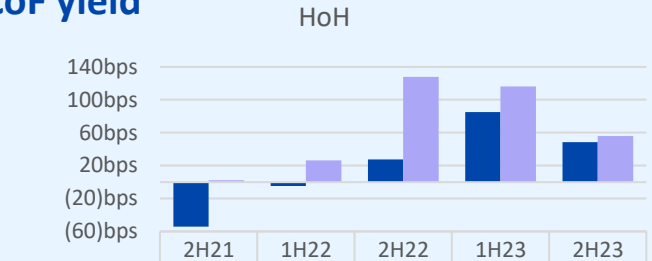
2H23 HoH Key drivers:

- Pricing actions implemented in 2H23 post Cyber pause, offset by cash rate ↑ late FY23
- Rate: ↓7bps of operating income HoH:
  - Pricing actions mitigating CoF at NIM
  - Other income ↓paper stmt fees and FX
- Further benefits from 2H23 pricing actions to be realised in FY24, plus additional pricing initiatives planned offsetting an increase in cost of funds.
- AGR ↓ 4% driving $13m Operating income decrease

Operating income margin evolution: pricing lag now closing



Pricing gaining traction – income yield vs CoF yield



	2H21	1H22	2H22	1H23	2H23
Revenue %	(54)bps	(5)bps	27bps	85bps	48bps
CoF %	2bps	26bps	128bps	116bps	56bps

Note: Data shown on a rolling 6 month average

Operating Income profile

Funding costs expected to increase 60-80bps from FY23 to FY24[2] due to:

- Full year impact of higher cash rate
- Higher swap rates on new vintages
- Refinancing of existing facilities

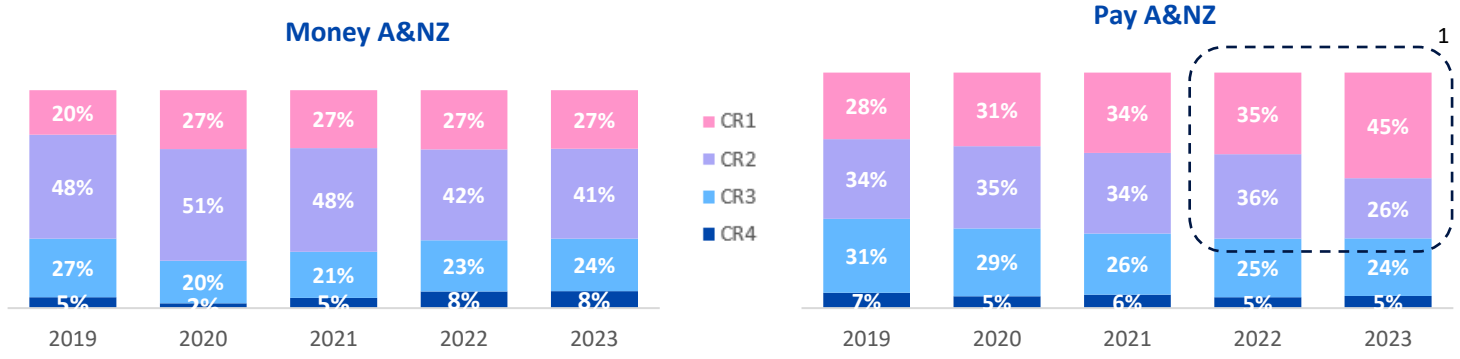
… with pricing initiatives to offset higher funding costs:

- Full year benefit of initiatives implemented across FY23, and additional FY24 initiatives
- Higher vintages of fixed rate loans

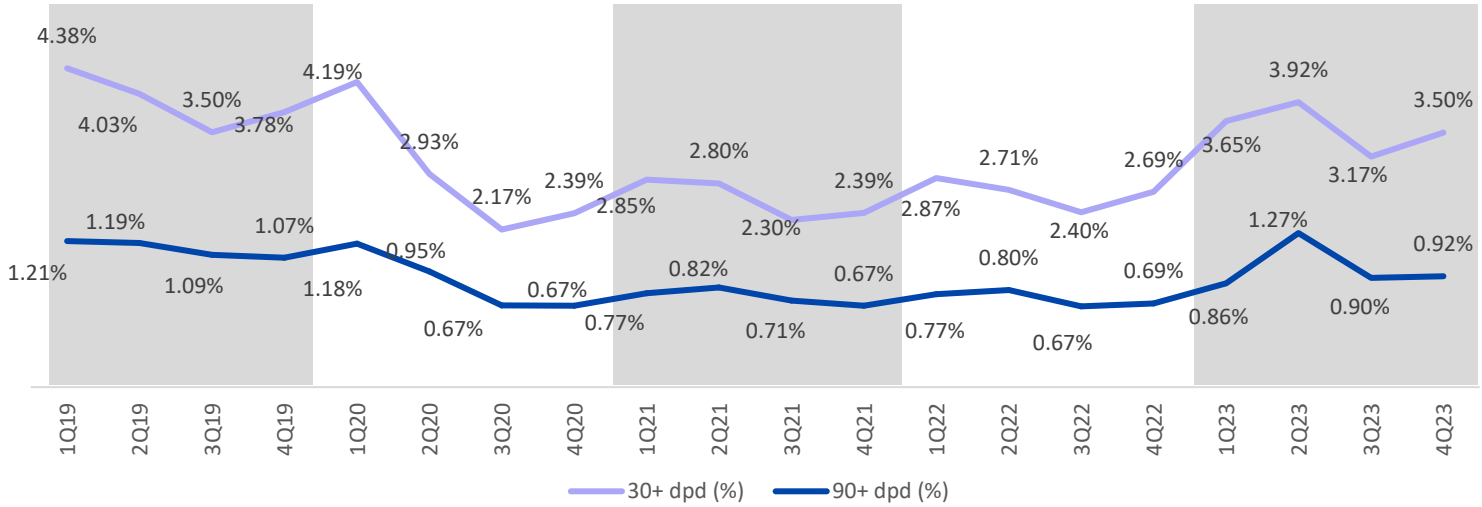
(1) 1H20 and 2H20 is in line with Pro Forma numbers presented in the Prospectus, excluding Net Insurance Income
(2) Assumes no cash rate changes from RBA or RBNZ

Losses normalising to pre Covid long term averages supported by steady unemployment. Rapid reduction from Cyber impacts

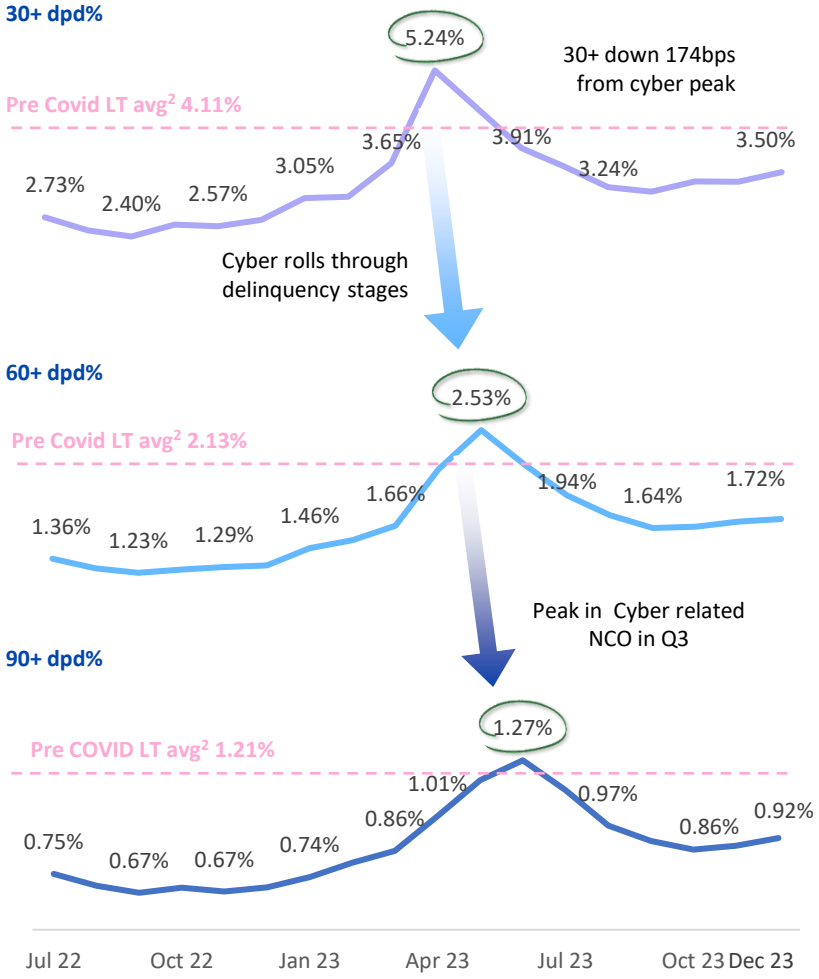
Quality of new customer originations remains strong



Delinquency rates normalising



Delinquencies reduced to near pre-Cyber levels

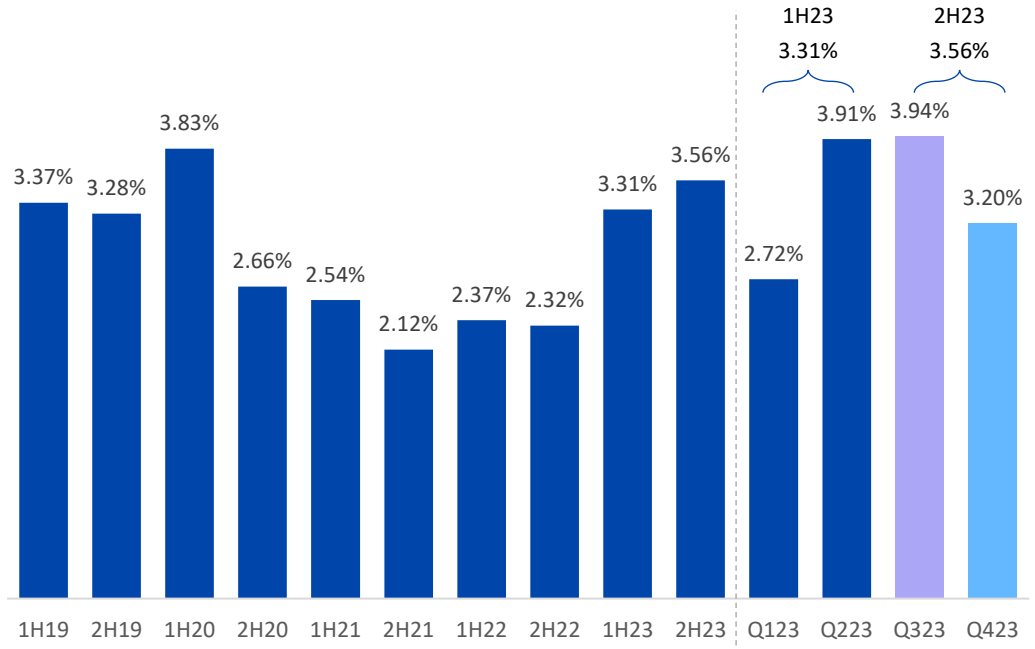


[1] Uplift in CR grades due to recalibration of score cut offs to align with target probability of default (PD) in mid FY23 and optimisation of credit model strategy

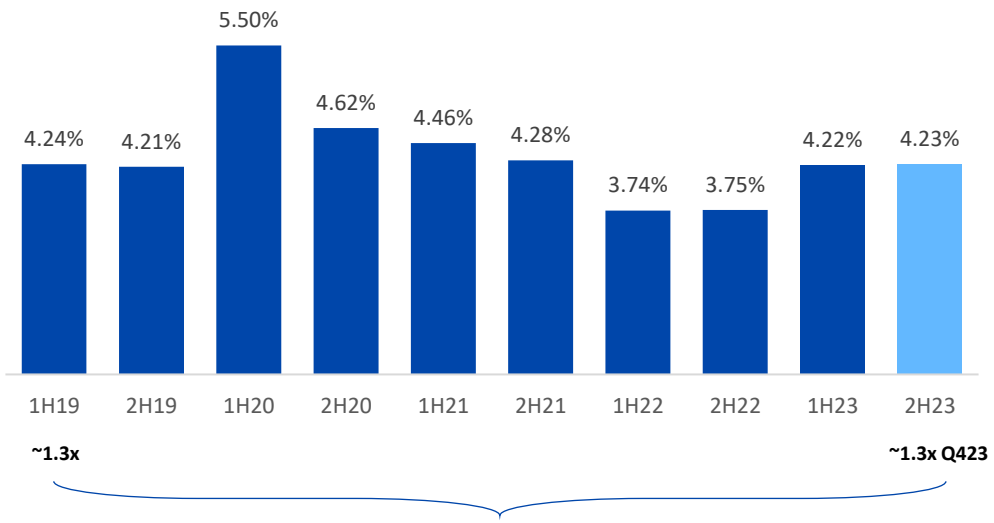
[2] Pre COVID LT avg is based on Australia excluding Auto from FY17 to FY19. Refer to P36 for more detail on long term delinquency trends

Charge offs peaking in Q3 due to Cyber, sharp decrease in Q4. Prudent provisioning remains

Net charge off rates elevated from Cyber …



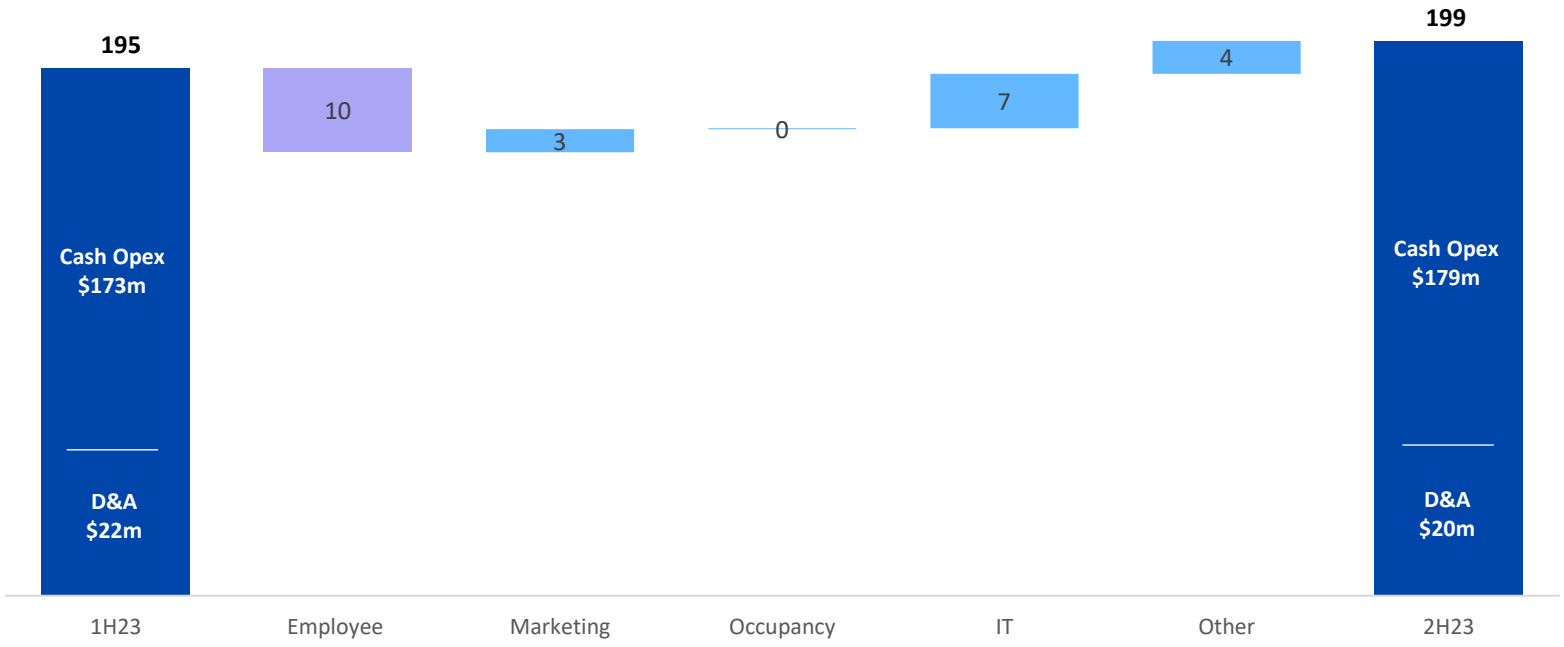
…with prudent provisioning levels



Coverage ratio to net charge offs remains adequate
(1.3x vs 1.3x pre-Covid)

Disciplined cost control… reductions in FTE offsetting investments in growth and inflation

Total opex up 2% HoH



	1H23	Employee	Marketing	Occupancy	IT	Other	2H23
CTI % - Total Opex:	**58.6%**						**61.3%**
FTE:	**936**						**782**
Total Opex/AGR:	**3.1%**						**3.2%**
V 2H22:	**181**	(5)	4	3	7	9	**199**

Key drivers HoH:

- Employee expense reduction driven by new operating model restructure with 16% reduction in FTE
- Marketing ↑ increase in spend as part of rebound strategy and seasonal uplift
- IT ↑ from continued investment & inflationary pressures
- Other: Investment in Operating model design, higher indirect taxes and increased offshoring of operational processes

2H23 Notable Items

$62m (pre-tax) Notable Items in 2H23 include Asia goodwill impairment, David Jones, restructure costs and Cyber provision adjustments

62

Fixed Asset Impairment $27m	• Includes Asia goodwill write-off ($22m) • BNPL related write-off ($3m)
Amort of Intangibles $20m	• Amortisation of acquisition intangibles (FY24 end date) & legacy transactions (FY23 end date) recognised in accordance with schedule
Corp Dev $12m	• David Jones ($6m), Symple Integration ($4m) and International investments ($2m)
Cyber $(8)m	• Net reduction in provision for ID replacements, regulatory actions, and legal fees
Other $11m	• Restructuring costs mainly due to new operating model

Key drivers:

- Asia goodwill write-off following impairment test
- Symple Integration project completed during 2H23 and David Jones expected in FY24
- Cyber provision reflects actual claims experience for ID replacements and estimates for regulatory actions and legal fees, includes insurance recovery $5m
- Restructuring costs relate to redundancy & restructuring as Latitude transitions to a simplified operating structure

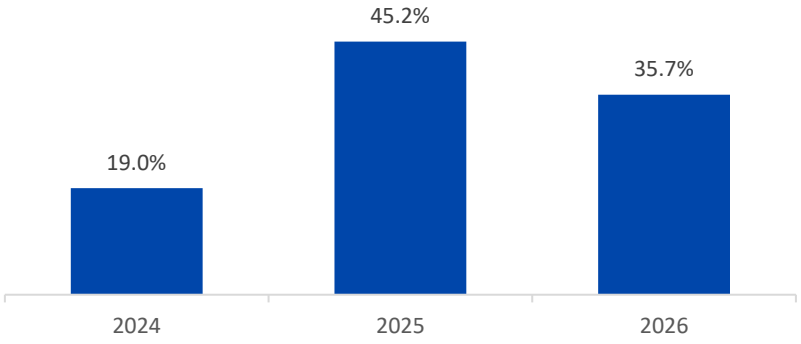
Diverse, cost-effective funding underpinned by prudent capital management

Diverse Funding Platform

Cost Effective | 40+ Investors | 52% Investors Offshore to A&NZ

- Programmatic issuance and balanced maturity concentration settings
- Diverse investor base with $1.3bn headroom
- 6 transactions completed in FY23, delivering flexibility & duration to the funding program.
- Active IRRM with 33% of receivables

Securitised Debt Maturity Profile



Warehouse Financing

A$5.3bn Total Limits | **7 Active Facilities**

Australia and New Zealand, 31-Dec-2023

ABS Issuance

A$5.2bn Total Issuance to date | **4 Active Issuances**

Australia and New Zealand, 31-Dec-2023

Prudent capital management approach

- Capital strength protects against adverse scenarios
- 6.8% TER at 31 December 2023.

A$ million	31 Dec 2023
Total equity	1,235
Intangible assets	833
TE	**403**
Net receivables[1]	5,924
TER	**6.8%**

(1) Represents Gross loan receivables less loan provisions for impairments, deferred income and customer acquisition costs

Who we are

LATITUDE

Senior management team focused on executing our strategy plan

Bob Belan
Managing Director & CEO

Paul Varro
CFO & EGM Finance

Adriana Martinez
EGM Pay

Paul Byrne
EGM Money

Stefano Tognon
Group Treasurer
Group GM, Corporate Development

Areti Rapakousios
Group GM, Internal Audit
& Operational Excellence
Commences 26 Feb 2024

Mark Brudenell
CRO & EGM Risk
Acting EGM Enterprise Services

Karl Hoffman
EGM Strategy &
Transformation

Felicity Joslin
EGM, People & Culture

Vicki Letcher
Company Secretary

Latitude has evolved to become the largest non-bank unsecured consumer lender in Australia & New Zealand

1925 — AGC founded

1995 - 2002 — Range of acquisitions by GE

2015 — White label capabilities established (coles, kiwibank, MYER, Harvey Norman) — Latitude is acquired from GE

Pre-acquisition (GE Capital)

Private consortium ownership (KKR, VARDI, Deutsche Bank)

- Separation from GE as a standalone business
- Establishment of standalone funding structure
- Launch of Latitude brand

2021 — IPO & Shinsei investment

2022 — Acquisitions of Symple & OctiFi (symple OctiFi) — International expansion begins

ASX listed company

2023 — CEO succession — Hallmark Insurance Sale — New *Path to Full Potential* Strategy

Path to Full Potential

Segment Specialisation + Differentiated Propositions + Unique Distribution Model + Financial Strength

PAY

Sales Finance

~1.6m customers | spending ~$3.8bn p.a.[1]

Interest Free Everyday Instalments

Credit Cards

~341k customers | spending ~$2.3bn p.a.[1]

Scheme-based Shopping & Travel Card

MONEY

Personal Loans

~117k customers | volume ~$1.2bn p.a.[1]

Home Renovation — *Debt Consolidation* — *Vehicle Purchase*

Unsecured Loan Solutions

Motor Loans

~39k customers | volume ~$220m p.a.[1]

Auto — *Caravan* — *Boat*

Secured / Asset Based Loans

PAY & MONEY

White Label

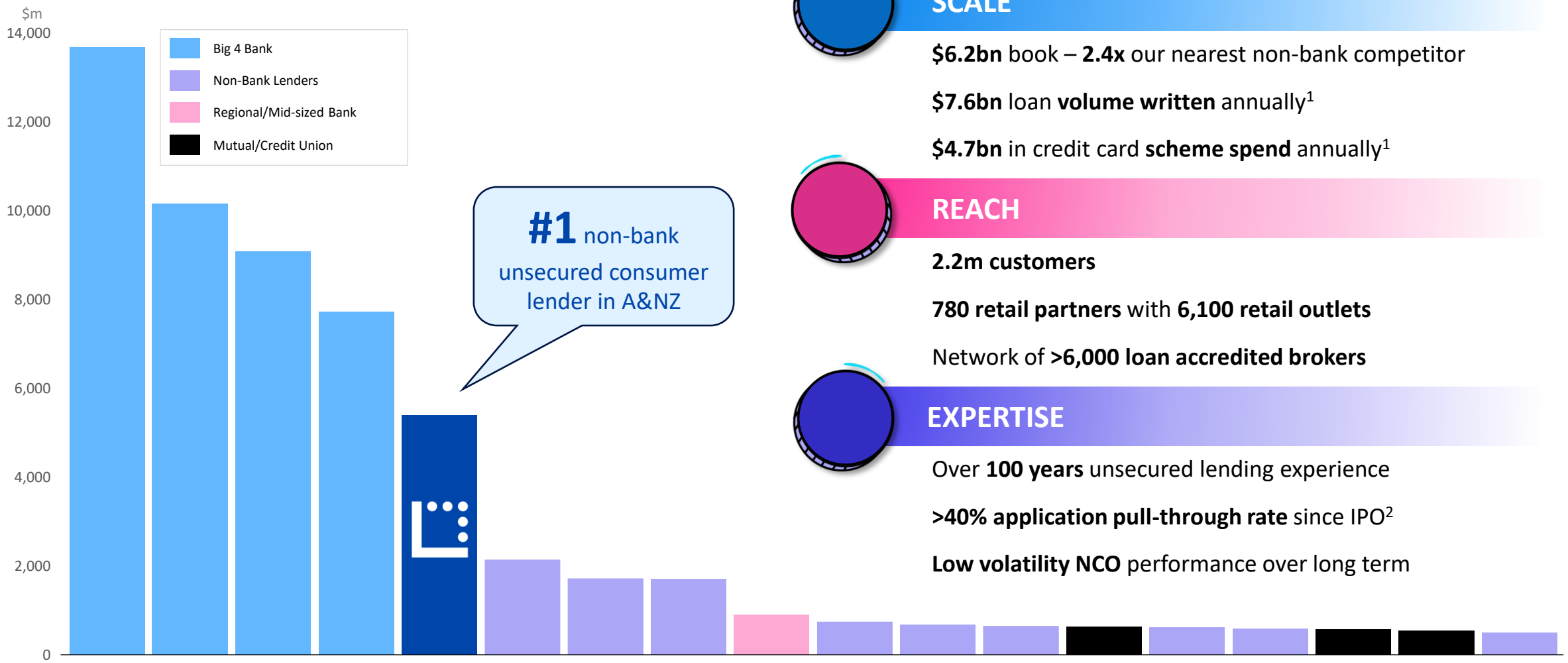
~200k DJ customers to onboard

Tailored Merchant-Partner Solutions

Source: Company data. (1) As of 31 December 2023

Unparallel scale, reach and expertise distinguish Latitude's franchise across Australia and New Zealand's consumer lending landscape

Personal loans and credit cards portfolio ranking



SCALE

$6.2bn book – **2.4x** our nearest non-bank competitor

$7.6bn loan **volume written** annually[1]

$4.7bn in credit card **scheme spend** annually[1]

REACH

2.2m customers

780 retail partners with **6,100 retail outlets**

Network of **>6,000 loan accredited brokers**

EXPERTISE

Over **100 years** unsecured lending experience

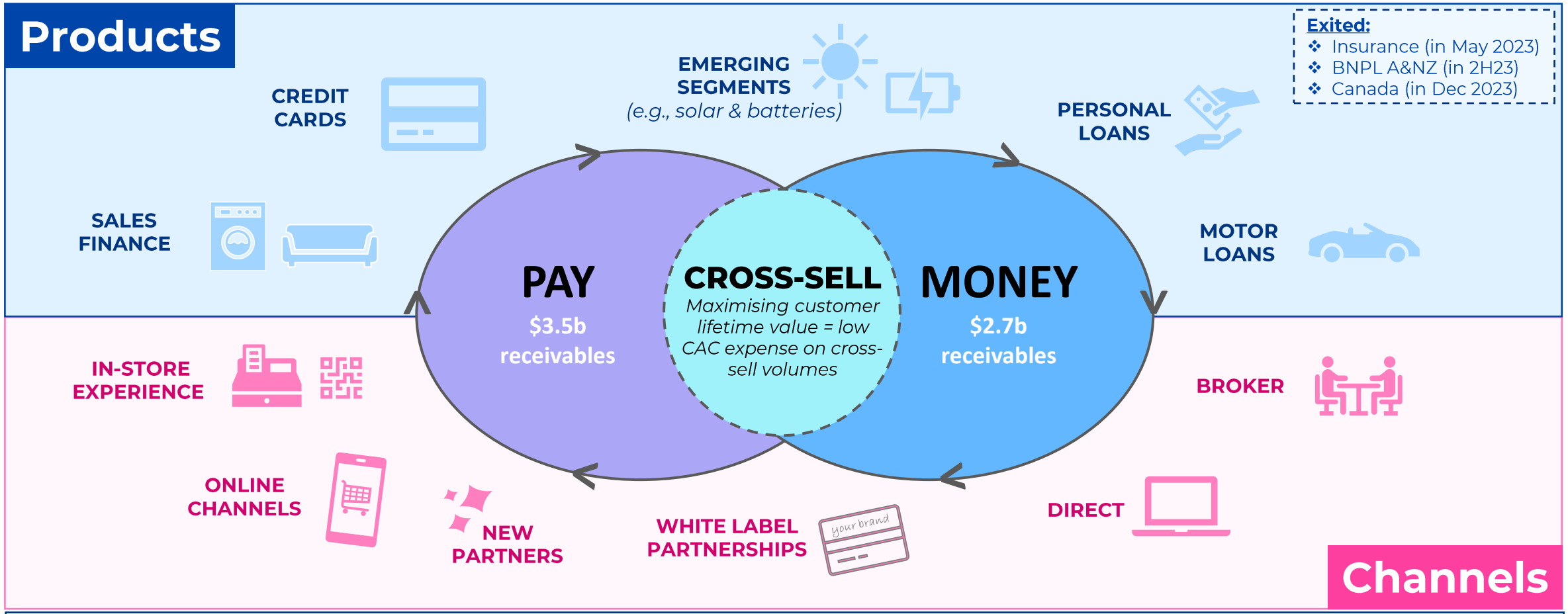
>40% application pull-through rate since IPO[2]

Low volatility NCO performance over long term

Source: Company data, RBA and companies' public disclosures. Data as of 30 June 2023, unless otherwise stated. Ranking includes personal loans and credit card receivables in Australia and New Zealand only, and excludes motor loan balances

(1) Last 12 months to 31 December 2023; (2) Pull-through rate is defined as a percentage of new accounts approved and originated from new applications

Simplified and efficient "twin-engine" revenue model…



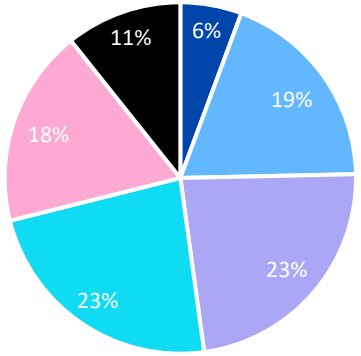
PAY and MONEY are built to maximise customer lifetime value via cross-sell and optimisation of average acquisition cost

Source: Company data. Receivables data as of 31 December 2023. For illustrative purposes only.

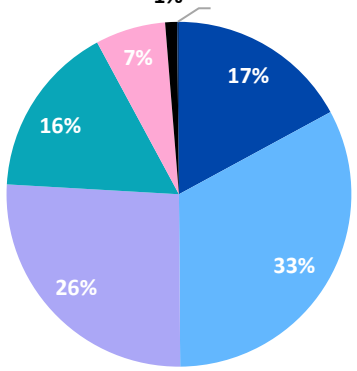
Our Customers

Diverse range of customers across generations[1]

Latitude Customer Base

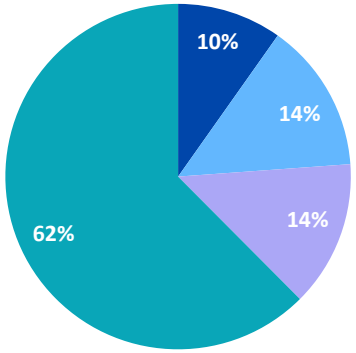


New Originations FY23



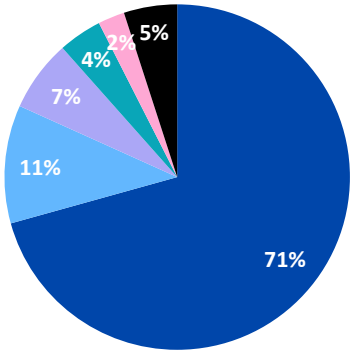
■ 18-27 ■ 28-37 ■ 38-47 ■ 48-57 ■ 58-67 ■ 68+

62% of customer relationships are 5+ years[1]



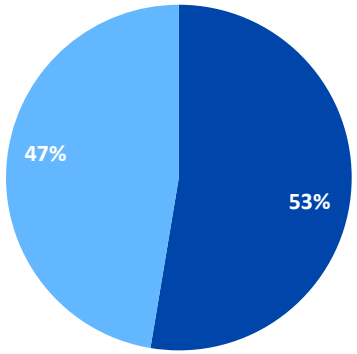
■ <=1 year ■ 1-3 years ■ 3-5 years ■ 5+ years

82% of customers are full-time & part-time employees[2]



■ Full-time ■ Part-time ■ Self-employed ■ Casual ■ Contractors ■ Other

53% of customers are homeowners[3]



35.7% - with mortgage

16.9% - no mortgage

■ Non-Homeowner ■ Homeowner

Note: Data as at 31 December 2023

(1) All products excluding BNPL. (2) Data as at origination, Australian and New Zealand Instalments products and credit card customers with open accounts (3) Data as at origination for Australian Instalments, credit cards and personal loan customers and New Zealand Instalments and personal loan customers with open accounts

Appendix

LATITUDE

ESG FY23 highlights

$1m+ donated to our charity partners via workplace giving since August 2017.

Donating to **Financial Counselling Australia** to help it support consumers doing it tough.

Over 1100 hours spent by employees volunteering with local community groups

Supporting vulnerable customers through approval of **24k hardship applications.**

Supporting Indigenous youth group **Korin Gamadji Institute** via Latitude's sponsorship of the **Richmond Football Club.**

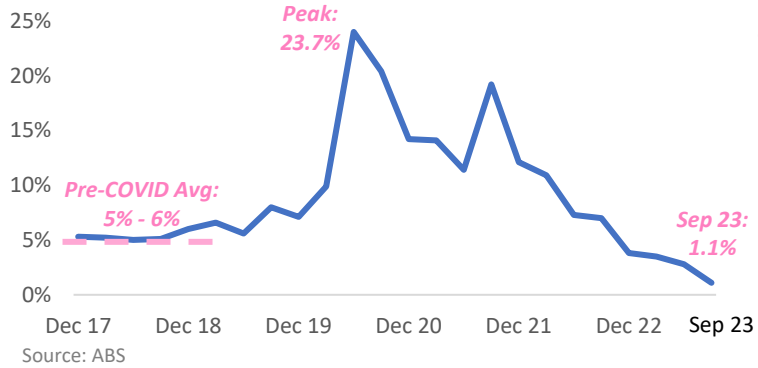
Promoting a diverse workforce with no less than **30%** of each gender in senior roles and no less than **40%** in new hires.

New Melbourne HQ delivers more **energy-efficiency** and reduced floorspace.

Continued community partnerships with **Ardoch (AU)** and **Duffy Books in Home (NZ)** to improve kids' educational outcomes.

Macro headwinds impacting revenue growth are still present but are abating

Household Savings below pre-COVID levels …

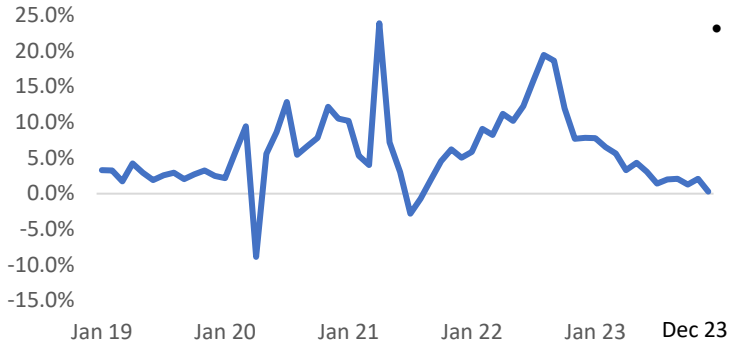


Source: ABS

- Accumulation of household savings during COVID took longer than expected to be re-absorbed but now normalised

… influencing lending demand

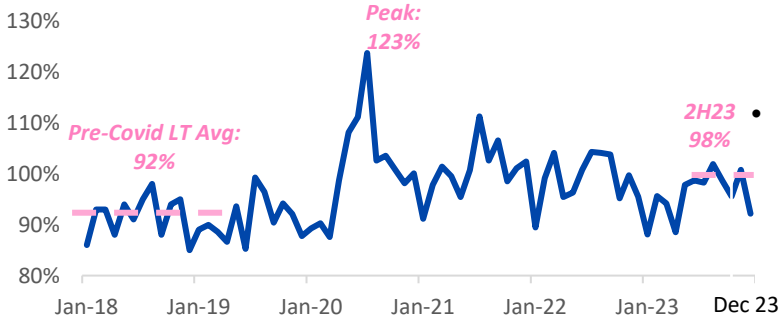
Retail Sales (YoY) softening …



- Retail sales are softening in discretionary categories

… impacting volume growth

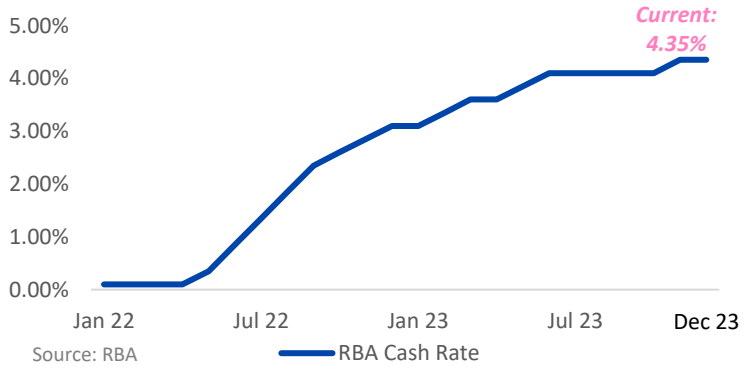
Elevated repayment rates are normalising …



- Repayment rates are still above pre-COVID levels but are reducing as inflation and higher rates affect households

… influencing pace of receivables growth

Cash rate rises at or near peak…



Source: RBA

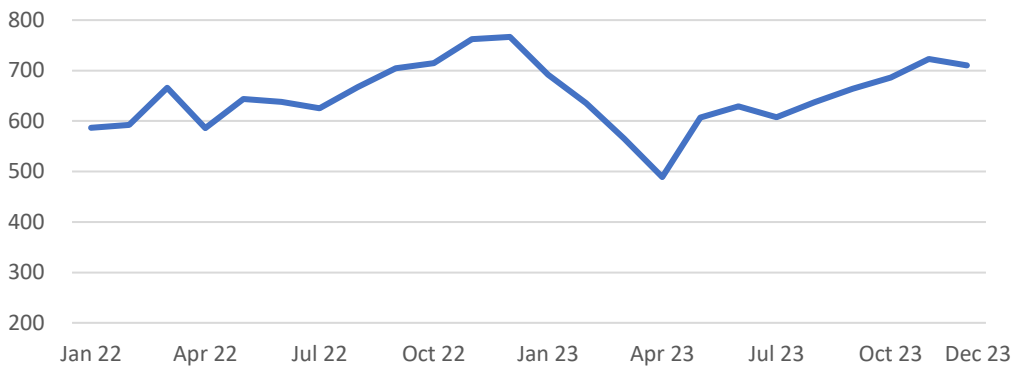
- Unprecedented pace in rise of cash rate resulted in an unexpected rapid increase in funding costs
- Proactive repricing actions taken since 2H22 to protect margins over long-term

… impacting revenue margins

Key metric trends

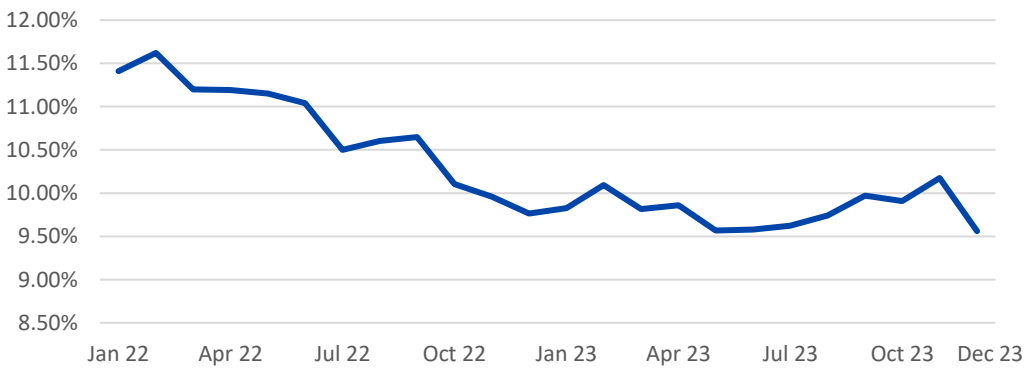
Monthly group volume…

$m



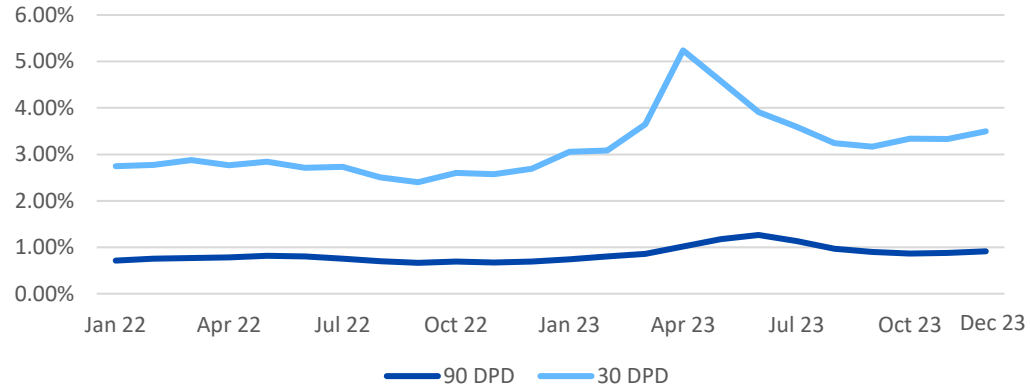
Monthly group net interest margin…

% of average gross receivables (AGR)



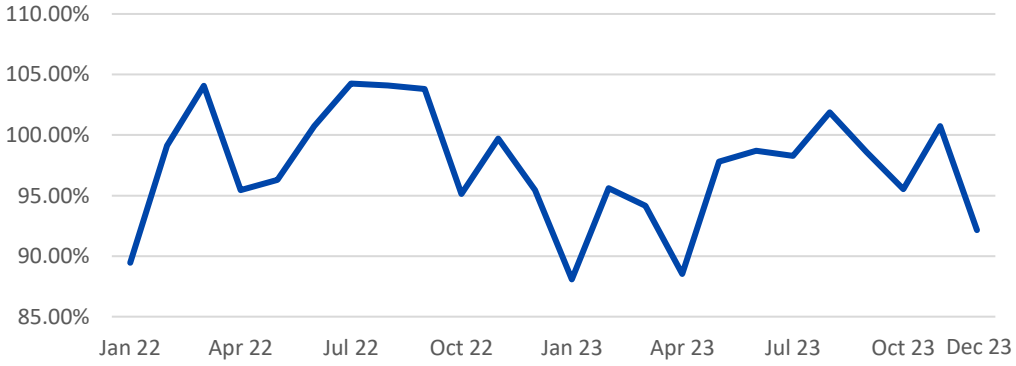
Monthly group delinquencies (*30+/90+ days past due*)…

% Accounts 90+ days past due



Monthly group repayment rate…

Excluding credit cards & BNPL, expressed as annualised rate



Source: Company Data

Results summary

	2H23	1H23	2H22	HoH	YoY	FY23	FY22	FY YoY
Volume ($m)	**4,028**	**3,617**	**4,240**	**11%**	**(5%)**	**7,646**	**7,953**	**(4%)**
AGR ($m)	6,158	6,399	6,264	(4%)	(2%)	6,282	6,291	(0%)
Gross receivables ($m)	6,245	6,229	6,474	0%	(4%)	6,245	6,474	(4%)
Cash NPAT ($m)	**11**	**7**	**61**	**63%**	**(81%)**	**18**	**154**	**(88%)**
Statutory NPAT ($m)	(40)	(98)	12	(59%)	(432%)	(138)	58	(338%)
Cash EPS (cents)	1.10	0.67	5.83	57%	(81%)	1.77	14.78	(88%)
Dividend per share (cents)	**0.00**	**0.00**	**4.00**	**n.m.**	**(100%)**	**0.00**	**11.85**	**(100%)**
RAI (%)	6.9%	7.2%	8.5%	(33)	(163)	7.0%	9.0%	(195)
RoAGR (%)	0.4%	0.2%	1.9%	15	(155)	0.3%	2.4%	(215)
RoE (%)	1.8%	1.0%	8.0%	79	(621)	1.4%	10.1%	(876)
Tangible Equity Ratio (%)	**6.8%**	**7.0%**	**8.5%**	**(22)**	**(174)**	**6.8%**	**8.5%**	**(174)**

Summary profit & loss statement (cont. ops)

($m)	31-Dec-23 2H23	30-Jun-23 1H23	31-Dec-22 2H22	Change % HoH	Change % YoY	FY23	FY22	FY Change %
Interest income	483.4	476.2	450.8	*2%*	*7%*	959.7	890.2	*8%*
Interest expense	(179.0)	(165.3)	(127.8)	*8%*	*40%*	(344.3)	(214.4)	*61%*
Net interest income	304.4	311.0	323.0	*(2%)*	*(6%)*	615.4	675.8	*(9%)*
Other income	19.6	22.6	18.8	*(13%)*	*4%*	42.2	36.4	*16%*
Total operating income	324.0	333.6	341.8	*(3%)*	*(5%)*	657.6	712.2	*(8%)*
Net charge offs	(110.6)	(105.2)	(73.4)	*5%*	*51%*	(215.8)	(147.6)	*46%*
Risk adjusted income	**213.4**	**228.4**	**268.4**	***(7%)***	***(20%)***	**441.8**	**564.6**	***(22%)***
Cash operating expenses	(178.8)	(173.1)	(157.5)	*3%*	*14%*	(351.9)	(331.8)	*6%*
Cash PBT	**34.6**	**55.3**	**110.9**	***(37%)***	***(69%)***	**89.9**	**232.8**	***(61%)***
Movement in provisions	(0.7)	(20.9)	(7.2)	*(97%)*	*(90%)*	(21.6)	28.1	*(177%)*
Depreciation & amortisation (*ex leases*)	(19.9)	(22.3)	(23.2)	*(11%)*	*(14%)*	(42.2)	(45.3)	*(7%)*
Profit before tax & notable items	**13.9**	**12.1**	**80.6**	***15%***	***(83%)***	**26.1**	**215.6**	***(88%)***
Income tax expense	(2.6)	(5.1)	(20.0)	*(49%)*	*(87%)*	(7.7)	(62.1)	*(88%)*
Cash NPAT from continuing operations	**11.4**	**7.0**	**60.5**	***63%***	***(81%)***	**18.4**	**153.5**	***(88%)***
Notable items after tax								
Amortisation of acquisition intangibles	(14.2)	(14.2)	(16.6)	*0%*	*(14%)*	(28.4)	(33.6)	*(15%)*
Amortisation of legacy transaction costs	(0.0)	(0.2)	(1.1)	*(100%)*	*(100%)*	(0.2)	(2.8)	*(93%)*
Other notable items	(37.0)	(90.8)	(30.8)	*(59%)*	*20%*	(127.7)	(59.2)	*116%*
Total Notable items after tax	(51.2)	(105.2)	(48.5)	*(51%)*	*6%*	(156.3)	(95.6)	*63%*
Statutory profit after tax (continuing ops)	(39.8)	(98.2)	12.0	*(59%)*	*(432%)*	(137.9)	57.9	*(338%)*
Profit/(loss) from discontinued operations	(2.4)	(18.7)	(5.9)	*(87%)*	*(59%)*	(21.2)	(21.6)	*(2%)*
Statutory profit after tax	**(42.1)**	**(116.9)**	**6.1**	***(64%)***	***(790%)***	**(159.1)**	**36.3**	***(538%)***
Profit/(loss) is attributable to:								
Owners of Latitude Group Holdings Limited	(42.1)	(116.3)	7.1	*(64%)*	*(693%)*	(158.5)	37.7	*(520%)*
Non-controlling interest	0.0	(0.6)	(1.0)	*(100%)*	*(100%)*	(0.6)	(1.4)	*(57%)*
Statutory profit after tax	**(42.1)**	**(116.9)**	**6.1**	***(64%)***	***(790%)***	**(159.1)**	**36.3**	***(538%)***

Cash NPAT to Statutory NPAT 2H23 (cont. ops)…

($m)	Cash NPAT	Amortisation of acquisition intangibles	Amortisation of legacy transaction costs	Corporate Development	Restructuring Costs	Cyber related costs	Asset/ Work in Progress Impairment	Decommissioned facilities	Stat NPAT
Net interest income	304.4								304.4
Other income	19.6								19.6
Total operating income	**324.0**								**324.0**
Net charge offs	(110.6)								(110.6)
Risk adjusted income	**213.4**								**213.4**
Cash opex	(178.8)			(12.0)	(9.2)	7.7	(27.0)	(2.1)	(221.4)
Cash PBT	**34.6**			**(12.0)**	**(9.2)**	**7.7**	**(27.0)**	**(2.1)**	**(8.0)**
Movement in provision	(0.7)								(0.7)
D&A (excluding leases)	(19.9)	(20.3)						0.7	(39.5)
Profit before tax and notable items	**14.0**	**(20.3)**		**(12.0)**	**(9.2)**	**7.7**	**(27.0)**	**(1.4)**	**(48.2)**
Income tax expense	(2.6)	6.0		3.2	2.4	(2.2)	1.3	0.5	8.6
NPAT(continuing ops)	**11.4**	**(14.3)**		**(8.8)**	**(6.8)**	**5.5**	**(25.7)**	**(0.9)**	**(39.6)**

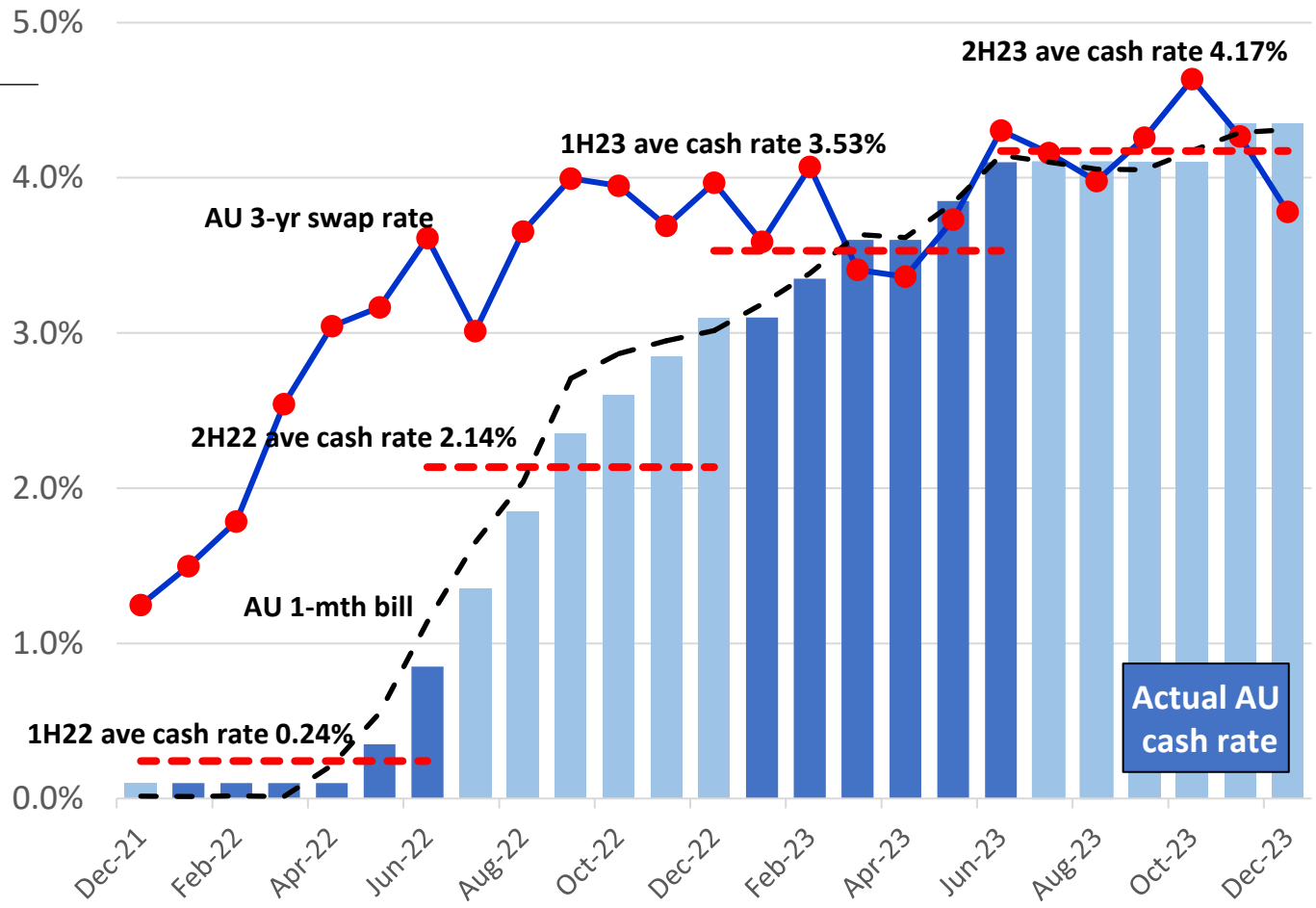
Cash NPAT to Statutory NPAT FY23 (cont. ops)…

($m)	Cash NPAT	Amortisation of acquisition intangibles	Amortisation of legacy transaction costs	Corporate Development	Restructuring Costs	Cyber related costs	Asset/ Work in Progress Impairment	Decommissioned facilities	Stat NPAT
Net interest income	615.4		(0.3)					(0.2)	614.9
Other income	42.2							0.4	42.6
Total operating income	**657.6**		**(0.3)**					**0.2**	**657.5**
Net charge offs	(215.8)								(215.8)
Risk adjusted income	**441.8**		**(0.3)**					**0.2**	**441.7**
Cash opex	(351.9)			(34.1)	(14.5)	(68.3)	(48.0)	(3.0)	(519.8)
Cash PBT	**89.9**		**(0.3)**	**(34.1)**	**(14.5)**	**(68.3)**	**(48.0)**	**(2.8)**	**(78.1)**
Movement in provision	(21.6)								(21.6)
D&A (excluding leases)	(42.2)	(40.5)						(3.0)	(85.7)
Profit before tax and notable items	**26.1**	**(40.5)**	**(0.3)**	**(34.1)**	**(14.5)**	**(68.3)**	**(48.0)**	**(5.8)**	**(185.4)**
Income tax expense	(7.7)	12.1	0.1	9.5	4.0	20.5	7.4	1.6	47.5
NPAT(continuing ops)	**18.4**	**(28.4)**	**(0.2)**	**(24.6)**	**(10.5)**	**(47.8)**	**(40.6)**	**(4.2)**	**(137.9)**

Funding: higher cash rate scenario sensitivity

Group cash rate sensitivity analysis

- 100bps rates = ~$40m interest expense (*pre-tax, annualised*)[1]
- HoH ave rate delta was 64bps (*cash*)/ 42bps (*3-yr swap*)
- 1H23 ave cash rate = 353bps / 2H23 ave cash rate = 417bps
- This analysis shows the impact of shifts in interest rates on the Group's profit over a year assuming all other things remain equal at the end of the reporting period
- The above impacts excludes any management action



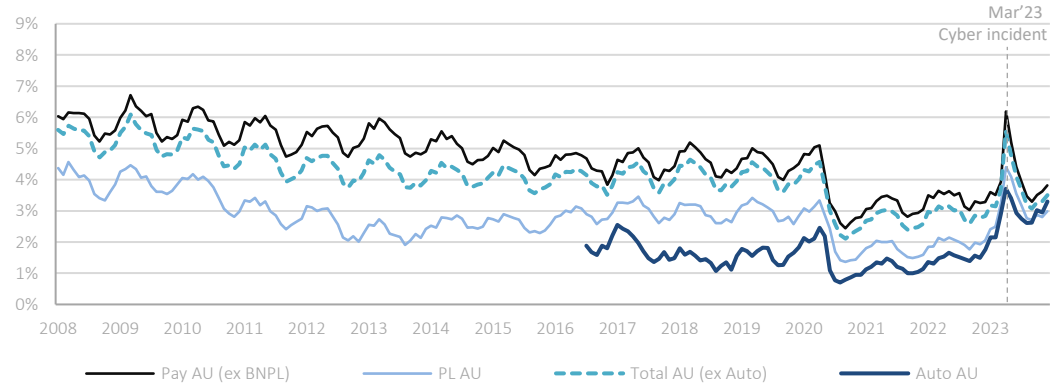
Source: Company data, RBA

[1] Rate sensitivity derived from floating rate liabilities that support variable asset exposures that are not hedged

Delinquency performance over time

Delinquencies (30+ days past due) by product, Australia

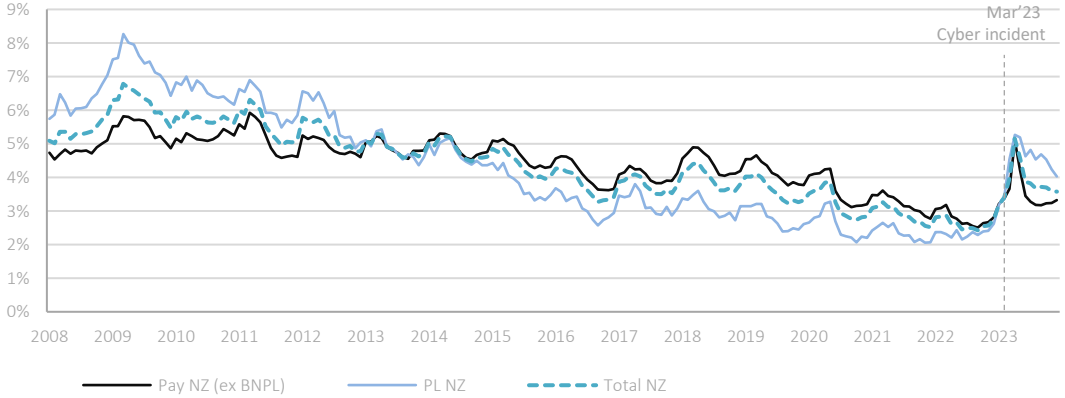
% Accounts 30+ days past due



Notes: Time series data from January 2008 to 31 December 2023. Motor loans delinquency history captured from July 2016 which was when Latitude relaunched its motor loan product.

Delinquencies (30+ days past due) by product, New Zealand

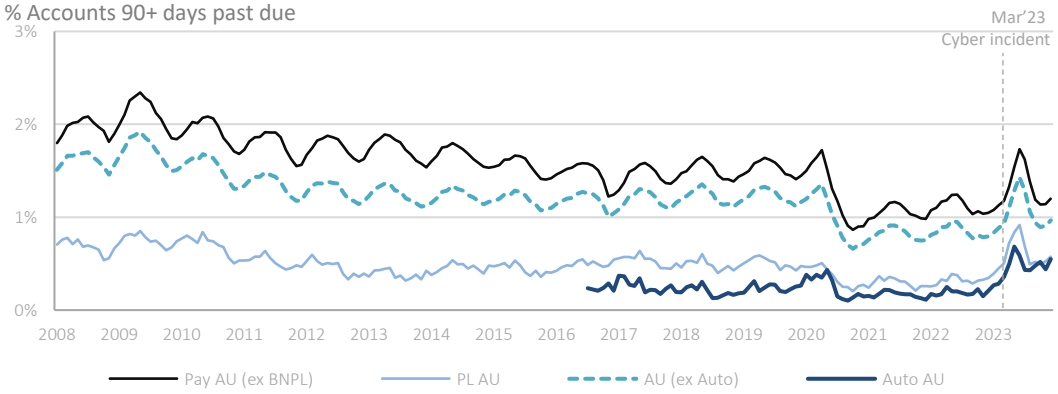
% Accounts 30+ days past due



Notes: Time series data from January 2008 to 31 December 2023.

Delinquencies (90+ days past due) by product, Australia

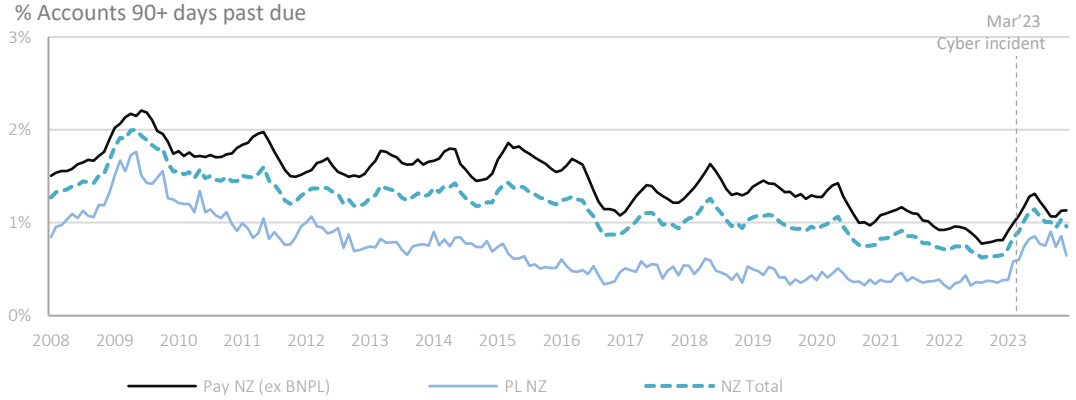
% Accounts 90+ days past due



Notes: Time series data from January 2008 to 31 December 2023. Motor loans delinquency history captured from July 2016 which was when Latitude relaunched its motor loan product.

Delinquencies (90+ days past due) by product, New Zealand

% Accounts 90+ days past due



Notes: Time series data from January 2008 to 31 December 2023.

Latitude well positioned to leverage macro reversion

	Historical trend (2019-2023)	Pre-Covid (2019)	Covid Period (2020-21)	Macro correction (2022-23 | Today)	Tomorrow
Macro setting					
Cash Rate[1]	1.5% 0.8% 0.1% 0.1% 4.4%	Neutral	Reduced to near-zero	Rapid increases to 4.35% AU, 5.5%NZ	*Rates will be "higher for longer" however markets expect a decline during FY24/25*
Savings Rate[2]	5.5% 7.0% 14.1% 13.5% 1.1%	Neutral	Historic high	Correction	*Remain low*
Unemployment[3]	5.0% 5.1% 6.6% 5.3% 3.5% 3.9%	Neutral	Increased; offset by Gov't stimulus	Historical lows	*Remain at supportive levels*
Competitive landscape		Neutral	New Entrants	Resetting	*Profitable & sustainable businesses*
Latitude metrics					
Volume[4]	8,879 7,032 7,335 7,953 7,646	$8.9bn	~$7bn	$7.6bn[1]	*Renewed strategic focus on fundamentals to accelerate growth*
Receivables	7,672 6,522 6,349 6,474 6,245	$7.6bn	$6.4bn	$6.2bn	
Repayments	92% 103% 101% 99% 96%	92%	~100%	+4% vs. 1H19	*Normalising*
RAI Yield	10.4% 10.2% 10.1% 9.0% 7.0%	10.4%	~10.1%	7.0%	*Actively repricing to maintain margins over the long term. Losses expected to normalise*
Credit setting		Balanced	Lower Risk	Reversion phase	*Balanced*

(1) Source: RBA - Jan-19 to Dec-23
(2) Source: RBA - Jan-19 to Sep-23
(3) Source: ABS (Seasonally adjusted) - Jan-19 to Dec-23
(4) 2019-22, last 12 months to Dec-23

Thank you

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