

24 April 2024

ASX ANNOUNCEMENT

2024 Annual General Meeting – Chairman’s Address

Your company has confronted an unprecedented and complex set of challenges in 2023. The continuing fallout from the unprecedented COVID lockdowns in Victoria, global geopolitical unrest, high inflation and the resulting rapid-fire increases in interest rates, all combined to substantially dent consumer confidence in Australia and New Zealand and dampen consumer demand for the products sold by our major partners and with-it lending demand.

Latitude’s cost of funds rose quickly during FY23, outpacing the pricing actions available to Latitude, while customer repayment rates remained higher than historical levels and continued to impact receivables, despite management’s success in growing volumes and market share.

In March 2023 Latitude was maliciously attacked by cybercriminals. As the company responded and supported customers, the shutdowns we made to many of our IT systems prevented the origination of new loans and collections for weeks.

Your company recorded a FY23 Cash NPAT of \$18.4 million and a Statutory loss of \$137.9 million from continuing operations. This included \$68.3 million of cyber-related costs and provisions in the statutory results. Your company did not declare a dividend for the 2023 year.

While your Board and the management team dealt with the immediate challenges before them, it was also important that we continued to make critical changes to the focus and shape of our business to ensure we emerged from 2023 well placed for volume growth and improved profitability.

With new CEO Bob Belan in place, the Board endorsed a renewed focus on the fundamentals of our business, building upon Latitude’s strength and long heritage in sales finance and consumer lending. This focus aims to drive future growth and restore, then elevate, profitability by focusing resources on core products and markets and concentrating on the highest-margin growth opportunities.

As first steps, Bob and his team have made substantial changes in 2023 to align the business around growth opportunities in our core markets while further reducing inefficiencies, reducing costs, executing pricing initiatives to restore margins, selling or shutting down sub-scale activities and reviewing non-core products and markets. At the same time, we retained a strong balance sheet to fund future growth.

The benefits of these actions, and the decisive action taken by management to restore the business after the cyber-attack, are reflected in the turnaround in many December half key performance metrics.

The recovery also underscores the fundamental strength and resilience of Latitude’s business model, with customers and particularly our partners standing strongly with us as we responded to the cyber-attack. We are incredibly grateful for their support.

There is still much to be done. This has included the decisions to exit our lending business in Canada and our BNPL operations in Asia so we can focus on our core Australia and New Zealand markets.

Bob will have more to say on this in his remarks, but I am pleased to see business momentum continuing to build with Q1 performance tracking ahead of expectations, as his team implements what is a clear strategy to create a more focused, agile and lean business, in what continues to be a difficult time for our customers dealing with cost-of-living challenges.

In recent months we have begun to see some green shoots in macro-economic conditions and hope that they will become more favourable for our customers, partners and Latitude in the latter part of 2024.

Funding costs remain high, and while interest rates appear to have peaked, expected cuts to the cash rate over the next 12 months will be an important tailwind for Latitude. Continuing low unemployment which, coupled with less liquid household balance sheets, are supporting a positive turnaround in credit demand, helping to offset tougher retail conditions in our core partner product categories.

I would like to take this opportunity to recognise Bob's leadership since he assumed the CEO role in the most unique and challenging circumstances last April. Bob was the founder of Symple Loans, which Latitude acquired in 2021 and led our Money business before being appointed as CEO after a global search.

As our response to the cyber-attack continues and to support Bob's transition, I announced in November 2023 that after discussions with the Latitude Board that I would extend my term as Chairman until the AGM in April 2025.

While stability is important, so too is Board renewal and board diversity. In 2023 Philip Busfield and Aneek Mamik joined Latitude as Non-Executive Directors. Both bring a wealth of international financial markets and consumer finance experience and expertise to Latitude, and we are grateful for their commitment, deep knowledge and the experience they bring to the Board table.

Let me finish by acknowledging the contributions of our hard-working senior team and all the employees at Latitude without whom our business could not began to operate. Latitude could not succeed without the support of its customers and partners, and I would like to personally thank each and every one of them for their significant support and patience in 2023, and as we progress on delivering great products and service along with strong and sustainable commercial results and enterprise value growth for shareholders. I would now like to invite Latitude MD & CEO Bob Belan to address the meeting.

Authorised for release to the ASX by the Company Secretary.

For further information:

Media

Matthew Abbott
+61 402 543 128

Investor Relations

Mitchell Hawley
+61 466 927 612