

8 August 2022

ASX ANNOUNCEMENT

Latitude announces agreement to sell Hallmark Insurance business

Latitude Group Holdings Limited (ASX: LFS) today announced that it has entered into an agreement to sell Latitude Insurance Holdings Pty Ltd (Hallmark) to the St Andrew's Insurance Group (St Andrew's) for \$20.3 million.

The sale will allow Latitude to release approximately \$90 million of capital into its core business, simplify its business model, reduce costs, streamline technology and optimise shareholder returns.

Latitude's Managing Director and CEO Ahmed Fahour said: "The sale of Hallmark will allow Latitude to focus entirely on its core businesses, instalments (Pay) and consumer lending (Money) while simplifying its operations.

"Importantly, it ensures Hallmark customers will be managed by a dedicated insurance business which will meet continuing obligations to policyholders."

St Andrew's CEO Matthew Way said: "As an independent Australian-owned insurer, St Andrew's was attracted to Hallmark because it is a strong business with a talented team which can help build scale, further expand our footprint across Australia and enhance our capability.

"Apart from ensuring a seamless transition for Hallmark employees, our number one priority will be to ensure we continue to provide the same high level of service to both Hallmark and St Andrew's customers."

Hallmark made an immaterial contribution to Latitude's cash NPAT profit in 1H 2022, after being largely closed to new business during the COVID period of FY20 and FY21.

Latitude is expected to record a post-tax loss of approximately \$30 million on the sale, including goodwill and other intangible asset write downs.

Completion of the transaction is subject to certain conditions, including regulatory approval from APRA and RBNZ, and is expected to occur between late Q4 2022 and Q1 2023.

Authorised for release to the ASX by the Company Secretary.

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