



LATITUDE

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ASX ANNOUNCEMENT

Latitude intends to acquire Humm's consumer business (BNPL, Instalments and Cards) for 150 million Latitude shares and \$35 million cash

Latitude Group Holdings Limited (ASX:LFS) today announced its intention to acquire Humm's consumer business (comprising BNPL, Instalments and Cards) for approximately \$335 million comprising 150 million Latitude shares and \$35 million cash (the "**Transaction**").¹ Latitude and Humm Group Limited (ASX:HUM) ("**Humm**") have signed a non-binding heads of agreement in respect of the Transaction, which includes an exclusivity undertaking (subject to standard fiduciary carve-outs) until 31 January 2022. The proposed Transaction remains subject to the parties completing confirmatory reciprocal due diligence, finalising definitive transaction documents and obtaining regulatory, shareholder and board approvals.

Latitude currently expects annualised combined synergies and cash earnings from the acquisition of Humm's consumer business to exceed \$100 million pre-tax in full year 2023, with \$70 million of synergies including \$50 million from duplicate costs and technology rationalisation. The Transaction is expected to be double digit EPS accretive for Latitude assuming full run rate synergies.

Humm's consumer business at 30 June 2021 had approximately \$1.8 billion of net receivables and \$152 million of net tangible assets. The Transaction would create a combined Latitude Group with more than \$8 billion of receivables and over five million customers, with 70,000-plus merchants.

The proposed Transaction will cement Latitude's position as the leading instalments and consumer lending business in Australia and New Zealand. Humm's consumer business has a leading capability in big and small ticket BNPL and a significant merchant base to accelerate Latitude's BNPL strategy. Humm's consumer business includes its Australia and New Zealand Instalments and Cards business which will provide additional scale to Latitude's instalments business at minimal marginal cost. Latitude will consolidate its LatitudePay BNPL business under the current brand and Q2 Cloud Lending platform of Humm's consumer business. Q2 Cloud Lending is the platform used by Latitude's lending business, recently acquired through the purchase of Symple Loans.

Should the Transaction proceed, it is proposed that Humm Group CEO Rebecca James will be invited by Latitude to lead the combined group's BNPL business, reporting to Managing Director and Group CEO Ahmed Fahour. Latitude intends to invite two Humm independent directors to join the Latitude Board.

Latitude Managing Director and Group CEO Ahmed Fahour said: "Humm's consumer business is highly accretive to Latitude's shareholders. The proposed Transaction would enable us to accelerate the deployment of BNPL and instalment solutions for our customers and merchant partners in Australia/New Zealand and accelerate our growth in our international markets. It would also realise highly deliverable synergies which will enhance our financial performance and create significant shareholder value."

The parties expect to sign definitive transaction documents by the end of January 2022. Completion of the Transaction will be subject to regulatory, shareholder and board approvals, with both parties aiming to close the transaction before 30 June 2022. Execution of any binding agreement will be subject to satisfactory reciprocal due diligence, acceptable documentation and approval by both the Latitude and Humm boards.

Humm intends to undertake a pro rata in specie distribution of the Latitude scrip issued to it as part of the consideration for the Transaction to Humm shareholders once ATO, Humm shareholder and other regulatory approvals have been received. If this in specie distribution does occur, it will further diversify Latitude's shareholder base.

Latitude is advised on the Transaction by Jarden, KWM and KPMG.

Authorised for release to the ASX by the Company Secretary.

¹ Total value of Latitude scrip component assumes share price of \$2 per share.

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This announcement contains statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms “believe”, “estimate”, “plan”, “project”, “anticipate”, “expect”, “target”, “intend”, “likely”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the group, which may cause actual results to differ materially from these statements.

There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, changes to the Australian, New Zealand and global economic environment and capital market conditions, changes to the operating and regulatory environment of the group and changes to the financial position or performance of the group.