



LATITUDE

Latitude Group Holdings Limited  
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**26 April 2023**

## **ASX ANNOUNCEMENT**

### **2023 Annual General Meeting – Chairman’s Address**

Covid and the post Covid economy have been challenging for your company. During Covid Latitude operations were severely disrupted by extended lock downs in its key locations of Melbourne and Auckland. Federal Government financial initiatives to support the community led to significantly higher repayments by customers, leading to a reduction in receivables from \$7.67 billion in December 2019 to \$6.47 billion in December 2022. Lower receivables result in lower interest income, so your company implemented significant productivity initiatives along with the deployment of remote working technology solutions to ensure that under all scenarios the business could continue to service our customers and remain profitable earning a Cash NPAT of \$153.5 million in 2022.

Post Covid and in less than 12 months, Australia and New Zealand have seen a significant increase in inflation and a near record number of interest rate increases. The nature of your company’s business model is such that, recovering a large number of consecutive monthly interest rate increases involves a time lag, while each central bank rate increase flows almost immediately into Latitude’s cost of funds, increases in rates charged to customers can take weeks or in some cases many months to recover. I am pleased to be able to inform shareholders that in recent months, prior to the cyber incident gross receivables were growing again as repayment rates begin to normalise and net interest income is responding positively to management’s initiatives to recover rate increases.

Your company has also experienced a malicious criminal cyber-attack in recent weeks. We apologise unreservedly to all of those customers who have been impacted. We have put in place a comprehensive care package for all impacted customers which includes remediation for the cost of replacing identity documents.

You may wonder why your board has not communicated more directly with you on this. The attack on Latitude is a criminal offence and as such is the subject of a comprehensive criminal investigation by The Australian Federal Police. Your board’s ability to speak freely on these matters is severely restricted by your company’s obligations to not inhibit or influence the police enquiries or investigations. What I can share with you is:

- There has been no evidence in our systems of activity from the threat actors since 16<sup>th</sup> March;
- Access to Latitude’s systems was gained via a third-party service provider which is a significant international vendor;
- Existing Latitude sales finance and credit card customers were able to continue to transact and make payments throughout the attack period, although there were restrictions on processing new customer applications;

- Latitude will not pay a ransom, to do so would not assure the security of our customers information stolen and only incentivise more cybercrime;
- The Department of Home Affairs, The Australian Cyber Security Centre, The Australian Federal Police and The Office of the Information Commissioner all provided timely and invaluable advice to Latitude throughout the attack period and Latitude is extremely appreciative for their guidance and support;
- Your board and management have been focused on the risk of cyber-attacks for a number of years, hiring experts to run mock attacks on systems and were prepared for the risk of an attack, with agreed procedures, policies and quick and clear decision-making authorities in place;
- The Latitude management team have worked countless hours since the attack to protect the company and its customers from further damage from this malicious attack;
- While the one-off financial costs of the attack remain under review, Latitude has substantial insurance cover that will help to offset some of the direct costs incurred. Beyond the one-off costs, the disruption to business as usual is still being assessed and is expected to adversely impact our 2023 growth trajectory and net profit; and
- Latitude accepts that only it is responsible for protecting customer data, and that failure by large global vendors during this attack does not exonerate Latitude of that responsibility.

I wish to turn to the retirement of James Corcoran from the board and that of Ahmed Fahour as CEO and Managing Director of Latitude and the recent appointment of Bob Belan as our new CEO and Managing Director.

Ahmed presided over Latitude during 4.5 years of great change, implementing significant investments in Information Technology and productivity. During Ahmed's time receivables per full time employee grew from \$4.6 million to more than \$6.4 million, while customer servicing capabilities were materially enhanced. Ahmed led the company in its ASX listing and through the dark and difficult days of Covid lockdowns and the transition to remote working. On behalf of my fellow directors and all of the employees at Latitude I would like to take this opportunity to express our sincere thanks and best wishes to Ahmed in whatever activities he may choose to engage in post Latitude. I also thank James, who stepped down from the Board in February 2023, for his significant and lasting contribution.

You will shortly have an opportunity to hear directly from our new CEO and Managing Director Bob Belan. Needless to say, Bob's introduction to the role has been a baptism of fire. Bob knows Latitude well having joined from the Symple acquisition in 2021 and having led the Money Business division since then, overseeing the integration of the two businesses and in particular the transition of Latitude customers on to the new Latitude Money Platform. While it is a great credit to the Latitude Management team that Ahmed's successor was within our team, your board conducted a global search to ensure that every possible candidate was identified and explored. It is a great credit to Bob that he was selected against a field of high-quality Australian and international candidates and we have every confidence in his ability to generate great service for customers and great results for shareholders.

Finally, I would like to thank my colleagues on the board for all of their time and diligence over the past 12 months and in doing so welcome Aneek Mamik and Julie Raffe to the board. I would also like

to take this opportunity to thank the more than 1,000 employees at Latitude who have worked tirelessly over the past year in responding to the Covid crisis, the rapid and significant changes in inflation, rising interest rates and the more recent criminal activity. Despite what you may read or hear in the media from time to time, most boards and management in Australia are well meaning people, who work hard to deliver great results for customers and shareholders and the Latitude team is no exception.

Authorised for release to the ASX by the Company Secretary.

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