LATITUDE

Annual Report 2023

Latitude Group Holdings Limited
ACN 604 747 391

Contents

Acknowledgement of Country

In the spirit of reconciliation, Latitude acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Performance Snapshot 2023

Cash NPAT	Stat Loss	Volume
$18.4m	$137.9m	$7.6bn
in line with guidance	continuing ops	incl +11% HoH in 2H

Gross Loan Receivables	NIM	90+ DPD
$6.2bn	9.8%	0.92%
incl +$16m HoH in 2H	flat HoH	@ Dec'23, -35bps from cyber peak

TER	FTE	Customers
6.8%	782	2m+
within 6-7% target range	-22% YoY from operating model	and 5,000+ retail partners

From the **Chairman**

Mike Tilley
Chairman

Dear shareholder,

Your company has faced and managed challenges on multiple fronts in 2023, as it responded to and then began the task of recovering from one of the most difficult periods in its history.

The residual impacts of the COVID pandemic, with the impact on receivables as consumers took advantage of government stimulus spending to make cash purchases and reduce outstandings, negatively impacted interest income.

Increased spending, supply shocks and global unrest contributed to galloping inflation and interest rate rises in Australia and New Zealand of unprecedented scale and speed. Latitude's cost of funds rose more quickly than consumers' ability to pay and at a rate which immediate pricing initiatives were unable to recover.

Materially higher interest rates, high inflation and global instability dented consumer confidence as the year progressed.

Compounding these events, Latitude was maliciously attacked by cybercriminals in March. As Latitude responded and focused on supporting customers, we shut down many of our operations for weeks which prevented us from originating new loans while limiting collections.

As a result of these collective forces, Latitude recorded a Cash NPAT of $18.4 million in 2023, with the Statutory NPAT loss of $137.9 million from continuing operations including $68.3 million of costs and provisions related to the March cyber-attack. Given the significant impact on performance of the cyber-attack, Latitude's directors have not declared a dividend for the 2023 year.

Despite these challenges, many second-half key performance indicators other than interest costs returned to pre-incident levels, testament to the hard work and focus of the Latitude team under new Managing Director and CEO Bob Belan.

The encouraging signs in the second half emphasise the underlying strength of Latitude's business model. Latitude maintains the balance sheet strength to invest in growth opportunities as and when they arise.

The Board has endorsed a renewed strategic focus on the fundamentals of our business, called Path to Full Potential. Built on our strength and heritage in sales finance and consumer lending, it aims to drive future growth and restore, then elevate, profitability.

In line with the first phase of the strategy, Bob Belan and his team have already made substantial changes to align the business around growth opportunities in our core markets while eliminating inefficiencies, implementing key pricing initiatives to restore front book margins, completed the sale of Hallmark Insurance and instigated a review of other potential non-core products and markets.

While we still face economic uncertainty, and interest rates remain high, we can also expect external factors weighing on performance to moderate in 2024, as fixed-rate back book receivables written in low interest rate environments roll off and customer repayment rates continue to normalise.

Bob Belan, who joined Latitude with the acquisition in 2021 of Symple Loans, which he co-founded, has performed strongly since his appointment in April 2023 following a global search. Before stepping into the CEO role, Bob headed the Money division and the transition of our personal lending business and its customers onto the user-friendly Symple technology platform.

I would like to take this opportunity to thank Ahmed Fahour for his substantial contribution to Latitude, which included guiding us to our listing on the ASX and navigating the business and our employees safely through the difficult COVID pandemic years and the cyber-attack.

With our response to the cyber-attack ongoing, and to provide continued support to Bob, I announced in November that I would be extending my term as your Chairman until I am due for re-election as a Director in April 2025.

While stability is important, so too is renewal for the Board and in 2023 Philip Busfield and Aneek Mamik joined us as Non-Executive Directors.

Philip replaces Scott Bookmyer after a six-year stint as Director representative of KKR. Scott made a substantial contribution to the Board and Latitude, and we wish him well for the future.

Lastly, I want to thank all our customers and our partners for their support and patience in 2023, particularly in the wake of the cyber-attack. We continue to support affected customers through a comprehensive care package and to cooperate closely with regulators reviewing the incident.

Notwithstanding the malicious actions of the cybercriminals, the Board and management team accept that it is ultimately our responsibility to protect our customers' data and we continue to work hard to restore public trust.

Mike Tilley
Chairman

From the **CEO**

Dear fellow shareholders,

It is clear that 2023 was an extraordinarily difficult year for our company. We faced numerous headwinds and setbacks that tested our resilience and led to an annual financial result that fell well below the expectations we set at the start of the year.

Since the onset of the Covid pandemic, Latitude and the financial services industry more broadly has experienced persistently unfavourable macroeconomic conditions that have subdued lending demand, elevated funding and operating costs and put pressure on our ability to deliver growth for our shareholders.

This year's results were further impacted by a malicious cyber-attack which impeded our debt collection activities, delayed planned margin management actions and prevented us from acquiring customers for a number of weeks. Latitude responded decisively, deploying our full resources to contain the attack, safely restore systems, regain business momentum and rebuild trust in our brand.

The cumulative and compounding effect is evident in our results. While pricing changes made throughout 2023 resulted in a $70 million (+8%) increase in interest income, these gains were offset by a $130 million (+61%) increase in funding costs, resulting in a $55 million decline (-8%) in Total Operating Income to $658 million.

Earnings were also impacted by elevated Net Charge Offs which increased by $68 million (+46%) due to the cyber-related disruption to collections, as well as the slow but steady reversion of credit losses to more normalised historical levels.

While expense discipline was maintained, Operating Costs rose by $20 million (or 6%), predominately related to non-recurring costs linked to re-engineering our operating model to deliver sustained productivity gains and to unlock investment that will drive revenue growth.

Disappointingly, Cash Profit After Tax dropped to $18.4 million. After amortisation of intangibles and other notable items, including $68.3 million in pre-tax costs and provisions associated with cyber-related remediation expenses, we recorded a Statutory NPAT loss of $137.9 million from continuing operations.

Importantly, Latitude maintains insurance policies to cover key risks, including cyber-security risks. We have been working cooperatively with our insurers over many months to recover eligible expenses. Our balance sheet also remains strong, with Latitude's Tangible Equity Ratio, a key measure of capital adequacy, remaining at the upper end of our target at 6.8%.

Throughout all of this, Latitude's customers, financiers and partners stood behind us, for which we are thankful. All retail and broker distribution partners were retained and several large merchants were added to our network across Australia and New Zealand.

By the start of the third quarter, growth momentum was clearly rebounding and by

December, originations had returned to pre-incident levels for both Pay and Money. This, in turn, supported Receivables growth which remained on a steady upward trajectory throughout the second half.

Pricing changes and easing funding costs lifted net interest margins in the second half (up 1bp from 1H23 to 2H23). We expect this to continue as debt capital markets stabilise and lower margin loans originated in prior years continue to run off.

We have emerged a more focused organisation, well positioned to capitalise on what we expect will be much more favourable conditions going forward.

Our actions in 2023 were and will continue to be guided by our new Path to Full Potential strategy, focussed on achieving market outperformance growth in our core products that have historically served our customers and retailer partners exceptionally well and generated superior returns for shareholders. We will also look to expand our white label solutions, beginning with the new David Jones credit card in March 2024.

We've critically examined every part of our business, honestly assessed our strengths and opportunities and mobilised to make changes to more effectively compete and win in the marketplace. While there is still much to do, I am confident that we have laid a strong foundation for our future success. Key highlights include:

- The sale of Hallmark Insurance and Symple Canada, as well as exiting BNPL in Australia and New Zealand, freeing up valuable capital to be redirected into our higher yielding core businesses.
- Integrating the Symple technology platform, with our focus now shifting to fully harnessing this world-class capability and increasing our already strong share of this high ROE segment.
- Restructuring our operating model, reducing personnel costs and ensuring that capital is allocated to Latitude's highest potential growth opportunities. We've also reshaped our Executive Team, appointing highly motivated, talented and globally experienced leaders to deliver on our targets.
- Re-engineering key processes in our Pay Division, streamlining the customer application experience, refreshing our sales team practices and enhancing some of our core technologies to improve marketing investment efficiency.

These accomplishments demonstrate Latitude's ability to adapt, persevere and deliver amidst adversity, and serve as a testament to the dedication of our nearly 800 employees.

My special thanks go to Latitude's Chairman, Mike Tilley, and our Directors for placing their confidence in me and my management team. Their support has helped bring out the best in all of us.

In closing, while 2023 was undoubtedly challenging, we also made significant progress toward our renewal. We remain the largest non-bank consumer lender in Australia and New Zealand, are privileged to serve over 2 million customers and over 5,000 retailers and are well positioned to capitalise on this key strategic advantage to deliver strong commercial results in the months and years ahead.

Thank you for your continued support.

Sincerely,

Bob Belan
Managing Director & CEO

Community

Latitude's commitment to our Environment, Social and Governance responsibilities is anchored in the work we do supporting customers and contributing to the communities we serve.

Our customers

Our responsible lending policy sets the framework for assessing applications and working with customers, in line with our regulatory requirements.

The strength of our policy, our strict lending criteria and robust approach to credit risk are reflected in low loss and delinquency rates.

For customers experiencing financial difficulty, our dedicated Hardship Care team is available to assist. Guided by our Vulnerable Customer Standard, our specialists work with customers to develop a tailored, achievable plan to restore financial health.

In 2023, Latitude approved 26,305 applications for hardship assistance, with most requiring short-term support. $4.9 million was provided in concessions or waivers. As part of this, Latitude worked to reduce longer-term hardship arrangements.

Community partnerships & workplace giving

As part of our mission to encourage financial inclusion and give back to the community, Latitude partners with charities in fields nominated by our employees – helping people with cancer, improving literacy, supporting people experiencing domestic violence and lifting health and wellbeing.

Our partners include Ardoch, ReachOut, Redkite, the Salvation Army and Murdoch Children's Research Institute in Australia, and Duffy Books in Homes, Child Cancer Foundation, Mental Health Foundation and Women's Refuge in New Zealand.

Through our workplace giving program, employees donated almost $40,000 to these charities in 2023, matched dollar for dollar by Latitude. In December we surpassed $1 million in total donations since the program started in 2017.

Latitude also donated an additional $32,500 each to the Salvation Army and Women's Refuge in New Zealand, recognising particular need leading up to Christmas. Our customers too contributed $51,000 to our charities through the donation of small surplus balances and unclaimed monies.

Many of our team took advantage of Latitude's offer of additional leave for volunteer or community service work, or gave back through volunteer programs including school visits with long-term partner Ardoch, or to give blood.

Reconciliation and the Korin Gamadji Institute

We are proud of our partnership with Richmond Football Club, which in 2023 included financial literacy training for students through

Proudly sponsoring the Richmond Football Club community

Participants in the Ardoch Little Buddies Literacy and Numeracy Program

Volunteering at Fair Foods warehouse in Auckland

Our New Zealand team supporting Child Cancer Go for Gold

Richmond's Aboriginal and Torres Strait Islander youth leadership centre, the Korin Gamadji Institute (KGI). Training was led by our partner Otivo which provides financial planning services to our Australian employees.

In 2024, Latitude will introduce its first Reconciliation Action Plan in line with our commitment to inclusivity and recognising Indigenous Australians. We look forward to further strengthening our relationship with KGI.

Cyber security

In March 2023, Latitude suffered a malicious cyber-attack resulting in the theft of customer data, where criminals accessed Latitude's systems via a substantial third-party vendor.

Latitude supported affected customers through a comprehensive care program, including paying for the cost of replacing identity documents. We continue to review and enhance the security of our systems as part of an ongoing process.

Latitude has also widely shared our learnings from the incident with government, regulators, cyber experts and other businesses, so that our experience can be used to help reduce the impact of cyber-crime on our community.

The environment

Latitude is committed to reducing our environmental impacts and managing climate-related risks.

In January, we relocated our Melbourne headquarters to a new, more energy-efficient building and substantially reduced floorspace in line with a flexible workplace approach.

Our people

Latitude values diversity and inclusion in all forms, and in 2023 applied the following gender targets: not less than 30% of each gender on the Executive and Senior Leadership team; not less than 40% of each gender new hires; and equal representation of gender across talent pipelines for GM and EGM roles. We will review these targets in 2024 as we continue to evolve our approach to gender and inclusivity in the workplace.

2023 Consolidated **Financial Report**

Latitude Group Holdings Limited
For the year ended 31 December 2023

Notes to the Consolidated Financial Statements

Directors' Report

The Directors present their report together with the financial statements of Latitude Group Holdings Limited ('the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 31 December 2023 ('year') and the auditor's report thereon.

The Group reported a $137.9 million loss after tax from continuing operations for the year ended 31 December 2023 (2022: $57.9 million profit).

Directors

The following persons held office as Directors of Latitude Group Holdings Limited during the financial year and up to the date of this report:

Michael Tilley
Independent Non-Executive Chairman
Appointed September 2020

Michael served as CEO of Challenger Financial Service Group Ltd from 2004 to 2008, having previously been Deputy Chairman. Prior to Challenger, Michael was Chairman and CEO of Merrill Lynch (Australasia) Pty Ltd and Chairman of Mergers & Acquisitions for the Asia Pacific Region. Michael was a Non-Executive Director of ASX listed Orica from 2003 to 2013 and has also served as Chairman of ASX listed Hotel Property Investments Ltd and Tubi Limited.

Michael holds a Post Graduate Diploma in Business Administration from Swinburne University and is a Fellow of The Australian Institute of Company Directors.

Robert Belan
Managing Director and CEO
Appointed April 2023

Bob was previously responsible for leading Latitude Money, Latitude's personal lending division as Executive General Manager, Money. Prior to this, Bob was co-founder and CEO of Symple Loans which was acquired by Latitude in 2021.

With over 20 years of global management experience, Bob has held executive roles at major financial services firms including American Express, JPMorgan Chase, and ANZ Banking Group leading large scale consumer payment and lending businesses.

He has a Bachelor of Arts from The University of Western Ontario in Canada and a Master of Business Administration from Columbia Business School in New York City.

Mark Joiner
Independent Non-Executive Director
Appointed March 2021

Mark was the CFO of National Australia Bank Limited from 2008 to 2013, having previously worked for Citigroup in the United States and as a management consultant with Boston Consulting Group in Australia and the United States. Mark is also currently a Director of Insignia Financial Limited's ex National Australia Bank's asset management business and Chairman of Pexa Limited and TAL Services Limited.

He is a Chartered Accountant and holds a Master of Business Administration from the Melbourne Business School. Mark was Chair of the Audit Committee until 31 December 2022 and became a member from 1 January 2023, and is the Chair of the Risk Committee.

Alison Ledger
Independent Non-Executive Director
Appointed March 2021

Alison spent eight years with Insurance Australia Group Ltd in senior strategic and operational roles. As Executive General Manager for Product, Pricing & eBusiness and Chief Operating Officer of online only The Buzz Insurance, Alison led the digital transformation of the direct-to-consumer business. Prior to this, Alison was a Partner with McKinsey & Company in the United Kingdom and Australia and a banker with Chase Investment Bank and Bankers Trust. Alison is currently also a Director of ASX listed Audinate Group Limited and CountPlus Limited.

She received her Master of Business Administration from Harvard Business School and graduated magna cum laude, with a Bachelor of Economics from Boston College. She is a Graduate and Member of the Australian Institute of Company Directors. Alison is Chair of the Remuneration & People Committee, Chair of the Technology Committee, and was a member of the Audit Committee until 20 October 2022.

Julie Raffe
Independent Non-Executive Director
Appointed September 2022

Julie has held significant executive and non-executive roles across multiple sectors including customer service, tourism, entertainment and media. With 40 years of professional experience, Julie is a former Finance Director and Company Secretary for Village Roadshow Limited (previously listed in the ASX 200/300 with operations in Australia, Asia, USA and Europe).

Julie is also currently a Director of ASX listed Ridley Corporation Limited; President of the National Board for Finance Executives Institute of Australia; and Deputy Chair of Entertainment Assist (a not-for-profit mental health forum).

She is a Chartered Accountant, Fellow of the Financial Services Institute of Australasia and a Graduate and Member of the Australian Institute of Company Directors. Julie became a member of the Audit Committee on 20 October 2022, and Chair of the Audit Committee from 1 January 2023, and is a member of the Technology Committee from 1 January 2023.

Beaux Pontak
Non-Executive Director
Appointed June 2015

Beaux currently serves as a Managing Director and the Co Head for Deutsche Bank AG's Global Finance & Credit Trading business in Asia Pacific. Prior to joining Deutsche Bank in 2005, Beaux worked with Ernst & Young Global Limited as a Senior Manager in Management Consulting.

He has a Bachelor of Arts in Economics and a Bachelor of Arts in International studies. Beaux is a member of the Risk Committee, the Remuneration & People Committee, and the Technology Committee.

Aneek Mamik
Non-Executive Director
Appointed February 2023

Aneek is a Partner and Global Head of Financial Services at Värde Partners, Inc. He joined the firm in 2016 and was named Partner in 2022. He oversees credit and equity investments in consumer finance, commercial finance, and other sectors of specialty lending. He is a member of the firm's investment committee.

Prior to joining Värde Partners, Inc., Aneek spent 15 years at General Electric, where he most recently led mergers and acquisitions for GE Capital Headquarters ("GE Capital"). Aneek pursued acquisitions globally as part of GE Capital's expansion and led some of the largest transactions in specialty finance. While at GE Capital, Aneek also had senior executive experience in capital allocation, strategy and finance across consumer and commercial lending.

He has a Bachelor Degree in Accounting and Finance as well as a Masters of Business from Monash University. Aneek is a member of Chartered Accountants Australia and New Zealand.

Philip Busfield
Independent Non-Executive Director
Appointed October 2023

Philip Busfield has spent more than 27 years in the investment banking industry in London and Sydney. He was a Board Director and Head of Risk Management for Nikko Principal Investments where he was responsible for a significant portfolio of financial and non-financial assets. The company had a strong presence in the non-bank lending sector, with warehouse lines and securitisation tools being used to finance sub-prime car loans, non-standard mortgages and government-originated student loans. Philip was also Chair of the Finance and Audit Committee of the 2023 Sydney World Pride event.

Philip is a co-founder and Board Director of Biscuit Tin Productions, a successful film and documentary production company and is on the Board of several Not for Profits in Australia as Treasurer and Chair.

He has a Degree in Mathematics (Hons) from Cambridge University. Philip became a member of the Remuneration & People Committee from 16 October 2023.

The following persons resigned as Directors of Latitude Group Holdings Limited during the financial year:

Ahmed Fahour
Managing Director and CEO
Resigned March 2023

Ahmed was appointed Managing Director and CEO of Latitude Financial Services in October 2018. Throughout his 30-year career, Ahmed has served in senior executive roles across banking and financial services, management consulting and postal services, including as Managing Director and CEO of Australia Post, CEO of the National Australia Bank Australia, CEO of Citigroup Alternative Investments in New York and as a Partner at Boston Consulting Group. Ahmed is also Chairman of the Hairhouse Group.

Ahmed has served as Australia's Special Envoy to the Organisation of Islamic Cooperation and is the Patron of the Islamic Museum of Australia. Ahmed was appointed an Officer of the Order of Australia in January 2017.

He holds a Bachelor of Economics (hons) and Honorary Doctorate from La Trobe University and a Master of Business Administration from Melbourne Business School.

James Corcoran
Non-Executive Director
Resigned February 2023

Prior to joining the Latitude Board, James was the CEO of NewDay Ltd in the United Kingdom. James also previously served in various senior management roles with Washington Mutual, HBOS plc, Bank One and Citibank. James is currently a Director on the Board of NewDay Ltd and Mercury Financial Partners in the United States.

Scott Bookmyer
Non-Executive Director
Resigned October 2023

Scott Bookmyer is a KKR Partner and has returned to North America after more than 12 years in the Asia Pacific region. From 2016 until the end of 2022, Scott was the head of KKR Australia and New Zealand and also served on KKR's Asia Private Equity Investment Committee and Portfolio Management Committee. Scott's other Board roles include the Australian Venue Company and the Laser Clinics Group. Scott first joined KKR Capstone in 2002, supporting operational improvements in KKR's North American private equity portfolio. Scott's prior experiences include brand management (Procter & Gamble) and management consulting (The Boston Consulting Group).

He holds a Bachelor of Arts with honours from Indiana University and a Master of Business Administration from The University of Chicago's Booth School of Business.

Company Secretaries

Vicki Letcher
Company Secretary
Appointed July 2022

Vicki joined the Group in June 2021 as Deputy Company Secretary and was appointed Company Secretary in July 2022. She was previously Company Secretary at Service Stream Limited and is an experienced executive, and has extensive experiences across many functions including Governance, Company Secretary, Internal Audit and Risk. She holds a Bachelor of Law and a Bachelor of Commerce, is also a fellow of Chartered Accountants Australia and New Zealand and The Chartered Governance Institute and a Graduate of the Australian Institute of Company Directors.

Tiffany Barton
Company Secretary
Appointed December 2022

Tiffany joined the Group in August 2019 and was appointed as General Counsel in October 2022 and Company Secretary in December 2022. She was previously a partner at Ashurst and PwC Legal and has extensive experience in Mergers & Acquisitions, corporate and commercial law, across multiple sectors with a particular focus on financial services. Tiffany has a Bachelor of Laws (Honours).

Directors Meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

	Board meetings scheduled		Board meetings unscheduled[1]		Results Sub-Committee[2]		Risk Committee		Audit Committee		Remuneration & People Committee		Technology Committee	
	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded
Director														
Mike Tilley	9	9	12	12	2	2	4	4	4	4	4	4	4	4
Robert Belan[6]	8	8	6	5	1	1	3	3	3	3	3	3	3	3
Julie Raffe	9	9	11	9	2	2	-	-	4	4	-	-	4	4
Mark Joiner	9	9	10	7	-	-	4	4	4	4	-	-	-	-
Alison Ledger	9	8	11	9	-	-	-	-	-	-	4	4	4	4
Beaux Pontak	9	9	9	5	-	-	4	4	-	-	4	4	4	4
Aneek Mamik[4]	8	8	9	5	-	-	-	-	-	-	-	-	-	-
Philip Busfield[8]	3	2	-	-	-	-	-	-	-	-	1	1	-	-
Scott Bookmyer[7]	6	5	10	5	-	-	-	-	-	-	3	2	-	-
Ahmed Fahour[5]	1	1	5	5	1	1	1	1	1	1	1	1	1	1
James Corcoran[3]	1	1	-	-	-	-	1	1	1	1	-	-	-	-

1 The number of meetings unscheduled in the Board's approved annual calendar. This number includes Board meetings in respect of the Cyber incident, other out-of-cycle matters and reflects those in attendance.
2 Sub-committee meetings held to approve half year and full year financial results for release to the market.
3 James Corcoran resigned as a Director and member of the Audit and Risk Committees on 17 February 2023.
4 Aneek Mamik was appointed as a Director on the 17 February 2023.
5 Ahmed Fahour retired as a Director on the 31 March 2023.
6 Robert Belan was appointed as a Director on the 1 April 2023.
7 Scott Bookmyer resigned as a Director and member of the Remuneration & People Committee on 16 October 2023.
8 Philip Busfield became a Director and member of the Remuneration & People Committee on 16 October 2023.

Directors' Interest

The relevant interest of each Director in ordinary shares, (including escrowed), restricted STI shares and performance rights is presented in sections 9.1 and 9.2 of the Remuneration Report.

Principal Activities

The Group offers customers the following products:

Pay: the Group provides payment and finance solutions to merchants and their customers. Customers are provided choice and flexibility, ranging from small everyday purchases to monthly or flexible payment plans for bigger purchases and travel credit cards. Offered in Australia, New Zealand and Asia.

Money: where customers are seeking solutions to their financing needs, including personal loans and motor loans. Offered in Australia and New Zealand.

On 31 May 2023, the Group completed the sale of the Insurance operations (Latitude Insurance Holdings Pty Ltd and its subsidiaries) to the St Andrew's Insurance Group.

On 18 December 2023, the Group completed the sale of Symple Canada Financial Group Limited loan portfolio to Innovation Federal Credit Union (IFCU).

Refer to Note 6.8 for the details relating to the sale of these operations.

2023 Consolidated Financial Report
Latitude Group Holdings Limited
For the year ended 31 December 2023

Summary of Group Performance

Statutory profit/(loss) after tax from continuing operations decreased from $57.9 million profit in 2022 to $137.9 million loss in 2023, a reduction of $195.8 million.

Cash Net Profit After Tax (Cash NPAT)[1] from continuing operations decreased from $153.5 million in 2022 to $18.4 million in 2023, a reduction of $135.1 million. The movements in Cash NPAT are discussed in detail below.

Summary of financial results

$'m	2023	2022	Change %
Net interest income	615.4	675.8	(9%)
Other income	42.2	36.4	16%
Total Operating Income	**657.6**	**712.2**	**(8%)**
Net charge offs	(215.8)	(147.6)	46%
Risk Adjusted Income[1]	**441.8**	**564.6**	**(22%)**
Cash operating expenses[2]	(351.9)	(331.8)	6%
Cash PBT[1]	**89.9**	**232.8**	**(61%)**
Movement in provision for impairment	(21.6)	28.1	(177%)
Depreciation & Amortisation (excl leases)	(42.2)	(45.3)	(7%)
Profit before Tax & Notable items	**26.1**	**215.6**	**(88%)**
Income tax expense	(7.7)	(62.1)	(88%)
Cash NPAT[1] from continuing operations	**18.4**	**153.5**	**(88%)**
Notable items after tax[1][2]			
Amortisation of acquisition intangibles	(28.4)	(33.6)	(15%)
Amortisation of legacy transaction costs	(0.2)	(2.8)	(93%)
Other notable items	(127.7)	(59.2)	116%
Statutory profit/(loss) after tax from continuing operations	**(137.9)**	**57.9**	**(338%)**
Discontinued operations	(21.2)	(21.6)	(2%)
Statutory profit/(loss) after tax	**(159.1)**	**36.3**	**(538%)**
Profit/(loss) is attributable to:			
Owners of Latitude Group Holdings Limited	(158.5)	37.7	(520%)
Non-controlling interest	(0.6)	(1.4)	(57%)
Statutory profit/(loss) after non-controlling interest	**(159.1)**	**36.3**	**(538%)**

[1]Cash NPAT, Risk Adjusted Income and Notable items are non-IFRS metrics used for management reporting and reflects what the Group considers to be the underlying performance of the business. Cash NPAT is not audited.

[2]Cash operating expenses excludes notable items. Notable Items are items outside the ordinary course of business and temporary in nature or relate to the costs associated with entering new segments and markets where the associated revenues or benefits from that investment will not evolve during the reporting period.

Note on Statutory Profit and Cash NPAT

Statutory profit is prepared in accordance with the *Corporations Act 2001* and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). Figures disclosed in the Summary of Group Performance are on a cash NPAT basis unless stated as being on a statutory profit after tax basis. Cash NPAT is not audited. Cash NPAT exclusions relate to:

- Amortisation of acquisition intangibles – reflects the amortisation of customer lists and distribution agreements recognised as part of the acquisition accounting,
- Amortisation of legacy transaction costs – reflects the amortisation of capitalised costs for the original establishment of the warehouse funding program,
- Corporate development – reflects the costs associated with acquisitions and integrations,
- Restructuring costs – reflects the transition costs to a simplified operating structure,
- Cyber incident costs – reflects the costs relating to business disruption associated with the cyber incident, including customer remediation, regulatory and enforcement activities and legal costs net of interim insurance recoveries received,
- Asset impairment – primarily reflects the decommissioning of platforms and impairment of goodwill, and
- Decommissioned facilities – reflects the costs relating to facilities that are decommissioned and are not intended to be utilised going forward.

Reconciliation of Cash NPAT from continuing operations to Statutory profit/(loss) after tax from continuing operations

$'m	FY23	FY22	Change %
Cash NPAT from continuing operations	**18.4**	**153.5**	**(88%)**
Amortisation of acquisition intangibles	**(28.4)**	(33.6)	(15%)
Amortisation of legacy transaction costs / IRS de-designation	**(0.2)**	(2.8)	(93%)
Corporate development	**(24.6)**	(30.4)	(19%)
Restructuring costs	**(10.5)**	(10.7)	(2%)
Cyber incident	**(47.8)**	-	100%
Asset impairment	**(40.6)**	(15.7)	159%
Decommissioned facilities	**(4.2)**	(2.4)	75%
Statutory profit/(loss) after tax from continuing operations	**(137.9)**	**57.9**	**(338%)**

Reconciliation of notable items

$'m	Cash NPAT FY23	Amortisation of acquisition intangibles	Amortisation of IRS de-designation	Corporate develop-ment	Restruc-turing costs	Cyber incident	Asset impair-ment	Decomm-issioned facilities	Statutory profit/ (loss) after tax FY23
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 operating expenses	(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 for impairment	(21.6)	-	-	-	-	-	-	-	(21.6)
Depreciation & Amortisation (excluding leases)	(42.2)	(40.5)	-	-	-	-	-	(3.0)	(85.7)
Profit before tax	**26.1**	**(40.5)**	**(0.3)**	**(34.1)**	**(14.5)**	**(68.3)**	**(48.0)**	**(5.8)**	**(185.4)**
Income tax (expense)/benefit	(7.7)	12.1	0.1	9.5	4.0	20.5	7.4	1.6	47.5
Profit after tax from continuing operations	**18.4**	**(28.4)**	**(0.2)**	**(24.6)**	**(10.5)**	**(47.8)**	**(40.6)**	**(4.2)**	**(137.9)**

Review of Operations

The start of the year saw strong volumes with momentum from 2022 continuing into January and February. Across the opening two months of the year our volumes were up 12.5% YoY with growth across both Pay and Money. Customer receivables reached a peak of $6.502 billion in February 2023 via strong volumes and repayments rates slowly trending back to pre-Covid levels. In addition, pricing actions were implemented to manage margin and delinquencies remained in line with expectations of a slow increase due to higher interest rates and inflation.

Unfortunately, on 12 March 2023, Latitude was subject to a malicious cyber-incident whereby the threat actor accessed Latitude's systems using stolen credentials. Latitude took immediate action to contain the incident, IT platforms were taken offline, and external security experts and relevant regulators were engaged and worked alongside our own teams. No suspicious activity inside Latitude's systems has been observed since 16 March 2023.

Latitude established a dedicated support service via a comprehensive Customer Care Program to support its customers impacted by the event. The Group has incurred $18.7 million of cyber-incident costs net of insurance recoveries during the year ended 31 December 2023. In addition, a $49.6 million provision has been raised for customer remediation costs, regulatory enforcement activities and future legal costs. It does not include the potential for class actions, customer compensation determinations, future system enhancements or an assumption of further insurance proceeds.

Business operations were disrupted by the cyber-incident for approximately 6 weeks. During this time Latitude was unable to originate new customer accounts, implement a number of pricing initiatives to counteract the continued rise of funding costs and 30+ delinquencies rose during the March to June period due to collections systems being offline.

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For the year ended 31 December 2023

Pleasingly as operations resumed volumes rebounded with all of our major retail partners remaining with Latitude through 2023. Volumes continued to build momentum through to December 2023 despite both a challenging retail sales environment and the resumption of pricing actions. The recommencement of collections activities delivered a rapid reduction in delinquencies into 2H23. Over the year the non-core operations of Insurance and the Canadian business were disposed of, which repatriated ~$117m in cash. The positive momentum noted above along with our continued discipline on operating expense management and the benefits arising from the business re-organisation activities ensures that Latitude is in a strong position to deliver on its Path to Full potential strategy.

Summary of financial analysis

Group volumes decreased 3.9% during 2023 to $7,646 million. Customer repayment rates, reduced by 312bps compared to 2022 as a result of higher interest rates, reductions in household savings and broader macroeconomic conditions and cost of living pressures. The underlying trend in repayments rates continue to trend towards the long term pre-COVID annual average of 92%. The declining repayment rate helped to partially mitigate the impact of lower volumes and as a result, gross receivables decreased by 3.5% to close the year at $6,245 million.

Cash NPAT of $18.4 million decreased by 88.0% compared to 2022 with the key drivers as follows:

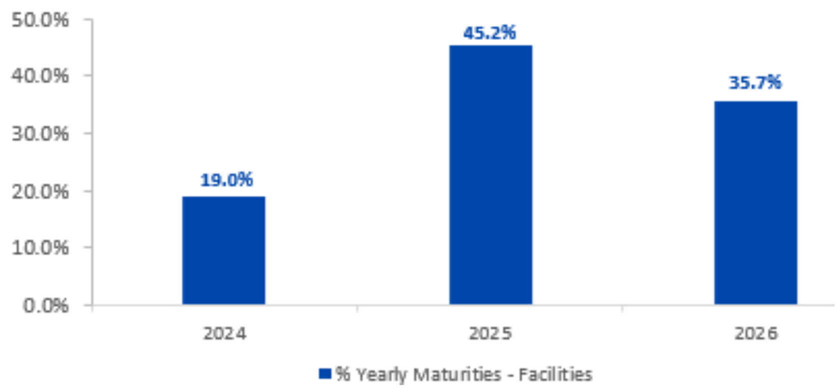
- **Total Operating Income** decreased by $54 million/8% to $657.6 million. Whilst disciplined pricing actions delivered an increase in interest income of $69.5 million/8% to $959.7 million it was offset by the $129.9 million/61% increase in interest expense driven by the unprecedented rise in cash rates. Interest Income yield increased 113bps to 15.28% and Other Income yield increased 9bps to 0.67% whilst Interest Expense yield increase by 219bps to 5.89%. As a result, Operating Income yield reduced 85bps to 10.47% with the cyber-incident delaying some planned pricing initiatives in 2023. Momentum in pricing can be seen with 2H23 interest revenue yield up 56bps vs 1H23, matching the 56bps increase in Interest Expense yield for the same period
- **Net Charge Offs** increased by $68.2 million/46% to $215.8 million. This increase reflects both the Cyber disrupted collections activities over the 6 weeks, as well as the expected normalisation of loss outcomes due to macro environment conditions, cost of living pressures and seasonality impacts. Net charge offs of 3.43% is up 108bps across the year, with the peak in the third quarter due to Cyber impacts which delivered a Net charge off rate of 3.94% before returning to 3.20% in the 4th quarter, noting Latitudes longer term pre-COVID average of ~3.30%.
- **Cash operating expenses** increased by $20 million/6% with the resumption of an accrual for short-term incentives (STIs), along with investment in technology platforms to drive growth, one-off consultancy costs for operating model changes, general cost inflation and the normalisation of occupancy costs offset by lower FTE's (22% reduction).
- **Provision movement** expense was $21.6 million for FY23 (up 48bps to 4.23%), up $49.7 million from FY22 which included a release of $28.1 (down 52bps to 3.74%). The FY23 increase reflects both the macroeconomic environmental pressures and the residual impacts of the adverse outcome of cyber disrupted collections. At 4.23%, the provision is at 1.3x current NCOs is back in line with the pre-COVID average.

Balance sheet management and dividends

During 2023, the Group maintained a robust funding position remaining active in funding markets despite delays due to Cyber. Six transactions were executed across 2023 to refinance and manage funding exposures to maintain and enhance our cost effective and diverse funding program. The Group systematically manages its maturity profile within the target range of no more than 50% of funding maturities in any given year and no more than 40% of funding maturities within the next 12 months.

The following graph sets out the Group's debt maturity profile as at 31 December 2023.

Securitised Debt Maturity Profile



The above includes current balance of all securitised debt at the first contractual maturity.

AU 2021-1 ABS included at 10% call option.

Across both our Warehouse and ABS facilities Latitude has drawn borrowings of $5.6 billion with available headroom of $1.3 billion to support future growth.

The Group's Return on Equity of 1.4% for 2023 is a 876bps reduction, which like other key operating metrics has been adversely impacted by increased cost of funding, the flow on impacts from the prevailing macroeconomic conditions and operational impacts arising from the cyber incident (including impacts to both Net Charge Offs and Coverage Rates). The tangible equity to net receivables (TER) has reduced 174bps to 6.8%, which is still at the upper end of our target range of 6-7%.

The Directors have not declared a dividend in 2023, when considering the residual outstanding cyber incident related items such as potential class actions, regulatory fine, IT enhancement investment and insurance recoveries. In addition, the present economic uncertain environment and potential growth opportunities that may emerge from this environment, a sufficiently capitalised balance sheet is prudent and appropriate.

Strategy and Outlook

Latitude is the leading non-bank consumer lender in Australia and New Zealand. Our strategic ambition is to be the pre-eminent provider of Sales Finance, Credit Card and Personal Lending solutions to customers and business partners across the core markets we operate in.

Our focus for the year ahead is on the continuing implementation of our "Path-to-Full-Potential" strategy to drive sustainable profit growth. Central to our strategy is maximising the growth and lifetime value of our extensive network of customer relationships in our core Pay and Money Businesses. This implies a clear focus on the fundamentals of volume and receivables growth, margin management, revenue enhancement, and balance sheet optimisation. Significant progress has been made on this plan including, portfolio rationalisation initiatives; exits from non-core business and geographies such as Insurance, Canada and BNPL. Additionally, we have taken significant action to reduce ongoing operating costs have while strengthening our discipline for new capital spend.

Risks

Risk management is fundamental to the success of the Group. The Group is continually reviewing its risk management capabilities to cater for changes to its strategy, developments in the external environment, as well as the enduring focus of achieving the best customer outcomes. The Group's enterprise risk management framework ('ERMF'), risk appetite statement ('RAS') and supporting processes are designed to ensure that relevant risks in business activities are effectively identified, measured, monitored and managed.

The Group's operating model for risk management is intended to:

- Maintain an effective system of internal controls commensurate with the scale of the business and consistent with the 'three lines' approach. This incorporates management and staff taking primary responsibility for identifying and managing risks; and
- Support the business in enabling growth and productivity, while ensuring operational reliability and resilience.

The RAS articulates the nature and quantum of risk that the Group is willing to accept in pursuit of its strategic objectives and business plan. The RAS is reviewed and approved by the Board annually.

Leadership and oversight of risk management is executed through an established enterprise governance structure, risk assessments and risk appetite metrics. Adherence to policies and procedures are monitored by management, Board committees and the Board.

Each executive reviews and attests to the appropriateness of the risk and control environment for their individual business unit via completion of Risk and Control Self-Assessments ('RCSA'). The results and observations are presented to the Enterprise Risk Management Committee, with material results reported to the Board Risk Committee. This process is complemented by second line review and independent third line audits.

The Group manages risk in the following areas:

- Technology enabled risk management - The Group uses data and technology to enhance risk management. This includes leveraging Internal Bureau and customer data through a proprietary tool that combines customer data on repayment behaviour and transactional history. Latitude also partners with third parties to build efficient and effective processes to assist in enhancing credit management and conduct.
- Enterprise risks - The Group enterprise risk management framework provides guidance on effective identification, management and monitoring of key risks. The Group's risk appetite for compliance risks is low and a strong culture is maintained whereby compliance obligations and risks are understood and demonstrably managed across the organisation. This is reinforced

through values, Code of Conduct, policy framework, compliance training and management reinforcing a culture of good conduct.

- Cyber risk - The Group utilizes platforms and systems that are accessible via the Internet to support its operations and to deliver lending services to its customers and merchant partners. Given the rapidly evolving risks associated with cyber, the Group regularly assesses the effectiveness of its security control environment and implements strategies to mitigate cyber risk. This includes increasing the Group's surveillance, threat detection and response capabilities, as well as other incremental security control enhancements, in response to the March 2023 cyber incident.
- Operational risk - The Group has established processes to manage and monitor key operational risks including business resilience, cybersecurity, fraud, operational processes and human resources. All employees are encouraged to identify, report and manage operational risks to ensure customer outcomes and business objectives are prioritised.
- Credit risk management - Credit risk management is a core feature of the Group's capability. It manages credit according to customer segments and product types across the credit risk lifecycle and makes credit approval decisions in accordance with applicable regulatory requirements and underwriting procedures. The Group is also a participant in Comprehensive Credit Reporting (CCR) and engages in ongoing customer account management.
- Asset quality - When a customer does not meet minimum monthly payment requirements, they are deemed to be delinquent on their contractual terms. The Group makes provisions for expected losses from the time of origination and thereafter each account is re-assessed monthly. Refer to section 3.2 for further information on credit risk management.
- Funding and liquidity - The Group's funding strategy aims to provide diversity across multiple financiers, markets and facilities, and provides the business with a balanced funding maturity profile. The key features of Latitude's funding strategy include maintaining a funding platform with a broad base of financiers and a balanced maturity profile, while managing incremental receivables, funding capacity and foreign exchange risk.
- Regulatory and legislative reform - The industry in which the Group operates is subject to a range of laws and regulations across multiple jurisdictions. While these laws and regulations are complex and subject to change, we maintain an appropriately skilled and experienced workforce as well as relationships with specialist advisers to minimise the risk of non-compliance.
- Environmental, Social and Governance (ESG) - The Group's commitment extends beyond climate and the environment and includes its social and governance responsibilities. The Group recognises its responsibility to its customers and to the community and delivers targeted initiatives via its established corporate social responsibility program.

Dividends and Distributions

Information relating to dividends and distributions for the current and prior financial year, including dividends determined by the Board since the end of the year ended 31 December 2023, is disclosed in notes 2.4(a) & 2.4(b) of the financial report.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs except for the below.

On 17 February 2023, the Group announced the appointment of Mr. Bob Belan as Managing Director and CEO effective 1 April 2023.

On 31 March 2023, Ahmed Fahour resigned as Managing Director and CEO.

On 31 May 2023, the Group completed the sale of the Insurance operations (Latitude Insurance Holdings Pty Ltd and its subsidiaries) to the St Andrew's Insurance Group.

On 18 August 2023, KVD Singapore Pte. Ltd (KVDS) a company owned by KKR Clarendon Holdings L.P, Vatpo Investments Pte. Ltd. and Deutsche Bank AG, Sydney Branch ceased as the ultimate controlling party of Latitude Group Holdings Limited disposing of all its ordinary shares in Latitude to the individual shareholders of KVDS.

On 28 November 2023, the Group announced that Mike Tilley will extend his term as its Chairman until the date of his re-election as a Director, currently scheduled to occur in April 2025.

There have been no other significant changes in the Group's state of affairs during the year ended 31 December 2023.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

Environmental Regulation

The Group does not believe that its operations are subject to any other particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Officers and Indemnities

(a) Insurance of officers

During the financial year and subsequent to the year ended 31 December 2023, Latitude Financial Services Australia Holdings Pty Ltd, a subsidiary of the Group, has paid Directors and Officers insurance and liability premiums on behalf of the Group's Parent and its subsidiaries. The insurance has a limit of liability unless specified within the policy.

The insurance policies prohibit the disclosure of limits of liability, the nature of liability indemnified and the premium payable.

(b) Indemnity of auditors

The Group has not during or since the end of the year, paid or agreed to pay any premiums in respect of any person who has been an auditor of the Group for the purposes of indemnifying them against any claims by third parties arising from their audit report.

Performance rights over issued shares

At the date of this report, Performance Rights on issue are shown in the following table:

Performance period end date	Number of Performance Rights on issue at 31 December 2023	Number of Performance Rights on issue at 31 December 2022
31 December 2023	1,980,833	2,021,029
31 December 2024	3,006,309	3,106,619
31 December 2025	641,852	n/a
Total	**5,628,994**	**5,127,648**

Shares allocated on vesting will rank equally with all other ordinary shares on issue.

These Performance Rights have no dividend or voting right prior to vesting.

Proceedings on behalf of the Group

No application for leave has been made under section 237 of the *Corporations Act 2001* in respect of the Group and no proceedings brought or intervened in on behalf of the Group under that section.

Non-Audit Services

The Board of Directors has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Group or jointly sharing risks and rewards.

Refer to note 6.7(a) of the financial statements for Auditor's remuneration.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 54 and forms part of this report.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, unless otherwise indicated.

Remuneration Report

Introduction from the Chair of the Remuneration and People Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Latitude Remuneration Report for 2023.

This report details remuneration policy, structure and outcomes for Latitude's Managing Director & CEO (MD & CEO), other Executive Key Management Personnel (KMP) and Non-Executive Directors (NED). During 2023, three KMPs have exited Latitude and two new members have joined.

This year Latitude reported a Cash NPAT of $18.4 million while responding to significant headwinds including higher cost of funds as interest rates rose rapidly, the impact on consumer behaviour of global unrest on top of lingering effects of the pandemic, and the malicious cyber-attack in March.

Targeted action to restore margins and increase volumes, while we supported our customers after the cyber-attack, resulted in the recovery of several performance indicators in the second half.

Remuneration Outcomes for FY23

The Board aligns performance measures for payment of Executive KMP Short Term Incentives (STI) with Latitude's strategic outcomes. In FY23, the Enterprise Scorecard aligned with three key themes: growth and performance; leadership and culture; and reputation and sustainability.

Given the challenges in 2023, and despite progress against other performance targets linked to strategy, the Cash PBT threshold required to release the STI pool was not achieved. As a result, the CEO and Board are exercising discretion to release a pool of funds to pay bonuses to a targeted group of key talent and strategically important individuals to mitigate potential retention risk and loss of commercial and strategic momentum.

The FY21 LTI performance hurdles of Return on Equity (ROE) and cash Earnings Per Share (EPS) were not achieved, and it's anticipated that LTI Rights will be forfeited in FY24.

Remuneration changes implemented in 2023

Latitude's new MD & CEO took up the role in April. Remuneration was set and disclosed after a thorough review by the Board which will result in a change to the CEO's remuneration structure from 2024 to a market-standard equal split between fixed remuneration, STI and Long-Term Incentives (LTI).

To focus the KMP team on share price recovery, and in response to retention risks associated with the CEO transition and a tight labour market, most Executive KMP were offered a one-off grant of options, rather than participating in the LTI plan in 2023.

Base fees for Board Director were reduced by 10% from March 1 after a review that benchmarked similar-sized businesses, considered Latitude's change in market capitalisation since its listing in 2021, and took into account cost measures implemented by the management team.

Looking Ahead

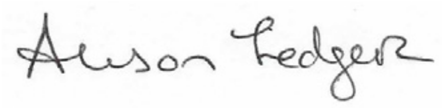
The Board is committed to evolving and applying a remuneration framework for the Executive KMP that:

- Meets shareholder expectations and delivers shareholder value;
- Rewards delivery of sustainable and improved performance aligned to business strategy, as well as Latitude's standards of behaviour and risk appetite;
- Encourages retention and recruitment of key talent, particularly in an employment market that remains competitive.

A balanced enterprise scorecard with relevant and challenging stretch targets will be used to help restore, then enhance, profitability. Linked to this, from FY24 the Cash PBT gateway for release of the STI pool will be removed and instead the STI pool each year will be determined as a percentage of Cash NPAT.

In relation to LTI, given the Options Plan was a one-off initiative, from FY24 Latitude will revert to the LTI Plan that has been in place since listing. Further, to better reflect the Latitude business and what drives shareholder value, changes have been made to the FY24 LTI performance conditions, whereby Return on Equity (ROE) will be replaced with Interest Bearing Receivables (IBR). Earnings Per Share (EPS) growth remains the same and measures will be equally weighted.

On behalf of your Board's Remuneration and People Committee, I invite you to read the full Remuneration Report which will be presented for adoption at Latitude's 2024 Annual General Meeting.



Alison Ledger

Chair of the Remuneration and People Committee

The Remuneration Report outlines the Group's remuneration information and outcomes for Key Management Personnel. The Remuneration Report is presented in accordance with the requirements of the Corporations Act 2001 (Cth) (the Act). It has been audited as required by Section 308(3C) of the Act.

1. Key Management Personnel

Key Management Personnel (**KMP**) are individuals with the authority and responsibility for planning, directing and controlling Latitude's activities, either directly or indirectly. Latitude's 2023 Remuneration Report covers both the Non-Executive Directors and Executive KMP during FY23 and up to the date of this report, as detailed below.

Current Non-Executive Directors		Term as KMP
Michael Tilley[1]	Independent Non-Executive Director and Chairman	Full Year
Mark Joiner	Independent Non-Executive Director	
Alison Ledger[2]	Independent Non-Executive Director	
Julie Raffe	Independent Non-Executive Director	
Philip Busfield	Non-Executive Director (Shareholder Representative, KKR)	Appointed 16 October 2023
Aneek Mamik	Non-Executive Director (Shareholder Representative, Varde Partners)	Appointed 17 February 2023
Beaux Pontak	Non-Executive Director (Shareholder Representative, Deutsche Bank)	Full Year
Former Non-Executive Directors		**Term as KMP**
James Corcoran	Non-Executive Director (Shareholder Representative, Varde Partners)	Resigned 17 February 2023
Scott Bookmyer	Non-Executive Director (Shareholder Representative, KKR)	Resigned 16 October 2023
Current Executives		**Term as KMP**
Bob Belan[3]	Managing Director and Chief Executive Officer (MD & CEO)	Full Year
Paul Varro[4]	Executive General Manager, Finance (Chief Financial Officer)	Full Year
Paul Byrne	Executive General Manager, Money	Appointed 1 May 2023
Adriana Martinez	Executive General Manager, Pay	Appointed 12 September 2023
Acting Executive		**Term as KMP**
Becky Cook	Executive General Manager, Pay (Acting)	1 July to 11 September 2023
Former Executives		**Term as KMP**
Ahmed Fahour[5]	Managing Director and Chief Executive Officer (MD & CEO)	1 January to 31 March 2023
David Gelbak[6]	Executive General Manager, Pay (Acting)	1 January to 30 June 2023
Andrew Walduck[7]	Executive General Manager, Enterprise Services (Chief Operating Officer)	1 January to 31 December

1 *As announced to the market on 28 November 2023, Mr Tilley will extend his term as Chairman until the date of his re-election as a Director, currently scheduled to occur in April 2025.*
2 *Ms Ledger was also a Director of Hallmark Insurance, a subsidiary of Latitude, until the sale of the business to St Andrews on 31 May 2023.*
3 *Mr Belan commenced FY23 as Executive General Manager, Money and became MD & CEO on 1 April 2023.*
4 *Mr Varro commenced FY23 as Executive General Manager, Finance and Risk (CFO). On 1 May 2023 the Risk component of the role was reassigned, with a Chief Risk Officer role reporting directly to the MD & CEO from that date.*
5 *Mr Fahour retired as MD & CEO and KMP on 31 March 2023, and ceased employment with Latitude on 30 June 2023.*
6 *Mr Gelbak retired as KMP and ceased employment with Latitude on 30 June 2023.*
7 *Mr Walduck ceased as KMP on 31 December 2023, and employment with Latitude on 12 January 2024.*

2. Remuneration Governance

2.1 Governance Framework

The Governance of Latitude's remuneration framework ensures that it rewards:

- Our team for performance aligned to business strategy and shareholder expectations; and
- Achievement of sustainable performance, and behaviours and conduct aligned with our values.

Roles in the Governance framework

THE BOARD: Latitude has clear processes for all remuneration decisions including Executive KMP remuneration that must be approved by the Board, following recommendations made by the Remuneration and People Committee.

The Board is responsible for succession planning for the MD & CEO, Executive KMP and Board members (Non-Executive Directors).

THE RISK COMMITTEE advises the Remuneration and People Committee on material risk matters that may impact remuneration outcomes for Executive KMP.

THE REMUNERATION AND PEOPLE COMMITTEE: facilitates and assists the Board to fulfil its responsibilities:

- Advising the Board on remuneration arrangements for Executive KMP and Non-Executive Directors;
- Overseeing remuneration strategies, policies and procedures, informed by market practice and regulatory requirements;
- Overseeing employee equity incentive plans and advising the Board on offers, performance hurdles and targets;
- Reviewing Executive KMP performance assessment processes and results so conduct is consistent with Latitude's values and risk appetite; and
- Succession planning for the MD & CEO and Executive KMP roles.

AUDIT COMMITTEE: assists the Board with financial risk management and compliance, overseeing the Company's results that lead to remuneration outcomes for Executive KMP.

EXTERNAL ADVISERS: The Remuneration and People Committee may seek advice or information from remuneration consultants in relation to remuneration policy and setting for Executive KMP and Non-Executive Directors.

2.2 Board Oversight of Remuneration Outcomes: Malus and Clawback

The Board can impose malus and/or clawback to both STI awarded and LTI granted to all Executive KMP, including the lapsing or forfeiture of restricted or unvested awards. This ensures no unfair benefit is obtained due to an act which in the Board's opinion:

- Constitutes fraud, dishonesty or gross misconduct;
- Brings the Company (or any other member of the Latitude Group) into disrepute;
- Breaches the Executive's obligations to Latitude including compliance with applicable policies;
- Does not adhere to Latitude's values or risk framework; or
- Impacts the delivery of Company performance in an unsustainable manner, involves unacceptably high risk/results, or is likely to result in detrimental impact/s on longer term Company performance.

The Board's ability to impose malus and/or clawback payments on incentive awards is a deterrent to inappropriate risk behaviour. The Board maintains full discretion to adjust STI and LTI outcomes upwards or downwards (see Sections 3.5 and 3.6 for further details).

During FY23, the Board did not enact malus and clawback.

2.3 Corporate Governance Policies Related to Remuneration

2.3.1 Share Trading Policy

The Share Trading Policy was adopted by the Board in 2021 and outlines prohibited securities dealing conduct under the Corporations Act. This policy provides a best-practice procedure relating to Directors', officers', KMP, employees', contractors' and their families/associates' share dealings.

A copy of the Share Trading Policy can be found on the Latitude website:
https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance.

2.3.2 Minimum Shareholding Policy (MSR)

Section 9.2.2 provides details regarding the MSR for Executive KMP (including the MD & CEO) and the current position for each Executive against that policy.

There is currently no minimum shareholding requirement for Directors (excluding the MD & CEO).

2.3.3 Other Corporate Governance policies related to remuneration

As previously disclosed, the Remuneration and People Committee does not comply with ASX Recommendations 2.1 and 8.1. Full details regarding these recommendations are detailed in Principles 2 and 8 of the 2023 Corporate Governance statement.

3. FY23 Executive KMP Remuneration Overview

3.1 Remuneration Principles

Latitude's remuneration principles have been designed with reference to our vision, values and strategy, effectively rewards exceptional performance, while mitigating inappropriate behaviour, and allows flexibility to account for changing market conditions.

Our remuneration principles and practices aim to:

- Be simple, transparent and consistent;
- Reward sustainable performance beyond day-to-day role accountabilities;
- Create a high-performance culture, recognising what is achieved and the way it's achieved;
- Be market competitive and reflect our broader employee value proposition;
- Deliver shareholder value through a strong focus on appropriately stretching short-term goals that build to long-term performance;
- Align the interests of all stakeholders (customer, shareholders, employees) by ensuring there is a clear link between remuneration and performance; and
- Support Latitude's risk management framework and culture by encouraging appropriate conduct, setting clear risk accountabilities, and enabling consequences through forfeiture of remuneration.

3.2 FY23 Remuneration Framework

The FY23 remuneration framework for Executive KMP detailed in this report includes the below elements:

	Fixed Remuneration (FR)	Short-Term Incentive (STI) Plan	Long-Term Incentive (LTI) Plan
Purpose	Attract and retain the best talent to deliver Latitude's strategy.	Reward short-term performance.	Reward long-term performance.
Composition and delivery	Base salary and superannuation, paid in equal monthly instalments.	Annual performance incentive paid in cash in March: • 50% after year end; and • 50% 2 years after year end.	Award of Performance Rights subject to specific vesting 3-year vesting conditions.
Rationale	Based on: • role size, scope and complexity • competitive landscape • internal relativity • experience, skills and performance	STI rewards achievement of annual company, business unit and individual performance targets, in a sustainable and risk focused manner.	LTI is aligned to the achievement of long-term Group performance outcomes and shareholder value creation.

During FY23, the majority of Executive KMP (including the MD & CEO) didn't participate in the LTI, and instead were offered a one-off grant of Options (see Section 3.3 regarding remuneration mix and delivery).
The Board determined that there was a retention concern for Executives in FY23 with both with the MD & CEO transition, and an increasingly competitive talent marketplace. In recognition of the importance of stability and consistency of the Executive team at this time, the Board determined that two key objectives could be met through the offer of a one-off Options plan:

- to focus the team on share price recovery; and
- address critical retention risk.

For the purposes of the remuneration framework and mix calculations, we have not included Options due to their one-off nature. As a result, Latitude refers to those separately throughout the FY23 Remuneration Report. Please refer to Section 3.7 for full details regarding the Options.

3.3 FY23 Remuneration Mix and Delivery

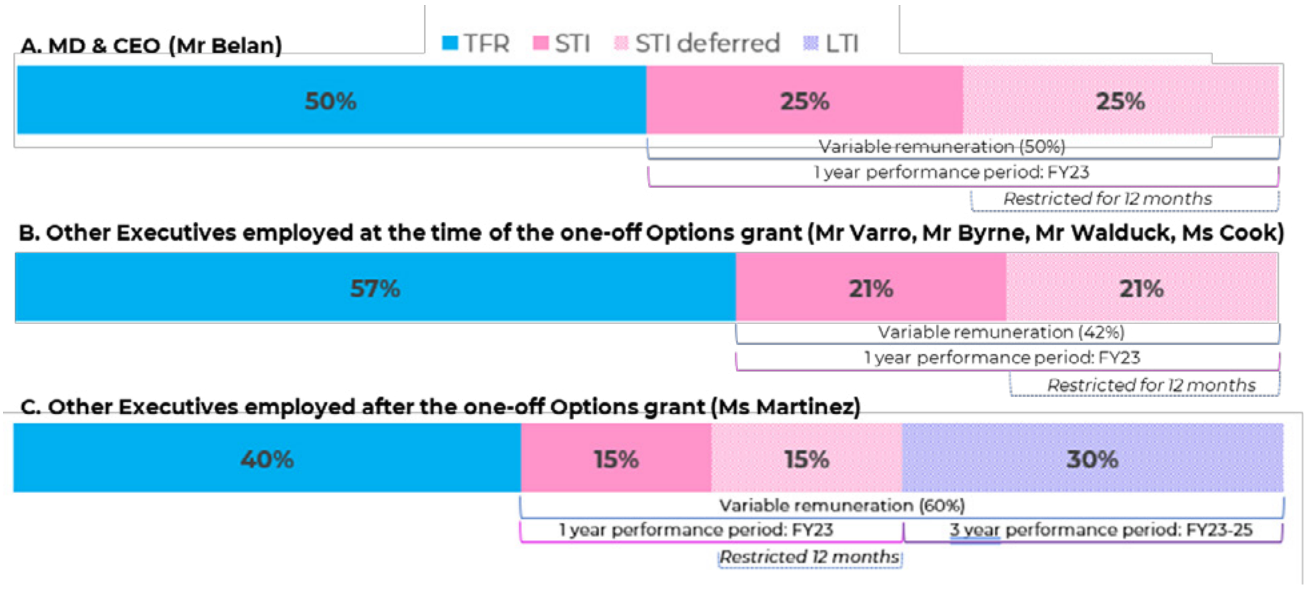
As detailed above in Section 3.2, FY23 represented a unique year for Executive Remuneration at Latitude. As a result, the FY23 remuneration mix and delivery at target for Current Executives differs as follows:

A. The MD & CEO (Mr Belan) received the one-off grant of Options upon commencement in the role, rather than a grant of Performance Rights in the FY23 LTI Plan. His remuneration mix for FY23 comprises FR and STI only, with 50% variable and at risk.

B. Current Other Executive KMP who were employed at the time of the one-off grant of Options (Mr Varro, Mr Byrne, Mr Walduck and Ms Cook, Acting KMP) also received Options rather than Performance Rights in the FY23 LTI Plan. Their remuneration mix for FY23, comprises FR and STI only, with 42% variable and at risk.

C. Ms Martinez commenced with Latitude in September 2023. As she was not employed at the time of the one-off grant of Options, she was offered participation in the FY23 LTI plan. Her remuneration mix for FY23 comprises FR, STI and LTI, with 60% of remuneration at risk.

From 1 January 2024, Latitude will revert to the standard remuneration mix of FR, STI and LTI. Please refer to Section 6.6 for the remuneration mix and delivery at target that will apply from that date.



3.4 Fixed Remuneration (FR)

The MD & CEO, and other Executive KMP receive FR in equal monthly instalments.

Element	FY23 FR Principles
Market data	Considers similar Executive roles within two ASX comparator groups: • Primary group: organisations with a comparable market capitalisation; and • Secondary group: subset of the primary group including companies in the 'Financials' Global Industry Classification Standard (GICS) sector only.
Timing of Reviews	• Annual review: conducted each year and reviewed against external market data, with any approved changes applicable from 1 April. • Other circumstances: adjustments may be made for a change in role or promotion, internal relativities or significant market change.

Mr Belan's remuneration was reviewed upon his appointment to the MD & CEO role on 1 April 2023, and disclosed to the market.

3.5 Short-term Incentive Plan (STI)

The MD & CEO and eligible Executive KMP participated in the FY23 STI under the following terms:

Feature	Key Terms of the FY23 STI
Changes in FY23	Please refer to details in the table below and Section 5.1 regarding changes to: A. stretch (maximum) outcome applies to full scorecard based on Cash PBT stretch target, rather than individual scorecard measures; B. delivery in cash (no equity deferral) (pre-disclosed in FY22 Remuneration Report); C. introduction of RAI Yield (20%) measure to replace Graduation measure (15%); D. Symple integration strategic measure moves from 15 to 10%.
Performance Period	1 January to 31 December 2023 (pro rata for time served where leave due to redundancy)
Opportunity	The STI opportunity as a percentage of FR remains as follows:

<table>
<tr><th>Feature</th><th>Key Terms of the FY23 STI</th></tr>
<tr><td></td><td>
<table>
<tr><th></th><th>MD & CEO</th><th>Other Executive KMP</th></tr>
<tr><td>Maximum (125% of Target)</td><td>125%</td><td>93.75%</td></tr>
<tr><td>Target</td><td>100%</td><td>75%</td></tr>
<tr><td>Minimum</td><td>0%</td><td>0%</td></tr>
</table>
</td></tr>
<tr><td>Gateway</td><td>A threshold of Cash PBT serves as a conditional gateway for any STI to be paid.</td></tr>
<tr><td>Weighting</td><td>Weightings are dependent upon the Executive’s role. Strategic Business Unit (SBU) Executive KMP include the EGMs for Pay and Money. Support Function Executive KMP include the EGMs for Finance and Enterprise Services. The weightings are as follows:
<table>
<tr><th></th><th>MD & CEO</th><th>SBU</th><th>Support Functions</th></tr>
<tr><td>Enterprise Scorecard</td><td>100%</td><td>50%</td><td>80%</td></tr>
<tr><td>Business Unit/Individual Performance</td><td>-</td><td>50%</td><td>20%</td></tr>
</table>
</td></tr>
<tr><td>Outcome Scale</td><td>The outcome for each performance measure continues as follows:
<table>
<tr><th>Performance achieved</th><th>% Outcome</th><th>Calculation</th></tr>
<tr><td>Target</td><td>100%</td><td rowspan="2">Straight-line pro rata % between Threshold and Target</td></tr>
<tr><td>Threshold</td><td>50%</td></tr>
<tr><td>Below Threshold</td><td>0%</td><td></td></tr>
</table>
</td></tr>
<tr><td>Stretch (maximum) Outcome</td><td>As noted in the changes section, stretch performance for FY23 was linked to achievement of the Cash PBT stretch target. Where this is achieved, and Employee Engagement & Customer Loyalty remain at or above the 2022 results, 125% STI would be available for payout.</td></tr>
<tr><td>Modifiers</td><td>The Board retains the discretion to modify STI outcome upwards (to maximum) or downwards (including to zero) including by reference to the following:
<table>
<tr><th>Modifier</th><th>Assessment</th></tr>
<tr><td>Leadership behaviours / values</td><td>Assessment of behaviours against Latitude’s Code of Conduct, qualitative stakeholder feedback and other policies.</td></tr>
<tr><td>Risk management</td><td>Risk and compliance outcomes, informed with input received from the Risk Committee.</td></tr>
</table>
</td></tr>
<tr><td>Delivery</td><td>As detailed in the changes section, STI outcomes are delivered:
• Half (50%) paid in cash in March 2024; and
• The remaining half (50%) is deferred for 12 months and paid in cash in March 2025.</td></tr>
<tr><td>Treatment of deferred cash STI during deferral period</td><td>Cessation of Employment: Participants who depart Latitude prior to the deferred cash payment date, are generally treated as follows, although the Board retains discretion to determine a different treatment:
• Misconduct or summary dismissal for cause: Deferred cash lapses.
• All other circumstances: deferred cash remains on foot, subject to the original performance conditions and restriction period.
Other events: Subject to Board discretion (e.g. change of control, capital restructure), within ASX listing Rules.</td></tr>
</table>

3.6 Long-term Incentive Plan (LTI)

Per Section 3.2, Ms Martinez was the only Executive KMP to participate in the FY23 LTI as follows.

3.6.1 FY23 LTI Key Terms

<table>
<tr><th>Feature</th><th>Key Terms of the FY23 LTI</th></tr>
<tr><td>Offer</td><td>Rights to acquire Shares (Performance Rights), subject to the satisfaction of specific performance conditions and vesting conditions over the Performance Period.</td></tr>
<tr><td>Performance Period</td><td>1 January 2023 to 31 December 2025</td></tr>
<tr><td>Opportunity</td><td>The LTI opportunity as a percentage of FR on a pro-rata basis was as follows:
<table>
<tr><th></th><th>Ms Martinez</th></tr>
<tr><td>Maximum (100% target)</td><td>75%</td></tr>
<tr><td>Minimum</td><td>0%</td></tr>
</table></td></tr>
<tr><td>Grant</td><td>Performance Rights were granted on 9 November 2023.
The number of Performance Rights granted was calculated based on a 5-day volume-weighted average price (VWAP) of $1.1762 for the period 22-28 August 2023.</td></tr>
<tr><td>Performance conditions and weightings</td><td>The following performance conditions and weightings apply (further details in Section 3.6.2):
<table>
<tr><th>Return on Equity (ROE)</th><th>Cash earnings per share growth (EPS)</th></tr>
<tr><td>50% of Performance Rights may vest subject to the ROE performance condition.</td><td>50% of Performance Rights may vest, subject to the EPS growth performance condition.</td></tr>
</table></td></tr>
<tr><td>Testing outcomes</td><td>Following the release of the FY25 full-year results in 2026, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:
<table>
<tr><th>ROE / EPS performance level achieved over the Performance Period</th><th>% of Performance Rights subject to the ROE / EPS hurdles that will vest</th></tr>
<tr><td>At or above target</td><td>100%</td></tr>
<tr><td>Between threshold and target</td><td>Straight-line pro-rata vesting between 50% and 100%</td></tr>
<tr><td>At threshold</td><td>50%</td></tr>
<tr><td>Below threshold</td><td>0%</td></tr>
</table>

Performance Rights that vest are automatically exercised into Shares.
Performance Rights that don’t vest will lapse and are not retested.
In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.
The FY23 LTI outcomes will be reported in the 2026 Remuneration Report.
</td></tr>
<tr><td>Treatment of Performance Rights prior to vesting – cessation of employment</td><td>Where participants depart Latitude prior to the vesting date, they are generally treated as follows, although the Board retains discretion to determine a different treatment:

Misconduct or summary dismissal for cause: Performance Rights will lapse.
Resignation: Performance Rights will lapse.
All other circumstances: Performance Rights remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance Period. The Performance Rights remain restricted until the end of the usual performance and vesting period.
Performance Rights that vest after the original vesting period are automatically exercised.
</td></tr>
<tr><td>Other details regarding Treatment</td><td>
Performance Rights have no dividend or voting rights prior to vesting.
Performance Rights are not able to participate in the DRP.
See Section 2.3.1 regarding restrictions on dealing.
Treatment of LTI is subject to Board discretion in the case of other events (e.g. change of control, capital restructure), within ASX listing Rules.
</td></tr>
</table>

3.6.2 FY23 LTI Performance Conditions

Measures	ROE	Cash EPS Growth
Description	Measures cash earnings generated as a percentage of shareholders' equity.	Measures compound annual growth rate of the profit/loss for the period attributable to ordinary equity holders in the Company.
Rationale	Evidences Latitude's return on total shareholder's equity, aligning Executive reward to shareholder experience.	Demonstrates Latitude's ability to generate cash NPAT[1], that may be utilised to facilitate growth activities and future distributions to shareholders.
Calculation	Cash NPAT / average shareholders equity	Cash NPAT / weighted average number of ordinary shares outstanding during the performance period.
Measure type	The average ROE achieved for each financial year of the performance period (FY23, FY24 and FY25).	Point-to-point approach compares the final performance period (FY25) with the base year (FY22). Removes any fluctuation in performance in intervening years, aligned with market practice.
Setting of targets	The Board sets the targets at the outset of each performance period. Targets are set to be sufficiently challenging for Executives and deliver appropriate returns for shareholders.	
FY23 LTI Plan targets	Target 10.5% Threshold 8.5%	Target 10% Threshold 7%
Adjustments	• Mergers/acquisitions in the Performance Period: The outcome may be adjusted to remove the impact of the transaction. The target won't be adjusted. • In exceptional circumstances the Board may adjust the performance conditions to ensure participants are neither advantaged nor disadvantaged by matters outside management's influence that materially affect Company performance.	

1 *Net Profit After Tax (NPAT) as per the Directors Report in the Summary of Group Performance section.*

3.6.3 FY21 LTI Plan Terms that remain on foot during FY23

The MD & CEO and other Executive KMP (excluding Mr Belan) were eligible to participate in the FY21 LTI under the following terms:

Feature	Key Terms of the FY21 LTI
Offer	Rights to acquire Shares (Performance Rights), subject to the satisfaction of specific performance conditions and vesting conditions over the Performance Period.
Performance Period	1 January 2021 to 31 December 2023
Opportunity	The LTI opportunity as a percentage of FR was as follows:
Grant	Performance Rights were granted on 29 April 2021 to eligible KMP. The number of Performance Rights granted to eligible KMP was calculated based on a 5-day volume-weighted average price (VWAP) of $2.517250 for the period 22-28 April 2021.
Performance conditions and weightings	The following weightings apply to the performance conditions: See section 3.6.2 for further detail on the performance conditions.

Opportunity:

	MD & CEO	Other Executive KMP
Maximum (100% target)	69.4%	75%
Minimum	0%	0%

Performance conditions and weightings:

Return on Equity ('ROE')	Cash earnings per share growth ('EPS')
50% of Performance Rights may vest subject to the ROE performance condition.	50% of Performance Rights may vest, subject to the EPS growth performance condition.

<table>
<tr><th>Feature</th><th>Key Terms of the FY21 LTI</th></tr>
<tr><td>Testing outcomes</td><td>Following the release of the FY23 results in March 2024, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:
<table>
<tr><th>ROE / EPS performance level achieved over the Performance Period</th><th>% of Performance Rights subject to the ROE / EPS hurdles that will vest</th></tr>
<tr><td>At or above maximum targets</td><td>100%</td></tr>
<tr><td>Between threshold and maximum targets</td><td>Straight-line pro-rata vesting between 50% and 100%</td></tr>
<tr><td>At threshold targets</td><td>50%</td></tr>
<tr><td>Below threshold targets</td><td>0%</td></tr>
</table>
Performance Rights that vest are automatically exercised into Shares[1].
Performance Rights that don’t vest will lapse and are not retested.
In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.
The FY21 LTI outcomes will be reported in the 2024 Remuneration Report.</td></tr>
<tr><td>Restriction Period</td><td>50% of Shares allocated in respect to vested and automatically exercised Performance Rights will be subject to a trading restriction, on the transfer and disposal of the Shares over the Restriction Period (being a one-year period from the Vesting Date)[1].

Dividend and voting rights
Ordinary dividend and voting rights apply to Shares[1].</td></tr>
<tr><td>Treatment of Performance Rights prior to vesting</td><td>Cessation of Employment
Participants who depart Latitude prior to the vesting date, are generally treated as follows, although the Board retains discretion to determine a different treatment:
Misconduct or summary dismissal for cause: lapse.
Resignation: the Board will typically lapse the Performance Rights
All other circumstances: Remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance Period.

Performance Rights that vest at the end of the original vesting period for former employees are automatically exercised.
Dividend and voting rights
Performance Rights have no dividend or voting rights prior to vesting.
Restriction on dealing
See section 2.3.1.
Other events
Subject to Board discretion (e.g. change of control, capital restructure), within ASX listing Rules.</td></tr>
</table>

[1] *For NZ participants, upon vesting 50% of Performance Rights will be automatically exercised into Shares and the remaining 50% will be automatically exercised into Shares 12 months after vesting. A cash dividend equivalent payment is applicable on the 50% of vested Performance Rights that are not automatically exercised into Shares until 12 months after vesting. The 12-month Restriction Period on Shares does not apply.*

3.6.4 FY22 LTI Plan Terms that remain on foot during FY23

The MD & CEO and other Executive KMP were eligible to participate in the FY22 LTI under the following terms:

Feature	Key Terms of the FY22 LTI
Offer	Rights to acquire Shares (**Performance Rights**), subject to the satisfaction of specific performance conditions and vesting conditions over the Performance Period.
Performance Period	1 January 2022 to 31 December 2024
Opportunity	The LTI opportunity as a percentage of FR was as follows:
Grant	Performance Rights were granted on 28 April 2022 to eligible KMP. The number of Performance Rights granted was calculated based on a 5-day volume-weighted average price (VWAP) of $1.998468 for the period 22-28 February 2022.
Performance conditions and weightings	The following performance conditions and weightings apply:
Testing outcomes	Following the release of the FY24 full-year results in 2025, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:
Restriction Period[1]	50% of Shares allocated in respect to vested and automatically exercised Performance Rights will be subject to a trading restriction, on the transfer and disposal of the Shares over the Restriction Period (being a one-year period from the Vesting Date). *Dividend and voting rights* Ordinary dividend and voting rights apply to Shares.
Treatment of Performance Rights prior to vesting	*Cessation of Employment* Participants who depart Latitude prior to the vesting date, are generally treated as follows, although the Board retains discretion to determine a different treatment: Misconduct or summary dismissal for cause: Performance Rights will lapse. Resignation: the Performance Rights will lapse, subject to the Board exercising discretion to determine otherwise.

Opportunity:

	MD & CEO	Other Executive KMP
Maximum (100% target)	69.4%	75%
Minimum	0%	0%

Performance conditions and weightings:

Return on Equity (ROE)	Cash earnings per share growth (EPS)
50% of Performance Rights may vest subject to the ROE performance condition.	50% of Performance Rights may vest, subject to the EPS growth performance condition.

See section 3.6.2 for further detail on the performance conditions.

Testing outcomes:

ROE / EPS performance level achieved over the Performance Period	% of Performance Rights subject to the ROE / EPS hurdles that will vest
At or above target	100%
Between threshold and target	Straight-line pro-rata vesting between 50% and 100%
At threshold	50%
Below threshold	0%

Performance Rights that vest are automatically exercised into Shares.
Performance Rights that don't vest will lapse and are not retested.
In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.
The FY22 LTI outcomes will be reported in the 2025 Remuneration Report.

Feature	Key Terms of the FY22 LTI
	All other circumstances: Performance Rights will remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance Period. Performance Rights that vest at the end of the original vesting period for former employees are automatically exercised. *Dividend and voting rights* Performance Rights have no dividend or voting rights prior to vesting. *Dividend Reinvestment Plan (DRP)* LTI Performance Rights are not able to participate in the DRP. *Restriction on dealing* See section 2.3.1. *Other events* Subject to Board discretion (e.g. change of control, capital restructure), within ASX listing Rules.

[1] *For any grants made under the FY23 LTI, the Restriction Period will no longer apply to any Performance Rights that vest and are automatically exercised into Shares following testing.*

3.7 Latitude Options Offer

As detailed in Section 3.3, the key terms of the one-off Latitude Options offer are as follows.

Feature	Key Terms of the Options Offer
Offer	Options represent a right to acquire Shares at the Exercise Price (Options), subject to the satisfaction of applicable vesting conditions. Options were granted as follows: • The MD & CEO's were granted on 3 April 2023, in three equal tranches. • Other eligible Executive KMP were granted on 20 March 2023, in two equal tranches (T1 and T2).
Exercise Price	$1.40 per Option
Vesting Conditions	Options are exercisable subject to specific Vesting Conditions, which include a share price hurdle for each tranche as follows: (see table below) For each tranche, Latitude shares must achieve at least the share price hurdle based on a Volume Weighted Average Price (VWAP) over the first 20 trading days commencing the second trading day following each tranche's results announcement. Additional Vesting Conditions: • The participant remaining employed by the Group until the applicable vesting date for the relevant tranche; and • The Board being satisfied that the participant has, at all times during the vesting period, satisfied the risk, values and conduct requirements of the Company.
Testing Outcomes	Following the release of the results, the Options will be tested and any Options that don't vest following the testing of the Vesting Conditions will lapse and not be retested.
Expiry date	The expiry date for vested Options for Tranches 1 and 2 is the third anniversary of the Grant date and for Tranche 3 is the fifth anniversary of the Grant date. Any vested Options not exercised by the expiry date will lapse.

Tranche	Tested post-results announcement	Approximate Vesting date	Share price hurdle
1	FY24 half year	September 2024	$1.65
2	FY24 full year	March 2025	$2.00
3	FY25 full year	March 2026	$2.60

Feature	Key Terms of the Options Offer
Restrictions on dealing	Participants cannot sell, transfer, encumber, hedge or otherwise deal with their unvested Options.
Treatment of Options prior to vesting – cessation of employment	Where participants depart Latitude prior to the vesting date, they are generally treated as follows, although the Board retains discretion to determine a different treatment: • Misconduct or summary dismissal for cause: Options will lapse. • Resignation: Options will lapse. • All other circumstances: Options will remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served between the grant date and vesting date. • Options that vest at the end of the original vesting period are automatically exercised.
Other details regarding Treatment	• Options have no dividend or voting rights prior to vesting. • Options are not able to participate in the DRP. • See Section 2.3.1 regarding restrictions on dealing. • Treatment of Options are subject to Board discretion in the case of other events (e.g. change of control, capital restructure), within ASX listing Rules.
Interaction with FY21 & FY22 LTI	Executives may only realise the benefit from either the Options or any Performance Rights that were granted under the FY21 or FY22 LTI. In this respect, the Board will only permit vested Options to be exercised by the Executive where any FY21 and / or FY22 LTI awards granted to the employee have lapsed, or where the employee has not exercised the awards (should the LTI awards vest).

3.8 FY21 LTI Vesting Outcome

In FY21, Executive KMP were eligible to participate in the FY21 LTI under the terms detailed section 3.6.3. Rights to acquire Shares (Performance Rights) were granted on 29 April 2021, subject to the satisfaction of performance and vesting conditions over the Performance Period (1 January 2021 to 31 December 2023).

The FY21 LTI was equally weighted between Return on Equity (ROE) and a Cash earnings per share growth (EPS) performance conditions.

Following the testing of each performance condition, lapsing will occur on 20 February 2024 in relation to the FY21 LTI as follows:

Name	Weighting	Target (50% vests)	Max (100% vests)	Result	% vesting
Return on equity	50%	15%	18%	8.6%	0%
Cash earnings growth per share	50%	5%	8%	Negative%	0%
Overall vesting	**100%**				**0%**

Further to Section 3.7, Executives who hold both FY21 LTI and Options (Mr Walduck and Mr Varro) may only realise the benefit from either vested Options or any vested Performance Rights granted under the FY21 or FY22 LTI. In this respect, the Board will only permit vested Options to be exercised by the Executive where any FY21 and / or FY22 LTI awards granted to the Employee have lapsed, or where the Employee has not exercised the awards (should the LTI awards vest).

Mr Walduck and Mr Varro's performance rights have lapsed, and their options continue.

3.9 Other Information

Under the terms of their employment agreements and/or company policy, Executives may receive additional benefits such as car parking and an additional week of annual leave (aligned to the leave policy that applies for all employees).

3.10 Executive KMP Service Agreements

All Executive KMP have notice period and cascading restraint of trade clauses in their Service Agreement, summarised as follows:

Name	Notice Period	Restraint of Trade
MD & CEO	12 months	Non-compete and non-solicit: 12, 6, 3 months. Restricted Area: Australia, Victoria, Melbourne
Other Executive KMP	6 months	Non-compete and non-solicit: 12, 6, 3 months. Restricted Area: Australia, Victoria, Melbourne[1]

[1] The Restricted Area for Ms Martinez is Australia, New South Wales, Sydney

Employment may be terminated by either the Company or the Executive providing written notice of the minimum period stated in the Notice Period above. In certain circumstances (including serious misconduct), Latitude may terminate an Executive's employment immediately without notice and provide payment in-lieu of the Notice Period.

4. Executive Remuneration Outcomes

4.1 Remuneration Outcomes Aligned with Company Performance

In line with the remuneration strategy, performance measures are chosen to align rewards for Executive KMP with the achievement of annual performance targets in a sustainable manner over the short-term, and shareholder value creation over the long-term.

As Latitude listed on the ASX on 20 April 2021, it is not possible to meet the statutory requirement to provide five years of results to analyse the link between performance and remuneration. This section will be expanded each year to provide comparative measures for the financial years for which Latitude is listed.

Prior year values are provided for each measure for comparative purposes, with all values rounded to one decimal place.

	Measure	FY23	FY22	FY21	FY20[1]
Short-term measures	Volume (un-audited)	$7.6 bn	$8.0 bn	$7.3 bn	$7.0 bn
	Cash PBT (un-audited)	$89.9 m	$232.8 m	$281.3 m	$309.3 m
	Cash NPAT (un-audited)	$18.4 m	$153.5 m	$200.0 m	$204.2 m
	RAI Yield	7.0%	9.0%	10.1%	10.2%
Long-term measures	Return on equity	1.4%	10.1%	14.3%	16.6%
	Earnings per share (EPS)[2]	1.8 cents	14.8 cents	19.9 cents	20.4 cents
Other measures	Closing share price	$1.17	$1.31	$2.00	
	Change in share price	$(0.14)	$(0.69)	$(0.60)[3]	n/a
	Dividends per share[4]	0.0 cents	11.85 cents	15.7 cents	(pre-listing)

1 *FY20 financials are in line with the revised Cash NPAT disclosed on 27 May 2022 but have not been restated for discontinued operations treatment.*
2 *EPS of 1.8 cents (FY23) and 14.8 cents (FY22) is based on EPS Cash NPAT. EPS of 19.9 cents (FY21) and 20.4 cents (FY20) is based on Pro Forma EPS Cash - Basic.*
3 *For FY21 this represents the difference between the share price at listing (April 2021) and 31 December 2021.*
4 *FY23 dividend per share of $0.0 cents.*
FY22 dividend per share of 11.85 cents comprises 7.85 cents interim dividend paid 26 October 2022 and 4.0 cents full year dividend paid 24 April 2023.
FY21 dividend per share of 15.7 cents comprises 7.85 cents interim dividend paid 14 October 2021 and 7.85 cents full year dividend paid on 22 April 2022.

5. FY23 Executive KMP Remuneration Outcomes

The following table provides an overview of at-risk, performance-based remuneration outcomes for FY23 and prior years. Further detail about the FY23 STI outcomes are contained in the following sections.

		MD & CEO[1]		Other Executive KMP[2]	
		FY23	FY22	FY23	FY22
STI	% of Target	35%	0%	17%	0%
	% of Maximum[3]	28%	0%	13%	0%
LTI	% of opportunity vested	n/a[4]	n/a	0%	n/a
Options	% of opportunity vested	n/a	n/a	n/a	n/a

1 *MD & CEO remuneration outcomes relate to Mr Belan's outcomes for both years, noting in FY22 he was in the role EGM, Money, as well as between 1 January to 30 March 2023.*

2 *Average % for eligible other Executive KMP. Executives with changed role and remuneration during the year have a STI target and maximum based on pro rata for time in each KMP role/remuneration.*

3 *The maximum STI opportunity is 125% of target.*

4 *Mr Belan didn't participate in the FY21 LTI as it was granted prior to his commencement with Latitude.*

5.1 STI Outcomes

5.1.1 Performance against FY23 STI Enterprise Scorecard measures

The Board annually aligns the performance measures that comprise the Enterprise Scorecard with Latitude's strategic priorities. For FY23, performance measures were aligned to three key themes:

- growth and performance;
- leadership and culture; and
- reputation and sustainability.

The Enterprise scorecard required a minimum Cash PBT threshold to release the STI pool and unfortunately this was not achieved in FY23. The combination of the operational impacts that arose from the cyber-incident in March 2023 and the challenging macroeconomic conditions faced by Latitude ultimately impacted the company's ability to achieve the measures contained with the FY23 Enterprise Scorecard. These include the rapidly rising cost of funds due to higher interest rates, and a 6 week pause in operational activities during the cyber-attack, which resulted in the inability to originate new customer accounts and delayed the implementation of a number of pricing initiatives to counteract the continued rise of funding costs.

Pleasingly, volumes rebounded post the cyber incident and continued to build momentum through the course of the year 2023 despite both a challenging retail sales environment and the resumption of pricing actions. Repayment rates remained elevated against historic averages which impacted receivables growth and the delay in collections activities resulted in an increase in delinquencies around the middle of the year, but upon resumption of these activities delinquencies quickly normalised. Incremental costs were also incurred to deliver the business re-organisation activities in the second half of the year.

Given the extraordinary events of FY23 and their impact on the achievement of the Enterprise Scorecard and release of the STI pool, the Board has decided to exercise its discretion to award a portion of short-term incentives to recognise the exceptional efforts of team members during the year, the necessary shift in management's priorities to respond to, contain and rebuild from the cyber-attack, and mitigate the potential talent retention risk, and commercial and strategic momentum loss.

The following table outlines performance against the FY23 Enterprise Scorecard measures.

Measure Category	Measures	Weight	Outcome
Growth and Performance	Cash PBT *(conditional gateway measure for any STI outcome)* Cash PBT is Cash Profit Before Tax, which excludes loss provision movement, D&A and income tax. It represents the underlying earnings of the business on a cash basis.	25%	Below threshold performance
	Volume Volume is a key lead indicator monitored by the business. It represents all principal receivables lent by the business in the relevant period. It shows customer spending habits, future income levels, effectiveness of top line initiatives implemented and Latitude's lending appetite.	25%	Below threshold performance
	RAI Yield RAI yield is calculated as Risk Adjusted Income divided by Average Gross Receivables. RAI yield represents the risk adjusted returns of the business, which is a key measure of pricing, funding, and delinquency management.	20%	Below threshold performance
	Symple Integration & Synergy Case[1] The Symple acquisition was material to the business in FY22 and the integration was to span over multiple years. The successful integration of the business and achieving the synergies expected and reported to the market, was a key deliverable of management	10%	Below threshold performance
Leadership and Culture	Employee Engagement Employee Engagement is the single most powerful People Metric that determines the overall health of an organisation from an employee perspective.	10%	Below threshold performance
Reputation and Sustainability	Customer Loyalty Customer loyalty and measuring their experience with Latitude is a key indicator on how customers feel about their experience with the business, as well as their likelihood of recommending the business	10%	Below threshold performance

Key:

- Below threshold performance
- Threshold performance achieved
- Target performance achieved

[1] *The Symple Integration & Synergy case measure had no threshold target set. Integration was achieved, but timing delayed.*

5.1.2 FY23 MD & CEO STI outcome

In considering remuneration outcomes for FY23, the Remuneration and People Committee and the Board considered shareholder, customer and community stakeholder feedback and achievements against Latitude's strategy and business plan. Latitude's Workplace Behaviour Policy, values, leadership behaviour and risk management outcomes are also considered.

The MD & CEO's FY23 STI outcome is outlined in the table below.

5.1.3 FY23 STI Other Executive KMP outcomes

In the same way that the Remuneration and People Committee and the Board considered individual performance of the MD & CEO as detailed in Section 5.1.2, all Other Executive KMP's performance was reviewed, including consideration for satisfactory risk, values and conduct requirements.

FY23 STI outcome information for all Executive KMP are outlined in the table below.

			STI Actual				
Name	STI target[1] $	STI Maximum[1] $	Total $	Cash $	Deferred Cash $	STI actual as a % of STI target[1,2]	STI actual as a % of STI maximum[1,2]
Bob Belan[3]	1,091,644	1,364,555	381,780	381,780	0	35%	28%
Paul Varro	562,500	703,125	120,000	120,000	0	21%	17%
Paul Byrne[4]	302,055	377,568	115,304	115,304	0	38%	31%
Adriana Martinez[4]	136,849	171,062	0	0	0	0%	0%
Andrew Walduck	543,750	679,688	0	0	0	0%	0%
Ahmed Fahour[5]	-	-	-	-	-	-	-
David Gelbak[4]	225,000	281,250	0	0	0	0%	0%
Becky Cook[4]	59,063	73,828	11,282	11,282	0	19%	15%

1 *STI target and maximum are reported based on KMP eligibility for the year. Executives with part year service (Ms Martinez and Mr Gelbak) and part year as KMP (Mr Byrne and Ms Cook) reflect values that are pro rata for time served as KMP during FY23. Executives with changed role and remuneration during the year (Mr Belan) have a STI target and maximum based on pro rata for time in each KMP role/remuneration.*

2 *Ms Martinez's STI value reflects her being new to role and as such has had limited opportunity to deliver strategic and/commercial outcomes in the FY23 measurement period.*

3 *Mr Belan's STI target is based on his FR and STI % as EGM, Money for the period 1 January to 31 March 2023, and his FR and STI % as MD & CEO for the period 1 April to 31 December 2023.*

4 *Mr Byrne, Ms Martinez, Mr Gelbak and Ms Cook's STI target and value reflects their period as KMP only.*

5 *In line with his departure arrangements, Mr Fahour was not eligible for an STI in FY23.*

6. Key Events Impacting Remuneration

6.1 Director Resignations and Appointments

Mr Corcoran resigned as a Director on 17 February 2023 and Mr Mamik was appointed to the Board on the same date. He is not a member of any Committees.

Mr Bookmyer resigned as a Director on 16 October 2023 and Mr Busfield was appointed to the Board on the same date. He is a member of the Remuneration & People Committee.

6.2 Chairman Extends

As announced to the ASX on 28 November 2023, Mr Tilley will extend his term as Chairman until the date of his re-election as a Director, currently scheduled for April 2025.

6.3 MD & CEO Retirement and Appointment

As disclosed to the ASX, Mr Belan commenced as MD & CEO on 1 April 2023.

Mr Fahour retired as MD & CEO of Latitude on 31 March 2023, and ceased employment on 30 June 2023.

Section 8 and relevant footnotes provides further detail regarding the remuneration he received for the year ending 31 December 2023.

6.4 Changes to Executive KMP Roles

Mr Byrne succeeded Mr Belan as EGM, Money on 1 May 2023.

Mr Gelbak moved from EGM, Group Development to EGM, Pay (Acting) in FY22 following operating model changes. On 30 June 2023 Mr Gelbak ceased as KMP and departed Latitude. Section 8 and relevant footnotes provides further detail regarding the remuneration he received for the year ending 31 December 2023.

Ms Cook was the EGM, Pay (Acting) for the period 1 July to 11 September 2023. Ms Martinez commenced with Latitude as the permanent EGM, Pay on 12 September 2023.

Mr Walduck's Retention Award as detailed in the 2022 Remuneration Report was paid on 10 January 2024. The Board was satisfied that Mr Walduck met the service requirements, the risk, values and conduct requirements, and fulfilled all other duties during the Retention Period. See Section 8 for the accrued accounting cost associated with this award split between FY22 and FY23. On 31 December 2023, Mr Walduck ceased as KMP and departed Latitude on 12 January 2024. Section 8 and relevant footnotes provides further detail regarding the remuneration he received as KMP for the year ending 31 December 2023.

6.5 Sign-On Award and Payments

To attract the required high calibre talent Latitude requires, and to compensate for the equity forfeited on departure from her prior employer, sign-on arrangements were offered to Ms Martinez as part of her employment, as follows:

- 250,000 Restricted shares granted in November 2023, which will vest in three tranches progressively in 2024, 2025, and 2026, subject to continued employment.
- A one-off cash payment in March 2024 of $166,000, repayable in full if she resigns or employment is terminated for cause, within 12 months of her commencement date.
- Assisted with relocation costs from Singapore to Sydney.

See Section 8 for the relevant accounting costs for these elements.

As Mr Byrne was already an employee of Latitude, he did not receive any sign-on awards or payments upon appointment as Executive KMP.

6.6 Remuneration Framework for FY24

6.6.1 FY24 Remuneration Mix and Delivery

Per Sections 3.2 and 3.3, from 1 January 2024, Latitude's remuneration mix and delivery at target for the MD & CEO is shown below, with approximately 67% of remuneration variable and at risk.

The remuneration mix and delivery at target for Other Executive KMP reflects 60% of remuneration variable and at risk.

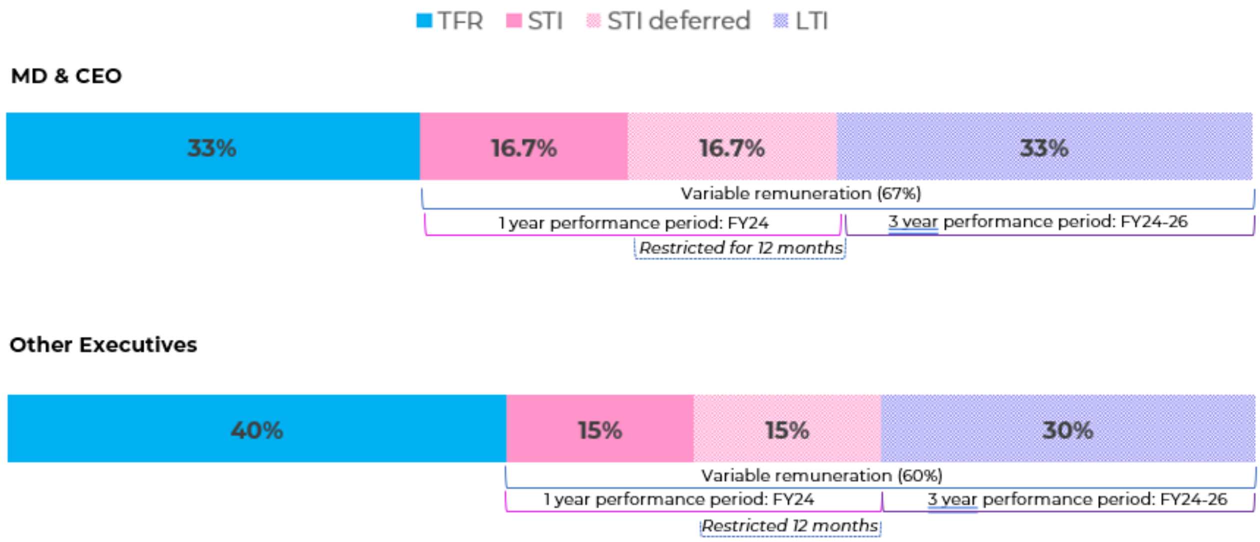
6.6.2 FY24 Short-Term Incentive Changes

The weightings between enterprise performance and Business Unit / Individual performance for Other Executive KMP's STI outcomes will be reviewed. There will be no change to the weighting of the enterprise performance (100%) for the MD & CEO.

The STI Enterprise Scorecard metrics have been set for FY24 and will be disclosed in the FY24 Remuneration Report. The STI pool funding model has also changed from a gateway mechanism (released or not released) based on Cash PBT to instead be determined each year as a percentage of Cash NPAT.

6.6.3 FY24 Long-Term Incentive Changes

The performance measures for the FY24 Long-Term Incentive remain consistent with previous years, with the targets updated to reflect the FY24 budget. This will be disclosed in the Notice of Meeting for the MD & CEO's grant as well as in the FY24 Remuneration Report.



7. Non-Executive Director (NED) Remuneration

7.1 Non-Executive Director Remuneration Framework

To attract and retain appropriately qualified and experienced individuals, NED remuneration is reviewed by the Remuneration and People Committee and recommended to the Board for approval.

NEDs receive fees for their service as directors of Latitude. Excluding the Chairman, NEDs also receive fees for membership or chairing of Board Committees. NEDs may receive reimbursement for reasonable travel, accommodation and other expenses incurred while attending Board and Committee meetings, or when engaged in the business of the Company. Since listing, NEDs are not eligible for variable remuneration or participation in Latitude share plans.

Shareholder representative NEDs (identified in Section 1) are also eligible to receive fees payable at the same level as Independent NEDs.

At present there is no minimum shareholding requirement for NEDs, nor retirement benefit scheme, other than statutory superannuation contributions, which are included within their fees where applicable.

7.2 Current NED Remuneration Approach

The NED aggregate fee limit is $2,200,000 per annum and any change requires shareholder approval.

There is no proposed change to the aggregate fee limit in 2024.

7.2.1 FY23 Board and Committee fees

The Board and committee fees for the period 1 January to 28 February 2023 for all Directors (including Shareholder directors) were as follows:

Board and Committee Fees[1]	Chair	Member
Board	$400,000[2]	$200,000
Audit Committee	$20,000	$10,000
Remuneration and People Committee	$15,000	$7,500
Risk Committee	$15,000	$7,500
Technology Committee	$15,000	$7,500

1 *All Board and Committee fees are stated inclusive of superannuation, where applicable.*
2 *The Chair of the Board receives a single fee, with no additional fees for membership of the Board or Board Committees.*

The Board reviewed the Board and Committee fees during FY23 and made the decision to reduce Board fees effective 1 March 2023. This review was undertaken taking into account benchmark data for other similar sized companies, the change to the market capitalisation for Latitude since listing in 2021, as well as the significant cost reduction activity being undertaken by Management.

The Board and Committee fees applicable from 1 March 2023 are as follows:

Board and Committee Fees[1]	Chair	Member
Board	$360,000[2]	$180,000
Audit Committee	$20,000	$10,000
Remuneration and People Committee	$15,000	$7,500
Risk Committee	$15,000	$7,500
Technology Committee	$15,000	$7,500

1 *All Board and Committee fees are stated inclusive of superannuation, where applicable.*
2 *The Chair of the Board receives a single fee, with no additional fees for membership of the Board or Board Committees.*

7.3 FY23 Statutory Remuneration – NEDs

The table below sets out the NED remuneration for FY23, prepared in accordance with relevant Australian Accounting Standards.

		Short-term Benefits	Post-Employment Benefits	
	FY	Directors' Fees[1] $	Super $	Total Statutory Remuneration $
Michael Tilley	**FY23**	**340,321**	**26,346**	**366,667**
	FY22	375,570	24,430	400,000
Mark Joiner[2]	**FY23**	**188,119**	**20,214**	**208,333**
	FY22	223,835	11,165	235,000
Alison Ledger[3]	**FY23**	**192,634**	**20,700**	**213,334**
	FY22	270,315	27,811	298,126
Julie Raffe[4]	**FY23**	**190,376**	**20,457**	**210,833**
	FY22	53,215	5,621	58,836
Scott Bookmyer[5]	**FY23**	**137,126**	**14,645**	**151,771**
	FY22	185,653	19,928	205,581
Philip Busfield[6]	**FY23**	**35,831**	**3,941**	**39,772**

	FY	Directors' Fees[1] $	Super $	Total Statutory Remuneration $
	FY22	-	-	-
James Corcoran[7, 8]	**FY23**	**36,250**	**-**	**36,250**
	FY22	217,500	-	217,500
Aneek Mamik[9]	**FY23**	**-**	**-**	**-**
	FY22	-	-	-
Beaux Pontak[7]	**FY23**	**205,833**	**-**	**205,833**
	FY22	222,500	-	222,500
Total	**FY23**	**1,326,490**	**106,303**	**1,432,793**
	FY22[10]	1,721,505	88,955	1,810,460

1 *Directors' fees include fees for both Board membership as well as Committee representation as detailed in Section 7.2.1. Full details regarding membership of Committees is provided in each Directors' biography in the Directors' Report. There are no non-cash benefits for Directors.*
2 *Mr Joiner did not have superannuation deductions from 1 October 2021 to 30 June 2022, in line with the employer shortfall exemption certificate received from the Australian Tax Office. Mr Joiner moved from Chair to member of the Audit committee from 1 January 2023.*
3 *Ms Ledger's remuneration excludes fees received for services as a director of Hallmark Insurance, being $54,422 plus superannuation of $5,578 in FY22 and $22,624 plus superannuation of $2,376 in FY23 (for the period Hallmark was an entity of Latitude, being 1 January to 31 May 2023).*
4 *Ms Raffe became the Chair of the Audit Committee, and a member of the Technology Committee from 1 January 2023.*
5 *Mr Bookmyer ceased as a director in October 2023, and his FY23 fees represent his part year service.*
6 *Mr Busfield joined the Board on 16 October 2023, and his FY23 fees represent his part year service.*
7 *No superannuation is applicable for Mr Corcoran or Mr Pontak as they did not provide services in Australia.*
8 *Mr Corcoran ceased as a director in February 2023, and his FY23 fees represent his part year service.*
9 *Mr Mamik joined the Board on 17 February 2023 and elected to waive his entitlement to Director fees.*
10 *The FY22 total remuneration values align to the FY22 Remuneration Report and are based on remuneration for FY22 NEDs. These totals are higher than a summation of the remuneration for the individual FY23 NEDs reported above as Mr Hoshino ceased as KMP in October 2022, however is not included in the FY23 report.*

7.4 Other Details Relating to NEDs at Latitude

The Insurance of Officers and Indemnities Section of the Directors' Report provides details regarding the insurance that applies for Directors and Officers of Latitude.

8. FY23 Statutory Remuneration – Executive KMP

The table below sets out the Executive KMP remuneration for FY23, prepared in accordance with relevant Australian Accounting Standards.

More information on the policy and operation of each element of remuneration is provided in the notes below the table and other sections of this Report.

		Short-term Benefits			Post-Employment Benefits	Long-term Benefits	Termination benefits	Share-based payments[14]			
	FY	Salary $	Other benefits[1] $	Cash STI[2] $	Super $	LSL $	Termination benefits $	Share Rights[4] $	Restricted Shares [3,5] $	Total Statutory Remuneration $	Variable Remuneration as a % of Total %
Bob Belan[6]	**FY23**	**1,098,654**	**16,924**	**381,780**	**29,332**	**62,254**	**0**	**138,216**	**-**	**1,727,161**	**30%**
	FY22	575,570	8,163	-	24,430	24,709	-	138,216	-	771,088	18%
Paul Varro	**FY23**	**723,654**	**10,015**	**120,000**	**26,346**	**11,807**	**0**	**313,414**	**-**	**1,205,236**	**36%**
	FY22	725,570	8,163	-	24,430	68,186	-	313,414	-	1,139,763	27%
Paul Byrne[7]	**FY23**	**382,085**	**6,685**	**115,304**	**17,915**	**13,419**	**0**	**23,194**	**-**	**558,602**	**25%**
	FY22	-	-	-	-	-	-	-	-	-	-
Adriana Martinez[8]	**FY23**	**174,961**	**233,662**	**0**	**10,349**	**87**	**0**	**45,600**	**185,600**	**650,259**	**36%**
	FY22	-	-	-	-	-	-	-	-	-	-
Andrew Walduck[9]	**FY23**	**698,654**	**487,956**	**0**	**26,346**	**11,888**	**174,400**	**503,967**	**-**	**1,903,211**	**26%**
	FY22	700,570	155,222	-	24,430	8,474	-	336,956	-	1,225,652	27%
Ahmed Fahour[10]	**FY23**	**443,677**	**2,498**	**-**	**13,173**	**6,725**	**1,343,150**	**1,158,545**	**-**	**2,967,768**	**39%**
	FY22	1,775,570	39,986	-	24,430	27,797	-	774,612	-	2,642,395	29%
David Gelbak[11]	**FY23**	**287,354**	**15,318**	**0**	**24,238**	**28,023**	**863,070**	**393,635**	**-**	**1,611,638**	**24%**
	FY22	575,570	37,919	-	24,430	41,736	-	255,419	-	935,074	27%
Becky Cook[12]	**FY23**	**98,894**	**4,995**	**11,282**	**5,404**	**1,407**	**0**	**30,995**	**-**	**152,977**	**28%**
	FY22	-	-	-	-	-	-	-	-	-	-
Total	**FY23**	**3,907,933**	**778,052**	**627,367**	**153,103**	**135,610**	**2,380,620**	**2,607,566**	**185,600**	**10,775,851**	**-**
	FY22[13]	4,942,966	257,567	-	172,447	181,681	877,077	3,163,606	-	9,595,344	-

1 *Other benefits includes the cost of car parking available to each Executive across both years. In FY23 it included legal fees as part of the appointment of Mr Belan as MD & CEO; Ms Martinez' relocation costs and the accrual for the one-off cash payment as detailed in section 6.5; pro-rata accrual for the remainder of the Retention Award to Mr Walduck as detailed in the FY22 Remuneration Report, an additional recognition payment of $125,000 to Mr Walduck, and Mr Gelbak's final assignment costs. In FY22 it included legal fees as part of the separation agreement for Mr Fahour; repatriation benefits for Mr Gelbak; and the pro-rata accrual for the Retention Award for Mr Walduck as detailed in Section 6.4.*

2 *KMP Cash STI bonuses were funded from the discretionary pool approved by Board on 30 January 2024.*

3 *There was no STI awarded in FY22, so the Restricted Shares value for FY22 is nil.*

4 *Share Rights includes the accrued cost associated of Performance Rights under the LTI and the one-off grant of Options. Please refer to section 9 for further details.*

5 *As detailed in Section 6.5, restricted sign-on shares were purchased on market and allocated to Ms Martinez on 9 November 2023.*

6 *Mr Belan's FY23 remuneration is stated for the entire FY23 year, including his service as EGM, Money from 1 January to 31 March 2023 and MD & CEO from 1 April 2023.*

7 *Mr Byrne commenced in the KMP role of EGM, Money on 1 May 2023 and his remuneration is reported only for the period as KMP during FY23.*

8 *Ms Martinez' Share Rights value relates to the pro rata FY23 LTI grant made in November 2023.*

9 *As noted in Section 6.4 Mr Walduck ceased as KMP on 31 December 2023 and employment with Latitude on 12 January 2024. His remuneration is reported to include all amounts associated with his role as KMP for FY23. This includes fixed remuneration for the FY23 (salary and superannuation), car parking, and a termination payment equivalent to 3 months' salary ($174,400) plus superannuation of $6,850 paid in January 2023 upon cessation of employment. The FY21 and FY22 LTI Performance Rights granted in April 2021 and April 2022 respectively are fully expensed and accounted for in FY23 as $503,967 and will remain on-foot, subject to testing at the usual vesting dates. The one-off grant of Options granted in March 2023 are also fully expensed and accounted for in FY23 as $190,000 and will remain on-foot, subject to testing at the usual vesting date.*

10 *As noted in Section 6.3 Mr Fahour retired as MD & CEO on 31 March 2023 and his remuneration is reported to include all amounts associated with his role as KMP for FY23. This includes fixed remuneration for the period 1 January to 31 March 2023 (salary and superannuation), car parking, pay in lieu of notice equivalent to nine months base salary being $1,343,150 (plus superannuation of $6,850) paid in July 2023 upon cessation of employment. The FY21 and FY22 LTI Performance Rights granted in April 2021 and April 2022 respectively are fully expensed and accounted for in FY23 as $1,158,545 and will remain on-foot, subject to testing at the usual vesting dates.*

11 *As noted in Section 6.4 Mr Gelbak ceased as Executive KMP and employment effective 30 June 2023 and his remuneration is reported to include all amounts associated with his role as KMP for FY23. This includes fixed remuneration for the period 1 January to 30 June 2023 (salary and superannuation), car parking, pay in lieu of notice equivalent to six months base salary being $286,301 (plus superannuation of $13,699) and a redundancy payment of $548,468 and ex-gratia payment of $28,302 paid upon cessation of employment in July 2023. The FY21 and FY22 LTI Performance Rights granted in April 2021 and April 2022 respectively are fully expensed and accounted for in FY23 as $393,635 and will remain on-foot, subject to testing at the usual vesting dates.*

12 *Ms Cook is reported for the period she acted in the KMP role, being 1 July to 11 September 2023.*

13 *The FY22 total remuneration values align to the FY22 Remuneration Report and are based on remuneration for FY22 Executive KMP. These totals are higher than a summation of the remuneration for the individual FY23 Executive KMP reported above as Ms Mikleus and Mr Blake ceased as KMP during FY22, however are not included in FY23 report.*

14 *The fair value of the performance rights is calculated at the date of grant using the Black Scholes option pricing model.*

9. Additional Statutory Disclosures

9.1 Executive KMP Restricted Shareholdings, Performance Rights and Options

9.1.1 Restricted Shares (STI and Sign-On)

The first tranche of the FY21 STI Shares for Executive KMP were released during FY23.

			Movement during financial period				Additional information
Name	**Type**	**Opening Balance at 1 January 2023[1]**	**Granted[2]**	**Released[3]**	**Forfeited**	**Closing Balance at 31 December 2023**	**Market price at grant per share[4,5]**
Bob Belan[5]	-	-	-	-	-	-	-
Paul Varro	STI	67,551	-	33,776	-	33,775	$1.9985
Paul Byrne[5]	-	-	-	-	-	-	-
Adriana Martinez[5,6]	Sign-On	-	250,000	-	-	250,000	$1.1789
	STI	-	-	-	-	-	-
Andrew Walduck	STI	92,961	-	46,481	-	46,480	$1.9985
Ahmed Fahour[7]	STI	270,206	-	135,103	-	135,103	$1.9985
David Gelbak[7]	STI	62,771	-	31,386	-	31,385	$1.9985
Becky Cook	STI	15,546	-	7,773	-	7,773	$1.9985
Total		**509,035**	**250,000**	**254,519**	**-**	**504,516**	

1 *The opening balance at 1 January 2023 is 108,298 less than the closing balance at 31 December 2022 (as detailed in the 2022 Remuneration Report). This represents the addition of Ms Cook's 15,546 FY21 STI Shares that she held during her time as KMP, and the removal of Ms Jo Mikleus' 56,293 FY21 Restricted Shares and Mr Chris Blake's 67,551 FY21 STI Shares, that have been removed from the report as they were not KMP during FY23.*

2 *As detailed in the 2022 Remuneration Report, no STI Shares were granted in FY23 as there was no FY22 STI outcome awarded.*

3 *The first tranche of the FY21 STI Shares were released from restriction on 20 February 2023.*

4 *The market price at grant for STI Shares was $1.998468 per share, being the 5-day VWAP from the second trading day following the release of the FY21 results. The 5-day VWAP up to and including the grant made on 9 November 2023 for Sign-on shares was $1.178953 per share.*

5 *Mr Belan, Mr Byrne and Ms Martinez did not participate in the FY21 STI.*

6 *As detailed in Section 6.5, Ms Martinez was granted sign-on shares in November 2023, which will vest in three tranches: 125,000 in March 2024 (following announcement of the FY23 full-year results); 98,000 in March 2025 (following announcement of the FY24 full-year results); and 27,000 in March 2026 (following announcement of the FY25 full-year results).*

7 *Mr Fahour and Mr Gelbak's FY21 STI Shares granted in March 2022 remain on-foot as at 31 December 2023 and subject to restrictions until the usual vesting date.*

9.1.2 Performance Rights and Options

The table below sets out details of Performance Rights and Options that were granted to Executive KMP in FY23. No Performance Rights or Options for KMP were vested, exercised or forfeited during FY23.

While the performance outcomes of the FY21 LTI are detailed in Section 3.8, changes in movement in this section will be updated in the 2024 Remuneration Report as no movement of shares will occur until March 2024, as detailed in the FY21 Remuneration Report.

As of 31 December 2023 (the end of the reporting period), there are 0 options and rights vested, 0 vested and exercisable.

		Movement during financial period					Additional information
Name	**Type**	**Opening Balance at 1 January 2023[1]**	**Granted**	**Vested/ Exercised [6]**	**Forfeited**	**Closing Balance at 31 December 2023**	**Accounting fair value of grant yet to vest[2]**
Bob Belan	Performance Rights	225,172	-	-	-	225,172	$414,647
	Options	-	9,000,000	-	-	9,000,000	$405,000
Paul Varro	Performance Rights	460,231	-	-	-	460,231	$940,241
	Options	-	4,000,000	-	-	4,000,000	$190,000
Paul Byrne[3]	Performance Rights	56,293	-	-	-	56,293	$103,662
	Options	-	750,000	-	-	750,000	$35,625
Adriana Martinez[4]	Performance Rights	-	116,348	-	-	116,348	$136,849
	Options	-	-	-	-	-	-
Andrew Walduck	Performance Rights	488,092	-	-	-	488,092	$1,010,867
	Options	-	4,000,000	-	-	4,000,000	$190,000
Ahmed Fahour[5]	Performance Rights	1,122,052	-	-	-	1,122,052	$2,323,836
	Options	-	-	-	-	-	-
David Gelbak[5]	Performance Rights	374,144	-	-	-	374,144	$766,258
	Options	-	-	-	-	-	-
Becky Cook[3]	Performance Rights	240,286	-	-	-	240,286	$464,922
	Options	-	750,000	-	-	750,000	$35,625
Total	Performance Rights	**2,966,270**	**116,348**	**-**	**-**	**3,082,618**	$6,161,282
	Options	**-**	**18,500,000**	**-**	**-**	**18,500,000**	$856,250

1 *The opening balance of Performance Rights at 1 January 2023 is 481,503 less than the closing balance at 31 December 2022 (as detailed in the 2022 Remuneration Report). This represents the addition of Mr Byrne and Ms Cook who became KMP during FY23, and the removal of Ms Jo Mikleus and Mr Chris Blake's FY21 and FY22 LTI Performance Rights as they were not KMP during FY23.*

2 *For Performance Rights, the fair value is based upon the FY21 LTI market price at grant of $2.517250, excluding dividend of $0.157, and the FY22 LTI market price at grant of $1.998468, excluding dividend of $0.1185, and the FY23 LTI market price at grant of $1.1762, excluding dividend of $0.00 confirm. For Options, the fair value is determined using a Monte Carlo simulation valuation of $856,250. Please refer to section 6.1 of the Notes to the Financial Statements for the assumptions the valuation is based upon.*

3 *Mr Byrne and Ms Cook both participated in the one-off Options grant, prior to becoming KMP. Ms Cook also participated in the FY21 and FY22 LTI, and Mr Byrne in the FY22 LTI.*

4 *Ms Martinez was not eligible to participate in the one-off Options grant.*

5 *Mr Fahour and Mr Gelbak retain their FY21 LTI Performance Rights granted in April 2021 and FY22 LTI Performance Rights granted in April 2022. These Performance Rights remain on foot as at 31 December 2023, subject to testing at the usual vesting dates. They were not eligible to participate in either the FY23 LTI or one-off Options plan.*

6 *All Performance Rights and Options are exercisable upon vesting.*

9.2 Ordinary Shareholdings

9.2.1 NED ordinary shareholdings and capital notes

The relevant interest of NEDs in the shares issued by the Company, and Capital Notes (perpetual, subordinated, unsecured notes issued by Latitude on 28 September 2021 and listed on the ASX under the code LFSPA) is as follows:

Name	Type	Opening Balance at 1 January 2023	Shares acquired	Shares disposed	Closing balance at 31 December 2023
Michael Tilley	Ordinary shares	3,737,266	-	-	3,737,266
Mark Joiner	Ordinary shares	514,322	-	-	514,322
	Capital notes	-	161	-	161
Alison Ledger	Ordinary shares	98,760	-	-	98,760
Julie Raffe	Ordinary shares	79,527	-	-	79,527
	Capital notes	-	550	-	550
Scott Bookmyer	Ordinary shares	-	-	-	-
Philip Busfield	Ordinary shares	-	-	-	-
James Corcoran	Ordinary shares	-	-	-	-
Aneek Mamik	Ordinary shares	-	-	-	-
Beaux Pontak	Ordinary shares	-	-	-	-
Total	**Ordinary shares**	**4,429,875**	**-**	**-**	**4,429,875**
	Capital notes	**-**	**711**	**-**	**711**

9.2.2 Executive KMP ordinary shareholdings

The relevant interest of Executive KMP in the shares (both ordinary and escrowed) issued by the Company is outlined in the table below.

Under the Minimum Shareholding Policy, Executives are expected to hold a Minimum Shareholding Requirement (MSR) within five years of listing, joining the Company or becoming KMP, whichever is the later as follows:

- 100% of Fixed Remuneration for the MD & CEO; and
- 50% of Fixed Remuneration for other Executive KMP.

As disclosed to the market at the time of his appointment to the MD & CEO role, Mr Belan must maintain a different minimum shareholding requirement of 7 million Latitude shares for a period of 5 years from his commencement in the role. Subject to compliance with the terms of the Latitude Group Holdings Limited Trading Policy and the minimum shareholding requirement Mr Belan may sell up to 1.5 million Latitude Financial Group Limited shares per annum.

The calculation of the MSR includes ordinary and escrowed shares, and Restricted Shares (from Section 9.1.1), but excludes Performance Rights and Options, and utilises the closing share price on 31 December 2023 ($1.1650). As outlined in the table below, as at 31 December 2023 all Executive KMP exceed their MSR, except for Ms Martinez who has five years to reach the required MSR.

Name	Share type	Opening Balance at 1 January 2023	Escrow shares movement	Shares acquired	Shares disposed	Closing balance at 31 December 2023	Alignment to MSR
Bob Belan	Ordinary	-	11,730,769	-	-	11,730,769	MSR exceeded as at 31 December 2023
	Escrow[1]	11,730,769	-11,730,769	-	-	-	
Paul Varro	Ordinary	591,703	-	33,776[2]	300,000	325,479	
Paul Byrne	Ordinary	1,001,869	11,730,769	-	656,039	12,076,599	
	Escrow[1]	11,730,769	-11,730,769	-	-	-	
Adriana Martinez	Ordinary						Has 5 years to reach MSR
Andrew Walduck[3]	Ordinary	953,420	-	46,481[2]	500,000	499,901	Not applicable
Ahmed Fahour[3]	Ordinary	2,927,308	-	135,103[2]	-	3,062,411	
David Gelbak[3]	Ordinary	1,771,241	-	31,386[2]	-	1,802,627	
Becky Cook[3]	Ordinary	-	-	7,773[2]	-	7,773	

1 *Mr Belan and Mr Byrne held escrowed shares subject to dealing restrictions until 26 October 2023, as part of the Symple acquisition.*
2 *As detailed in Section 9.1.1, Mr Fahour, Mr Varro, Mr Gelbak, Ms Cook and Mr Walduck had the first tranche of their FY21 STI Shares released from restriction in February 2023, increasing their ordinary shareholdings.*
3 *As detailed in Section 6.3 and 6.4, Mr Fahour, Mr Gelbak and Mr Walduck ceased as KMP during the year, and Ms Cook was no longer in a KMP role at year end. Their closing balance is shown at 31 December 2023, as per their separation paperwork, however their alignment to MSR has not been calculated due to their departures.*

9.3 Equity Arrangements with KMP - Escrow Arrangements

As previously disclosed, Mr Belan acquired ordinary shares subject to escrow as part consideration of the purchase price for the Symple Group acquisition in October 2021. Mr Byrne also acquired ordinary shares subject to escrow under the same terms, prior to his appointment to and Executive KMP.

The Escrowed Shares held by Mr Belan and Mr Byrne were released into ordinary shares on 26 October 2023, at the end of the escrow period.

9.4 Employee Share Acquisition Plan (ESAP)

The April 2021 grant continues under restriction until April 2024. No Executive KMP participated in the Employee Gift Offer.

9.5 Other Disclosures

9.5.1 Directors' declaration and related party transactions

Please refer to the Directors' Report for details of all other directorships held by Executive KMP. Please refer to Section 6.5 of the Financial Statements for Related party transactions for KMP.

Details regarding the aggregate of all lending balances, guaranteed or secured by any entity in the Group to KMP and their related parties, and the number of individuals in each group as of 31 December 2023 are as follows:

	2023 $
Outstanding balances at 31 December 2022	$44,091
Interest paid and payable for the period	$73
Outstanding balances at 31 December 2023	$22,727
Total available credit facility during the period	$257,500
Maximum drawn amount during the period[1]	$94,541
Number of individuals in the group	9

[1] *This is the sum of each individual's maximum drawn down amount during the year.*

Lending balances made to KMP and their related parties are made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees or customers, including the term of the loan, security required and the interest rate. No lending balances were written off during the period, and no individual KMP's indebtedness to the organisation is greater than $100,000.

9.6 Use of Consultants/Associated Parties

No consultants or associated parties made any remuneration recommendation as defined by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (**the Act**).

This report is made in accordance with a resolution of Directors.

Michael Tilley
Director

Sydney
23 February 2024

Directors' Declaration

The Directors of Latitude Group Holdings Limited declare that:

(a) the consolidated financial statements and notes set out on pages 55 to 126 are in accordance with the *Corporations Act 2001*, including:
   (i) section 296, that they comply with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and
   (ii) section 297, that they give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date.

(b) the financial statements also comply with the International Financial Reporting Standards.

(c) as at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in section 6.2(a) will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee in note 6.9(a) between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have received declarations required under section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year 31 December 2023.

Signed in accordance with a resolution of the Directors.

Michael Tilley
Director

Sydney
23 February 2024

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Latitude Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Latitude Group Holdings Limited for the financial year ended 31 December 2023, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

23 February 2024

Consolidated Income Statement

	Notes	2023 $'m	2022 $'m
Continuing operations			
Interest income		**959.7**	890.2
Interest expense		**(344.8)**	(218.7)
Net interest income	2.2(a)	**614.9**	671.5
Other operating income	2.2(b)	**42.6**	37.6
Total operating income		**657.5**	709.1
Loan impairment expense	3.2(g)	**(237.4)**	(119.5)
Operating expenses			
Employee benefit expense		**(161.7)**	(168.1)
Depreciation and amortisation expense		**(89.4)**	(105.3)
IT and data processing expenses		**(78.3)**	(65.7)
Marketing expenses		**(28.6)**	(27.5)
Administrative and professional expenses		**(101.2)**	(81.4)
Occupancy and operating expenses		**(21.7)**	(15.5)
Other expenses	2.2(c)	**(124.6)**	(44.1)
Total operating expenses		**(605.5)**	(507.6)
Profit/(loss) before income tax		**(185.4)**	82.0
Income tax (expense)/benefit	2.3(a)	**47.5**	(24.1)
Profit/(loss) from continuing operations		**(137.9)**	57.9
Discontinued operations			
Net loss after tax from discontinued operations	6.8(b)	**(21.2)**	(21.6)
Profit/(loss) for the year		**(159.1)**	36.3
Profit/(loss) is attributable to:			
Owners of Latitude Group Holdings Limited		**(158.5)**	37.7
Non-controlling interests		**(0.6)**	(1.4)
Profit/(loss) for the year		**(159.1)**	36.3

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Notes	2023 $'m	2022 $'m
Profit/(loss) for the year		**(159.1)**	36.3
Other comprehensive income			
Items that may be reclassified to income statement			
Cash flow hedges - fair value gain/(loss)	4.1(b)	**(39.8)**	50.3
Cash flow hedges - related taxes	4.1(b)	**11.6**	(15.8)
Currency translation differences arising during the year	4.1(b)	**(1.0)**	0.2
Other comprehensive income/(loss) for the year, net of income tax		**(29.2)**	34.7
Total comprehensive income/(loss) for the year		**(188.3)**	71.0
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Latitude Group Holdings Limited		**(187.7)**	72.4
Non-controlling interests		**(0.6)**	(1.4)
Total comprehensive income/(loss) for the year		**(188.3)**	71.0
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings/(loss) per share	2.5	**(15.2)**	3.6
Diluted earnings/(loss) per share	2.5	**(15.2)**	3.3
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings/(loss) per share	2.5	**(13.2)**	5.7
Diluted earnings/(loss) per share	2.5	**(13.2)**	5.2

The above statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	2023 $'m	2022 $'m
Assets			
Cash and cash equivalents	3.1(b)	**250.7**	364.0
Derivative financial instruments	3.1(d)	**24.5**	64.2
Loans and other receivables	3.1(c)	**5,937.1**	6,163.2
Other assets		**11.5**	10.8
Deferred tax assets	2.3(d)	**185.2**	155.9
Current tax assets		**65.2**	28.6
Other financial assets		**14.2**	1.6
Property, plant and equipment		**25.5**	33.6
Assets classified as held for sale		**0.1**	149.5
Intangible assets	5.1(a)	**832.8**	949.3
Total assets		**7,346.8**	7,920.7
Liabilities			
Trade and other liabilities	3.1(e)	**215.1**	226.5
Derivative financial instruments	3.1(d)	**4.2**	-
Provisions	5.1(d)	**107.8**	48.3
Deferred tax liabilities	2.3(d)	**40.0**	66.3
Liabilities held for sale		**-**	19.2
Borrowings	3.1(f)	**5,745.1**	6,085.9
Total liabilities		**6,112.2**	6,446.2
Net assets		**1,234.6**	1,474.5
Equity			
Contributed equity	4.1(a)	**2,222.5**	2,222.0
Reserves	4.1(b)	**(652.9)**	(627.2)
Retained losses	4.1(c)	**(335.0)**	(123.4)
Capital and reserves attributable to owners of Latitude Group Holdings Limited		**1,234.6**	1,471.4
Non-controlling interests		**-**	3.1
Total equity		**1,234.6**	1,474.5

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Attributable to owners of Latitude Group Holdings Limited					
	Contributed equity $'m	Reserves $'m	Retained earnings/ (losses) $'m	Total Equity $'m	Non-controlling interests $'m	Total equity $'m
At 1 January 2023	**2,222.0**	**(627.2)**	**(123.4)**	**1,471.4**	**3.1**	**1,474.5**
Total comprehensive loss for the year						
Loss for the year	-	-	(158.5)	(158.5)	(0.6)	**(159.1)**
Other comprehensive loss for the year	-	(29.2)	-	(29.2)	-	**(29.2)**
Total comprehensive loss for the year	**-**	**(29.2)**	**(158.5)**	**(187.7)**	**(0.6)**	**(188.3)**
Amounts transferred from reserves, net of tax	-	0.1	-	0.1	-	**0.1**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares - dividend reinvestment plan	0.5	-	-	0.5	-	**0.5**
Dividends	-	-	(41.6)	(41.6)	-	**(41.6)**
Capital note distributions paid/payable	-	-	(9.0)	(9.0)	-	**(9.0)**
Share-based compensation payments	-	(2.2)	-	(2.2)	-	**(2.2)**
Total transactions with owners	**0.5**	**(2.2)**	**(50.6)**	**(52.3)**	**-**	**(52.3)**
Non-controlling interest acquisition	-	5.6	(2.5)	3.1	(2.5)	**0.6**
At 31 December 2023	**2,222.5**	**(652.9)**	**(335.0)**	**1,234.6**	**-**	**1,234.6**
At 1 January 2022	**2,221.0**	**(667.2)**	**7.2**	**1,561.0**	**4.5**	**1,565.5**
Profit/(loss) for the year	-	-	37.7	37.7	(1.4)	**36.3**
Other comprehensive income for the year	-	34.7	-	34.7	-	**34.7**
Total comprehensive income/(loss) for the year	**-**	**34.7**	**37.7**	**72.4**	**(1.4)**	**71.0**
Amounts transferred from reserves, net of tax	-	1.5	0.9	2.4	-	**2.4**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares - dividend reinvestment plan	1.0	-	-	1.0	-	**1.0**
Dividends	-	-	(163.0)	(163.0)	-	**(163.0)**
Capital note distributions paid/payable	-	-	(6.2)	(6.2)	-	**(6.2)**
Share-based compensation payments	-	3.8	-	3.8	-	**3.8**
At 31 December 2022	**2,222.0**	**(627.2)**	**(123.4)**	**1,471.4**	**3.1**	**1,474.5**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	2023 $'m	2022 $'m
Cash flows from operating activities			
Interest received		**950.2**	872.2
Interest paid		**(323.6)**	(219.5)
Other operating income received		**35.4**	35.0
Net insurance income:		**-**	-
Premiums received		**6.8**	11.9
Claims paid		**(2.6)**	(10.4)
Investment income		**1.2**	2.1
Operating expenses paid		**(339.1)**	(401.6)
Net income taxes paid		**(33.6)**	(83.5)
Cash flow from operating activities before changes in operating assets and liabilities		**294.7**	206.2
Changes in operating assets and liabilities arising from cash flow movements			
Net decrease/(increase) in loans and other receivables		**56.6**	(334.2)
Net decrease in trade and other liabilities		**(38.7)**	(45.0)
Net increase/(decrease) in gross insurance policy liabilities		**(5.4)**	(0.2)
Changes in operating assets and liabilities arising from cash flow movements		**12.5**	(379.4)
Net cash provided by/(used in) operating activities		**307.2**	(173.2)
Cash flows from investing activities			
Net purchases of intangible assets, property, plant & equipment		**(17.0)**	(24.9)
Proceeds from debt investments		**-**	64.3
Net proceeds from sale of discontinued operations		**27.9**	-
Net cash provided by investing activities		**10.9**	39.4
Cash flows from financing activities			
Proceeds from borrowing issuances and drawdowns		**1,447.8**	1,709.3
Repayment of borrowings		**(1,738.9)**	(1,632.8)
Payments of transaction costs from financing activities		**(1.9)**	(1.8)
Proceeds from facility agreements		**18.7**	5.4
Repayment of facility agreements		**(110.0)**	110.0
Dividends paid		**(41.0)**	(162.1)
Capital note distributions paid		**(8.8)**	(6.2)
Outflow from share-based payment plan		**(0.3)**	-
Payment of lease liabilities		**(7.1)**	(11.4)
Proceeds from related parties		**44.0**	29.4
Deferred consideration paid		**(11.9)**	(39.4)
Net cash provided by/(used in) financing activities		**(409.4)**	0.4
Net decrease in cash and cash equivalents		**(91.3)**	(133.4)
Cash and cash equivalents at beginning of financial year		**364.0**	605.7
Cash and cash equivalents reclassified to assets held for sale		**-**	(116.7)
Effects of exchange rate changes on cash and cash equivalents		**(22.0)**	8.4
Cash and cash equivalents at end of financial year	**3.1(b)**	**250.7**	364.0

The Consolidated Statement of Cash Flows includes discontinued operations. Refer to note 6.8(d) for cash flows associated with discontinued operations.

The above statement should be read in conjunction with the accompanying notes.

Section 1 | Basis of Preparation

1.1 Basis of preparation

(a) Reporting entity

The financial report is for Latitude Group Holdings Limited (the 'Company') and its controlled entities (the 'Group'). Latitude Group Holdings Limited is a for-profit public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 18, 130 Lonsdale Street, Melbourne, Victoria, 3000.

These consolidated financial statements were authorised for issue by the Directors on 23 February 2024.

(b) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASs) and other pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB).

(c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the following:

- Derivative financial instruments;
- Financial assets and financial liabilities designated at fair value through profit or loss (FVTPL);
- Financial assets designated at fair value through other comprehensive income (FVOCI); and
- Assets held for sale - measured at the lower of carrying amount and fair value less costs of disposal.

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian Dollars, which is Latitude Group Holdings Limited's deemed functional and presentation currency.

(e) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial report. Amounts in the Financial report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, unless otherwise indicated.

(f) Significant estimates and judgements

The preparation of financial statements that conform to accounting standards requires Management to exercise judgement in applying the Group's accounting policies and to make estimates and assumptions. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

1.1 Basis of preparation (continued)

Areas involving assumptions and estimates that are material to the financial statements or areas requiring a higher degree of judgement, are disclosed in the following sections:

- Section 2.3: Deferred tax assets and liabilities
- Section 3.1: Determination of fair value
- Section 3.2: Recoverability of loans and other receivables
- Section 5.1: Recoverability of goodwill and other intangible assets and estimated useful life (other than goodwill)
- Section 5.1: Provisions including customer remediation
- Section 6.5: Contingent liabilities and contingent assets

Measurement of expected credit losses

The methodologies and assumption setting process applied in the Expected Credit Loss (ECL) calculations remain consistent with those applied in the financial statements for the year ended 31 December 2022. The Group continues to incorporate estimates, assumptions, and judgements specific to the impact of current and future economic conditions into the measurement calculations as described in section 3.2. The application of model risk overlays is used to offset inherent model risks, including a new cyber adjustment overlay, as agreed to by Management in line with the Group's provision policy and governance process.

(g) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will have sufficient operations, profits and access to funding to support the operations.

The Group has recognised a net loss of $159.1 million for the year ended 31 December 2023 and has retained losses of $335.0 million. This loss is primarily due to the operational impacts experienced from the cyber-incident and the challenging macroeconomic conditions across 2023 impacting core operational performance. In addition the Group was impacted by a number of one off costs relating to corporate development and restructuring activities, the cyber incident related costs and asset impairments recognised in year.

Management believes that the Group has adequate funding available to support future cash flows. Refer to note 3.2(s) for the undrawn funding available to the Group.

1.2 Other material accounting policies

Material accounting policies adopted in the preparation of these consolidated financial statements have been included in the relevant notes to which the policies relate. Other material accounting policies are listed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other operating income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each consolidated income statement and consolidated statement of other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

1.3 New and amended standards

(a) New and amended standards adopted

Disclosure of Accounting Policies – Amendments to AASB 101 and IFRS Practice Statement 2.

The Group has adopted Disclosure of Accounting Policies (Amendments to AASB 101 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant', accounting policies. Management reviewed the accounting policies and made updates to the information disclosed in Note 1.2 Other material accounting policies (2022: Other significant accounting policies) in certain instances in line with the amendments.

Definition of Accounting Estimates – Amendments to AASB 108

The Group has assessed the impact of the new requirements and determined that, pursuant to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* the effect of these changes are not material to the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to AASB 112

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, for example leases and decommissioning liabilities.

The amendments to AASB 1 and AASB 112 do not impact the Group for the year ended 31 December 2023 and no exemption has been applied for.

International Tax Reform – Pillar Two Model Rules

The amendments to AASB 112 will require entities to disclose separately their current tax expense (income) related to Pillar Two income taxes.

The amendments to AASB 112 do not impact the Group for the year ended 31 December 2023 and no exceptions have been applied for.

Other amended standards

Other amended Standards that became effective for the year ended 31 December 2023 did not have a material impact on the Group.

(b) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been published but are not mandatory for 31 December 2023 reporting year and have not been early adopted by the Group.

Classification of Liabilities as Current or Non-Current and Non-Current liabilities with Covenants (Amendments to AASB 101)

The amendments to AASB 101 are effective from 1 January 2024 with early adoption permitted. The amendments aim to clarify the requirements for determining whether a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants.

1.3 New and amended standards (continued)

The Group will undertake an impact assessment of the new standard.

Other Standards

Other Standards and interpretations that have been published that are not mandatory for the year ended 31 December 2023 year and have not been early adopted by the Group are;

- *Lease Liability in a Sale and Leaseback – (Amendments to IFRS 16)* effective 1 January 2024
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* effective 1 January 2024

The Group expects to adopt these on their effective dates, but none are expected to have a material impact on the Group.

Section 2 | Results

2.1 Segment information

(a) Description of segments

The Group's Managing Director and Chief Executive Officer (CEO) and Executive Committee (EC) are responsible for the overall performance of the Group and take accountability for monitoring the Group's business, affairs and setting its strategic direction, establishing policies and overseeing the Group's financial position. The CEO and the EC assess the business on a cash net profit after tax (Cash NPAT) basis where the Cash NPAT is calculated by adding back the after-tax impact of amortisation of acquisition intangibles, amortisation of legacy transaction costs and notable items to Statutory Profit/(Loss) after tax from continuing operations.

The CEO and EC have identified the following reportable segments of its business:

- **Australia and New Zealand Pay (A&NZ Pay):** sales finance and credit cards.
- **Australia and New Zealand Money (A&NZ Money):** personal loans and motor loans.
- **Other:** other business activities and corporate costs.

Transactions between segments are carried out at arm's length and are eliminated on consolidation when they arise within the Group.

No single customer contributes revenue greater than 10% of the Group's revenue.

	External Revenue from continuing operations		Non-current assets[1]	
	31 December 2023 $'m	31 December 2022 $'m	31 December 2023 $'m	31 December 2022 $'m
Geographical information				
Australia	784.3	722.2	3,096.7	3,225.3
New Zealand	217.1	205.5	678.6	751.4
International	0.9	0.1	0.8	23.5
Total	**1,002.3**	**927.8**	**3,776.1**	**4,000.2**

[1]Non-current assets exclude financial instruments and deferred tax assets.

2.1 Segment information (continued)

(b) Operating segment overview

Year ended 31 December 2023	A&NZ Pay $'m	A&NZ Money $'m	Other $'m	Total $'m
Segment income statement information				
Net interest income	381.7	246.4	(12.7)	615.4
Other income	37.3	5.3	(0.4)	42.2
Total operating income	**419.0**	**251.7**	**(13.1)**	**657.6**
Net charge offs	(104.5)	(110.0)	(1.3)	(215.8)
Risk adjusted income	**314.5**	**141.7**	**(14.4)**	**441.8**
Cash operating expenses	(214.2)	(132.2)	(5.5)	(351.9)
Cash PBT	**100.3**	**9.5**	**(19.9)**	**89.9**
Movement in provision	17.0	(38.1)	(0.5)	(21.6)
Depreciation & amortisation (excluding leases)	-	-	(42.2)	(42.2)
Profit/(loss) before tax & notable items	**117.3**	**(28.6)**	**(62.6)**	**26.1**
Income tax expense	-	-	(7.7)	(7.7)
Cash NPAT	**117.3**	**(28.6)**	**(70.3)**	**18.4**
Notable items				
Amortisation of acquisition intangibles	-	-	(40.5)	(40.5)
Amortisation of legacy transaction costs	-	-	(0.3)	(0.3)
Cyber incident	-	-	(68.3)	(68.3)
Corporate development	-	-	(34.1)	(34.1)
Restructuring costs	-	-	(14.5)	(14.5)
Asset impairment	-	-	(48.0)	(48.0)
Decommissioned facilities	-	-	(5.8)	(5.8)
Tax effect of adjustments	-	-	55.2	55.2
Statutory profit/(loss) after tax from continuing operations	**117.3**	**(28.6)**	**(226.6)**	**(137.9)**
Discontinued operations				(21.2)
Statutory loss after tax				**(159.1)**
Segment balance sheet information				
Total assets reported by the Consolidated Group	3,586.1	3,302.5	458.2	7,346.8
Total liabilities reported by the Consolidated Group	(2,621.6)	(2,078.9)	(1,411.7)	(6,112.2)

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2.1 Segment information (continued)

Year ended 31 December 2022	A&NZ Pay $'m	A&NZ Money $'m	Other $'m	Total $'m
Segment income statement information				
Net interest income	441.8	242.6	(8.6)	675.8
Other income	32.7	4.9	(1.2)	36.4
Total operating income	**474.5**	**247.5**	**(9.8)**	**712.2**
Net charge offs	(92.9)	(54.0)	(0.7)	(147.6)
Risk adjusted income	**381.6**	**193.5**	**(10.5)**	**564.6**
Cash operating expenses	(199.6)	(118.1)	(14.1)	(331.8)
Cash PBT	**182.0**	**75.4**	**(24.6)**	**232.8**
Movement in provision	2.1	26.9	(0.9)	28.1
Depreciation & Amortisation (excluding leases)	-	-	(45.3)	(45.3)
Profit before tax & notable items	**184.1**	**102.3**	**(70.8)**	**215.6**
Income tax expense	-	-	(62.1)	(62.1)
Cash NPAT	**184.1**	**102.3**	**(132.9)**	**153.5**
Notable items				
Amortisation of acquisition intangibles	-	-	(47.6)	(47.6)
Amortisation of legacy transaction costs	-	-	(3.9)	(3.9)
Corporate development	-	-	(41.3)	(41.3)
Restructuring costs	-	-	(15.2)	(15.2)
Asset impairment	-	-	(22.2)	(22.2)
Decommissioned facilities	-	-	(3.4)	(3.4)
Tax effect of adjustments	-	-	38.0	38.0
Statutory profit/(loss) after tax from continuing operations	**184.1**	**102.3**	**(228.5)**	**57.9**
Discontinued operations				(21.6)
Statutory profit after tax				**36.3**
Segment balance sheet information				
Total assets reported by the Consolidated Group	3,510.5	3,542.0	868.2	7,920.7
Total liabilities reported by the Consolidated Group	(2,447.7)	(3,126.4)	(872.1)	(6,446.2)

2.2 Revenue and expenses

Accounting Policy

Revenue Recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Interest is applied to the gross carrying value of a financial asset unless the asset is credit impaired, in which case it is applied to the net carrying value.

Net interest income

The Group recognises interest on loans and receivables as interest income. Interest income is recognised based on the effective interest rate method. The effective interest rate method allocates interest income over the life of the financial asset based on the amortised carrying value. The expected life of the financial instrument (portfolio average expected life; sales finance 13 months; personal loans 18 months and motor loans 19 months), or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

The Group recognises fees and costs, which are integral to the financial assets (for example loan origination fees and costs), using the effective interest rate method. When applying the effective interest method, fees and costs are amortised over the expected life of the financial asset or a shorter period if this is the period to which the fees and costs relate.

Other operating income

Interchange and operating fee income from contracts with customers is measured based on the consideration specified in a contract with the customer. The Group recognises revenue over the service period when it transfers control over a service to a customer.

Other fees include service and incremental fees charged per transaction and revenue is recognised at the point in time when the related services are performed.

Other expenses

Operating expenses are recognised as services are provided to the Group, over the period in which an asset is consumed, or once a liability is created.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2.2 Revenue and expenses (continued)

(a) Net interest income

	2023 $'m	2022 $'m
Interest income calculated using the effective interest method	**959.7**	890.2
Total interest income	**959.7**	890.2
Finance costs on borrowings	**(343.7)**	(216.3)
Lease interest expense	**(1.1)**	(2.4)
Total interest expense	**(344.8)**	(218.7)
Net interest income	**614.9**	671.5

(b) Other operating income

	2023 $'m	2022 $'m
Interchange and operating fees	**29.8**	32.9
Other	**12.8**	4.7
Total other operating income	**42.6**	37.6

(c) Other operating expenses

	2023 $'m	2022 $'m
Cyber remediation	**(45.4)**	-
Asset impairment	**(50.0)**	(22.9)
Other expenses	**(29.2)**	(21.3)
Total other operating expenses	**(124.6)**	(44.1)

(d) Reconciliation of profit /(loss) after income tax to net cash inflow/(outflow) from operating activities

	2023 $'m	2022 $'m
Net profit/(loss) after income tax	**(159.1)**	36.3
Increase in interest receivable	**(23.7)**	(19.5)
Increase/(decrease) in interest payable	**21.2**	(2.5)
Depreciation and amortisation	**89.4**	105.6
Non-cash charge offs	**318.9**	177.8
Other (income)/expenses including income tax	**48.0**	(91.5)
(Increase)/decrease in loans and other receivables	**56.6**	(334.2)
Net decrease in trade and other liabilities	**(38.7)**	(45.0)
Net decrease in gross insurance policy liabilities	**(5.4)**	(0.2)
Net cash provided by/(used in) operating activities	**307.2**	(173.2)

Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities includes discontinued operations.

2.3 Income tax expense and deferred tax

Accounting Policy

Taxation

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that, at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to settle the liability simultaneously. Current and deferred tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Tax consolidation legislation (Australian Parent and Group only)

The Company and some wholly-owned controlled entities have implemented the tax consolidation legislation from December 2015. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Latitude Group Holdings Limited. The entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements. The head and controlled entities in the tax consolidated group account for their own current and deferred tax accounts. These tax amounts are measured as if each entity in the tax consolidation group was a separate taxpayer with the Group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

2.3 Income tax expense and deferred tax (continued)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The funding amounts are recognised as intercompany receivables. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(a) Income tax expense

	Note	2023 $'m	2022 $'m
Current tax expense/(benefit)			
Current tax on profits/(losses) for the year		**(8.9)**	20.6
Adjustments recognised in the year for current tax of prior years		**(1.1)**	(2.5)
Foreign exchange differences arising on translation		**-**	0.1
		(10.0)	18.2
Deferred tax expense/(benefit)			
Origination and reversal of temporary differences	2.3(c)	**(36.4)**	3.2
		(36.4)	3.2
Income tax expense/(benefit)		**(46.4)**	21.4
Income tax expense/(benefit) is attributable to:			
Profit/(loss) from continuing operations		**(47.5)**	24.1
Profit/(loss) from discontinued operations		**1.1**	(2.7)
Income tax expense/(benefit)		**(46.4)**	21.4

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2023 $'m	2022 $'m
Profit/(loss) from continuing operations before income tax expense	**(185.4)**	82.0
Loss from discontinued operations before income tax expense	**(20.1)**	(24.3)
	(205.5)	57.7
Tax at the Australian tax rate of 30% (2022: 30%)	**(61.7)**	17.3
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences[1]	**10.5**	4.6
Effect of differences in tax rates in foreign jurisdictions	**5.8**	0.9
Other	**-**	1.1
Adjustments of prior years	**(1.0)**	(2.5)
Income tax expense/(benefit)	**(46.4)**	21.4

[1] *Includes non-deductible loss on sale, impairment of goodwill and tax losses not recognised.*

2.3 Income tax expense and deferred tax (continued)

(c) Deferred tax expense represents movements in deferred tax assets/liabilities

	2023 $'m	2022 $'m
Provisions and other liabilities	**(25.2)**	19.1
Deferred income	**6.9**	4.2
Acquisition transaction costs	**0.7**	0.4
Intangible assets - software	**(16.1)**	(9.1)
Property, plant and equipment	**0.3**	-
Intangible assets - other	**(0.3)**	(14.5)
Deferred expenses and prepayments	**(0.6)**	1.5
Trust net income	**(1.0)**	(1.2)
Other	**(1.1)**	2.8
Deferred tax expense	**(36.4)**	3.2

The Group has $11.9 million (2022: $3.6 million) of unused tax losses and $2.6 million (2022: $2.3 million) deductible temporary differences for which no deferred tax asset is recognised in the balance sheet (2022: $nil). These relate to the Symple Loans and OctiFi business acquisitions. The losses may be carried forward indefinitely subject to shareholding test requirements.

(d) Deferred tax assets and liabilities

	2023 $'m	2022 $'m
Deferred tax assets		
Provisions and other liabilities	**113.3**	88.5
Tax losses	**13.9**	-
Deferred income	**24.7**	31.6
Acquisition transaction costs	**2.7**	0.7
Lease liability	**7.1**	8.8
Intangible assets - software	**18.3**	19.1
Property, plant and equipment	**2.4**	2.9
Other	**2.8**	4.3
Deferred tax assets	**185.2**	155.9
Deferred tax liabilities		
Intangible assets - other	**11.9**	24.3
Deferred expenses & prepayments	**12.3**	13.0
Right-of-use assets	**5.6**	9.6
Interest rate swaps	**6.0**	15.5
Trust net income	**3.7**	3.4
Other	**0.5**	0.5
Deferred tax liabilities	**40.0**	66.3
Net deferred tax assets	**145.2**	89.6
Amounts expected to be settled within 12 months	**90.2**	55.3
Amounts expected to be settled after more than 12 months	**55.0**	34.3
Net deferred tax assets	**145.2**	89.6

2.3 Income tax expense and deferred tax (continued)

(e) Other tax recognised

	2023 $'m	2022 $'m
Income tax recognised in other comprehensive income:		
Cash flow hedge reserve	**(11.6)**	15.8

2.4 Dividends and distributions

Dividends on ordinary shares

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(a) Dividends

No dividends have been declared by the Directors for the year ended 31 December 2023.

The following dividends were declared and paid by the Company during the current and comparative year:

2023	Cents per share	Total $'m	Date of payment	Franked amount per share
Final 2022 dividend	**4.00**	**41.6**	24 April 2023	Fully franked

2022	Cents per share	Total $'m	Date of payment	Franked amount per share
Interim 2022 dividend	**7.85**	**81.5**	26 October 2022	Fully franked
Final 2021 dividend	**7.85**	**81.5**	22 April 2022	Fully franked

Dividend reinvestment plan

In the event Latitude Group Holdings Limited declares a dividend shareholders can elect to reinvest their entitlement in Latitude ordinary shares under the Company's Dividend Reinvestment Plan (DRP).

Shares issued under the DRP are provided through the issue of new shares and rank equally in all respects with existing fully paid Latitude ordinary shares.

Franking credits

The amount of Australian franking credits available to shareholders at 31 December 2023 for subsequent financial years is $0.5 million (2022: nil).

(b) Distributions

Distributions paid on other equity instruments relate to capital notes issued as described in note 4.1(a). The following distributions were paid during the current and comparative year.

	2023 $'m	2022 $'m
Distributions paid on capital notes	**8.8**	6.2

Distributions payable is within trade and other payables Note 3.1(e).

2.5 Earnings/(loss) per ordinary share

Earnings/(loss) per ordinary share

Basic Earnings per Share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the sum of the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings per Share (Diluted EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the sum of the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(a) Earnings/(loss) per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Basic		Diluted	
	2023	2022	2023	2022
Earnings ($'m)				
Profit/(loss) for the year attributable to owners of the Company	**(158.5)**	37.7	**(158.5)**	37.7
Net loss from discontinued operations attributable to owners of the Company	**(21.2)**	(21.6)	**(21.2)**	(21.6)
Adjusted earnings from continuing operations attributable to owners of the Company	**(137.3)**	59.3	**(137.3)**	59.3
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares	**1,039.5**	1,038.6	**1,039.5**	1,038.6
Potential dilutive weighted average number of ordinary shares:				
Conversion of capital notes[1]	-	-	**-**	112.2
Total weighted average number of ordinary shares	**1,039.5**	1,038.6	**1,039.5**	1,150.8

[1] The conversion of capital notes are excluded from the calculation of the weighted average number of ordinary shares outstanding used for the calculation of diluted earnings/(loss) per share due to their anti-dilutive effect.

Earnings per share (cents) attributable to owners of the Company				
Earnings/(loss) per share (cents)	**(15.2)**	3.6	**(15.2)**	3.3
Earnings/(loss) per share (cents) from continuing operations	**(13.2)**	5.7	**(13.2)**	5.2

Section 3 | Financial Instruments and Risk Management

3.1 Financial assets and liabilities

Accounting Policy

Classification - Financial assets and liabilities

Amortised cost

Debt instruments are measured at amortised cost if both the following conditions apply:

(a) the instrument is held to collect contractual cash flows, rather than being sold prior to contractual maturity to realise fair value changes; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and derecognition

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the instrument to another party without retaining control or substantially all the risks and rewards of the asset. Financial liabilities are derecognised when the Group's obligation under the contract is discharged, cancelled or it expires.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, restricted cash and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Loans and other receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group did not intend to sell immediately or in the near term. Loans and advances are amounts due from customers in the ordinary course of business. They are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, using the effective interest method, net of any provision for doubtful debts.

Trade and other liabilities

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

3.1 Financial assets and liabilities (continued)

Fair value through profit or loss (FVPL)

The Group may choose to designate, at initial recognition, a financial asset or a financial liability at FVPL if it eliminates or reduces an accounting mismatch. Equity investments are measured at FVPL unless the Group has elected to measure them as FVOCI below.

Fair value through other comprehensive income (FVOCI)

Other financial assets

The Group may elect to measure its non-traded equity instruments at fair value through other comprehensive income, with only dividend income being recognised in profit or loss.

Loss provisioning

Provision for losses on loans and advances

Loss provisioning is based on a three-stage approach to measuring expected credit losses (ECLs) for loans and advances which is based on the change in credit quality of financial assets since initial recognition:

Stage 1: Where there has been no significant increase in the risk of default since origination, reserves reflect the portion of the lifetime ECL from expected defaults in the following twelve months.

Stage 2: For assets where there has been a significant increase in risk since origination but are not credit impaired, a lifetime ECL is recognised.

Stage 3: For assets deemed as credit impaired, a lifetime ECL is recognised.

The Group determines that a significant increase in risk occurs when an account is more than 30 days delinquent since origination. Exposures are assessed as credit impaired where the Group determines that an account is in default, being an account that is either 90 days or more past due or it is an account identified as bankrupt, deceased or fraudulent or any account in litigation or in hardship. ECLs are derived from probability-weighted estimated loss measures taking account of possible outcomes, the time value of money and current and future economic conditions. Customer loans are grouped on the basis of shared credit risk characteristics and lending type, by product category. As asset quality deteriorates an exposure will move through ECL stages. As asset quality improves, an asset that was previously assessed as a significant increase in credit risk that had lifetime ECL, may in subsequent periods revert back to Stage 1.

Modified loans comprise financial assets under a hardship arrangement or those in the process of litigation. When a flag indicator is removed from the account of a modified financial asset, signalling the end of the modification arrangement, then the loss allowance for the financial asset will revert to being measured at an amount equal to Stage 1 12-month ECL if the financial asset is less than 30 days past due and is not flagged as bankrupt, deceased, fraud, hardship or litigation status. ECL for a previously modified financial asset can subsequently be remeasured at an amount equal to lifetime ECL when the delinquency is between 30 and 89 days past due (Stage 2), or when the delinquency is greater than or equal to 90 days past due, or is flagged as bankrupt, deceased, fraud, hardship or litigation status (Stage 3).

Loans and advances from customers are written off when they are deemed non-collectable at a portfolio level, or at an earlier date depending on customer status. Subsequent recoveries of loans from legal enforcement relating to an amount previously charged off are set off against loan impairment expenses in the statement of profit or loss and statement of other comprehensive income.

The estimation of expected credit losses and assessment of credit risk, leverages various information

3.1 Financial assets and liabilities (continued)

including past events, current conditions, and reasonable information about future events including economic conditions. As part of the measurement of expected credit losses (ECLs) for loans and advances, the Group leverages a forward-looking macroeconomic model with multiple economic scenarios, including baseline forecasts, upside, and downside scenarios, to produce multiple ECLs. These are weighted according to the Group's AASB 9 governance process, to determine a final probability weighted ECL. The forward-looking macroeconomic model is a regression-based model leveraging various economic indicators, including Consumer Price Index (CPI), house prices, household disposable income, retail sales, and claims on the private sector. The forward-looking economic variables are used to project defaults over the next twelve months (Stage 1) and lifetime (Stage 2), with the outcome an adjustment to the probability of default within the ECL model.

Impaired accounts existing in the portfolio, resulting from the purchase of impaired accounts from GE as part of the business acquisition in November 2015, are referenced as 'Purchased or Originated Credit-Impaired' (POCI) assets under AASB 9. In accordance with AASB 9, POCI should be reserved for on a lifetime basis. The Group therefore identifies any POCI accounts in Stage 1 and adjusts the reserve for these to ensure lifetime coverage is achieved.

Derivative Financial Instruments

Derivatives are classified as FVPL unless they are designated hedging instruments. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. It also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values of cash flows on hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other operating income. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss within other operating income.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.1 Financial assets and liabilities (continued)

(a) Financial assets and financial liabilities

Financial assets	Notes	Assets designated FVOCI $'m	Assets designated FVPL $'m	Assets at amortised cost $'m	Total $'m
2023					
Cash and cash equivalents	3.1(b)	**-**	**-**	**250.7**	**250.7**
Derivative financial instruments		**-**	**24.5**	**-**	**24.5**
Loans and other receivables	3.1(c)	**-**	**-**	**5,937.1**	**5,937.1**
Other financial assets		**1.6**	**-**	**12.6**	**14.2**
Total financial assets		**1.6**	**24.5**	**6,200.4**	**6,226.5**
2022					
Cash and cash equivalents	3.2(b)	-	-	364.0	364.0
Derivative financial instruments		-	64.2	-	64.2
Loans and other receivables	3.1(c)	-	-	6,163.2	6,163.2
Other financial assets		1.6	-	-	1.6
Total financial assets		1.6	64.2	6,527.2	6,593.0

Financial liabilities	Notes	Liabilities designated FVOCI $'m	Liabilities designated FVPL $'m	Liabilities at amortised cost $'m	Total $'m
2023					
Trade and other liabilities	3.1(e)	**-**	**-**	**215.1**	**215.1**
Derivative financial instruments		**-**	**4.2**	**-**	**4.2**
Borrowings	3.1(f)	**-**	**-**	**5,745.1**	**5,745.1**
Total financial liabilities		**-**	**4.2**	**5,960.2**	**5,964.4**
2022					
Trade and other liabilities	3.1(e)	-	-	226.5	226.5
Borrowings	3.1(f)	-	-	6,085.9	6,085.9
Total financial liabilities		-	-	6,312.4	6,312.4

3.1 Financial assets and liabilities (continued)

(b) Cash and cash equivalents

	2023 $'m	2022 $'m
Current assets		
Cash and cash equivalents	**245.8**	358.3
Restricted cash [1]	**4.9**	5.7
Cash and cash equivalents	**250.7**	364.0

[1] Being cash deposited as security

(c) Loans and other receivables

	Notes	2023 $'m	2022 $'m
Loans and advances			
Loans and advances		**6,244.8**	6,474.2
Unearned income		**(57.0)**	(80.6)
Provision for impairment losses	3.2(f)	**(264.1)**	(242.7)
Total loans and advances		**5,923.7**	6,150.9
Other receivables			
Trade receivables		**3.7**	9.6
Other receivables		**9.7**	2.7
Total other receivables		**13.4**	12.3
Total loans and other receivables		**5,937.1**	6,163.2
Current		**3,019.2**	3,145.9
Non-current		**2,917.9**	3,017.3
Total loans and other receivables		**5,937.1**	6,163.2

As the majority of the Group's customer loans are variable rate products, their fair values are deemed not to be significantly different to their carrying amounts. Other receivables are generally of a short-term nature whose fair value approximates their carrying amounts.

Information about the impairment of loans and other receivables, their credit quality and the Group's exposure to credit risk can be found in section 3.2.

3.1 Financial assets and liabilities (continued)

(d) Derivatives

	2023 $'m	2022 $'m
Current derivative assets		
Interest rate swap contracts - cash flow hedges	**3.0**	2.9
Forward foreign exchange contracts	**-**	3.2
Total current derivative financial instrument assets	**3.0**	6.1
Non-current derivative assets		
Interest rate swap contracts - cash flow hedges	**21.5**	58.1
Total non-current derivative financial instruments	**21.5**	58.1
Total derivative assets	**24.5**	64.2
Current derivative liabilities		
Forward foreign exchange contracts	**0.5**	-
Total current derivative financial instrument liabilities	**0.5**	-
Non-current derivative liabilities		
Interest rate swap contracts - cash flow hedges	**3.7**	-
Total non-current derivative financial instrument liabilities	**3.7**	-
Total derivative liabilities	**4.2**	-

The Group enters into derivative transactions for economic hedging purposes under International Swaps and Derivatives Association ('ISDA') master agreements. The agreements generally allow for simultaneous netting of payments in relation to each party's obligations for derivative assets and liabilities. Therefore, although the Group does not have a current legal enforceable right of set off and does not offset the assets and liabilities on the balance sheet, it will settle the derivative on a net basis simultaneously when the amounts due or owed are with the same counterparty.

(e) Trade and other liabilities

	Notes	2023 $'m	2022 $'m
Current			
Trade and other payables		**50.0**	52.2
Accrued expenses		**48.1**	37.4
Payables to related parties	6.4(c)	**16.6**	11.9
Customer credit balances		**57.3**	59.4
Lease liability		**6.2**	6.2
Capital note distributions		**1.7**	1.5
Current trade and other liabilities		**179.9**	168.6
Non-Current			
Payables to related parties	6.4(c)	**16.6**	33.2
Lease liability		**18.6**	24.7
Non-current trade and other liabilities		**35.2**	57.9
Total trade and other liabilities		**215.1**	226.5

3.1 Financial assets and liabilities (continued)

The carrying amounts of trade and other liabilities approximates fair value. When measuring lease liabilities, the Group discounts lease payments using its incremental borrowing rate. The weighted-average discount rate applied is 3.96% as at 31 December 2023 (31 December 2022: 3.92%).

(f) Borrowings

	Current $'m	Non-current $'m	2023 Total $'m	Current $'m	Non-current $'m	2022 Total $'m
Secured						
Securitisation liabilities	**1,131.3**	**4,513.5**	**5,644.8**	743.2	5,196.2	5,939.4
Total secured borrowings	**1,131.3**	**4,513.5**	**5,644.8**	743.2	5,196.2	5,939.4
Unsecured						
Facility agreements	**56.3**	**44.0**	**100.3**	36.5	110.0	146.5
Total unsecured borrowings	**56.3**	**44.0**	**100.3**	36.5	110.0	146.5
Total borrowings	**1,187.6**	**4,557.5**	**5,745.1**	779.7	5,306.2	6,085.9

The Group's principal sources of funding are through revolving warehouse facilities and asset-backed securities (ABS) issued in Australia and New Zealand. These debt issuances fund pools of customer loans and advances that are sold to the special purpose entities that issue the debt.

The contractual maturities attached to the securitisation liabilities range between 0-7 years. Actual securitisation liability repayments occur when the trust reaches contractual amortisation periods (commencing in 0-3 years) based on assumed repayment patterns in the underlying receivables. Refer to section 3.2(t) for further details relating to liquidity management. The funding platform provides additional committed facilities as described in section 3.2(s).

Significant changes in funding during the year ended 31 December 2023 include:

Securitisation liabilities

- **January:** The New Zealand Personal Loans warehouse refinance was completed on payment date 17 January 2023, extending the scheduled amortisation date to 17 December 2025.
- **March:** Australia Credit Card Master Trust Series 2023-1 new issuance of $400 million credit card ABS closed on 8 March 2023 with a scheduled amortisation date of March 2026.
- **March:** Australia Credit Card Master Trust Series 2018-1 was redeemed on its expected redemption date 22 March 2023. All noteholders were repaid in full, with the remaining balance of loans sold to the Australian Credit card warehouses.
- **March:** Australian Credit Card Master Trust Series 2017-VFN was resized to $80 million and extended to 22 March 2024.
- **July:** Australian Personal Loans Series 2020-1 was redeemed on the expected call date of 17 July 2023.
- **August:** Australian Personal Loans Warehouse Trust No. 2 was refinanced on 17 August 2023, upsizing from $200 million to $338 million. The scheduled amortisation date is 17 August 2026.

3.1 Financial assets and liabilities (continued)

- **November:** Australian Credit Card Warehouse Trust No. 3 was refinanced on 22 November 2023 at the existing commitment of $1,056 million. The scheduled amortisation date was extended by 3 years to 22 November 2026.
- **December:** Australian Auto Loans Trust was refinanced on 19 December 2023. The scheduled amortisation date was extended 3 years to 21 December 2026, with the total commitment reducing to $713 million.

Facility Agreements

- Effective 5 January 2023 the Group completed the USD $30 million single draw bullet term credit facility drawdown with SBI Shinsei Bank, maturing 5 January 2024. The facility was subsequently extended effective 21 December 2023, maturing 6 January 2025.
- Effective 17 March 2023 the Group extended the USD $20 million single draw bullet term credit facility with SBI Shinsei Bank, maturing 28 March 2024.
- Effective 14 November 2023 the Group extended the SGD $30 million revolving credit facility with HSBC Bank, maturing 13 November 2024.

Transaction costs incurred to establish funding

Borrowings are shown net of capitalised transaction costs incurred to establish the funding programme. Unamortised transaction costs of $2.8 million are set off against borrowings at 31 December 2023 (31 December 2022: $4.9 million). During the year $1.9 million (year to 31 December 2022: $1.8 million) of borrowing costs were capitalised.

Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with financial covenants. The Group has complied with these covenants during the year ended 31 December 2023.

Fair value

For the Group's borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(g) Recognised fair value measurements

The Group uses valuation techniques and hierarchy levels to determine the value of its financial instruments measured at fair value. Three classification levels are used. There were no transfers between levels for recurring fair value measurements during the year.

Level 1**:** This includes instruments for which the valuation is based on quoted market prices.

Level 2**:** This includes instruments that do not have quoted market prices, where observable market data is used to determine fair value.

Forward foreign exchange contracts are valued using forward pricing valuation techniques. The fair value is determined using quoted forward foreign exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

3.1 Financial assets and liabilities (continued)

Interest rate swaps are valued using swap models. The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

Level 3: This category level has no observable market data inputs.

The Group holds two unquoted equity investments with no active market within Level 3, of which one has previously been recognised at nil value and remains as such at the reporting date. The fair value inputs are based on entity specific financial statement information, discounted for their non-marketable nature and any other considerations such as the proximity of the transaction to the reporting date.

(h) Recurring fair values

2023	Level 1 $'m	Level 2 $'m	Level 3 $'m	Total $'m
Financial assets				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	**-**	**24.5**	**-**	**24.5**
Other financial assets	**-**	**-**	**1.6**	**1.6**
Total financial assets	**-**	**24.5**	**1.6**	**26.1**
Financial liabilities				
Derivative financial liabilities				
Derivatives used for hedging - interest rate swaps	-	**3.7**	**-**	**3.7**
Derivatives used for hedging - foreign exchange contracts	-	**0.5**	**-**	**0.5**
Total financial liabilities	**-**	**4.2**	**-**	**4.2**

2022	Level 1 $'m	Level 2 $'m	Level 3 $'m	Total $'m
Financial assets				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	-	61.0	-	61.0
Derivatives used for hedging - foreign exchange contracts	-	3.2	-	3.2
Other financial assets	-	-	1.6	1.6
Total financial assets	-	64.2	1.6	65.8

The table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets using significant unobservable inputs (Level 3), have no impact on profit or loss or other comprehensive income for the year.

3.1 Financial assets and liabilities (continued)

(i) Level 3 fair values

Reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2023 $'m	2022 $'m
Other financial assets:		
Balance 1 January	**1.6**	1.6
Balance 31 December	**1.6**	1.6

3.2 Financial risk management

Overview

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (interest rate risk and foreign currency risk). The Group has established risk management processes and has an enterprise risk management framework in place that aims to ensure enterprise risks are effectively identified, measured, monitored and managed. The Group operates under a governance and risk management culture, managed ultimately by a Board Risk Committee, responsible for all enterprise risk. Risk management is cascaded to the business through a Board approved risk appetite statement, approved strategies and policies and operating procedures that establish appropriate limits and controls to monitor and manage the Group's level of risk exposure. Management committees supporting risk governance include an Enterprise Risk Management Committee, which manages strategic, credit, fraud, operational and regulatory risks, and an Asset and Liability Committee, which manages funding, liquidity and market risks A 'three-lines' of defence model is operated to comply with the Group's risk management framework.

Operational risk

The Company and its subsidiaries may, from time to time, be involved in legal proceedings (including class actions), regulatory actions or arbitration. Litigation could be commenced by a range of plaintiffs, such as customers, shareholders, suppliers, counterparties and regulators.

In recent years there has been an increase in regulatory action and class action proceedings, many of which have resulted in significant monetary settlements. The risk of regulatory and class actions has been heightened by a number of factors, including regulatory enforcement actions an increase in the number of regulatory investigations and inquiries (including those relating to privacy given the increasing prevalence of cyber-attacks, such as that perpetrated against Latitude in March 2023), a greater willingness on the part of regulators to commence court proceedings, more intense media scrutiny and the growth of third party litigation funding. Regulatory investigations and class actions commenced against a competitor could also lead to similar proceedings against the Group.

Litigation (including class actions) may, either individually or in aggregate, adversely affect the Group's business, operations, prospects, reputation or financial condition. This risk is heightened by increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties and the outcome may not be predicted accurately. Furthermore, the Group's ability to respond to and defend litigation may be adversely affected by inadequate record keeping.

Depending on the outcome of any litigation, the Group may be required to comply with broad court orders, including compliance orders, enforcement orders or otherwise pay significant damages, fines, penalties or legal costs.

3.2 Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet their contractual obligations, arising principally from the Group's loans to customers. Credit risk management is a core feature of Latitude's capability, having developed and refined its credit risk management capabilities to foster prudent underwriting, portfolio management and effective controls. These processes includes risk-based loan pricing and lending limits for its customers, allowing Latitude to approve credit to customers while also seeking to ensure adequate compensation for risk to maintain delinquencies and net charge offs in accordance with Latitude's Risk Appetite Statement (RAS). Along with the Risk Appetite Statement, management has a credit policy in place that ensures our portfolios are diversified across various risk rating grades. Management continually assesses the effectiveness of internal credit controls and policies as part of the overall asset management at Latitude.

Exposure

(a) Total undrawn exposure of loans and advances to credit risk by credit risk rating grades

	12-month ECL $'m	Lifetime ECL not credit impaired $'m	Lifetime ECL credit impaired, not POCI(1) $'m	Lifetime ECL credit impaired, POCI(1) $'m	Total $'m
Very low risk	**7,029.2**	**-**	**-**	**2.1**	**7,031.3**
Low risk	**439.4**	**-**	**-**	**0.5**	**439.9**
Medium risk	**151.8**	**-**	**-**	**0.2**	**152.0**
Moderate risk	**24.4**	**-**	**-**	**-**	**24.4**
High risk	**4.2**	**-**	**-**	**-**	**4.2**
2023	**7,649.0**	**-**	**-**	**2.8**	**7,651.8**
Very low risk	7,332.6	-	-	2.3	7,334.9
Low risk	477.8	-	-	0.5	478.3
Medium risk	161.1	-	-	0.2	161.3
Moderate risk	23.7	-	-	0.1	23.8
High risk	2.9	-	-	-	2.9
2022	7,998.1	-	-	3.1	8,001.2

(1)POCI: Purchased or Originated Credit Impaired

3.2 Financial risk management (continued)

Credit risk rating

(b) Loans and advances by credit risk rating grades

	12-month ECL $'m	Lifetime ECL not credit impaired $'m	Lifetime ECL credit impaired, not POCI[1] $'m	Lifetime ECL credit impaired, POCI[1] $'m	Total $'m
Very low risk	**2,331.9**	**24.0**	**-**	**1.8**	**2,357.7**
Low risk	**1,430.8**	**23.0**	**-**	**1.9**	**1,455.7**
Medium risk	**1,264.7**	**23.5**	**-**	**1.2**	**1,289.4**
Moderate risk	**455.0**	**18.7**	**-**	**0.6**	**474.3**
High risk	**256.6**	**199.6**	**195.7**	**3.0**	**654.9**
Unrated	**11.9**	**0.3**	**0.6**	**-**	**12.8**
2023	**5,750.9**	**289.1**	**196.3**	**8.5**	**6,244.8**

[1]POCI: Purchased or Originated Credit Impaired

	12-month ECL $'m	Lifetime ECL not credit impaired $'m	Lifetime ECL credit impaired, not POCI[1] $'m	Lifetime ECL credit impaired, POCI[1] $'m	Total $'m
Very low risk	2,485.0	3.9	-	1.7	2,490.6
Low risk	1,703.5	10.0	-	2.3	1,715.8
Medium risk	1,176.4	18.2	-	1.8	1,196.4
Moderate risk	335.9	17.8	-	0.7	354.4
High risk	335.1	164.3	189.4	4.4	693.2
Unrated	19.4	2.8	1.6	-	23.8
2022	6,055.3	217.0	191.0	10.9	6,474.2

[1]POCI: Purchased or Originated Credit Impaired

The credit risk grade scale is used to summarise the risk distribution of the portfolio, based on the probability of an account going to default as determined by behavioural scorecards.

3.2 Financial risk management (continued)

Credit quality

(c) Loans and advances by credit quality

Gross loans and advances	2023 $'m	2022 $'m
Neither past due or impaired (not POCI[1])	**5,265.9**	5,633.2
Past due but not impaired (not POCI[1])	**774.1**	639.1
Impaired (not POCI[1])	**196.3**	191.0
POCI[1]	**8.5**	10.9
Total	**6,244.8**	6,474.2

[1]POCI: Purchased or Originated Credit Impaired

(d) Loans and advances aging

Gross loans and advances	2023 $'m	2022 $'m
Current	**5,385.2**	5,759.2
Past due 1-29 days	**536.6**	543.5
Past due 30-89 days	**135.1**	127.3
Past due > 90 days	**187.9**	44.2
Total	**6,244.8**	6,474.2

Counterparty risk

The Group is exposed to counterparty risk by holding cash and cash equivalents, and entering into derivatives with financial institutions. Their credit quality can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(e) Counterparty risk

	2023 $'m	2022 $'m
Cash and cash equivalents		
Investment grade (credit rating range A-2 to A-1+)	**250.7**	364.0
Derivative financial assets		
Investment grade (credit rating AA-)	**24.5**	64.2

Other financial assets held by the Group are with counterparties with no external credit rating.

3.2 Financial risk management (continued)

Provision for impairment losses

(f) Movements in the provision for impairment of loans and advances

Movements in the provision for impairment of loans and advances that are assessed for impairment collectively below include transition between stages of loans considered modified.

	Collective provision 12-month ECL $'m	Collective provision lifetime ECL not credit impaired $'m	Collective provision lifetime ECL credit impaired, not POCI[1] $'m	Collective provision lifetime ECL credit impaired, POCI[1] $'m	Collective provision Total $'m
At 1 January 2023	**177.4**	**12.2**	**52.3**	**0.8**	**242.7**
Effects of exchange rate on translation	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:					
i) financial instruments originated during the year	**31.6**	**1.8**	**6.5**	**-**	**39.9**
ii) derecognition of financial instruments during the year	**(15.3)**	**(2.6)**	**(17.2)**	**(0.2)**	**(35.3)**
iii) change in balance during the year	**(10.0)**	**(0.6)**	**(4.4)**	**(0.1)**	**(15.1)**
iv) transfers between stages	**(2.9)**	**3.0**	**16.8**	**0.1**	**17.0**
Net remeasurement of loss allowance	**43.7**	**3.8**	**8.3**	**-**	**55.8**
Net change in overlays and other	**(38.9)**	**(2.2)**	**0.4**	**-**	**(40.7)**
At 31 December 2023	**185.4**	**15.4**	**62.7**	**0.6**	**264.1**
At 1 January 2022	**196.3**	**13.1**	**60.8**	**1.4**	**271.6**
Effects of exchange rate on translation	(0.2)	-	(0.1)	-	(0.3)
Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:					
i) financial instruments originated during the year	43.4	1.5	3.5	-	48.4
ii) derecognition of financial instruments during the year	(22.4)	(2.6)	(13.6)	(0.1)	(38.7)
iii) change in balance during the year	(11.6)	(0.2)	(2.6)	(0.1)	(14.5)
iv) transfers between stages	(2.7)	2.2	8.6	-	8.1
Net remeasurement of loss allowance	(6.7)	0.2	6.1	0.1	(0.3)
Net change in overlays and other	(18.7)	(2.0)	(10.4)	(0.5)	(31.6)
At 31 December 2022	**177.4**	**12.2**	**52.3**	**0.8**	**242.7**

[1]POCI: Purchased or Originated Credit Impaired

3.2 Financial risk management (continued)

The Group's total provision for impairment losses increased $21.4 million between 31 December 2022 and 31 December 2023 ($242.7 million to $264.1 million) and the coverage ratio increased by 48bps (3.75% at December 2022 to 4.23% at December 2023). The application of model risk overlays is used to offset a number of inherent model risks.

A consistent approach has been applied to the following model risk overlays held by the Group for the December 2023 reporting period compared to December 2022:

- A model imprecision overlay first adopted in 2018, set at 15% of the core model coverage rate and applied evenly across all products (excluding benchmarked products) $34.3 million; and
- A seasonality overlay to adjust for ordinary course movements in the stage distribution of receivables due to seasonal delinquency trends exhibited by the underlying portfolios $3.1 million.
- An economic overlay to cater for forward looking impacts and uncertainty that are not easily modelled, leveraging sensitivity on staging taking into consideration the potential impacts to hardship and delinquency from the changing economic outlook $15.6 million.

The following updates have been made to the model risk overlays held by the Group for the year ended 31 December 2023:

- The removal of a component of the economic overlay to cater for forward looking impacts and uncertainty that are not easily modelled, held by the Group in December 2022. This was an adjustment to the New Zealand Money portfolio, due to a reduction in the probability-of-default rates post the application of the forward-looking economic model $(1.2) million; and
- A Cyber Adjustment Overlay to offset the significant increase in the core model rates, due to the elevated delinquency and loss rates experienced across the Latitude portfolios in 2023 due to the Cyber Incident, driving increased in probability of default and gross charge off given default in the provision models $(15.6) million.

The Group applied the below scenario weightings during the year ended 31 December 2023:

Scenario	Weighting 2023	Weighting 2022
Scenario One – Upside A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $16.7 million	10%	5%
Scenario Two – Baseline A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $4.2 million	60%	55%
Scenario Three – Downside A 100% weighting to this scenario would result in an increase to the total ECL provision at the reporting date of $14.1 million	30%	40%

The Group applies inflation, GDP, unemployment rate, house prices, retail sales, claims on the private sector and household disposable income in the macroeconomic scenarios noted above.

3.2 Financial risk management (continued)

Impairment losses

(g) Losses recognised in relation to loans and advances

During the year, the following losses were recognised:

	2023 $'m	2022 $'m
Recognised in profit or loss		
Movement in provision on loans and advances	**(23.9)**	27.5
Net impairment loss on loans and advances	**(213.5)**	(147.0)
Losses recognised in relation to loans and advances	**(237.4)**	(119.5)

Enforcement activity

Loans and advances with a contractual amount of $46.0 million (2022: $52.0 million) written off during the year are subject to enforcement activity.

Collateral

(h) Collateral held

	2023	2022
Maximum exposure ($'m)	**6,244.8**	6,484.7
Collateral classification:		
Secured (%)	**17.8**	19.9
Unsecured (%)	**82.2**	80.1

Both secured and unsecured personal loans are offered to the customer. Subject to lending criteria, allowable collateral for a secured loan includes motor vehicles and other vehicles such as caravans and camper trailers, motorcycles, motor homes and boats. There is no minimum or maximum loan value ratio applicable to a secured personal loan and a minimum value of security applies. When an Australian customer takes a motor loan for the purposes of acquiring a new or used car, motorcycle or other recreational vehicle, certain allowable vehicles are accepted as security for the loan.

Guarantees

Latitude Group Holdings Limited is guarantor for the Latitude Financial International Pte. Ltd. Facility Agreement of SGD $30 million with the Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch at 31 December 2023 SGD $30 million (2022: $nil) of which SGD $21.8 million (AUD $24.3 million) was utilised.

3.2 Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk arises where changes in foreign exchange rates impact the Group's profit after tax and equity.

The Group has exposures primarily arising from investment in foreign subsidiaries whose functional currency is not AUD (primarily NZD with increasing exposure to SGD and MYR). Additional exposure arises from transactions denominated in non-functional currencies, such as USD debt and expenses.

Risk management

Material transactions denominated in currencies which are not denominated in a functional currency are hedged where they are highly probable.

The Group uses forward foreign exchange contracts to manage its foreign exchange risk. These contracts are not designated as hedging instruments.

Exposure

(i) Exposure to foreign currency risk, expressed in Australian Dollars

	2023 $'m	2022 $'m
Net open position - US Dollar	**5.4**	0.9

Foreign exchange gains or losses

(j) Gains/(losses) recognised in relation to changes in foreign exchange rates

During the year, the following gains/(losses) were recognised:

	2023 $'m	2022 $'m
Recognised in profit or loss		
Net foreign exchange gain/(loss) included in other operating income	**4.3**	(2.9)
Recognised in other comprehensive income		
Translation of entities with a non-Australian denominated functional currency recognised in foreign currency translation reserve	**5.1**	6.1

3.2 Financial risk management (continued)

Sensitivity

(k) Sensitivity to changes in exchange rates to financial instruments denominated in foreign currency

Index	Impact on post-tax profit 2023 $'m	Impact on post-tax profit 2022 $'m	Impact on other components of equity 2023 $'m	Impact on other components of equity 2022 $'m
USD/AUD exchange rate - increase 10%	**0.4**	0.1	**-**	-
USD/AUD exchange rate - decrease 10%	**(0.4)**	(0.1)	**-**	-
NZD/AUD exchange rate - increase 10%	**-**	-	**3.6**	9.1
NZD/AUD exchange rate - decrease 10%	**-**	-	**(3.6)**	(9.1)
SGD/AUD exchange rate - increase 10%	**-**	-	**4.7**	3.0
SGD/AUD exchange rate - decrease 10%	**-**	-	**(4.7)**	(3.0)
CAD/AUD exchange rate - increase 10%	**-**		**(0.4)**	0.7
CAD/AUD exchange rate - decrease 10%	**-**	-	**0.4**	(0.7)
MYR/AUD exchange rate - increase 10%	**-**		**(0.3)**	(0.1)
MYR/AUD exchange rate - decrease 10%	**-**	-	**0.3**	0.1

Interest rate risk

The Group's main interest rate risk arises from mismatches in the interest rate characteristics of its receivables assets and the corresponding funding liabilities.

Risk management

The Group's receivables consist of three types of applicable interest rate:

- Fixed rate personal and auto loans where the interest rate is fixed for the life of the contract. Fixed rate personal loans are typically provided on a term of one to seven years and amortise fully over this term. Auto loans are typically provided on a term of one to seven years with the majority fully amortising over this term and a small proportion partially amortising to a residual balance.
- Interest free instalment products; and
- Variable rate personal loans and auto loans, credits and instalment products which bear interest and whose interest varies over time as the applicable rate changes.

The Group's funding facilities are variable rate borrowings where rates are reset at regular intervals (generally monthly) in-line with current market rates.

Interest rate risk is managed by entering into derivatives (pay fixed interest rate swaps) whereby the Group agrees to pay a fixed interest rate and in return receive a variable market interest rate to hedge the variable borrowing costs. The Group ensures the proportion of hedges to net exposure is within the range of 95 - 105%. The Group applies a hedge ratio of 1:1.

Swaps are currently in place over floating rate securitisation liabilities relating to fixed rate personal and auto loans sold into securitisation trusts. Hedging amounts and tenors reflect the expected repayment profiles of these fixed rate receivables. Additional swaps are in place to cover a portion of the floating rate securitisation liabilities relating to interest free instalment products sold into securitisation trusts. These derivatives are designated in hedging relationships to minimise profit and loss volatility.

3.2 Financial risk management (continued)

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the maturities and amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main source of ineffectiveness is change in credit risk of the hedge instrument.

Exposure

(l) Interest rate profile

At 31 December 2023 the exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the interest rate borrowings are as follows:

	2023 $'m	2022 $'m
Variable rate borrowings	**5,734.0**	6,080.4

(m) Interest rate swaps

At 31 December 2023 the Group had the following interest rate swap contracts outstanding:

		2023		2022
	Weighted average interest rate %	Balance $'m	Weighted average interest rate %	Balance $'m
Interest rate swaps (nominal amount)	**2.80%**	**1,963.5**	1.76%	2,309.5

3.2 Financial risk management (continued)

Hedged items and hedging instruments

(n) Amounts relating to items designated as hedged items

Amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness $'m	Cash flow hedge reserve $'m	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'m
2023			
Interest rate risk			
Variable rate borrowings	**(40.1)**	**14.7**	**-**
Discontinued hedges [1]	**-**	**-**	**-**
2022			
Interest rate risk			
Variable rate borrowings	50.0	43.0	-
Discontinued hedges [1]	-	-	(0.2)

[1] *Balance in Cash flow hedge reserve related to discontinued hedges - Refer to section 3.2(o)*

3.2 Financial risk management (continued)

(o) Amounts relating to items designated as hedging instruments and hedge ineffectiveness

	Nominal amount - maturity			Carrying amount		Changes in the value of the hedging instrument recognised in OCI	Hedge ineffective-ness recognised in profit or loss	Amount reclassified from hedging reserve to profit or loss
	1-6 months	7-12 months	More than one year	Assets	Liabilities			
Line item in Balance sheet / income statement				Derivative financial instruments			Other income	
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
2023								
Interest rate risk								
Interest rate swaps	**73.0**	**133.8**	**1,756.7**	**24.5**	**3.7**	**(39.8)**	**(0.2)**	**-**
Discontinued hedges [1]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**
2022								
Interest rate risk								
Interest rate swaps	34.3	168.8	2,106.4	61.0	-	50.3	(0.3)	-
Discontinued hedges [1]	0	-	-	-	-	-	-	2.1

[1] A number of hedge relationships were discontinued in 2019 in order to rebase the economics of the fixed rate portfolios of the Group. Gains or losses on discontinued hedges that were in cash flow hedge relationships remain in the reserves until the underlying transactions occur. Any changes in the market value of the discontinued hedges are recognised in the consolidated statement of other comprehensive income.

(p) Amounts relating to hedged items as continuing hedges and discontinued hedges

		Cash flow hedge reserve		
	Hedged risk	Continuing hedges $'m	Discontinued hedges $'m	Total $'m
2023				
Cash flow hedges				
Variable rate borrowings	Interest rate	**14.7**	**-**	**14.7**
2022				
Cash flow hedges				
Variable rate borrowings	Interest rate	43.0	(0.2)	42.8

3.2 Financial risk management (continued)

Fair value gains or losses

(q) Gains/(losses) recognised in relation to derivatives designated as cash flow hedges

During the year, the following gains/(losses) were recognised:

	2023 $'m	2022 $'m
Recognised in profit or loss		
Net gain/(loss) for ineffective portion of derivatives designated as cash flow hedges	**(0.2)**	(0.3)
Recognised in other comprehensive income		
Gain/(loss) recognised in other comprehensive income	**(28.3)**	34.5

Sensitivity

(r) Sensitivity to changes in interest rates

	Impact on pre-tax profit		Impact on other components of equity	
	2023 $'m	2022 $'m	2023 $'m	2022 $'m
Interest rates - increase by 100 basis points - Increase/(decrease) in profit	**(11.6)**	(14.1)	**23.6**	29.4
Interest rates - decrease by 100 basis points - Increase/(decrease) in profit	**11.6**	14.1	**(24.1)**	(30.2)

The analysis above 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.

3.2 Financial risk management (continued)

Liquidity risk

The Group ensures it has access to liquidity and has the resources to meet its contractual financial obligations during the normal course of business and in periods of stress. This includes maintaining sufficient cash and other liquid assets and flexibility in funding through committed credit lines.

Risk management

Funding is monitored on a regular basis and risk management includes forecasts and modelling including stress testing scenarios.

(s) Undrawn facilities

Financing arrangements – Corporate facilities

The Group has an existing syndicated facility agreement for the following lines of credit:

- Facility A: AUD $160 million multicurrency bullet revolving credit facility;
- Facility B: USD $41 million bullet revolving credit facility.

As at 31 December 2023, $0.8 million of the Facility A was utilised to finance bank guarantees and to support operational liquidity. $159.2 million of Facility A remained undrawn.

Since its establishment, Facility B has been utilised to refinance existing letters of credit provided as collateral for access to Schemes. As at 31 December 2023 USD $3.1 million of Facility B remained undrawn.

The Group has existing Bilateral Facility Agreements for the following lines of credit:

- Effective 17 March 2023, for USD $20 million single draw bullet term credit facility. As at 31 December 2023 the facility was fully drawn.
- Effective 5 January 2023, for USD $30 million single draw bullet term credit facility. As at 31 December 2023 the facility was fully drawn.
- Effective 14 November 2023, for SGD $30 million revolving credit facility. As at 31 December 2023, SGD $21.8 million was utilised and SGD $8.2 million of facility remained undrawn.

Financing arrangements – Securitisation facilities

In addition to the lines of credit above, the Group had access to the following undrawn borrowing facilities in relation to securitisation borrowings disclosed in section 3.1:

Floating rate	2023 $'m	2022 $'m
Borrowing facilities available	**6,910.5**	7,280.7
Drawn facilities	**(5,636.4)**	(5,937.9)
Undrawn facilities	**1,274.1**	1,342.8

3.2 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed are the undiscounted cash flows, including both principal and associated future interest payments, but exclude transaction costs that have been set off and therefore will not agree to the carrying amounts on the balance sheet.

(t) Contractual maturities of financial liabilities

	Less than 6 months $'m	6 - 12 months $'m	1-2 years $'m	2-5 years $'m	Over 5 years $'m	Total contractual cash flows $'m	Carrying amount (assets)/ liabilities $'m
2023							
Non-derivatives							
Borrowings – Securitisation liabilities	**235.8**	**507.3**	**1,837.3**	**4,061.1**	**-**	**6,641.5**	**5,636.4**
Borrowings – facility agreements	**33.4**	**26.6**	**45.9**	**-**	**-**	**105.9**	**97.7**
Trade and other liabilities	**163.5**	**19.6**	**20.4**	**10.8**	**3.9**	**218.2**	**215.1**
Total non-derivatives	**432.7**	**553.5**	**1,903.6**	**4,071.9**	**3.9**	**6,965.6**	**5,949.2**
Derivatives							
Derivatives - Forward foreign exchange contracts	**(0.1)**	**0.6**	**-**	**-**	**-**	**0.5**	**0.5**
Derivatives - interest rate swaps	**(1.0)**	**0.6**	**2.5**	**2.1**	**-**	**4.2**	**3.7**
Total derivatives	**(1.1)**	**1.2**	**2.5**	**2.1**	**-**	**4.7**	**4.2**
2022							
Non-derivatives							
Borrowings – Securitisation liabilities	384.1	491.9	1,048.7	4,916.0	-	6,840.7	5,939.4
Borrowings – facility agreements	35.6	9.8	112.4	-	-	157.8	146.5
Trade and other liabilities	154.8	15.6	23.5	29.8	7.3	231.0	226.5
Total non-derivatives	574.5	517.3	1,184.6	4,945.8	7.3	7,229.5	6,312.4
Derivatives							
Derivatives - Forward foreign exchange contracts	-	-	-	-	-	-	-
Derivatives - interest rate swaps	-	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-	-

Section 4 | Capital Management

4.1 Capital Management

Accounting Policy

Contributed equity

Ordinary shares and capital notes that meet AASB 132 criteria are classified as equity. Incremental costs directly attributable to the issue of new shares, options or capital notes are shown in equity as a deduction, net of tax, from the proceeds.

The Group's capital management objectives seek to implement an efficient and diverse capital structure focused on balancing shareholder returns and financial risk, with sufficient liquidity and flexibility to support its strategy and growth.

The Group seeks to hold sufficient capital, subject to a Board approved minimum limit, to protect it against unexpected losses arising from the risks described in section 3.2 above, with sufficient capital to meet the level of capital support required by its debt investors in its funding programme, as well as in stress scenarios. In assessing dividend payments, a number of factors are considered, including the general business environment, the operating results and financial condition of the Group, future funding requirements, capital management initiatives, tax considerations and any other restrictions on the payment of dividends by the Group.

Regular reporting is provided to the Board and Management of the Group’s capital position and material actions required to manage the capital position are submitted to the Board for approval.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(a) Contributed equity

	2023 $'m	2022 $'m
Ordinary share capital	**2,075.5**	2,075.0
Capital notes	**147.0**	147.0
Total contributed equity	**2,222.5**	2,222.0

(i) Ordinary share capital

For the year ended 31 December 2023	Number of shares million	$'m
Ordinary share capital		
Balance as at 1 January 2022	1,038.5	2,074.0
Issue of shares - dividend reinvestment plan	0.7	1.0
Balance as at 31 December 2022	**1,039.2**	**2,075.0**
Issue of shares - dividend reinvestment plan	0.5	0.5
Balance as at 31 December 2023	**1,039.7**	**2,075.5**

4.1 Capital Management (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(ii) Capital notes

	2023 Number of securities million	2022 Number of securities million	2023 $'m	2022 $'m
Other contributed equity				
Capital notes				
Latitude Capital Note LFSPA	**1.5**	1.5	**150.0**	150.0
Less: Equity raising transaction costs			**(4.0)**	(4.0)
Deferred tax recognised directly in equity			**1.0**	1.0
Total other contributed equity	**1.5**	1.5	**147.0**	147.0

The capital notes are unsecured redeemable securities with no fixed maturity date and the Company may convert or redeem the capital notes on the optional exchange date of 27 October 2026 and in certain other circumstances. On conversion, holders would receive a number of the Company's ordinary shares in exchange for their capital notes, the number determined based on the prevailing volume-weighted average price (VWAP) of the ordinary shares less a 2.50% discount. The capital notes have priority over ordinary shares but are subordinated to the claims of senior creditors in a winding-up of the Company.

Cumulative discretionary distributions must be paid quarterly or accrue until paid. No ordinary share dividends can be paid while accrued capital note distributions remain unpaid.

4.1 Capital Management (continued)

(b) Reserves

	2023 $'m	2022 $'m
Cash flow hedge reserve		
At 1 January	**42.8**	5.8
Fair value gains/(losses)	**(39.8)**	50.3
Income taxes on fair value gains/(losses)	**11.6**	(15.8)
Amounts transferred to income statement	**0.2**	2.1
Income taxes on amounts transferred to income statement	**(0.1)**	(0.6)
At 31 December	**14.7**	42.8
Share-based payment reserve		
At 1 January	**44.5**	40.7
Employee share plan movement	**(2.2)**	3.8
At 31 December	**42.3**	44.5
Other reserve		
At 1 January	**(12.7)**	(12.7)
NCI acquisition	**5.6**	-
At 31 December	**(7.1)**	(12.7)
Foreign currency translation reserve		
At 1 January	**6.1**	5.9
Currency translation differences arising during the year	**(1.0)**	0.2
At 31 December	**5.1**	6.1
Fair value through other comprehensive income reserve		
At 1 January	**(2.4)**	(2.4)
Net change in fair value of equity investments at FVOCI	**-**	-
At 31 December	**(2.4)**	(2.4)
Common control reserve		
At 1 January	**(705.5)**	(705.5)
Net change in fair value of common control reserve	**-**	-
At 31 December	**(705.5)**	(705.5)
Total reserves	**(652.9)**	(627.2)

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss, or to the extent the hedge becomes ineffective.

Share-based payment reserve

The share-based payments reserve is used to recognise the fair value of equity plan units granted to participating employees in relation to the Group's Equity Plans.

4.1 Capital Management (continued)

Other reserve

Other reserve reflects the fully vested value of equity instruments issued to certain directors and employees.

Foreign currency translation reserve

Exchange differences arising on translation of entities that have a non-Australian dollar functional currency are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment in the entity is disposed of by the Group.

Fair value through other comprehensive income reserve

This reserve includes the cumulative net change in fair value on revaluation of equity instruments at FVOCI.

Common control reserve

The difference between the purchase consideration and the net assets acquired on the restructure under common control that occurred in March 2021 was transferred to a common control reserve.

(c) Retained earnings / (losses)

	2023 $'m	2022 $'m
At 1 January	**(123.4)**	7.2
Net profit/(loss) for the year - attributable to owners	**(158.5)**	37.7
Amounts transferred from reserves	**(2.5)**	0.9
Ordinary share dividends	**(41.5)**	(163.0)
Capital note distributions	**(9.1)**	(6.2)
At 31 December	**(335.0)**	(123.4)

4.2 Commitments

(a) Non-cancellable leases

	2023 $'m	2022 $'m
Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:		
Within one year	**7.3**	8.1
Later than one year but not later than five years	**16.4**	20.1
Later than five years	**4.0**	7.3
Commitments for minimum lease payments in relation to non-cancellable leases	**27.7**	35.5

	2023 $'m	2022 $'m
Rental expense relating to leases:		
Minimum lease payments	**8.2**	13.7

The Group leases operational sites and equipment under non-cancellable leases within one year to later than five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The Group recognises right-of-use assets and corresponding lease liabilities for these leases, except for short-term leases.

(b) Other commitments

	2023 $'m	2022 $'m
Commitment to extend credit	**7,651.8**	8,001.2
Capital commitments	**0.1**	1.7
Other commitments	**7,651.9**	8,002.9

The Group makes commitments to extend credit facilities to its customers in the normal course of business.

Section 5 | Other Assets and Liabilities

5.1 Other Assets and Liabilities

Accounting Policy

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets and represents the excess of the cost paid over the fair value of the net identifiable assets acquired at the date of acquisition.

Customer relationships and distribution agreements

Separately acquired customer contracts and distribution agreements are shown at historical cost. Those acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer contracts are amortised on a straight-line basis over 5-9 years and distribution agreements are amortised on a straight-line basis over 1-9 years.

Software

Software relates to IT projects and associated system expenditure that does not result in the acquisition of physical hardware, including software licence acquisitions, upgrades to software platforms, applications and internal functions and network configuration, including internally generated development costs. Software is amortised on a straight-line basis over 1-5 years, or in the case of a licenced intangible, straight line over the licence period.

An intangible asset is recognised if it is probable that the associated future economic benefits will flow to the Group and the cost can be measured reliably where the following criteria are met: it is technically feasible to complete the software so that it will be available for use; it can be demonstrated how the software will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the software are available, and the expenditure attributable to the software during its development can be reliably measured. Any other costs associated with maintaining software are recognised as an expense as incurred.

Development Activities

Capitalised development costs are recorded as software intangible assets and amortised on a straight-line basis from the point at which the asset is ready for use, over the useful life of the intangible. Each phase of a project is considered separately to determine the useful life of the project. Development expenses that do not meet the criteria as software above is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

5.1 Other Assets and Liabilities (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefit obligations

Short-term obligations: Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations - Long service leave: These are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the combined balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

5.1 Other Assets and Liabilities (continued)

(a) Intangible assets

	Good-will	Distribution agreements	Customer contracts	Software	Capital works in progress	Trade-mark	Total
	$'m	$'m	$'m	$'m	$'m	$'m	$'m
At 1 January 2023							
Cost	728.3	162.0	264.9	199.7	17.4	0.5	1,372.8
Accumulation amortisation	-	(130.6)	(214.7)	(77.8)	-	(0.4)	(423.5)
Net book amount	**728.3**	**31.4**	**50.2**	**121.9**	**17.4**	**0.1**	**949.3**
Balance at 1 January 2023	**728.3**	**31.4**	**50.2**	**121.9**	**17.4**	**0.1**	**949.3**
Effects of exchange rate differences on translation of foreign operations	(0.2)	-	-	-	-	-	**(0.2)**
Additions	-	-	1.0	-	13.7	-	**14.7**
Amortisation charge	-	(16.5)	(26.2)	(41.4)	-	-	**(84.1)**
Impairment loss	(22.1)	-	-	(21.8)	(3.0)	-	**(46.9)**
Transfers	-	-	-	12.3	(12.3)	-	**-**
Balance at 31 December 2023	**706.0**	**14.9**	**25.0**	**71.0**	**15.8**	**0.1**	**832.8**
At 31 December 2023							
Cost	706.0	162.0	265.0	152.3	15.8	0.3	1,301.3
Accumulated amortisation	-	(147.1)	(240.0)	(81.3)	-	(0.2)	(468.5)
Net book amount	**706.0**	**14.9**	**25.0**	**71.0**	**15.8**	**0.1**	**832.8**
At 1 January 2022							
Opening net book amount	738.1	49.3	80.9	117.1	62.3	0.2	1,047.9
Effects of exchange rate differences on translation of foreign operations	(0.1)	-	-	0.1	(0.1)	-	(0.1)
Additions	3.9	0.5	1.3	2.1	24.3	-	32.1
Amortisation charge	-	(18.4)	(32.0)	(45.2)	-	(0.1)	(95.7)
Impairment loss	(13.6)	-	-	(15.5)	(5.8)	-	(34.9)
Transfers	-	-	-	63.3	(63.3)	-	-
Closing net book amount	728.3	31.4	50.2	121.9	17.4	0.1	949.3
At 31 December 2022							
Cost	728.3	162.0	264.9	199.7	17.4	0.5	1,372.8
Accumulated amortisation	-	(130.6)	(214.7)	(77.8)	-	(0.4)	(423.5)
Net book amount	**728.3**	**31.4**	**50.2**	**121.9**	**17.4**	**0.1**	**949.3**

Distribution agreements and customer contracts recognised as part of a business combination in 2015 have remaining amortisation period of 1 year at 31 December 2023 (31 December 2022: 2 years).

5.1 Other Assets and Liabilities (continued)

(b) Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs Pay A&NZ, Money A&NZ and International. These represent the lowest level within the Group at which the assets are monitored for internal management purposes. Each CGU is not higher than the Group's operating segments as reported in Note 2.1.

Goodwill is subject to impairment testing on an annual basis or when there is an indicator of impairment. During the year, the Cyber incident and the resulting temporary decline in business performance were considered indicators of impairment. No impairment was identified during this review.

The annual impairment testing performed at year end results in headroom within the Pay and Money CGUs and also found no impairment. The International CGUs carrying amount exceeds its recoverable amount and subsequently goodwill was impaired to nil. The estimated recoverable amount of the International CGU is impacted by a reduction in forecast revenue.

Goodwill allocated to CGU	2023	2022
Pay A&NZ	**297.8**	296.4
Money A&NZ	**408.2**	410.1
International	**-**	21.8

Cash flows used in the value-in-use calculations are based on the latest forecast information produced by Management. Management considers the forecast information to reflect the best estimates of revenue based on historical results, strategic initiatives, forecasts and facts and circumstances available as at 31 December 2023.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use discounted cash flow projections based on financial forecasts covering a five-year period. Cash flows are extrapolated using a growth rate and a terminal value to yield value appropriate to each CGU.

The following assumptions were made in determining the recoverable amount:

	Pre-tax discount rate	Terminal growth rate	Average revenue growth rate applied from years 1 - 5
	%	%	%
2023			
Pay A&NZ	19.2	2.0	6.0
Money A&NZ	19.2	2.0	12.3
International	18.7	-	(11.9)
2022			
Pay A&NZ	17.1	2.5	8.5
Money A&NZ	18.6	2.5	12.2
International	20.6	2.5	304.7

5.1 Other Assets and Liabilities (continued)

(c) Sensitivity

The Group assesses reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amounts of the CGUs to exceed their respective recoverable amounts for Pay A&NZ and Money A&NZ.

(d) Provisions

			2023			2022
	Current $'m	Non-Current $'m	Total $'m	Current $'m	Non-current $'m	Total $'m
Leave obligations	**15.7**	**1.2**	**16.9**	17.7	1.2	18.9
Other employee benefit obligations	**21.1**	**-**	**21.1**	5.9	-	5.9
Total employee benefit obligations	**36.8**	**1.2**	**38.0**	23.6	1.2	24.8
Customer remediation and other provisions	**67.7**	**2.1**	**69.8**	21.4	2.1	23.5
Total provisions	**104.5**	**3.3**	**107.8**	45.0	3.3	48.3

Leave obligations represent the Group's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Other employee benefit obligations cover the Group's liability for other employee benefit obligations such as bonus payments.

	Customer Remediation $'m	Other $'m	Total $'m
Balance at 1 January 2023	17.4	6.1	**23.5**
Additional provision	64.3	6.0	**70.3**
Amounts utilised during the year	(8.4)	(3.7)	**(12.1)**
Reversal of unused provision	(11.2)	(0.7)	**(11.9)**
Balance at 31 December 2023	**62.1**	**7.7**	**69.8**
Balance comprised of:			
Current	62.1	5.6	**67.7**
Non-current	-	2.1	**2.1**
Total provisions	**62.1**	**7.7**	**69.8**

Customer remediation includes provisions for expected refunds to customers, related customer claims, remediation project costs and cyber-incident remediation costs for customer identification document replacement, costs to respond to the regulatory investigations and regulatory and enforcement action costs. Refer to section 6.5 for further details.

Section 6 | Other Disclosures

6.1 Share-based payments

Accounting policy

Share-based payments
The fair value of units granted under equity based compensation benefits is recognised as employment expenses in the consolidated income statement with a corresponding increase in equity. The fair value is recognised at grant date and recognised over the period during which the party becomes unconditionally entitled to the instruments. The fair value is independently determined using an option-granting model as measured at the grant date which includes the terms and conditions of the instruments. The fair value of the instruments granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number and value of instruments that are expected to become exercisable. The equity-based payment expense recognised each year takes into account the most recent estimate.

(a) Description of share-based payment arrangements

The Group operated the following employee share plans during the year ended 31 December 2023.

(i) Latitude Equity Plan

On 1 January 2021, the Company established the Latitude Equity Plan (LEP) to assist in the motivation, retention and reward of key management personnel and other senior leaders. The LEP is designed to align participants' interests with the interests of Shareholders by providing participants the opportunity to receive Shares through the granting of Restricted Shares and Rights in respect of the short-term incentive (STI) and long-term incentive (LTI) components of remuneration. During the year ended 31 December 2023, a new class of awards under the LEP were granted as Options to eligible employees as the LTI component of their 2023 remuneration. The key terms of the LEP are set out in the following tables.

<table>
<tr><th>Feature</th><th>Key Terms of Restricted Shares (STI Shares) granted under the LEP – equity settled</th></tr>
<tr><td>Eligibility</td><td>Managing Director & CEO and other eligible executives as approved by the Board, who are awarded an STI outcome.
An Executive Director may participate in the LEP.
Non-Executive Directors are not eligible to participate in the LEP.</td></tr>
<tr><td>Offer</td><td>The number of restricted shares (STI Shares) is a proportion of the participant's STI outcome, divided by the 5-day Volume Weighted Average Price (VWAP) from the second trading day following the release of the full year results.
<table>
<tr><th>STI Plan</th><th>Proportion of STI outcome delivered as STI Shares</th></tr>
<tr><td>2021 STI</td><td>33.33%</td></tr>
<tr><td>2022 STI</td><td>50%</td></tr>
<tr><td>2023 STI</td><td>Nil – moved to deferred cash from 1 January 2023.</td></tr>
</table></td></tr>
</table>

6.1 Share-based payments (continued)

<table>
<tr><th>Feature</th><th>Key Terms of Restricted Shares (STI Shares) granted under the LEP – equity settled</th></tr>
<tr><td>Grant</td><td>During or after March following the results announcement: the proportion of each participant's STI awarded is delivered as STI Shares that are purchased on market.
<table>
<tr><th>STI Plan</th><th>Grant Date</th><th>Grant Price (5 Day VWAP)</th><th>VWAP Period</th></tr>
<tr><td>2021 STI</td><td>30 March 2022</td><td>$1.998468</td><td>22-28 February 2022</td></tr>
<tr><td>2022 STI</td><td colspan="3">n/a (no STI awarded)</td></tr>
<tr><td>2023 STI</td><td colspan="3">n/a</td></tr>
</table></td></tr>
<tr><td>Restriction Period</td><td>Approximately one year: 50% of STI Shares are released from restriction following the announcement of the next financial year's results.
Approximately two years following: the remaining 50% of STI Shares are released from restriction following the announcement of that year's results.</td></tr>
<tr><td>Treatment of STI Shares during Restriction Period</td><td>Participants who depart Latitude prior to the restriction end date, are generally treated as follows, although Board retains discretion to determine a different treatment:
• Misconduct or summary dismissal for cause: lapse.
• All other circumstances: remain on foot, subject to the original performance conditions and restriction period.</td></tr>
<tr><td>Restrictions on dealing</td><td>STI Shares rank equally with other Shares and participants have dividend and voting rights including while subject to the restriction period and restrictions on disposal.
Participants must not sell, transfer, encumber, hedge or otherwise deal with restricted STI Shares except with prior approval of the Board or in certain circumstances by force of law.
Following the restriction date, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy.</td></tr>
</table>

<table>
<tr><th>Feature</th><th>Key Terms of LTI Performance Rights granted under the LEP – equity settled</th></tr>
<tr><td>Eligibility</td><td>Managing Director & CEO, eligible Executive KMP and selected Senior Leaders as approved by the Board.</td></tr>
<tr><td>Performance period</td><td>Three years
<table>
<tr><th>LTI Plan</th><th>Performance Period</th></tr>
<tr><td>2021 LTI</td><td>1 January 2021 to 31 December 2023</td></tr>
<tr><td>2022 LTI</td><td>1 January 2022 to 31 December 2024</td></tr>
<tr><td>2023 LTI</td><td>1 January 2023 to 31 December 2025</td></tr>
</table></td></tr>
<tr><td>Offer</td><td>Rights to acquire Shares (Performance Rights) at no cost, subject to the satisfaction of specific vesting conditions over the Performance Period.
• The LTI opportunity offered is a percentage of Fixed Remuneration.
• Performance Rights have no dividend or voting rights prior to vesting.
• At vesting, the rights are exercised into shares, although in certain circumstances, participants may receive a Cash Equivalent Value of the vested element after testing.</td></tr>
</table>

6.1 Share-based payments (continued)

<table>
<tr><th>Feature</th><th>Key Terms of LTI Performance Rights granted under the LEP – equity settled</th></tr>
<tr><td>Grants</td><td>The number of Performance Rights granted was calculated based on a 5-day VWAP from the second trading day following the release of either the full year or half year results prior to the grant date (unless otherwise indicated). The following grants have been made:
<table>
<tr><th>LTI Plan</th><th>Grant Date</th><th>Grant Price (5 Day VWAP)</th><th>VWAP Period</th></tr>
<tr><td rowspan="2">2021</td><td>29 April 2021</td><td>$2.517250</td><td>22-28 April 2021 (aligned to Latitude's initial trading period on the ASX)</td></tr>
<tr><td>29 October 2021</td><td>$2.343965</td><td>25-31 August 2021</td></tr>
<tr><td rowspan="2">2022</td><td>28 April 2022</td><td>$1.998468</td><td>22-28 February 2022</td></tr>
<tr><td>27 October 2022</td><td>$1.462056</td><td>22-26 August 2022</td></tr>
<tr><td rowspan="2">2023</td><td>1 June 2023</td><td>$1.228400</td><td>20-24 February 2023</td></tr>
<tr><td>9 November 2023</td><td>$1.176172</td><td>22-28 August 2023</td></tr>
</table></td></tr>
<tr><td>Vesting conditions</td><td>• Return on Equity (ROE): 50% of Performance Rights may vest subject to a performance condition based on the Company's average ROE performance achieved over the performance period relative to the average of the annual ROE targets set by the Board, and
• Earnings per Share (EPS): 50% of Performance Rights may vest subject to a performance condition based on the Company's aggregate cash EPS achieved over the performance period, relative to the aggregate of the annual cash EPS targets set by the Board.
Cessation of employment
Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment:
• Misconduct or summary dismissal for cause: lapse.
• Resignation: The Board will typically lapse the Performance Rights.
• In all other circumstances: remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance period.
Rights that vest at the end of the original vesting period are automatically exercised at that date for ex-employees.</td></tr>
</table>

6.1 Share-based payments (continued)

<table>
<tr><th>Feature</th><th>Key Terms of LTI Performance Rights granted under the LEP – equity settled</th></tr>
<tr><td>Testing Outcomes</td><td>Following the release of the full-year results for the final year of the three year Performance Period, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:
<table>
<tr><th>ROE / EPS performance level achieved over the period</th><th>% of Performance Rights subject to the ROE / EPS hurdles that will vest</th></tr>
<tr><td>At or above maximum targets</td><td>100%</td></tr>
<tr><td>Between threshold and maximum targets</td><td>Straight-line pro-rata vesting between 50 and 100%</td></tr>
<tr><td>At threshold targets</td><td>50%</td></tr>
<tr><td>Below threshold</td><td>0%</td></tr>
</table>
• Performance Rights that vest are exercised into Shares.
• Performance Rights that don't vest will lapse and are not re-tested.
• In certain circumstances, participants may receive a Cash Equivalent Value of the vested element, after testing.
• The LTI outcome will be reported in the Remuneration Report in the year following the end of the Performance Period.</td></tr>
<tr><td>Restrictions on dealing</td><td>Performance Rights are subject to restrictions and participants cannot sell, transfer, encumber, hedge or otherwise deal with unvested Performance Rights without prior approval of the Board or in certain circumstances by force of law.
Following vesting, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy.</td></tr>
</table>

<table>
<tr><th>Feature</th><th>Key Terms of the Options granted under the LEP – equity settled</th></tr>
<tr><td>Eligibility</td><td>Managing Director & CEO, eligible Executive KMP and selected Senior Leaders as approved by the Board.</td></tr>
<tr><td>Grant details</td><td>14 million Options were granted on 20 March 2023 to eligible participants (excluding the Managing Director & CEO), in two equal tranches.
9 million Options were granted to the Managing Director & CEO on 3 April 2023, in three equal tranches.</td></tr>
<tr><td>Exercise price</td><td>$1.40 per Option</td></tr>
<tr><td>Vesting Conditions</td><td>Options are exercisable subject to specific Vesting Conditions which include a share price target for each tranche as follows:
<table>
<tr><th>Tranche</th><th>Tested after results announcement for</th><th>Approximate Vesting date</th><th>Share price target</th></tr>
<tr><td>1</td><td>2024 half-year</td><td>September 2024</td><td>$1.65</td></tr>
<tr><td>2</td><td>2024 full year</td><td>March 2025</td><td>$2.00</td></tr>
<tr><td>3</td><td>2025 full year</td><td>March 2026</td><td>$2.60</td></tr>
</table></td></tr>
<tr><td>Testing Outcomes</td><td>Following the release of the results as detailed above, the Options will be tested and any Options that don't vest following the testing of the Vesting Conditions will lapse and will not be retested.</td></tr>
</table>

6.1 Share-based payments (continued)

Feature	Key Terms of the Options granted under the LEP – equity settled
Expiry date	The expiry date for vested Options for Tranches 1 and 2 is the third anniversary of the Grant date and for Tranche 3 is the fifth anniversary of the Grant date. Any vested Options not exercised by the Expiry date will lapse.
Restrictions on dealing	Participants cannot sell, transfer, encumber, hedge or otherwise deal with their Unvested Options.
Cessation of employment	Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment: • Misconduct or summary dismissal for cause: lapse. • Resignation: lapse. • In all other circumstances: the relevant Tranche may remain on foot, subject to the original Vesting Conditions. The Board may determine to pro rata a Tranche based on time served between the grant and employment ending.
Dividend and voting rights	The Options have no dividend or voting rights, but any shares provided on exercise of the Options will carry those rights and rank equally with the Company's other ordinary shares.

LEP STI Shares movements:

	2023 Number	2022 Number
Balance at 1 January 2023	632,879	-
Granted	-	632,879
Released from restriction	(316,442)	-
Balance at 31 December	**316,437**	**632,879**

LEP LTI Share Rights movements:

	2023 Number	2022 Number
Outstanding at 1 January	5,127,648	2,133,626
Granted	641,852	3,106,619
Forfeited	(140,506)	(112,597)
Outstanding closing balance at 31 December	**5,628,994**	**5,127,648**
Exercisable at 31 December	**-**	**-**

Significant assumptions used as inputs into the grant date fair value information:

Grant date:	1 June 2023	9 November 2023
Contractual life (years)	2.50	3.00
Risk free interest rate (%)	4.22	3.71
Fair value at grant date ($)	1.07	1.17
Share closing price at grant date ($)	1.25	1.18
Expected dividend yield per annum (%)	6.28	-
Expected volatility of share price (%)	31.77	22.62

The total expense recognised in the profit and loss for the year 31 December 2023 in respect of LEP was $2.5 million (31 December 2022: $2.2 million). Share based payment expense true-up of $(3.5) million relating to FY21 LEP plans is excluded from the FY23 expense reported.

6.1 Share-based payments (continued)

LEP Options movements:

Options granted during 2023 as shown below. No options vested during 2023

	2023 Number
Outstanding at 1 January	-
Granted	23,000,000
Forfeited	(442,293)
Outstanding closing balance at 31 December	**22,557,707**

The fair value of the options is determined at grant date and recognised over the vesting period.

Significant assumptions used as inputs into the grant date fair value information:

Grant date: 20 March 2023 Tranche	1	2
Contractual life (years)	2.20	2.50
Risk free interest rate (%)	2.85	2.84
Fair value at grant date ($)	0.055	0.040
Share closing price at grant date ($)	1.21	1.21
Expected dividend yield per annum (%)	7.90	7.90
Expected volatility of share price (%)	29.00	29.00

Grant date: 3 April 2023 Tranche	1	2	3
Contractual life (years)	2.20	2.50	4.00
Risk free interest rate (%)	3.00	2.99	3.00
Fair value at grant date ($)	0.060	0.045	0.030
Share closing price at grant date ($)	1.22	1.22	1.22
Expected dividend yield per annum (%)	7.90	7.90	7.90
Expected volatility of share price (%)	29.00	29.00	29.00

The total expense recognised in the profit and loss for the year 31 December 2023 in respect of LEP options was $0.1 million.

6.1 Share-based payments (continued)

Sign-on Awards – equity settled:

The Group granted 291,500 restricted shares to executives at sign-on. The sign-on awards are granted under and subject to the Latitude Equity Plan (LEP). Vesting of awards are subject to the executives being employed by the Company on the relevant vesting dates.

The fair value of the Sign-On Awards is determined at grant date and recognised over the vesting period. Significant assumptions used as inputs into the grant date fair value information:

Grant date: 9 November 2023			
Tranche	1	2	3
Approximate vesting date	March 2024	March 2025	March 2026
Contractual life (years)	0.30	1.30	2.30
Risk free interest rate (%)	3.71	3.71	3.71
Fair value at grant date ($)	1.170	1.170	1.170
Share closing price at grant date ($)	1.18	1.18	1.18
Expected dividend yield per annum (%)	-	-	-
Expected volatility of share price (%)	22.62	22.62	22.62

The total expense recognised in the profit and loss for the year 31 December 2023 in respect of sign-on awards was $0.2 million.

6.2 Interests in other entities

(a) Controlled entities

Name of entity	Ownership: Group 2023 %	Ownership: Group 2022 %	Ownership: NCI 2023 %	Ownership: NCI 2022 %	Principal activities
Country of incorporation - Australia:					
Latitude Financial Group Pty Ltd [1]	**100**	100	-	-	Group financier
Latitude Financial Services Australia Holdings Pty Ltd [1]	**100**	100	-	-	Employer/servicer
Latitude Finance Australia [1]	**100**	100	-	-	Sales finance/credit cards
Latitude Automotive Financial Services [1]	**100**	100	-	-	Automotive lending
Latitude Personal Finance Pty Ltd [1]	**100**	100	-	-	Personal lending
LatitudePay Australia Pty Ltd [1]	**100**	100	-	-	BNPL lending
KVD TM Pty Ltd	**100**	100	-	-	Trust manager
Latitude Financial IP Pty Ltd [1]	**100**	100	-	-	Intellectual property
Latitude Insurance Holdings Pty Ltd[2]	-	100	-	-	Holding company
Hallmark Life Insurance Company Ltd [2]	-	100	-	-	Life insurer
Hallmark General Insurance Company Ltd [2]	-	100	-	-	General insurer
Australian Sales Finance and Credit Cards Trust	**100**	100	-	-	Securitisation of receivables
Australian Personal Loans Trust	**100**	100	-	-	Securitisation of receivables
Australian Auto Loans Trust	**100**	100	-	-	Securitisation of receivables
Australian Sales Finance and Credit Cards Trust No.3	**100**	100	-	-	Securitisation of receivables
Latitude Australia Credit Card Master Trust	**100**	100	-	-	Securitisation of receivables
Latitude Australia Credit Card Loan Note Trust	**100**	100	-	-	Securitisation of receivables
Latitude Australia Personal Loans Series 2020-1 Trust	**-**	100	-	-	Securitisation of receivables
Latitude Australia Personal Loans Series 2021-1 Trust	**100**	100	-	-	Securitisation of receivables
Australian Personal Loans Trust No. 2	**100**	100	-	-	Securitisation of receivables
Symple Financial Group Pty Limited [1]	**100**	100	-	-	Holding company
Symple Loans Pty Limited [1]	**100**	100	-	-	Personal lending
Symple Canada Holdings Pty Limited [1]	**100**	100	-	-	Holding company
Country of incorporation - Canada:					
Symple Canada Financial Group Limited[4]	**100**	100	-	-	Personal lending
Country of incorporation - New Zealand:					
Latitude Financial Services Limited	**100**	100	-	-	Operating/lending company
New Zealand Sales Finance and Credit Cards Trust	**100**	100	-	-	Securitisation of receivables
New Zealand Personal Loans Trust	**100**	100	-	-	Securitisation of receivables
Latitude New Zealand Credit Card Master Trust	**100**	100	-	-	Securitisation of receivables
Latitude Innovation Holdings Limited	**100**	100	-	-	Payment platform
Country of incorporation - Singapore:					
Latitude Financial International Pte. Ltd	**100**	100	-	-	Holding company
Latitudepay Singapore Pte. Ltd[3]	**100**	85	-	15	Factoring/BNPL lending
Latitude AM Pte. Ltd	**100**	100	-	-	Non trading
Country of incorporation - Malaysia:					
LatitudePay Malaysia Sdn. Bhd.	**100**	100	-	-	Factoring/BNPL lending

[1] These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Instrument 2016/785 issued by ASIC. Latitude Group Holdings Limited, the holding entity and these subsidiaries, are party to a closed group within a deed of cross guarantee at 31 December 2023.

[2] In May 2023, the Group sold Latitude Insurance Holdings and its subsidiaries. Refer to discontinued operations note 6.8.

[3] On 30 June 2023, the Group acquired the remaining 15 percent interest in Latitudepay Singapore Pte. Ltd, increasing its ownership from 85 percent to 100 percent.

[4] In December 2023, Latitude completed the sale of the Symple Canada Financial Group Limited loan portfolio. Refer to discontinued operations note 6.8.

6.2 Interests in other entities (continued)

(b) Structured entities

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group uses structured entities to support its loan securitisation program. They are consolidated by the Group as it is exposed to variable returns from the securitised entities and it has the ability to affect those returns through its power over the activities of the structured entities.

6.3 Acquisition of Non-controlling interest

On 30 June 2023, the Group acquired the remaining 15 percent interest in Latitudepay Singapore Pte. Ltd, increasing its ownership from 85 percent to 100 percent. The carrying amount of the investment in Latitudepay Singapore Pte. Ltd in the Group's consolidated financial statements on the date of acquisition was $3.1 million.

The effect of changes in the Group's ownership interest in Latitudepay Singapore Pte. Ltd resulted in an increase in equity attributable to owners of the Group, comprising of the following:

- A decrease in retained earnings of $2.5 million; and
- An increase in the other reserves of $5.6 million.

6.4 Related party transactions

(a) Parent and ultimate controlling parties

In August 2023, KVD Singapore Pte. Ltd (KVDS) a company owned by KKR Clarendon Holdings L.P, Vatpo Investments Pte. Ltd. and Deutsche Bank AG, Sydney Branch ceased as the ultimate controlling party of Latitude Group Holdings Limited disposing of all its ordinary shares in Latitude to the individual shareholders of KVDS.

(b) Key Management Personnel

Key Management Personnel (KMP) are Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

(i) Compensation

	2023 $'thousands	2022 $'thousands
Short-term employee benefits	**5,143**	6,922
Long-term benefits	**73**	182
Post-employment benefits	**230**	261
Termination benefits	**2,381**	877
Share based payments	**2,655**	3,164
	10,482	11,406

6.4 Related party transactions (continued)

(ii) Lending balances

The Group provides KMP with consumer finance facilities offered in the ordinary course of business. Interest charged on these products is at normal consumer rates and under normal terms and conditions.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from any related parties.

	2023 $'thousands	2022 $'thousands
Outstanding balances at 31 December	**23**	44
Total available credit facility	**258**	209
Maximum drawn amount	**95**	108

(c) Other transactions and outstanding balances

Loan payable to shareholder relates to the unsecured single draw bullet term credit facility agreements with Shinsei Bank, for USD $20 million and USD $30 million, maturing 28 March 2024 and 6 January 2025 respectively.

The Company and KVDS entered into an agreement on 30 March 2021, whereby KVDS sold historic distribution entitlements to the Company for a total consideration of $84.507 million. The remaining consideration payable is $33.2 million and payable at agreed dates on 30 September 2024 and 30 September 2025.

	2023 $'thousands	2022 $'thousands
Other transactions paid		
Ordinary share dividends paid	**41,035**	163,038
Capital note distribution paid	**8,761**	6,154
Interest paid to shareholder	**3,948**	596
Deferred consideration paid to selling shareholders	**11,914**	39,417

	2023 $'thousands	2022 $'thousands
Outstanding balances		
Loan payable to shareholder	**(73,405)**	(29,374)
Payable to selling shareholders	**(33,177)**	(45,090)
Interest payable to shareholder	**(2,431)**	(531)
Capital note distribution payable	**(1,721)**	(1,477)

6.5 Contingent liabilities and contingent assets

The Group is subject to a number of obligations which, if not discharged or considered not to be discharged, may give rise to potential claims or other costs. Where some loss from an actual or alleged non-performance of an obligation is more likely than not and can be reliably estimated, provisions have been made. With the exception of the Office of the Australian Information Commissioner (OAIC) and the New Zealand Office of the Privacy Commissioner (OPC) regulatory investigations referenced below, the Group has not recognised a provision as it considers the outcome of any specific enquiry underway as at 31 December 2023 resulting in an outflow is less than probable.

Regulatory and customer exposures arising from business operations

In recent years there has been an increase in the number of matters on which the industry engages with its regulators. The nature, scale and breadth of regulatory investigations, surveillance and reviews, civil and criminal enforcement actions (whether by court action or otherwise), formal and informal inquiries, regulatory supervisory activities and the trend of increases in the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally continues.

The group has received regulatory notices and wide ranging requests for information across all areas where Latitude interfaces with its customers and continues to work with regulators to respond to these inquiries.

There is a risk that any regulatory inquiry may lead to penalty or other costs following any settlement or determination by a regulator or by a Court in any legal proceedings.

The Group may also have exposures to customers which are additional to any regulatory exposures. These could include class actions, individual or representative claims or customer remediation or compensation activities.

The outcomes and total costs associated with such matters remain uncertain.

Specific contingent liabilities in relation to the Latitude GO Mastercard® matter and the cyber incident that may impact the Group are set out below.

Misleading advertising of Latitude GO Mastercard

On 5 October 2022, the Australian Securities and Investment Commission commenced civil proceedings against Latitude and Harvey Norman regarding alleged misleading advertising of Latitude GO Mastercard®. Latitude filed its concise statement in response on 20 December 2022. Following a case management hearing in April 2023 the parties attended mediation in August 2023 with no outcome. The matter is listed to commence in the Federal Court on 15 April 2024.

As the proceedings are in their preliminary stages, no provision has been recognised as the final outcome and total costs associated with these proceedings remain uncertain.

Taxation

The tax affairs of the Group are subject to review by both the Australian Taxation Office ('ATO') and the Inland Revenue Department ('IRD') in New Zealand, as well as the revenue offices of the various Australian states and territories from time to time.

In February 2019, the ATO completed an assurance review of the Australian Tax Group and provided an assurance report which raised a number of matters that the ATO may consider further. One of these matters relates to the pre-IPO corporate structure of the Australian Tax Group and distributions made as part of that pre-IPO structure. Should the Group be subject to a future tax obligation arising

6.5 Contingent liabilities and contingent assets (continued)

from those distributions, KVD Singapore Pte Ltd has agreed a mechanism to reduce the Group's possible exposure to that issue to an immaterial amount.

In March 2022, as a follow up to that review, the ATO notified the Australian Tax Group that it would be carrying out a Next Actions Risk Review and subsequently issued a request for information ('RFI') in May 2022. The RFI centred on the transfer pricing of the transaction fees charged to the Group when it was acquired. The requested information was provided to the ATO in October 2022 and management is now awaiting the ATO's response. Accordingly, any potential outcomes and total costs associated with any such activities remain uncertain at this time.

The Australian Tax Group is also currently subject to a GST Risk Review by the ATO which commenced in November 2021. A draft report was issued in May 2022 which raised a number of matters in respect of which the ATO required further clarification. Discussions with the ATO have continued since that time and the matters currently remain open. Any potential outcomes and total costs associated with any such activities remain uncertain at this time.

Regulatory and customer exposures arising from the Cyber incident

In March 2023, the Group was subject to a cyber incident which resulted in a data breach of customers' personal information.

The OAIC and the OPC announced on 10 May 2023 that they were commencing a joint investigation into the personal information handling practices of the Group. The investigation will focus on whether the Group took reasonable steps to protect customers' personal information and whether the Group took reasonable steps to destroy or de-identify personal information that was no longer required.

In addition, the Group has also been informed that Gordon Legal has filed a representative complaint with the OAIC and a complaint with the OPC regarding the cyber incident.

The Group is aware of a number of customer complaints made to the Australian Financial Complaints Authority (AFCA) as a result of the cyber incident that are still being assessed and are subject to determination.

The respective investigations and determinations may result in potential litigation, customer compensation or other regulatory enforcement action.

The Group is cooperating with the respective regulators and their ongoing investigations in relation to the cyber incident.

At 31 December 2023, $49.6 million has been provided to cover costs in relation to the cyber incident. The costs relate to anticipated remediation costs for customers for identification document replacement, costs to respond to the regulatory investigations, regulatory and enforcement action costs. This amount does not include the potential for:

- Class actions: two legal firms have announced they are jointly investigating a potential class action in relation to the cyber incident. At the current time no class action has been filed. In addition, a representative complaint has been lodged with the OAIC and has yet to be progressed. Given the status of the aforementioned matters, no provision has been recognised.
- The Group's entitlement to further insurance proceeds arising from the cyber incident: The Group maintains insurance policies to cover risks, including cyber-security risks, and we have notified our insurers in respect of the cyber incident. The Group is cooperating with the respective insurers as

6.5 Contingent liabilities and contingent assets (continued)

they assess the potential claims. Interim recovery payments have been received however the respective claims assessment processes are continuing. At this point further recoveries are not considered virtually certain, therefore further insurance recoveries have not been recognised.

- Future system enhancement costs.

Other legal actions

The Group has also received some individual legal claims from impacted customers in various jurisdictions. The amount of the claims vary depending on the individual action, with the damages and/or compensation sought being for alleged economic and non-economic losses. The outcomes and total costs associated with such matters remain uncertain.

The Group is defending all actions however the ultimate outcome will be determined by the relevant authorities in the respective jurisdictions.

6.6 Events occurring after the reporting date

There has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

6.7 Remuneration of auditor

(a) Remuneration to KPMG

	2023 $	2022 $
Audit and other assurance services		
Audit and review of financial statements	**1,597,724**	1,417,500
Regulatory assurance services	**122,500**	220,000
Other assurance services	**183,000**	192,000
Total remuneration for audit and other assurance services	**1,903,224**	1,829,500
Other services		
Transaction and other advisory services [(1)]	**150,000**	882,000
Total remuneration for other services	**150,000**	882,000
Total remuneration of KPMG	**2,053,224**	2,711,500
Total auditor's remuneration	**2,053,224**	2,711,500

[(1)] *Relates to transactional services of an ad hoc nature*

The remuneration to KPMG for audit and assurance services is for the Group and related entities in Australia, New Zealand and Asia.

6.8 Discontinued operations

Accounting Policy

Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(a) Description

On 31 May 2023, the Group completed the sale of the insurance operations (Latitude Insurance Holdings Pty Ltd and its subsidiaries) to the St Andrew's Insurance Group.

On 18 December 2023, the Group completed the asset sale of Symple Canada Financial Group Limited loan portfolio to Innovation Federal Credit Union (IFCU).

For financial reporting purposes, the results of these operations are presented as discontinued operations in accordance with applicable accounting standards.

Revenue and expenses, gains and losses relating to the discontinuation of these activities have been removed from the results of continuing operations and are shown as a single line on the face of the consolidated income statement ("net result from discontinued operations"). The operating results of the discontinued operations and the effect of remeasurement and disposal of assets that were classified as held for sale were as follows:

6.8 Discontinued operations (continued)

(b) Financial performance

	Notes	2023 $'m	2022 $'m
Revenue		**10.1**	19.6
Expenses		**(13.4)**	(30.3)
Asset impairment recognised		**-**	(13.6)
Income tax (expense)/benefit	2.3(a)	**(1.1)**	2.7
Loss after income tax of discontinued operations		**(4.4)**	(21.6)
Net loss on sale of discontinued operations[1]		**(16.8)**	-
Loss after income tax of discontinued operation		**(21.2)**	(21.6)
Basic loss per share		**(2.0)**	(2.1)
Diluted loss per share		**(2.0)**	(2.1)

[1] *Loss on sale is net of the gain from sale of Symple Canada $0.2 million.*

(c) Effect of disposal on the financial position of the Group

	2023 $'m
Cash and cash equivalents	(46.5)
Loans and other receivables	(20.2)
Other assets	(1.0)
Trade and other liabilities	8.3
Gross insurance policy liabilities	6.2
Provisions	1.0
Net assets and liabilities	**(52.2)**
Consideration received	27.9
Cash and cash equivalents disposed of	(46.5)
Net cash outflows	**(18.6)**

(d) Cashflow statement

	2023 $'m	2022 $'m
Net cash used in operating activities	**(63.9)**	(15.1)
Net cash (used in)/provided by investing activities	**(18.6)**	76.7
Net cash flow for the year	**(82.5)**	61.6

6.9 Deed of cross guarantee

(a) Consolidated statements of entities party to the deed of cross guarantee

	2023 $'m	2022 $'m
Consolidated statement of profit or loss and other comprehensive income		
Profit/(loss) before income tax expense	**(76.3)**	62.7
Income tax expense	**29.7**	(17.3)
Profit/(loss) for the year	**(46.6)**	45.4
Other comprehensive income	**(23.0)**	30.7
Total comprehensive income/(loss) for the year	**(69.6)**	76.0
Summary of movements in consolidated retained earnings/(losses)		
Retained earnings\(losses) at the beginning of the financial year	**(202.5)**	(79.6)
Amounts transferred from reserves	**(8.1)**	0.9
Profit/(loss) for the year	**(46.6)**	45.4
Dividends paid	**(41.6)**	(163.0)
Capital note distribution	**(9.0)**	(6.2)
Retained earnings/(losses) at the end of the financial year	**(307.8)**	(202.5)
Consolidated balance sheet		
Assets		
Cash and cash equivalents	**81.8**	83.5
Investments	**405.9**	405.7
Assets classified as held for sale	**0.1**	0.2
Current tax receivables	**56.2**	24.8
Derivatives financial instruments	**23.0**	55.2
Loans and other receivables	**4,828.6**	5,064.3
Other assets	**12.0**	12.0
Deferred tax assets	**148.5**	138.1
Investment in controlled entity	**100.4**	227.8
Other financial assets	**14.2**	1.6
Property, plant and equipment	**9.9**	12.9
Intangible assets	**714.4**	791.9
Total assets	**6,395.0**	6,818.0
Liabilities		
Trade and other liabilities	**180.3**	188.4
Derivatives financial instruments	**3.6**	-
Provisions	**100.7**	43.7
Deferred tax liabilities	**34.6**	60.9
Borrowings	**4,759.9**	5,079.4
Total liabilities	**5,079.1**	5,372.4
Net assets	**1,315.9**	1,445.6
Equity		
Contributed equity	**2,222.5**	2,222.0
Other reserves	**(598.8)**	(573.9)
Retained earnings/(losses)	**(307.8)**	(202.5)
Total equity	**1,315.9**	1,445.6

6.9 Deed of cross guarantee (continued)

Latitude Group Holdings Limited and some of its controlled entities (refer section 6.2) have entered into a deed of cross guarantee pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, under which each Company guarantees the debts of the others. The consolidated results of the Company and the controlled entities which are party to the deed of cross guarantee (referred to as a closed group) are presented above, where transactions between entities to the deed are eliminated in full in the profit or loss and balance sheet.

6.10 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity (Latitude Group Holdings Limited) show the following aggregate amounts:

	2023 $'m	2022 $'m
Balance sheet		
Current assets	**128.2**	177.1
Total assets	**1,737.7**	1,769.2
Current liabilities	**129.9**	86.1
Total liabilities	**138.3**	232.7
Shareholders' equity		
Contributed equity	**2,235.7**	2,235.1
Reserves		
Common control reserve	**(627.9)**	(627.9)
Foreign currency translation reserve	**2.2**	3.1
Accumulative losses	**(10.6)**	(73.8)
Total shareholders' equity	**1,599.4**	1,536.5
Profit for the year	**113.7**	57.2
Currency translation differences arising during the year	**(0.7)**	0.3
Total comprehensive income	**113.0**	57.5

(b) Contingent liabilities of the parent entity

Information relating to contingent liabilities of the parent entity is disclosed in note 6.5.

Independent Auditor's Report

To the shareholders of Latitude Group Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Latitude Group Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group***'s financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 31 December 2023;
- Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters	
The ***Key Audit Matters*** we identified are: • Cyber incident • Provision for impairment losses • Valuation of goodwill • IT systems and controls	***Key Audit Matters*** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Cyber incident

Refer to Note 5.1(d) and Note 6.5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
During the year the Group was subjected to a cyber incident whereby using stolen credentials an attacker accessed the Group's systems and customers' personal information. We considered this as Key Audit Matter due to the following aspects of the Group's financial report: *Financial reporting information* The Group prepares its financial report using data from underlying systems where potential for data compromise is a risk. The Group's key financial accounting and reporting processes are highly dependent on the controls over the Group's IT systems and their integrity. The cyber incident heightened the risk of key controls relevant to the preparation of the Group's financial report may not operate effectively as intended. In addition, the IT platforms were taken offline temporarily which increased the risks of financial transactions being incomplete or inaccurate during the disruption period. *Provisions and contingent liabilities* The cyber-related provisions for remediation and related costs require judgement in assessing the Group's determination of: • The existence of a present legal or constructive obligation as a basis for recognition of a provision against the criteria in the accounting standards.	Working with our cyber security experts and IT specialists, our procedures included: *Financial reporting information* • We obtained an understanding of: - The nature, magnitude and duration of the cyber incident, such as the attack path and the nature of the attacker's activities - The scope and results of the investigative work performed by the Group and the Group's cyber experts - The Group's governance and oversight of the cybercrime event and cybersecurity uplift activities. • We assessed the scope, objectivity and competency of the cyber experts engaged by the Group. • We evaluated the results of the expert's work. • We reassessed and tested the design and operating effectiveness of key automated and manual control activities relevant to the financial reporting process in light of the cyber incident using increased sample sizes, with a focus on the disruption period. Our testing included key control activities pertinent to the Group's financial reporting, including: - The potential impact of business disruption on the operating effectiveness of 'business as usual' control activities - The Group's monitoring of fraudulent

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• Reliable estimates of amounts which may be paid arising from the present obligation, including estimates of the number of affected customers, expected average remediation payments and related costs. • The potential for regulatory and enforcement actions leading to a wider range of estimation outcomes compounded by the following factors, including: - Lack of substantial developments from parties initiating the legal claims - Absence of clear precedents in the market on outcomes of regulatory and enforcement actions. These uncertainties in legal and regulatory dimensions contributed to the additional audit efforts. The Group used a model to estimate the amount which may be paid in future periods as the basis for their provision. The model is manually developed and uses a range of internal and external sources as inputs to the assumptions. This tends to be prone to greater risk for potential bias and error. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their application to the circumstances. We involved cyber security experts and IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.	activities and discrepancies or inconsistencies in financial reporting information - The Group's monitoring of customer complaints - New control activities implemented by the Group on third-party providers following the cyber incident - IT General Controls for systems relevant to the effective operation of automated controls and integrity of information key to financial reporting. • We inspected a sample of user activity in the Group's IT systems relevant to financial reporting, including privileged users, for potential unauthorised activity. *Provisions and contingent liabilities* Our procedures in relation to provisions and contingent liabilities included: • We obtained an understanding of the Group's process for identifying and assessing the potential financial impact of client remediation activities. We did this through inquiries with legal counsel, reading the minutes and other relevant documentation of the Group's Board of Directors, Board Committees and various management committees, inspecting correspondence with regulatory bodies and reports from management's experts to the Group. • We assessed the integrity of the model used, including the accuracy of the underlying calculation formulas. • We challenged the Group's basis for recognition of a provision and associated costs against the requirements of the accounting standards. We did this by understanding the provisioning methodologies and challenging underlying assumptions, including: - We checked the number of customers to be remediated against the scripts used by the Group to identify unique customers impacted by the incident. - We compared the replacement rates of identity documents against the Group's correspondence with regulators of all impacted jurisdictions and other instances of known cyber incidents.

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	- We checked the replacement fees of identity documents and related costs against the fees published by the relevant authorities. - We evaluated the Group's assessment of the likelihood of potential for regulatory and enforcement actions, including inspecting correspondence with regulators and the Group's legal advisors. - We tested the provision for costs related to addressing Australian Financial Complaints Authority (AFCA) compliant cases against the triggers for AFCA settlements. • We tested a sample of remediation payments during the year to assess the level of utilisation of the provision. • We assessed ongoing legal and regulatory matters that may result in costs associated with regulatory and enforcement actions, checking the identified and basis for potential provisions and contingent liabilities in the financial report. • We assessed the disclosures in the financial report using our understanding obtained from our testing, inquiries with management and the Board and against the requirements of the accounting standards.

Provision for impairment losses (Group: $264.1m)

Refer to Note 3.2(a)-(f) to the Financial Report

The key audit matter	How the matter was addressed in our audit

Provision for impairment losses is a Key Audit Matter due to:
• The significance of the related loans and advances balances to the Group.
• The high degree of complexity and judgement applied by the Group in determining the provision related to expected credit losses on loans and advances, and the resulting judgements and audit effort required by us to challenge these estimates.
	Our procedures included:
	• Tested key controls relating to the Group's lending and provisioning processes including:
	  • Review and approval by Management of loan applications against the Group's lending policies.
	  • The Group's Reserve Committee review and approval of the provision for impairment losses methodology, including the application of

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It is the Group policy to measure provision for impairment losses on loans and advances in accordance with the recognition and measurement requirements of AASB 9 *Financial Instruments*. Key elements which create additional estimation uncertainty and therefore significant effort and judgement by us include: - Inherently challenging and complex modelling of probability weighted and forward-looking macroeconomic assumptions. For the Group, these include Consumer Price Index (CPI), house prices and household disposable income. - Model risk overlays which the Group apply to address macroeconomic uncertainties, of which they unwound the previous macroeconomic overlay on the New Zealand personal loans and a new cyber adjustment overlay to offset the significant increase in the core model rates due to elevated delinquency and loss rates experienced from the cyber incident. - Assessments of significant increase in credit risk ("SICR"), using indicators the Group considered defines these events and conditions in the year. Complex modelling, including using forward-looking assumptions are prone to greater risk including, error and inconsistent application. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their consistent application.	probability weighted and forward-looking macroeconomic assumptions, model risk overlays, data quality assessment and back testing of data. • Review and approval by the Group's Macroeconomic Expert Panel of the macroeconomic model inputs, including probability weighting, developed by the external consultant. Working with our Financial Risk Management specialists, we: • Assessed the appropriateness of the Group's provisioning methodology used to estimate the probability of default, loss given default in the provision models, including the model overlays, against the requirements in the Accounting Standards and industry practice. • Assessed the integrity of the provision for impairment loss models, including the model risk overlays by checking the accuracy of the underlying calculation formulas. • Assessed the impact of the cyber incident on the provision models, considering the increased delinquency and its impact on provision staging. We assessed the adjustment overlay relating to the cyber incident to offset the significant increase in the core model output reflecting the underlying circumstances. • Inspected the Group's analysis and related workings underlying the SICR criteria and staging methodology and re-performed the staging assessment for a sample of loans and advances to assess the Group's application of the SICR criteria. • Tested the completeness and accuracy of relevant data elements for the inputs (probability of default and loss given default) used within the provision for impairment loss models for a sample of customers. Examples include checking year end balances to

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	the general ledger, product type, default flag and default staging arrears to source systems, which have been tested as outlined in the IT systems and controls key audit matter. • Challenged the key forward-looking assumptions used by comparing key variables, such as, Consumer Price Index (CPI), house prices and household disposable income to publicly available macroeconomic information and considered other known variables and information obtained through other audit procedures to identify contradictory indicators. • Compared the Group's coverage rates against industry data. We did this by using our knowledge of the Group's loan portfolios and comparing the outputs of their models to publicly available data of a group of comparable entities and against our industry experience. • Assessed the accuracy of the provision model by re-performing, for a sample of loans, the provision calculation and comparing this to the amount recorded by the Group. • Assessed the disclosures in the financial report using our understanding obtained from our testing and against the disclosure requirements of the accounting standards.

Valuation of goodwill (Group: $706m)

Refer to Note 5.1(a)-(c) to the Financial Report

The key audit matter	How the matter was addressed in our audit
A Key Audit Matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance and the cybersecurity incident during the year gave rise to indicators of impairment. We focused on the significant forward-looking assumptions the Group applied in their value-in-use models, including:	Our procedures included: • We tested the design and implementation of controls including the review and approval of the goodwill impairment model and approval of the budget used for impairment computation by the Board of Directors.

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• Forecast operating cash flows, growth rates and terminal growth rates – the Group operates in a period of broader market volatility and the cyber incident resulted in a temporary decline in business performance. These conditions increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. • Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, as well as the Group's approach to incorporating risk into the cash flows or discount rates. Certain CGUs are more sensitive to shifts in assumptions which may result in the carrying amount exceeding the recoverable amount, in particular International CGU. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us to address the objectivity of sources used for assumptions, and consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	• We considered the appropriateness of the value-in-use method applied by the Group to perform the test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value-in-use models used, including the accuracy of the underlying calculation formulas. • We compared forecast cash flows contained in value-in-use models to Board approved forecasts in year 1 and 2, and the Group's estimations on the cash flows for year 3 to 5. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We used our knowledge of the Group, its past performance, business and customers, and our industry experience to challenge the Group's significant forecast cash flows. We compared key events to the approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and evaluated differences for the Group's operations. • Working with our valuation specialists, we independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry they operate in. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We considered key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • We recalculated the impairment charge against the recorded amount.

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	• We assessed the disclosures in the financial report using understanding obtained from our testing, inquiries with Management and the Board and against the requirements of the accounting standards.
IT systems and controls	
The key audit matter	**How the matter was addressed in our audit**
The Information Technology (IT) systems and controls are a Key Audit Matter as the Group's key financial accounting and reporting processes are highly dependent on their integrity. The Group's businesses use a number of IT systems to process and record a high volume of financial transactions. There is a risk that gaps in the General IT controls relating to change management, segregation of duties or user access management may undermine the integrity in recording financial information and the preparation of the Group's financial report. Our audit approach could significantly differ depending on the effective operations of the Group's IT controls. In addition, the Group undertook a system migration to the new lending platform during the year, increasing the risk of incomplete and inaccurate data used in the financial accounting and reporting processes during and after the migration. This further increased our audit effort in assessing this key audit area. We involved IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.	Working with our IT specialists, we obtained an understanding of the Group's IT environment, for how the Group uses IT in the recording and reporting of financial transactions. We evaluated the risks of material misstatement to the Group's financial statements resulting from potential gaps in the IT systems and controls. Our procedures included testing controls with respect to: • The governance and higher-level controls across the IT environment, including IT policy design and user awareness of the policy. • User Access Management Lifecycle, including how users are on-boarded, monitored, and removed on a timely basis from critical IT applications and supporting infrastructure relevant to financial reporting. In addition, we tested the identification, authentication and periodic user access monitoring controls. We also tested the controls for managing privileged roles and functions across each key financial reporting IT application and the supporting infrastructure. • Change Management for systems relevant to financial reporting – including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical financial reporting IT

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	applications. We assessed the appropriateness of users with access to release changes to IT application production environment against the requirements of their roles. • Data migration governance procedures relevant to financial reporting, checking critical project plans and procedures for approval by project steering committee prior to go-live. We tested management's review and approval of data reconciliation including identification of data variances, approval of go live, data migration strategy and post migration monitoring. • Scheduling of system jobs and monitoring of system integrity. Where we identified design and/or operating deficiencies in the IT control environment, we tested compensating controls, raised these matters with the Group, and adapted our flow-on audit approach.

Other Information

Other Information is financial and non-financial information in Latitude Group Holdings Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Remuneration Report. The remaining Other Information is expected to include: Our Values, Performance Snapshot 2023, Our Strategic Priorities, About Our Business, Chair's Report, Managing Director and CEO's Report, Business Review, Our People, Social Impact, Board of Directors, Leadership Team and Shareholder Information sections and is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information.

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In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Latitude Group Holdings Limited for the year ended 31 December 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Chris Wooden

Partner

Melbourne

23 February 2024

ASX Additional Information

For the year ended 31 December 2023

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Ordinary shares

A. 20 Largest Registered Shareholders as at 19 February 2024 - Ordinary shares

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	317,544,071	30.54
2	VATPO INVESTMENTS PTE LTD	217,796,336	20.95
3	DEUTSCHE BANK AG <SYDNEY BRANCH A/C>	171,834,389	16.53
4	SHINSEI BANK LIMITED	100,000,000	9.62
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	83,610,021	8.04
6	CITICORP NOMINEES PTY LIMITED	20,609,636	1.98
7	BNP PARIBAS NOMS PTY LTD	14,004,712	1.35
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	13,433,691	1.29
9	MR PAUL CHRISTOPHER BYRNE	11,700,511	1.13
10	ROBERT NICHOLAS BELAN	11,354,681	1.09
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,525,545	0.82
12	MCDONALD BROS HOLDINGS PTY LTD <ALFRED UNIT A/C>	5,497,856	0.53
13	BALMORAL FINANCIAL INVESTMENTS PTY LTD	5,236,053	0.50
14	ONE CREMORNE PTY LTD <ONE CREMORNE TR A/C>	4,289,447	0.41
15	OXLEIGH PTY LTD	3,737,266	0.36
16	ASTRA SUPER NOMINEES PTY LTD <ASTRA SUPERANNUATION A/C>	2,692,308	0.26
17	OTTOMIN PTY LTD	2,524,925	0.24
18	MARYGOLD THREE PTY LIMITED <MARYGOLD THREE A/C>	2,479,036	0.24
19	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	2,212,389	0.21
20	CENTRAL PARK INVESTMENTS (AUST) PTY LTD <CENTRAL PARK INV A/C>	1,771,241	0.17
Total		**1,000,854,114**	**96.27**

B. Distribution of Shareholder Numbers as at 19 February 2024

Range	Total holders	Units	% Units
1 - 1,000	956	509,759	0.05
1,001 - 5,000	724	1,917,268	0.18
5,001 - 10,000	227	1,812,309	0.17
10,001 - 100,000	314	8,981,554	0.86
100,001 Over	81	1,026,455,753	98.73
Total	**2,302**	**1,039,676,643**	**100.00**

C. There were 425 holdings of less than a marketable parcel (less than $500 in value or 430 shares based on the market price of $1.165 per share).

D. The names of the substantial shareholders listed in the holding company's register, and their shareholdings (including shareholdings of their associates), as at 19 February 2024 are:

Shareholder	Ordinary	%
KKR Clarendon Holdings L.P	272,903,548	26.25
Vatpo Investments Pte. Ltd.	262,555,471	25.25
SBI Shinsei Bank, Limited	183,610,021	17.66
Deutsche Bank AG	171,834,389	16.53

E. Voting Rights of ordinary shares

The Constitution provides for votes to be cast as follows: i) on show of hands, one vote for each shareholder; and ii) on a poll, one vote for every fully paid ordinary share.

Latitude Capital Notes - LFSPA

As at 19 February 2024 the 20 largest holders of LFSPA held 673,756 securities, equal to 44.92% of the total issued securities. As at 19 February 2024 the total number of LFSPA on issue was 1,500,000.

A. 20 Largest LFSPA Capital Note holders as at 19 February 2024

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	258,898	17.26
2	CITICORP NOMINEES PTY LIMITED	158,365	10.56
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	88,811	5.92
4	MR DANIEL PATRICK MCALARY + MR MICHAEL FRANCIS CALLANAN + MR PAUL ARTHUR DALEY <ESTATE PATRICIA MCALARY A/C>	45,874	3.06
5	BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	22,076	1.47
6	BALMORAL FINANCIAL INVESTMENTS PTY LTD <NO 2 A/C>	18,265	1.22
7	SPECIALIST NOMINEES PTY LIMITED	10,480	0.70
8	PREMIUM CAPITAL (AUST) PTY LTD	10,150	0.68
9	AURISCH INVESTMENTS PTY LTD	10,000	0.67
10	EVLECO PTY LTD	5,250	0.35
11	NORA GOODRIDGE INVESTMENTS PTY LTD	5,000	0.33
11	PUPGALL PTY LTD	5,000	0.33
11	THE CORPORATION OF THE TRUSTEES OF THE ORDER OF THE SISTERS OF MERCY IN QLD <CONGREGATION A/C>	5,000	0.33
14	HUA INVESTMENTS PTY LTD <HUA INVESTMENTS SUPER A/C>	4,822	0.32
15	MRS ALINA BARLOW	4,697	0.31
16	WING SING CAPITAL PTY LIMITED <WING SING CAPITAL A/C>	4,535	0.30
17	PROGRESSIVE DISTRIBUTION PTY LTD	4,250	0.28
18	ZONIA INVESTMENTS PTY LTD <S/F A/C>	4,153	0.28
19	MARAFA PTY LTD <FAUSTINO MARASCO FAMILY A/C>	4,070	0.27
20	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	4,060	0.27
Total		**673,756**	**44.92**

B. Distribution of LFSPA Capital Note holders as at 19 February 2024

Range	Total holders	Units	% Units
1 - 1,000	2,586	566,425	37.76
1,001 - 5,000	147	305,406	20.36
5,001 - 10,000	2	15,250	1.02
10,001 - 100,000	6	195,656	13.04
100,001 Over	2	417,263	27.82
Total	**2,743**	**1,500,000**	**100.00**

C. There was 1 holding of less than a marketable parcel (less than $500 in value or 6 securities based on the market price of $91.71 per security).

D. Voting rights of LFSPA Capital Note Holders

LFSPA Capital Note holders do not have any rights to vote at any meeting of members of the Company.

Corporate Directory

Directors
Michael Tilley
Robert Belan
Mark Joiner
Alison Ledger
Julie Raffe
Beaux Pontak
Aneek Mamik
Philip Busfield

Company Secretaries
Vicki Letcher
Tiffany Barton

Registered Office
Level 18, 130 Lonsdale Street
Melbourne, VIC, 3000

Share and Securities Registry
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Tel: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
Fax: +61 32 9473 2500

Auditor
KPMG

LATITUDE