Results for Announcement to the Market

Appendix 4D

Name of entity	Latitude Group Holdings Limited
ACN	604 747 391
Reporting period	Half-year ended 30 June 2023
Previous corresponding period	Half-year ended 30 June 2022

Comparisons to half-year ended 30 June 2023	30 June 2023	Change on previous period Up/Down	%
Revenue from ordinary activities[1]	499.2	Up	9.1%
Profit from ordinary activities after tax attributable to members on a continuing basis	(97.6)	Down	310.6%
Net profit for the period attributable to members	(116.3)	Down	479.5%

[1]*Information is presented on a continuing operations basis, unless otherwise stated.*

Details relating to dividends

	Amounts per share (cents)	Franked amount per share (cents)	Tax rate for franking credits
Interim 2023 dividend per share declared	-	-	-
Final 2022 dividend per share paid	4.00	1.71	30%

No interim dividend was declared or paid in respect of the half-year ended 30 June 2023.

Net intangible assets per security

	30 June 2023	30 June 2022
Net Tangible Assets / (Liabilities) per security ($)	$0.40	$0.53

Details of subsidiaries

Entities where control was gained or lost

During the half-year ended 30 June 2023, the Group sold Latitude Insurance Holdings and its subsidiaries.

Company	Country of Incorporation	Disposition date
Latitude Insurance Holdings Pty Ltd	Australia	31 May 2023
Hallmark Life Insurance Company Ltd	Australia	31 May 2023
Hallmark General Insurance Company Ltd	Australia	31 May 2023

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Consolidated Interim Financial statements for the half-year ended 30 June 2023

This report is based on the Consolidated Interim Financial Report for the half-year ended 30 June 2023 which has been reviewed by KPMG and is not subject to qualification.

Consolidated Interim Financial Report

30 June 2023

The Consolidated Interim Financial Report is to be read in conjunction with the 31 December 2022 Annual Financial Report.

Latitude Group Holdings Limited

ABN 83 604 747 391

2023 Consolidated Interim Financial Report

Latitude Group Holdings Limited

For the half-year ended 30 June 2023

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Latitude Group Holdings Limited

For the half-year ended 30 June 2023

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 period ended 30 June 2023 ('half-year') and the auditor's report thereon.

Directors

At the date of this report the following persons held office as Directors of Latitude Group Holdings Limited during the reporting period and up to the date of this report:

Michael Tilley
Independent Non-Executive Chairman

Robert Belan
Managing Director and CEO - appointed 1 April 2023

Mark Joiner
Independent Non-Executive Director

Alison Ledger
Independent Non-Executive Director

Julie Raffe
Independent Non-Executive Director

Scott Bookmyer
Non-Executive Director

Beaux Pontak
Non-Executive Director

Aneek Mamik
Non-Executive Director - appointed 17 February 2023

Ahmed Fahour
Managing Director and CEO - resigned 31 March 2023

James Corcoran
Non-Executive Director - resigned 17 February 2023

Company Secretaries

Vicki Letcher
Company Secretary

Tiffany Barton
Company Secretary

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.

2023 Consolidated Interim Financial Report

Latitude Group Holdings Limited

For the half-year ended 30 June 2023

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. Refer to Note 6.7 for the details relating to the sale of the Insurance operations.

Summary of Group Performance

Statutory profit/(loss) after tax from continuing operations decreased from $45.9 million profit in 1H22 to $98.2 million loss in 1H23, a reduction of $144.1 million.

Cash NPAT[1] from continuing operations decreased from $93.0 million in 1H22 to $7.0 million in 1H23, a reduction of $86.0 million. The movements in Cash NPAT are discussed in detail below.

Summary financial results

$'m	30-Jun-23 1H23	31-Dec-22 2H22	30-Jun-22 1H22	Change % HoH[4]	Change % YoY[4]
Net interest income	311.0	323.1	352.7	(4%)	(12%)
Other income	22.6	18.7	17.7	21%	28%
Total Operating Income	**333.6**	**341.8**	**370.4**	**(2%)**	**(10%)**
Net charge offs	(105.2)	(73.4)	(74.2)	43%	42%
Risk Adjusted Income	**228.4**	**268.4**	**296.2**	**(15%)**	**(23%)**
Cash operating expenses[2]	(173.1)	(157.5)	(174.3)	10%	(1%)
Cash PBT	**55.3**	**110.9**	**121.9**	**(50%)**	**(55%)**
Movement in provision for impairment	(20.9)	(7.2)	35.3	190%	(159%)
Depreciation & Amortisation (excl leases)	(22.3)	(23.2)	(22.1)	(4%)	1%
Profit before Tax & Notable items	**12.1**	**80.5**	**135.1**	**(85%)**	**(91%)**
Income tax expense	(5.1)	(20.0)	(42.1)	(75%)	(88%)
Cash NPAT from continuing operations	**7.0**	**60.5**	**93.0**	**(88%)**	**(92%)**
Notable items after tax[3]					
Amortisation of acquisition intangibles	(14.2)	(16.6)	(17.0)	(14%)	(16%)
Amortisation of legacy transaction costs	(0.2)	(1.1)	(1.7)	(82%)	(88%)
Other notable items	(90.8)	(30.8)	(28.4)	195%	220%
Statutory profit/(loss) after tax from continuing operations	**(98.2)**	**12.0**	**45.9**	**(918%)**	**(314%)**
Discontinued operations	(18.7)	(5.9)	(15.7)	217%	19%
Statutory profit/(loss) after tax	**(116.9)**	**6.1**	**30.2**	**(2016%)**	**(487%)**
Profit/(loss) is attributable to:					
Owners of Latitude Group Holdings Limited	(116.3)	7.1	30.6	(1738%)	(480%)
Non-controlling interest	(0.6)	(1.0)	(0.4)	(40%)	50%
Statutory profit/(loss) after non-controlling interest	**(116.9)**	**6.1**	**30.2**	**(2016%)**	**(487%)**

(1) Cash PBT, Risk Adjusted Income, Notable items and Cash NPAT are non-IFRS metrics used for management reporting. The Group believes Cash NPAT reflects what it considers to be the underlying performance of the business.

(2) Cash operating expenses excludes notable items as defined below. Refer to Cash NPAT reconciliation items on pages 6 and 7.

(3) 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. Refer to page 6 for description of notable items excluded.

(4) 'HoH' refers to the half-on-half movement which is sequential, whereas 'YoY' refers to the year-on-year movement which is the prior corresponding period.

Review of Operations

The momentum seen in 2H22 led to a strong start to 2023. Across January and February, volume was up 12.5% YoY with growth across both Pay and Money, further pricing actions implemented to manage margin while repayments continuing to normalise. In line with macro-economic conditions, higher cash rates and inflation, delinquencies were starting to normalise from the unprecedented historical lows seen during COVID.

On 12 March 2023, Latitude was subject to a cyber incident whereby the attacker accessed Latitude's systems using stolen credentials.

Latitude took immediate action to contain the incident, IT platforms were taken offline, and external security experts were engaged to work alongside our own teams. Latitude notified the relevant authorities, the Australian Cyber Security Centre, Australian Federal Police, and regulators. No suspicious activity inside Latitude's systems has been observed since 16 March 2023.

Latitude established a dedicated support avenue via the comprehensive Customer Care Program to support its customers impacted by the event. The Group has incurred and expensed $11.8 million of cyber incident costs during the half-year ended 30 June 2023 relating to business disruption associated with the cyber incident. In addition, a $64.1 million provision has been raised, largely for customer remediation costs, it does not include the potential for regulatory fines, class actions, future system enhancements or an assumption of 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, which impacted volume, in particular for our Money business. While systems and customers were impacted, we did not implement a number of product pricing initiatives to counteract the continued rise of cash rates in 1H23, which have been unprecedented (in both size & speed) across Australia (+400bps) and New Zealand (+525bps).

As a result of the cyber incident, regulatory investigations have commenced. Refer to Note 6.5 of the 2023 half-year financial statements for further details.

Summary financial analysis

Overall, Group volumes decreased 3% compared to 1H22 to $3,617 million. Customer repayment rates, as noted above, continue to normalise and have reduced by 400bps compared to 1H22 as a result of reductions in household savings and broader economic conditions but still remain above the long term pre-covid averages. However, the declining repayment rate was not enough to offset the impact of lower volumes and as a result, gross receivables decreased by 4% in the half to $6,229m.

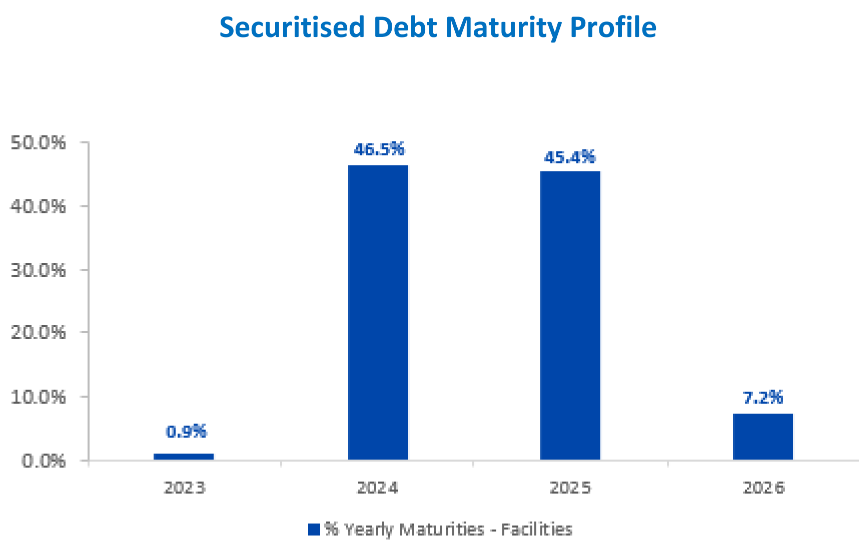
Cash NPAT of $7.0 million decreased by 92% compared to 1H22 with the key drivers as follows:

- **Total Operating Income** decreased YoY by $37 million/10% to $334 million. Whilst interest income experienced a $37 million/8% increase to $476.2 million it was more than offset by the $79 million/91% increase in interest expense. Interest Income yield increased 97bps to 15.01% and Other Income increased 15bps to 0.71% as a result of pricing actions taken since 2H22, these actions however, did not completely offset the increase in Interest Expense (up 244bps to 5.21%) due to the unprecedented rise in cash rates. As a result, Operating Income reduced 132bps to 10.51% with the cyber incident delaying some planned pricing initiatives. Momentum in pricing can be seen with 1H23 revenue yield up 85bps vs 2H22, compared to 116bps increase in Interest Expense.

- **Net Charge Offs** increased YoY by $31 million/42% to $105.2 million. This increase reflects both the Cyber disrupted collections activities over the 6 weeks, as well as the expected normalisation or loss outcomes due to macro environment and seasonality impacts. Net charge offs of 3.31% is up 94bps on 1H22 and is now in line with our longer term pre-covid average of ~3.30%. This is also in line with the guidance provided to the market in May 2023.
- **Cash operating expenses** increased HoH by $16 million/10% with the resumption of an accrual for short-term incentives (STIs), along with cost inflation and normalisation of occupancy costs offsetting the underlying reduction in FTE by $72 million/7%.
- **Provision movement** expense was $20.9 million for 1H23 (up 47bps to 4.22%), up $57 million from 1H22 which included a $37 million release (down 53bps to 3.74%). The 1H23 increase reflects both the adverse outcome of cyber disrupted collections and the macroeconomic environmental pressures. At 4.22%, the provision at 1.3x current NCOs is back in line with the pre-COVID average.

During the half-year, the Group maintained a robust and conservative funding position remaining active in global funding markets to refinance and manage limits in accordance with 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. During the half-year, Latitude completed a $400 million credit card issuance, along with a successful redemption of its 2018-1 $500 million transaction.

The following graph sets out the Group's debt maturity profile as at 30 June 2023.



The above includes current balance of all securitised debt at the first contractual maturity.
AU 2020-1 & 2021-1 ABS included at 10% call option.

Across both our Warehouse and ABS facilities Latitude has drawn borrowings of $5.7bn with available headroom of $1.4bn to support future growth.

The Group's Return on Equity of 1.0% for 1H23 is a 1,110bps reduction, which like other key operating metrics has been adversely impacted by the increased cost of funding and the cyber incident impacts to both Net Charge Offs and Coverage Rates. The tangible equity to net receivables (TER) has reduced 150bps to 7%, which is at the upper end of our target range of 6-7%.

The Directors have not declared a dividend for the half as a result of the TER returning to the target range, and considering the residual outstanding cyber incident related items (e.g. potential regulatory fines, class actions, IT enhancement investment and insurance recoveries), plus the present economic uncertain environment and potential growth opportunities that may emerge from this environment, a sufficiently capitalised balance sheet is prudent and appropriate.

Note on Statutory Profit and Cash Profit

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 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 and remediation,
- Asset impairment – primarily reflects the decommissioning of redundant platforms; and
- Decommissioned facilities – reflects the costs relating to facilities that are decommissioned and are not intended to be utilised going forward.

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

$'m	30-Jun-23 1H23	31-Dec-22 2H22	30-Jun-22 1H22	Change % HoH	Change % YoY
Cash net profit after tax from continuing operations	**7.0**	**60.5**	**93.0**	**(88%)**	**(92%)**
Amortisation of acquisition intangibles	**(14.2)**	(16.6)	(17.0)	(14%)	(16%)
Amortisation of legacy transaction costs / IRS de-designation	**(0.2)**	(1.1)	(1.7)	(82%)	(88%)
Corporate development	**(15.6)**	(19.2)	(11.2)	(19%)	39%
Restructuring costs	**(3.7)**	(5.5)	(5.2)	(33%)	(29%)
Cyber incident	**(53.2)**	-	-	-	-
Asset impairment	**(15.0)**	(4.9)	(10.8)	206%	39%
Decommissioned facilities	**(3.3)**	(1.2)	(1.2)	175%	175%
Statutory profit/(loss) after tax from continuing operations	**(98.2)**	**12.0**	**45.9**	**(918%)**	**(314%)**

30 June 2023 reconciliation of notable items

$'m	Cash NPAT	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
Net interest income	311.0	-	(0.3)	-	-	-	-	(0.2)	310.5
Other income	22.6	-	-	-	-	-	-	0.4	23.0
Total Operating Income	**333.6**	**-**	**(0.3)**	**-**	**-**	**-**	**-**	**0.2**	**333.5**
Net charge offs	(105.2)	-	-	-	-	-	-	-	(105.2)
Risk Adjusted Income	**228.4**	**-**	**(0.3)**	**-**	**-**	**-**	**-**	**0.2**	**228.3**
Operating expenses	(173.1)	-	-	(22.0)	(5.3)	(75.9)	(21.0)	(0.9)	(298.2)
Cash PBT	**55.3**	**-**	**(0.3)**	**(22.0)**	**(5.3)**	**(75.9)**	**(21.0)**	**(0.7)**	**(69.9)**
Movement in provision for impairment	(20.9)	-	-	-	-	-	-	-	(20.9)
Depreciation & Amortisation (excl leases)	(22.3)	(20.3)	-	-	-	-	-	(3.7)	(46.3)
Profit before Tax	**12.1**	**(20.3)**	**(0.3)**	**(22.0)**	**(5.3)**	**(75.9)**	**(21.0)**	**(4.4)**	**(137.1)**
Income tax (expense)/benefit	(5.1)	6.1	0.1	6.4	1.6	22.7	6.0	1.1	38.9
Profit after tax from continuing operations	**7.0**	**(14.2)**	**(0.2)**	**(15.6)**	**(3.7)**	**(53.2)**	**(15.0)**	**(3.3)**	**(98.2)**

Strategy and Outlook

Latitude is the leading non-bank unsecured consumer lender in Australia and New Zealand. Our strategic ambition is set on being 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.

After rebounding from the challenges presented by the COVID-19 pandemic and the Cyber Incident, we look ahead to the second half of 2023 with renewed focus on executing our strategic path to bring the organisation to perform at full potential.

This is founded on re-energising Latitude across its core businesses of Pay and Money, maximising profitable growth and lifetime value of our extensive network of customer relationships. Key actions to bring this to life include a clear focus on volume and receivables growth, revenue enhancement, and balance sheet optimisation, as well as exiting non-core business and geographies such as Insurance, Canada and BNPL, while strengthening our discipline for new capital spend.

Dividends and Distributions

Information relating to dividends and distributions for the current and comparative reporting period, including dividends determined by the Board since the end of the half-year ended 30 June 2023, is disclosed in notes 2.4(a) & 2.4(b) of the interim financial report.

Significant Changes in the State of Affairs

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.

There have been no other significant changes in the Group's state of affairs during the half-year ended 30 June 2023.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the half-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 half-year and subsequent to the half-year ended 30 June 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 half- 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.

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 11 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.

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

Michael Tilley
Director
Melbourne
18 August 2023

For the half-year ended 30 June 2023

Directors' Declaration

The Directors of Latitude Group Holdings Limited declare that:

(a) the consolidated financial statements and notes set out on pages 12 to 53 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Michael Tilley
Director
Melbourne
18 August 2023

For the half-year ended 30 June 2023

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 review of Latitude Group Holdings Limited for the half-year ended 30 June 2023 there have been:

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

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

KPMG

KPMG

Chris Wooden

Partner

Melbourne

18 August 2023

For the half-year ended 30 June 2023

Consolidated Income Statement

	Notes	30 June 2023 $'m	30 June 2022 $'m
Continuing operations			
Interest income		**476.2**	439.4
Interest expense		**(165.7)**	(89.2)
Net interest income	2.2(a)	**310.5**	350.2
Other operating income	2.2(b)	**23.0**	18.3
Total operating income		**333.5**	368.5
Loan impairment expense		**(126.1)**	(38.9)
Operating expenses			
Employee benefit expense		**(83.8)**	(84.5)
Depreciation and amortisation expense		**(46.3)**	(52.3)
IT and data processing expenses		**(38.3)**	(30.2)
Marketing expenses		**(12.9)**	(15.5)
Administrative and professional expenses		**(47.7)**	(41.2)
Occupancy and operating expenses		**(10.1)**	(9.1)
Other expenses	2.2(c)	**(105.4)**	(28.2)
Total operating expenses		**(344.5)**	(261.0)
Profit/(loss) before income tax		**(137.1)**	68.6
Income tax (expense)/benefit	2.3(a)	**38.9**	(22.7)
Profit/(loss) from continuing operations		**(98.2)**	45.9
Discontinued operations			
Net loss after tax from discontinued operations	6.7(b)	**(18.7)**	(15.7)
Profit/(loss) for the period		**(116.9)**	30.2
Profit/(loss) is attributable to:			
Owners of Latitude Group Holdings Limited		**(116.3)**	30.6
Non-controlling interests		**(0.6)**	(0.4)
Profit/(loss) for the period		**(116.9)**	30.2

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

For the half-year ended 30 June 2023

Consolidated Statement of Comprehensive Income

	Notes	30 June 2023 $'m	30 June 2022 $'m
Profit/(loss) for the period		**(116.9)**	30.2
Other comprehensive income			
Items that may be reclassified to income statement			
Net cash flow hedges - fair value gain/(loss)		**(7.5)**	34.5
Currency translation differences arising during the period		**(3.2)**	(8.7)
Other comprehensive income for the period, net of income tax		**(10.7)**	25.8
Total comprehensive income/(loss) for the period		**(127.6)**	56.0
Total comprehensive income/(loss) for the period is attributable to			
Owners of Latitude Group Holdings Limited		**(126.9)**	56.4
Non-controlling interests		**(0.6)**	(0.4)
Total comprehensive income/(loss) for the period		**(127.6)**	56.0
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings per share	2.5	**(11.2)**	2.9
Diluted earnings per share	2.5	**(11.2)**	2.7
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings per share	2.5	**(9.4)**	4.5
Diluted earnings per share	2.5	**(9.4)**	4.1

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

For the half-year ended 30 June 2023

Consolidated Balance Sheet

As at 30 June 2023

	Notes	30 June 2023 $'m	31 December 2022 $'m
Assets			
Cash and cash equivalents	3.1(b)	**270.7**	364.0
Derivative financial instruments		**53.3**	64.2
Loans and other receivables	3.1(c)	**5,911.9**	6,163.2
Other assets		**13.6**	10.8
Deferred tax assets		**189.2**	155.9
Current tax assets		**66.3**	28.6
Other financial assets		**14.2**	1.6
Property, plant and equipment	5.1(a)	**26.9**	33.6
Intangible assets	5.1(b)	**890.0**	949.3
Assets classified as held for sale	6.7(c)	**21.5**	149.5
Total assets		**7,457.6**	7,920.7
Liabilities			
Trade and other liabilities	3.1(d)	**217.2**	226.5
Provisions	5.1(d)	**114.4**	48.3
Deferred tax liabilities		**55.2**	66.3
Borrowings	3.1(e)	**5,765.1**	6,085.9
Liabilities held for sale	6.7(c)	**1.3**	19.2
Total liabilities		**6,153.2**	6,446.2
Net assets		**1,304.4**	1,474.5
Equity			
Contributed equity	4.1(a)	**2,222.5**	2,222.0
Reserves		**(630.0)**	(627.2)
Retained earnings/(losses)		**(288.1)**	(123.4)
Capital and reserves attributable to owners of Latitude Group Holdings Limited		**1,304.4**	1,471.4
Non-controlling interests		**-**	3.1
Total equity		**1,304.4**	1,474.5

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

For the half-year ended 30 June 2023

Consolidated Statement of Changes in Equity

	Attributable to owners of Latitude Group Holdings Limited					
	Contributed equity	Reserves	Retained earnings/ (losses)	Total Equity	Non-controlling interests	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m
Balance at 1 January 2023	**2,222.0**	**(627.2)**	**(123.4)**	**1,471.4**	**3.1**	**1,474.5**
Total comprehensive loss for the period						
Loss for the period	-	-	(97.6)	(97.6)	(0.6)	**(98.2)**
Loss from discontinued operations	-	-	(18.7)	(18.7)	-	**(18.7)**
Other comprehensive loss for the period	-	(10.7)	-	(10.7)	-	**(10.7)**
Total comprehensive income/(loss) for the period	**-**	**(10.7)**	**(116.3)**	**(127.0)**	**(0.6)**	**(127.6)**
Amounts transferred from reserves, net of tax from continuing operations	-	0.2	-	0.2	-	**0.2**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares	0.5	-	-	0.5	-	**0.5**
Non-controlling interest acquisition	-	5.6	(2.5)	3.1	(2.5)	**0.6**
Dividends paid	-	-	(41.6)	(41.6)	-	**(41.6)**
Capital note distributions paid/payable	-	-	(4.3)	(4.3)	-	**(4.3)**
Share-based compensation payments	-	2.1	-	2.1	-	**2.1**
Balance at 30 June 2023	**2,222.5**	**(630.0)**	**(288.1)**	**1,304.4**	**-**	**1,304.4**
Balance at 1 January 2022	**2,221.0**	**(667.2)**	**7.2**	**1,561.0**	**4.5**	**1,565.5**
Profit/(loss) for the period	-	-	46.3	46.3	(0.4)	**45.9**
Loss from discontinued operations	-	-	(15.7)	(15.7)		**(15.7)**
Other comprehensive income for the period	-	25.8	-	25.8	-	**25.8**
Total comprehensive income/(loss) for the period	**-**	**25.8**	**30.6**	**56.4**	**(0.4)**	**56.0**
Amounts transferred from reserves, net of tax from continuing operations	-	1.4	-	1.4	-	**1.4**
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(81.5)	(81.5)	-	**(81.5)**
Capital note distributions paid/payable	-	-	(2.3)	(2.3)	-	**(2.3)**
Share-based compensation payments	-	0.7	-	0.7	-	**0.7**
Balance at 30 June 2022	**2,221.0**	**(639.3)**	**(46.0)**	**1,535.7**	**4.1**	**1,539.8**

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

For the half-year ended 30 June 2023

Consolidated Statement of Cash Flows

	Notes	30 June 2023 $'m	30 June 2022 $'m
Cash flows from operating activities			
Interest received		**463.0**	422.7
Interest paid		**(157.8)**	(105.4)
Other operating income received		**23.5**	18.9
Net insurance income:			
Premiums received		**6.8**	6.5
Claims paid		**(2.6)**	(5.5)
Investment income		**1.1**	0.5
Operating expenses paid		**(182.6)**	(199.1)
Income taxes paid		**(42.2)**	(50.3)
Cash flow from operating activities before changes in operating assets and liabilities		**109.2**	88.3
Changes in operating assets and liabilities arising from cash flow movements			
Net decrease/(increase) in loans and other receivables		**179.6**	(49.3)
Net decrease in trade and other liabilities		**(36.7)**	(27.7)
Net increase/(decrease) in gross insurance policy liabilities		**5.4**	(0.3)
Changes in operating assets and liabilities arising from cash flow movements		**148.3**	(77.3)
Net cash provided by operating activities		**257.5**	11.0
Cash flows from investing activities			
Net purchases of intangible assets, property, plant & equipment		**(6.3)**	(25.6)
Net investment in debt investments		**-**	(1.5)
Net proceeds from sale of Insurance operations		**8.8**	-
Net cash provided by/(used in) investing activities		**2.5**	(27.1)
Cash flows from financing activities			
Proceeds from borrowing issuances and drawdowns		**1,165.2**	723.6
Repayment of borrowings		**(1,425.8)**	(782.9)
Repayment of facility agreements		**(95.2)**	-
Repayment of amounts due to related parties		**-**	(27.1)
Proceeds from related parties		**45.7**	29.1
Dividends paid		**(41.0)**	(81.5)
Capital note distributions paid		**(4.2)**	(2.9)
Net outflow from share-based payment plan		**-**	(1.3)
Payment of lease liabilities		**(3.8)**	(6.0)
Payments of transaction costs from financing activities		**(1.6)**	(0.9)
Net cash used in financing activities		**(360.7)**	(149.9)
Net decrease in cash and cash equivalents		**(100.7)**	(166.0)
Cash and cash equivalents at beginning of financial period		**364.0**	605.7
Cash and cash equivalents reclassified to assets held for sale		**(1.7)**	(45.1)
Effects of exchange rate changes on cash and cash equivalents		**9.1**	(14.4)
Cash and cash equivalents at end of financial period	**3.1(b)**	**270.7**	380.2

The Consolidated Statement of Cash Flows includes discontinued operations. Refer to note 6.7(d) for cash flows associated with discontinued operations.

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

For the half-year ended 30 June 2023

Section 1 | Basis of Preparation

1.1 Basis of preparation

(a) Reporting entity

The interim 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 interim financial statements were authorised for issue by the Directors on 18 August 2023.

(b) Statement of compliance

The consolidated interim financial statements have been prepared on a consolidated basis, in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Financial Reporting Standards Board (IASB).

The consolidated interim financial report does not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the last year ended 31 December 2022.

Where necessary, comparative figures have been re-classified for consistency with current period disclosures.

(c) Basis of measurement

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

- Financial instruments measured at fair value, including financial assets backing insurance policies designated at fair value through profit or loss, equity investments designated at fair value through other comprehensive income and derivatives; 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 interim 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.

For the half-year ended 30 June 2023

1.1 Basis of preparation (continued)

(f) Significant estimates and judgements

The preparation of the consolidated interim 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. The significant estimates and judgements made by Management in preparing these consolidated interim financial statements were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

(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 $116.9 million for the half-year ended 30 June 2023, and has negative retained earnings of $288.1 million. This loss is primarily due to the significant one-off cyber incident costs of $75.9 million recognised in the half-year.

Management believes that the Group has adequate funding available to support future cash flows. Refer to page 5 of the Directors Report.

1.2 Other significant accounting policies

The accounting policies adopted in the preparation of these consolidated interim financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2022.

1.3 New and amended standards

(a) New and amended standards adopted

AASB 17 Insurance Contracts – AASB 17 is effective for financial years commencing on or after 1 January 2023. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The insurance operations are a discontinued operations and have been sold during the half-year ended 30 June 2023. The new requirements are not material to the continuing operations of the Group.

Other amended standards

Other amended Standards that became effective for the half-year ended 30 June 2023 did not have a material impact on the Group.

(b) New standards and interpretations not yet adopted

Other Standards

Other Standards and interpretations that have been published that are not mandatory for the half-year ended 30 June 2023 half-year have not been early adopted by the Group. The Group expects to adopt these on their effective dates, but none are expected to have a material impact on the Group.

For the half-year ended 30 June 2023

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 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 three 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/unallocated:** international businesses, runoff portfolios and unallocated central costs.

A management fee is charged to the A&NZ Pay and A&NZ Money segments from a central entity within the 'Other' segment. 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]	
	30 June 2023 $'m	30 June 2022 $'m	30 June 2023 $'m	31 December 2022 $'m
Geographical information				
Australia[2]	390.7	356.6	3,079.0	3,248.8
New Zealand	108.1	101.1	690.3	751.4
Total	**498.8**	**457.7**	**3,769.3**	**4,000.2**

(1) Non-current assets exclude financial instruments and deferred tax assets.

(2) International is included in Australia.

For the half-year ended 30 June 2023

2.1 Segment information (continued)

(b) Operating segment overview

Half-year ended 30 June 2023	A&NZ Pay $'m	A&NZ Money $'m	Other/ Unallocated $'m	Total $'m
Segment income statement information				
Net interest income	196.5	121.8	(7.3)	311.0
Other income	18.6	2.7	1.3	22.6
Total operating income	**215.1**	**124.5**	**(6.0)**	**333.6**
Net charge offs	(51.1)	(53.8)	(0.3)	(105.2)
Risk adjusted income	**164.0**	**70.7**	**(6.3)**	**228.4**
Cash operating expenses	(108.5)	(61.6)	(3.0)	(173.1)
Cash PBT	**55.5**	**9.1**	**(9.3)**	**55.3**
Movement in provision	(1.1)	(19.6)	(0.2)	(20.9)
Depreciation & amortisation (excluding leases)	-	-	(22.3)	(22.3)
Profit/(loss) before tax & notable items	**54.4**	**(10.5)**	**(31.8)**	**12.1**
Income tax expense	-	-	(5.1)	(5.1)
Cash NPAT	**54.4**	**(10.5)**	**(36.9)**	**7.0**
Amortisation of acquisition intangibles	-	-	(20.3)	(20.3)
Amortisation of legacy transaction costs	-	-	(0.3)	(0.3)
Notable items				
Cyber incident	-	-	(75.9)	(75.9)
Corporate development	-	-	(22.0)	(22.0)
Restructuring costs	-	-	(5.3)	(5.3)
Asset impairment	-	-	(21.0)	(21.0)
Decommissioned facilities	-	-	(4.4)	(4.4)
Tax effect of adjustments	-	-	44.0	44.0
Statutory profit/(loss) after tax from continuing operations	**54.4**	**(10.5)**	**(142.1)**	**(98.2)**
Discontinued operations				(18.7)
Statutory loss after tax				**(116.9)**
30 June 2023				
Segment balance sheet information				
Total assets reported by the Consolidated Group	3,511.2	2,885.6	1,059.4	7,456.2
Total liabilities reported by the Consolidated Group	(3,295.0)	(2,467.8)	(389.0)	(6,151.8)

For the half-year ended 30 June 2023

2.1 Segment information (continued)

(b) Operating segment overview (continued)

Half-year ended 30 June 2022	A&NZ Pay $'m	A&NZ Money $'m	Other/ Unallocated $'m	Total $'m
Segment income statement information				
Net interest income	233.2	122.8	(3.3)	352.7
Other income	16.3	2.0	(0.6)	17.7
Total operating income	**249.5**	**124.8**	**(3.9)**	**370.4**
Net charge offs	(46.3)	(26.8)	(1.1)	(74.2)
Risk adjusted income	**203.2**	**98.0**	**(5.0)**	**296.2**
Cash operating expenses	(101.1)	(61.3)	(11.9)	(174.3)
Cash PBT	**102.1**	**36.7**	**(16.9)**	**121.9**
Movement in provision	18.5	16.9	(0.1)	35.3
Depreciation & Amortisation (excluding leases)	-	-	(22.1)	(22.1)
Profit before tax & notable items	**120.6**	**53.6**	**(39.1)**	**135.1**
Income tax expense	-	-	(42.1)	(42.1)
Cash NPAT	**120.6**	**53.6**	**(81.2)**	**93.0**
Amortisation of acquisition intangibles	-	-	(24.1)	(24.1)
Amortisation of legacy transaction costs	-	-	(2.4)	(2.4)
Notable items				
Symple integration	-	-	(8.9)	(8.9)
Restructuring costs & international investments	-	-	(7.2)	(7.2)
Acquisition related expenditure	-	-	(6.9)	(6.9)
Asset impairment	-	-	(15.3)	(15.3)
Discontinued facilities	-	-	(1.6)	(1.6)
Tax effect of adjustments	-	-	19.3	19.3
Statutory profit/(loss) after tax from continuing operations	**120.6**	**53.6**	**(128.3)**	**45.9**
Discontinued operations				(15.7)
Statutory profit after tax				**30.2**
31 December 2022				
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)

For the half-year ended 30 June 2023

2.2 Revenue and expenses

(a) Net interest income

	30 June 2023 $'m	30 June 2022 $'m
Interest income	**476.2**	439.4
Total interest income	**476.2**	439.4
Finance costs on borrowings	**(165.1)**	(87.9)
Lease interest expense	**(0.6)**	(1.3)
Total interest expense	**(165.7)**	(89.2)
Net interest income	**310.5**	350.2

(b) Other operating income

	30 June 2023 $'m	30 June 2022 $'m
Net interchange and operating fees	**14.8**	17.7
Other	**8.2**	0.6
Total other operating income	**23.0**	18.3

(c) Other operating expenses

	30 June 2023 $'m	30 June 2022 $'m
Cyber related customer remediation	**(61.4)**	-
Asset impairment	**(23.2)**	(14.9)
Other expenses	**(20.8)**	(13.3)
Total other operating expenses	**(105.4)**	(28.2)

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

	30 June 2023 $'m	30 June 2022 $'m
Net profit/(loss) after income tax	**(116.9)**	30.2
Increase in interest receivable	**(15.1)**	(16.7)
Increase/(decrease) in interest payable	**7.9**	(16.1)
Depreciation and amortisation	**46.3**	52.5
Non-cash charge offs	**160.3**	67.1
Other (income)/expenses including income tax	**26.7**	(28.7)
(Increase)/decrease in loans and other receivables	**179.6**	(49.3)
Net decrease in trade and other liabilities	**(36.7)**	(27.7)
Net increase/(decrease) in gross insurance policy liabilities	**5.4**	(0.3)
Net cash provided by operating activities	**257.5**	11.0

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

For the half-year ended 30 June 2023

2.3 Income tax expense and deferred tax

(a) Income tax expense

	30 June 2023 $'m	30 June 2022 $'m
Current tax expense/(benefit)		
Current tax on profits for the period	**(1.2)**	3.0
Adjustments recognised in the period for current tax of prior periods	**(0.6)**	(1.0)
	(1.8)	2.0
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**(36.0)**	20.8
	(36.0)	20.8
Income tax expense/(benefit)	**(37.8)**	22.8
Income tax expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	**(38.9)**	22.7
Profit from discontinued operations	**1.1**	0.1
Income tax expense/(benefit)	**(37.8)**	22.8

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

	30 June 2023 $'m	30 June 2022 $'m
Profit/(loss) from continuing operations before income tax expense	**(137.1)**	68.6
Loss from discontinued operations before income tax expense	**(17.6)**	(15.6)
	(154.7)	53.0
Tax at the Australian tax rate of 30% (2022: 30%)	**(46.4)**	15.9
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences[1]	**7.7**	6.9
Effect of differences in tax rates in foreign jurisdictions	**1.4**	0.2
Other	**-**	0.8
Adjustments of prior periods	**(0.5)**	(1.0)
Income tax expense/(benefit)	**(37.8)**	22.8

[1] Includes non-deductible loss on sale and mark-to-market interest rate swaps and tax losses not recognised.

For the half-year ended 30 June 2023

2.4 Shareholder returns

(a) Dividends

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

Half-year ended 30 June 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

Half-year ended 30 June 2022	Cents per share	Total $'m	Date of payment	Franked amount per share
Final 2021 dividend	**7.85**	**81.5**	22 April 2022	Fully franked

No interim dividend has been declared by the Directors for the half-year ended 30 June 2023.

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.

(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 half-year.

	30 June 2023 $'m	30 June 2022 $'m
Distributions paid on capital notes	**4.2**	2.9

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

For the half-year ended 30 June 2023

2.5 Earnings/(loss) per share

(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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Earnings ($'m)				
Profit/(loss) for the year attributable to owners of the Company	**(116.3)**	30.6	**(116.3)**	30.6
Net loss from discontinued operations attributable to owners of the Company	**(18.7)**	(15.7)	**(18.7)**	(15.7)
Adjusted earnings from continuing operations attributable to owners of the Company	**(97.6)**	46.3	**(97.6)**	46.3
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares	**1,039.4**	1,038.5	**1,039.4**	1,038.5
Potential dilutive weighted average number of ordinary shares:				
Conversion of capital notes[1]	-	-	**-**	97.1
Total weighted average number of ordinary shares	**1,039.4**	1,038.5	**1,039.4**	1,135.6

[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)	**(11.2)**	2.9	**(11.2)**	2.7
Earnings/(loss) per share (cents) from continuing	**(9.4)**	4.5	**(9.4)**	4.1

For the half-year ended 30 June 2023

Section 3 | Financial Instruments and Risk Management

3.1 Financial assets and liabilities

(a) Financial assets and financial liabilities

Financial assets	Notes	Assets designated FVOCI $'m	Assets designated FVPL $'m	Assets at fair value $'m	Assets at amortised cost $'m	Total $'m
30 June 2023						
Cash and cash equivalents	3.1(b)	**-**	**-**	**-**	**270.7**	**270.7**
Derivative financial instruments		**-**	**-**	**53.3**	**-**	**53.3**
Loans and other receivables	3.1(c)	**-**	**-**	**-**	**5,911.9**	**5,911.9**
Other financial assets		**1.6**	**-**	**-**	**12.6**	**14.2**
Total financial assets		**1.6**	**-**	**53.3**	**6,195.2**	**6,250.1**
31 December 2022						
Cash and cash equivalents	3.1(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 at fair value $'m	Liabilities at amortised cost $'m	Total $'m
30 June 2023					
Trade and other liabilities	3.1(d)	**-**	**-**	**217.2**	**217.2**
Borrowings	3.1(e)	**-**	**-**	**5,765.1**	**5,765.1**
Total financial liabilities		**-**	**-**	**5,982.3**	**5,982.3**
31 December 2022					
Trade and other liabilities	3.1(d)	-	-	226.5	226.5
Borrowings	3.1(e)	-	-	6,085.9	6,085.9
Total financial liabilities		-	-	6,312.4	6,312.4

For the half-year ended 30 June 2023

3.1 Financial assets and liabilities (continued)

(b) Cash and cash equivalents

	30 June 2023 $'m	31 December 2022 $'m
Current assets		
Cash and cash equivalents	**265.8**	358.3
Restricted cash [(1)]	**4.9**	5.7
Cash and cash equivalents	**270.7**	364.0

[(1)] Being cash deposited as security

(c) Loans and other receivables

	Notes	30 June 2023 $'m	31 December 2022 $'m
Loans and advances			
Loans and advances		**6,229.0**	6,474.2
Unearned income		**(65.6)**	(80.6)
Provision for impairment losses	3.2(e)	**(263.1)**	(242.7)
Total loans and advances		**5,900.3**	6,150.9
Other receivables			
Trade receivables		**5.2**	9.6
Other receivables		**6.4**	2.7
Total other receivables		**11.6**	12.3
Total loans and other receivables		**5,911.9**	6,163.2
Current		**3,059.6**	3,145.9
Non-current		**2,852.3**	3,017.3
Total loans and other receivables		**5,911.9**	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.

For the half-year ended 30 June 2023

3.1 Financial assets and liabilities (continued)

(d) Trade and other liabilities

	Notes	30 June 2023 $'m	31 December 2022 $'m
Current			
Trade and other payables		**34.8**	52.2
Accrued expenses		**47.0**	37.4
Payables to related parties	6.4(c)	**11.9**	11.9
Customer credit balances		**61.7**	59.4
Lease liability		**5.5**	6.2
Capital note distributions		**1.6**	1.5
Current trade and other liabilities		**162.5**	168.6
Non-Current			
Payables to related parties	6.4(c)	**33.2**	33.2
Lease liability		**21.5**	24.7
Non-current trade and other liabilities		**54.7**	57.9
Total trade and other liabilities		**217.2**	226.5

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 3.91% as at 30 June 2023 (31 December 2022: 3.92%).

(e) Borrowings

	30 June 2023			31 December 2022		
	Current $'m	Non-current $'m	Total $'m	Current $'m	Non-current $'m	Total $'m
Secured						
Securitisation liabilities	**1,013.0**	**4,654.3**	**5,667.3**	743.2	5,196.2	5,939.4
Total secured borrowings	**1,013.0**	**4,654.3**	**5,667.3**	743.2	5,196.2	5,939.4
Unsecured						
Facility agreements	**97.8**	**-**	**97.8**	36.5	110.0	146.5
Total unsecured borrowings	**97.8**	**-**	**97.8**	36.5	110.0	146.5
Total borrowings	**1,110.8**	**4,654.3**	**5,765.1**	779.7	5,306.2	6,085.9

For the half-year ended 30 June 2023

3.1 Financial assets and liabilities (continued)

Significant changes in funding during the half-year ended 30 June 2023 include:

Securitisation liabilities

- The New Zealand Personal Loans warehouse refinance was completed on payment date 17 January 2023 extending the scheduled amortisation date to 17 December 2025.
- The 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.
- The 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.
- The Australian Credit Card Master Trust Series 2017-VFN was resized to $80 million and extended to 22 March 2024.

Facility Agreements

- Effective 5 January 2023 the Group completed the USD $30 million single draw bullet term credit facility drawdown with Shinsei Bank, maturing 5 January 2024.
- Effective 17 March 2023 for USD $20 million extended the single draw bullet term credit facility with Shinsei Bank, maturing 17 March 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 $4.5 million are set off against borrowings at 30 June 2023 (31 December 2022: $4.9 million). During the half-year $1.6 million (half-year to 30 June 2022: $0.9 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 half-year ended 30 June 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.

(f) 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 half-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.

For the half-year ended 30 June 2023

3.1 Financial assets and liabilities (continued)

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

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.

(g) Recurring fair values

At 30 June 2023	Level 1 $'m	Level 2 $'m	Level 3 $'m	Total $'m
Financial assets				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	**-**	**50.5**	**-**	**50.5**
Derivatives used for hedging - foreign exchange contracts	**-**	**2.8**	**-**	**2.8**
Other financial assets	**-**	**-**	**1.6**	**1.6**
Total financial assets	**-**	**53.3**	**1.6**	**54.9**

At 31 December 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 half-year.

For the half-year ended 30 June 2023

3.1 Financial assets and liabilities (continued)

(h) Level 3 fair values

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

	Total $'m
Opening balance 31 December 2022	**1.6**
Acquisitions/disposals	-
Closing balance 30 June 2023	**1.6**

For the half-year ended 30 June 2023

3.2 Financial risk management

Credit risk

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	7,107.3	-	-	2.2	**7,109.5**
Low risk	432.5	-	-	0.4	**432.9**
Medium risk	143.8	-	-	0.2	**144.0**
Moderate risk	21.6	-	-	0.1	**21.7**
High risk	5.8	-	-	-	**5.8**
At 30 June 2023	**7,711.0**	**-**	**-**	**2.9**	**7,713.9**
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
At 31 December 2022	7,998.1	-	-	3.1	8,001.2

[(1)] POCI: Purchased or Originated Credit Impaired

For the half-year ended 30 June 2023

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	2,433.8	12.4	-	2.0	**2,448.2**
Low risk	1,481.4	18.3	-	1.7	**1,501.4**
Medium risk	1,137.6	26.0	-	1.4	**1,165.0**
Moderate risk	363.4	26.6	-	0.5	**390.5**
High risk	212.5	263.3	229.8	3.5	**709.1**
Unrated	12.5	1.0	1.3	-	**14.8**
At 30 June 2023	**5,641.2**	**347.6**	**231.1**	**9.1**	**6,229.0**

[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
At 31 December 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.

The data required to update the behaviour scorecards used to determine the credit risk rating grades for the Money products was not available due to the Q2 platform migration activities. Pending the future availability of the requisite data and the associated development new Money product behaviour scorecards, the portfolio risk ratings for the Money products have been determined by analysis leveraging a logistic regression model that uses portfolio information to estimate probability of default and assign risk grades. This analysis leverages similar techniques used in scorecard development.

For the half-year ended 30 June 2023

3.2 Financial risk management (continued)

Credit quality

(c) Loans and advances by credit quality

Gross loans and advances	30 June 2023 $'m	31 December 2022 $'m
Neither past due or impaired (not POCI[1])	5,234.6	5,633.2
Past due but not impaired (not POCI[1])	754.2	639.1
Impaired (not POCI[1])	231.1	191.0
POCI[1]	9.1	10.9
Total	**6,229.0**	6,474.2

[1] POCI: Purchased or Originated Credit Impaired

(d) Loans and advances aging

Gross loans and advances	30 June 2023 $'m	31 December 2022 $'m
Current	5,352.4	5,759.2
Past due 1-29 days	589.5	543.5
Past due 30-89 days	213.2	127.3
Past due > 90 days	73.9	44.2
Total	**6,229.0**	6,474.2

For the half-year ended 30 June 2023

3.2 Financial risk management (continued)

Provision for impairment losses

(e) 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	Collective provision lifetime ECL not credit impaired	Collective provision lifetime ECL credit impaired, not POCI[1]	Collective provision lifetime ECL credit impaired, POCI[1]	Collective provision Total
	$'m	$'m	$'m	$'m	$'m
At 1 January 2023	**177.4**	**12.2**	**52.3**	**0.8**	**242.7**
Effects of exchange rate on translation	(0.4)	-	(0.1)	-	(0.5)
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 reporting period	9.4	0.5	0.5	-	10.4
ii) derecognition of financial instruments during the reporting period	(7.2)	(1.7)	(11.5)	(0.1)	(20.5)
iii) change in balance during reporting period	(6.4)	(0.4)	(2.9)	(0.1)	(9.8)
iv) transfers between stages	(5.4)	6.3	19.6	-	20.5
Net remeasurement of loss allowance	48.0	4.6	12.3	0.1	65.0
Net change in overlays and other	(39.9)	(1.9)	(2.8)	(0.1)	(44.7)
At 30 June 2023	**175.5**	**19.6**	**67.4**	**0.6**	**263.1**
At 1 January 2022	**196.3**	**13.1**	**60.8**	**1.4**	**271.6**
Effects of exchange rate on translation	(1.1)	(0.1)	(0.3)	-	(1.5)
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 reporting period	21.5	0.6	0.8	-	22.9
ii) derecognition of financial instruments during the reporting period	(10.7)	(1.5)	(9.5)	(0.1)	(21.8)
iii) change in balance during reporting period	(7.0)	(0.2)	(1.5)	(0.1)	(8.8)
iv) transfers between stages	(2.6)	2.7	9.6	-	9.7
Net remeasurement of loss allowance	(30.4)	(2.9)	6.4	0.1	(26.8)
Net change in overlays and other	(14.2)	(0.6)	3.7	(0.1)	(11.2)
At 30 June 2022	**151.8**	**11.1**	**70.0**	**1.2**	**234.1**

[1] POCI: Purchased or Originated Credit Impaired

For the half-year ended 30 June 2023

3.2 Financial risk management (continued)

The Group's total provision for impairment losses increased $20.4 million between 31 December 2022 and 30 June 2023 ($242.7 million to $263.1 million) and the coverage ratio increased by 47bps (3.75% at December 2022 to 4.22% at June 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 in June 2023, compared to the equivalent overlays applied in 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) $32.3 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 $(2.6) 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 $17.5 million.

The following updates have been made to the model risk overlays held by the Group for the half-year ended 30 June 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 $(1.3) million.

The Group applied the below scenario weightings during the half-year ended 30 June 2023:

Scenario	Weighting 30 June 2023	Weighting 31 December 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 $15.4 million	5%	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 $6.7 million	55%	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 $11.2 million	40%	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.

Management has applied benchmark coverage rates to calculate loss provisions for the Asia based portfolios, due to a lack of data/history available for an independent loss provision model. Buy Now Pay Later portfolios in Australia and New Zealand have also had benchmark coverage rates applied due to the termination of the products and the portfolios are in run-off.

For the half-year ended 30 June 2023

Section 4 | Capital Management

4.1 Capital Management

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.

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

	30 June 2023 $'m	31 December 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 six months ended 30 June 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 30 June 2023	**1,039.7**	**2,075.5**

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.

For the half-year ended 30 June 2023

Section 5 | Other Assets and Liabilities

5.1 Other Assets and Liabilities

(a) Property, plant and equipment

	30 June 2023 $'m	31 December 2022 $'m
Cost	52.7	63.1
Accumulated depreciation	(25.8)	(29.5)
	26.9	**33.6**

	Furniture and fittings $'m	Leasehold Improvements $'m	ROU Property $'m	ROU Hardware $'m	Total $'m
Balance at 1 January 2023	**1.1**	**4.5**	**27.6**	**0.4**	**33.6**
Effects of exchange rate differences on translation of foreign operations	-	-	(0.3)	(0.1)	**(0.4)**
Additions	0.5	-	-	-	**0.5**
Disposals	-	-	-	-	**-**
Depreciation charge	(0.4)	(0.4)	(3.3)	(0.2)	**(4.3)**
Impairment loss	(0.3)	-	(2.2)	-	**(2.5)**
Transfers	-	-	-	-	**-**
Balance at 30 June 2023	**0.9**	**4.1**	**21.8**	**0.1**	**26.9**

(b) Intangible assets

	30 June 2023 $'m	31 December 2022 $'m
Cost	1,323.3	1,372.8
Accumulated amortisation	(433.3)	(423.5)
	890.0	**949.3**

	Good-will $'m	Distribution agreements $'m	Customer contracts $'m	Software $'m	Capital works in progress $'m	Trade-mark $'m	Total $'m
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	(1.0)	-	-	(0.2)	-	-	**(1.2)**
Additions	-	-	0.6	-	4.9	-	**5.5**
Disposals	-	-	-	-	-	-	**-**
Amortisation charge	-	(8.2)	(13.0)	(21.6)	-	(0.1)	**(42.9)**
Impairment loss	-	-	-	(17.7)	(3.0)	-	**(20.7)**
Transfers	-	-	-	11.9	(11.9)	-	**-**
Balance at 30 June 2023	**727.3**	**23.2**	**37.8**	**94.3**	**7.4**	**-**	**890.0**

Distribution agreements and customer contracts recognised as part of a business combination in 2015 have remaining amortisation periods of 1.5 years in Australia at 30 June 2023 (31 December 2022: 2 years).

For the half-year ended 30 June 2023

5.1 Other Assets and Liabilities (continued)

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

The carrying amount of the Group's cash-generating units (CGUs) are tested annually for impairment or when there is an indicator of impairment.

The Group performed a review of indicators of impairment of goodwill for the half-year ended 30 June 2023 and considered the March 2023 Cyber incident and the temporary decline in business performance where Latitude's operations were disrupted for approximately 6 weeks present indicators of impairment.

The Group's CGUs were tested for impairment for the half-year ended 30 June 2023 and no impairment was identified.

Cash flows used in the value-in-use calculations are based on a review and refresh of the forecasts produced by management used in the annual impairment testing at 31 December 2022.

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 %
June 2023			
Pay A&NZ	17.3	2.0	5.2
Money A&NZ	17.3	2.0	13.9
International	18.7	2.0	142.3
December 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

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.

Management have identified that, in relation to the International CGU, a change in three current assumptions could cause the carrying amount to exceed the recoverable amount.

	30 June 2023 %
Changes required for carrying amount to equal recoverable amount:	
Pre-tax discount rate	8.9
Terminal growth rate	(19.0)
Cash flow growth rate	(53.4)

Carrying amounts of goodwill within CGUs

	June 2023	December 2022
Pay A&NZ	295.2	296.4
Money A&NZ	407.4	410.1
International	24.7	21.8

For the half-year ended 30 June 2023

5.1 Other Assets and Liabilities (continued)

(d) Provisions

	30 June 2023			31 December 2022		
	Current $'m	Non-Current $'m	Total $'m	Current $'m	Non-current $'m	Total $'m
Leave obligations	**17.7**	**1.1**	**18.8**	17.7	1.2	18.9
Other employee benefit obligations	**10.6**	**-**	**10.6**	5.9	-	5.9
Total employee benefit obligations	**28.3**	**1.1**	**29.4**	23.6	1.2	24.8
Customer remediation and other provisions	**82.7**	**2.3**	**85.0**	21.4	2.1	23.5
Total provisions	**111.0**	**3.4**	**114.4**	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 includes provisions for expected refunds to customers, related customer claims, remediation project costs and cyber incident remediation costs relating to identity documentation and legal costs. Refer to Note 6.5 for further details.

For the half-year ended 30 June 2023

Section 6 | Other Disclosures

6.1 Share-based payments

(a) Description of share-based payment arrangements

The Group operated the following employee share plans during the half-year ended 30 June 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 half-year ended 30 June 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</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>
</table></td></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>
</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>
</table>

For the half-year ended 30 June 2023

6.1 Share-based payments (continued)

Feature	Key Terms of Restricted Shares (STI Shares) granted under the LEP
Treatment of STI Shares during Restriction Period	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.
Restrictions on dealing	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.

<table>
<tr><th>Feature</th><th>Key Terms of LTI Performance Rights granted under the LEP</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 at no cost (Performance Rights), 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>
<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>2023</td><td>1 June 2023</td><td>$1.228400</td><td>20-24 February 2023</td></tr>
</table></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</th></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>
<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>

For the half-year ended 30 June 2023

6.1 Share-based payments (continued)

<table>
<tr><th>Feature</th><th>Key Terms of the Options granted under the LEP</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>$2.65</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>
<tr><td>Expiry date</td><td>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.</td></tr>
<tr><td>Restrictions on dealing</td><td>Participants cannot sell, transfer, encumber, hedge or otherwise deal with their Unvested Options.</td></tr>
<tr><td>Cessation of employment</td><td>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.</td></tr>
<tr><td>Dividend and voting rights</td><td>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.</td></tr>
</table>

LEP STI Shares movements:

	30 June 2023 Number
Balance at 1 January 2023	632,879
Released from restriction	(316,442)
Restricted balance at 30 June 2023	**316,437**

For the half-year ended 30 June 2023

6.1 Share-based payments (continued)

LEP Share Rights movements:

	30 June 2023 Number
Outstanding at 1 January 2023	5,127,648
Granted	454,577
Forfeited	(87,341)
Outstanding closing balance at 30 June 2023	**5,494,884**
Exercisable at 30 June 2023	**-**

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

The total expense recognised in the profit and loss for the half-year 30 June 2023 in respect of LEP was $2.0 million (30 June 2022: $1.3 million).

LEP Options movements:

	30 June 2023 Number
Outstanding at 1 January 2023	-
Granted	23,000,000
Forfeited	-
Outstanding closing balance at 30 June 2023	**23,000,000**

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

For the half-year ended 30 June 2023

6.1 Share-based payments (continued)

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 half-year 30 June 2023 in respect of LEP options was $0.3 million.

6.2 Interests in other entities

(a) Controlled entities

Name of entity^	Ownership: Group		Ownership: NCI		Principal activities
	30 June 2023 %	31 December 2022 %	30 June 2023 %	31 December 2022 %	
Country of incorporation - Australia:					
Latitude Financial Group Pty Ltd	**100**	100	-	-	Group financier
Latitude Financial Services Australia Holdings Pty Ltd	**100**	100	-	-	Employer/servicer
Latitude Finance Australia	**100**	100	-	-	Sales finance/credit cards
Latitude Automotive Financial Services	**100**	100	-	-	Automotive lending
Latitude Personal Finance Pty Ltd	**100**	100	-	-	Personal lending
LatitudePay Australia Pty Ltd	**100**	100	-	-	BNPL lending
KVD TM Pty Ltd	**100**	100	-	-	Trust manager
Latitude Financial IP Pty Ltd	**100**	100	-	-	Intellectual property
Latitude Insurance Holdings Pty Ltd[1]	-	100	-	-	Holding company
Hallmark Life Insurance Company Ltd [1]	-	100	-	-	Life insurer
Hallmark General Insurance Company Ltd [1]	-	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 2017-1 Trust	**-**	100	-	-	Securitisation of receivables
Latitude Australia Personal Loans Series 2020-1 Trust	**100**	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	**100**	100	-	-	Holding company
Symple Loans Pty Limited	**100**	100	-	**-**	Personal lending
Symple Canada Holdings Pty Limited	**100**	100	-	**-**	Holding company
Country of incorporation - Canada:					
Symple Canada Financial Group Limited	**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	**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] In May 2023, the Group sold Latitude Insurance Holdings and its subsidiaries. Refer to discontinued operations note 6.7.

For the half-year ended 30 June 2023

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

KVD Singapore Pte. Ltd (KVDS) is the ultimate controlling party of Latitude Group Holdings Limited.

(b) Transactions with key management personnel

The terms of arrangement for related parties are consistent with those disclosed in the 31 December 2022 financial report.

(c) Other transactions and outstanding balances

Other transactions paid	30 June 2023 $'thousands	30 June 2022 $'thousands
Ordinary share dividends paid	**41,035**	163,038
Capital note distribution paid	**4,171**	6,154
Interest paid to shareholder	**975**	596
Deferred consideration paid to selling shareholders	**-**	39,417

Outstanding balances	30 June 2023 $'thousands	31 December 2022 $'thousands
Loan payable to shareholder	**(75,030)**	(29,374)
Payable to selling shareholders	**(45,090)**	(45,090)
Interest payable to shareholder	**(2,304)**	(531)
Capital note distribution payable	**(1,572)**	(1,477)

For the half-year ended 30 June 2023

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. The Group considers that the outcome of any specific enquiry which is underway as at 30 June 2023, and has not been provided for, is not expected to affect its financial position in any material way, either individually or in aggregate, with the exception of the Office of the Australian Information Commissioner (OAIC) and the New Zealand Office of the Privacy Commissioner (OPC) joint regulatory investigation referenced below.

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 various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, currently include interactions in respect of responsible lending practices, regulated lending requirements, product suitability, advertising, design and distribution, interest and fees and the entitlement to charge them, customer remediation and insurance distribution.

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 reviews and possible exposures remain uncertain.

There is a risk that the actual cost of responding to any inquiry or the quantum of any penalty paid following any settlement or determination by a regulator or by a Court in any legal proceedings may be materially higher or lower than any provision held in respect of that inquiry or those proceedings, or that any contingent liability may be larger than anticipated. There is also a risk that additional litigation or contingent liabilities may arise, all of which could adversely affect our business, prospects, reputation, financial performance or financial condition. 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. A case management hearing took place on 17 April 2023. The matter is listed to commence 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.

6.5 Contingent liabilities and contingent assets (continued)

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 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.

During the half-year ended 30 June 2023, $75.9 million has been provided for to cover costs in relation to the cyber incident, largely relating to anticipated remediation costs for customers for identification document replacement and associated response/restoration costs for our systems. This amount does not include the potential for:

- Class actions; two legal firms have announced they are investigating a potential class action in relation to the cyber incident. At the current time no action has been filed and as such no provision has been recognised.
- The Group's entitlement to 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 they assess the potential claims. No acceptance of liability has been provided by insurers at the current time, and as the respective claims assessment processes are in their preliminary stages, no insurance recovery asset has been recognised as the final outcome and total recover associated with these assessment processes remain uncertain.

For the half-year ended 30 June 2023

6.5 Contingent liabilities and contingent assets (continued)

- Future system enhancement costs.
- Regulatory fines.

OAIC / OPC joint regulatory investigation and customer regulatory complaints

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.

The Group has been made aware of a number of customer complaints made to the Australian Financial Complaints Authority (AFCA) as a result of the cyber incident. 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 cooperating with the respective regulators and their ongoing investigations in relation to the cyber incident.

The respective investigations may result in potential litigation, associated regulatory fines or penalties, customer compensation determinations or other regulatory enforcement action. As the respective investigations are all in their preliminary stages, no provision has been recognised as the final outcome and total costs associated with these investigations remain uncertain.

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

No provision has been recognised in relation to these actions as the proceedings are at an early stage and the potential outcome(s) associated with these actions remain uncertain.

6.6 Events occurring after the reporting date

There has not arisen in the interval between the end of the half-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.

For the half-year ended 30 June 2023

6.7 Discontinued operations

(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.

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

The Group also continues to present the Symple Canada Financial Group Ltd 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:

(b) Financial performance

	Notes	30 June 2023 $'m	30 June 2022 $'m
Revenue		**9.0**	7.9
Expenses		**(8.6)**	(9.9)
Asset impairment recognised		**-**	(13.6)
Income tax expense	2.3(a)	**(1.1)**	(0.1)
Loss after income tax of discontinued operations		**(0.7)**	(15.7)
Loss on sale of discontinued operations[1]		**(18.0)**	-
Loss after income tax of discontinued operation		**(18.7)**	(15.7)
Basic earnings per share		**(1.8)**	(1.5)
Diluted earnings per share		**(1.8)**	(1.5)

[1] Loss on sale is provisional and subject to a completion adjustment process with the acquirer that is ongoing at this time.

(c) Assets and liabilities classified as held for sale

	30 June 2023 $'m	31 December 2022 $'m
Assets of disposal group classified as held for sale		
Cash and cash equivalents	1.7	116.7
Loans and other receivables	19.5	12.0
Debt investments	-	19.2
Intangibles	0.2	-
Other assets	-	1.4
Total assets of disposal group held for sale	**21.4**	149.3
Other assets held for sale	0.1	0.2
Total assets held for sale	**21.5**	149.5
Liabilities associated with assets of disposal group as held for sale		
Trade and other liabilities	0.8	8.9
Gross insurance policy liabilities	-	8.6
Provisions	0.5	1.7
Total liabilities held for sale	**1.3**	19.2

For the half-year ended 30 June 2023

6.7 Discontinued operations (continued)

(d) Cashflow statement

	30 June 2023 $'m	30 June 2022 $'m
Net cash used in operating activities	**(26.9)**	(15.1)
Net cash (used in)/provided by investing activities	**(88.2)**	76.7
Net cash flow for the year	**(115.1)**	61.6

Independent Auditor's Review Report

To the shareholders of Latitude Group Holdings Limited and its controlled entities

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Latitude Group Holdings Limited (the Company) and its controlled entities (together the ***Group***).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Latitude Group Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2023 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** of the Group comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Interim Period*** is the 6 months ended on 30 June 2023.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

18 August 2023

LATITUDE