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 2024
Previous corresponding period	Half-year ended 30 June 2023

Comparisons to half-year ended 30 June 2024	30 June 2024	Change on previous period Up/Down	Change on previous period %
Revenue from ordinary activities[(1)]	529.6	Up	6.2%
Profit from ordinary activities after tax attributable to members on a continuing basis	9.0	Up	109.8%
Net profit for the period attributable to members	2.0	Up	101.7%

[(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 2024 dividend per share declared	-	-	-
Final 2023 dividend per share paid	-	-	-

No interim dividend was declared or paid in respect of the half-year ended 30 June 2024.

Net tangible assets per security

	30 June 2024	30 June 2023
Net Tangible Assets / (Liabilities) per security ($)	$0.42	$0.40

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 2024

This report is based on the Consolidated Interim Financial Report for the half-year ended 30 June 2024 which has been reviewed by KPMG and is not subject to qualification.

Consolidated Interim Financial Report

30 June 2024

The Consolidated Interim Financial Report is to be read in conjunction with the 31 December 2023 Annual Financial Report.

Latitude Group Holdings Limited

ABN 83 604 747 391

2024 Consolidated Interim Financial Report

Latitude Group Holdings Limited

For the half-year ended 30 June 2024

Contents

2024 Consolidated Interim Financial Report

Latitude Group Holdings Limited

For the half-year ended 30 June 2024

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 half-year ended 30 June 2024 ('half-year') and the auditor's report thereon.

Directors

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

Mark Joiner
Independent Non-Executive Director

Alison Ledger
Independent Non-Executive Director

Julie Raffe
Independent Non-Executive Director

Beaux Pontak
Non-Executive Director

Aneek Mamik
Non-Executive Director

Philip Busfield
Non-Executive Director

Company Secretaries

Vicki Letcher
Company Secretary

Tiffany Barton
Company Secretary

Principal Activities

The Group offers customers in Australia and New Zealand the following products:

Pay Division: credit cards that allow customers to make everyday purchases and access interest free payment plans to finance goods from Latitude's retail partners.

Money Division: providing unsecured and secured lending solutions to customers who are seeking personal loans and motor loans products.

On 3 April 2024, the Group made the decision to exit the LatitudePay Asia business and commenced closing down Asian operations. The Group is still in the process of closing down the Symple Canada operations. Refer to Note 6.6 for details.

2024 Consolidated Interim Financial Report

Latitude Group Holdings Limited

For the half-year ended 30 June 2024

Summary of Group Performance

Statutory profit/(loss) after tax from continuing operations increased from ($92.4) million loss in 1H23 to $9.0 million profit in 1H24, an increase of $101.4 million.

Cash net profit after tax (Cash NPAT)[1] from continuing operations increased from $11.4 million in 1H23 to $27.4 million in 1H24, an increase of $16.0 million. The movements in Cash NPAT are discussed in detail below.

Summary of financial results

$'m	30-Jun-24 1H24	31-Dec-23* 2H23	30-Jun-23* 1H23	Change % HoH[3]	Change % YoY[3]
Net interest income	316.0	303.6	310.6	4%	2%
Other income	25.8	20.7	23.2	25%	11%
Total Operating Income	**341.8**	**324.3**	**333.8**	**5%**	**2%**
Net charge offs	(110.0)	(109.6)	(104.9)	0%	(5%)
Risk Adjusted Income[1]	**231.8**	**214.7**	**228.9**	**8%**	**1%**
Cash operating expenses[2]	(165.2)	(176.0)	(169.9)	6%	3%
Cash PBT[1]	**66.6**	**38.7**	**59.0**	**72%**	**13%**
Movement in provision for impairment	(8.4)	(0.4)	(20.7)	(2000%)	59%
Depreciation & Amortisation (excl leases)	(18.7)	(19.5)	(21.8)	4%	14%
Profit before Tax & Notable items	**39.5**	**18.8**	**16.5**	**110%**	**139%**
Income tax expense	(12.1)	(2.6)	(5.1)	(365%)	(137%)
Cash NPAT[1] from continuing operations	**27.4**	**16.2**	**11.4**	**69%**	**140%**
Notable items after tax[1][2]					
Amortisation of acquisition intangibles	(14.2)	(14.2)	(14.2)	0%	0%
Amortisation of legacy transaction costs	-	-	(0.2)	-	100%
Other notable items	(4.2)	(12.3)	(89.4)	66%	95%
Statutory profit/(loss) after tax from continuing operations	**9.0**	**(10.3)**	**(92.4)**	**187%**	**110%**
Discontinued operations	(7.0)	(31.9)	(24.5)	78%	71%
Statutory profit/(loss) after tax	**2.0**	**(42.2)**	**(116.9)**	**105%**	**102%**
Profit/(loss) is attributable to:					
Owners of Latitude Group Holdings Limited	2.0	(42.2)	(116.3)	105%	102%
Non-controlling interest	-	-	(0.6)	-	100%
Statutory profit/(loss) after non-controlling interest	**2.0**	**(42.2)**	**(116.9)**	**105%**	**102%**

**Comparative information has been restated for discontinued operations refer to note 6.6*

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

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

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

Note on Statutory Profit and Cash NPAT

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

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

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

$'m	30-Jun-24 1H24	31-Dec-23* 2H23	30-Jun-23* 1H23	Change % HoH	Change % YoY
Cash NPAT from continuing operations	**27.4**	**16.2**	**11.4**	**69%**	**140%**
Amortisation of acquisition intangibles	**(14.2)**	(14.2)	(14.2)	0%	0%
Amortisation of legacy transaction costs / IRS de-designation	**-**	-	(0.2)	-	100%
Corporate development	**(5.2)**	(7.0)	(14.5)	26%	64%
Restructuring costs	**(2.0)**	(6.5)	(3.7)	69%	46%
Cyber incident	**4.6**	5.4	(53.2)	(15%)	109%
Asset impairment	**(0.6)**	(3.1)	(15.0)	81%	96%
Decommissioned facilities	**(1.0)**	(1.1)	(3.0)	9%	67%
Statutory profit/(loss) after tax from continuing operations	**9.0**	**(10.3)**	**(92.4)**	**187%**	**110%**

* Comparative information has been restated for discontinued operations (refer to note 6.6).

Reconciliation of notable items

$'m	Cash NPAT	Amortisation of acquisition intangibles	Corporate develop-ment	Restruc-turing costs	Cyber incident	Asset impair-ment	Decomm-issioned facilities	Statutory profit/ (loss) after tax
Net interest income	316.0	-	-	-	-	-	-	316.0
Other income	25.8	-	-	-	-	-	-	25.8
Total operating Income	**341.8**	**-**	**-**	**-**	**-**	**-**	**-**	**341.8**
Net charge offs	(110.0)	-	-	-	-	-	-	(110.0)
Risk adjusted income	**231.8**	**-**	**-**	**-**	**-**	**-**	**-**	**231.8**
Cash operating expenses	(165.2)	-	(7.4)	(2.9)	6.6	(0.9)	(1.2)	(171.0)
Cash PBT	**66.6**	**-**	**(7.4)**	**(2.9)**	**6.6**	**(0.9)**	**(1.2)**	**60.8**
Movement in provision for impairment	(8.4)	-	-	-	-	-	-	(8.4)
Depreciation & Amortisation (excluding leases)	(18.7)	(20.3)	-	-	-	-	(0.2)	(39.2)
Profit before tax	**39.5**	**(20.3)**	**(7.4)**	**(2.9)**	**6.6**	**(0.9)**	**(1.4)**	**13.2**
Income tax (expense)/benefit	(12.1)	6.1	2.2	0.9	(2.0)	0.3	0.4	(4.2)
Profit after tax from continuing operations	**27.4**	**(14.2)**	**(5.2)**	**(2.0)**	**4.6**	**(0.6)**	**(1.0)**	**9.0**

Review of Operations

The first half of 2024 saw the continuation and acceleration of the volume and new account momentum experienced in late 2023. Pleasingly 1H24 volumes of $4.095 billion were up 14% YoY and up 2% HoH despite seasonally high retail related volumes in 2H23. Our Pay Division volumes grew by 4% YoY and was marginally down 3% HoH due to the seasonal retail dynamics noted above. The Money Division originated over $1 billion in new loans in the half, up 60% YoY and 25% vs 2H23.

The strong volume performance supported a recovery in receivables balances which grew 2% to $6.378 billion at 30 June. Considered pricing actions implemented through FY23 and into 1H24 supported by excellent results from our $1.1 billion capital markets transactions in the half expanded net interest margin 31bps over the half. Delinquencies were managed closely and as expected, are returning to longer term averages, and coverage levels remained steady for the half.

Cash operating expenses continues to be an active focus to mitigate inflationary pressures, improved cost to income ratio and re-engineer expenses to support further growth. During the half we ceased originating new loans in our Asia business and placed the portfolio into run off.

The pleasing financial outcomes in the half reinforce the benefits of targeted actions to optimise and expand our distribution channels, increase customers engagement with our products, elevate margins and maintaining expense discipline. The results place Latitude in a strong position to continue to deliver on its *Path to Full Potential* corporate strategy.

Summary of financial analysis

Group origination volumes increased 2% HoH to $4,095 million rebounding from the cyber impact period in 1H23 (up 14%). Customer repayment rates reduced by 212bps from the 2H23 period due to seasonality, the sustained cost of living pressures and lower household savings levels. The strong volume performance for the half drove an increase in gross receivables of 2% to close the half at $6,378 million.

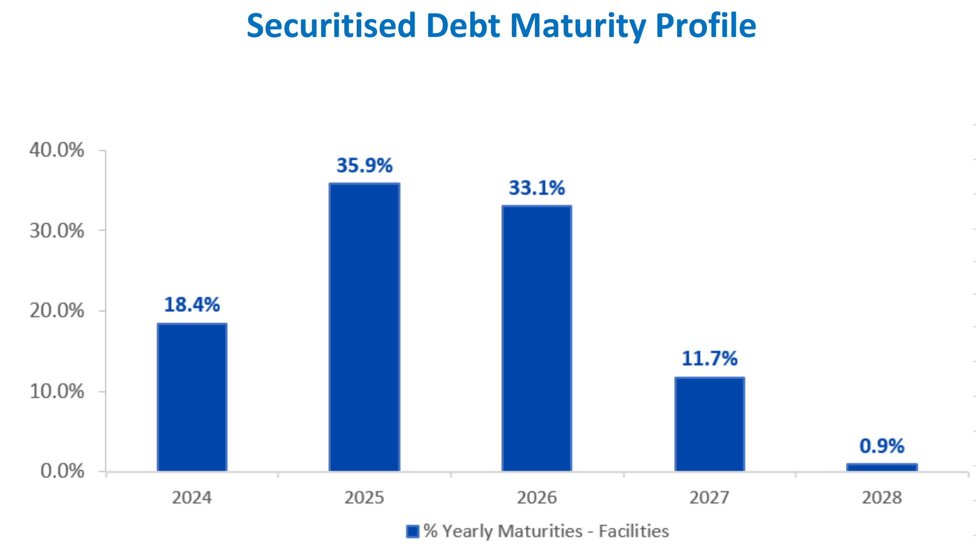
Cash NPAT of $27.4 million increased by 140.4% compared to 1H23 with the key drivers as follows:

- **Total Operating Income** increased by $8 million/2% to $314.8 million. Considered pricing actions delivered an increase in interest income of $28.4 million/6% to $503.7 million which was partially offset by a $23.0 million/14% increase in interest expense driven by the continuation of the elevated cash rates with 1H24 receiving the full impact of the cash rate movements across FY23. Interest Income momentum from the pricing initiatives undertaken can be seen with 1H24 interest revenue yields up 111bps to 16.11%. Other Income yield increased 9bps to 0.82% whilst Interest Expense yield increase by 82bps to 6.01%. As a result, Operating Income yield increased by 40bps to 10.93% as pricing initiatives and strong funding deals contributed to the rebound in key profitability metrics.
- **Net Charge Offs** increased by $5.1 million or 5% to $110.0 million. Net charge off yields of 3.52% are up 21bps reflecting the expected reversion to a more normalised loss levels as a consequence of the current macro environment conditions, cost of living pressures and seasonality impacts. Origination quality remains strong with 69% rated CR1/CR2 at origination in 1H24.
- **Cash operating expenses** decreased by $4.7 million or 3% due to lower FTE and employee costs following the FY23 operating model change that simplified our structure and drove one-off cost benefits including 2023 accrual releases. This was offset by increases in marketing, investment in technology to drive growth and productivity gains, offshoring of operational processes and indirect taxes.
- **Provision movement** expense was $8.4 million for 1H24 (up 2bps to 4.23%), a reduction of $12.3 million from 1H23 which reflected the adverse outcome from the disruption to collections activities as a result of the cyber incident. The 1H24 increase reflects the normalisation of loss levels in the period due to the macroeconomic environment.

Balance sheet management and dividends

During 1H24, Latitude reignited its public funding program raising $1.1 billion in new funding across three ABS transactions and refinancing the syndicated corporate debt facility. The Group continues to maintain a robust funding position with further activities planned in 2H24 to maintain and enhance our cost effective and diverse funding program. The Group systematically manages its maturity profile within the target range of no more than 50% of funding maturities in any given year and no more than 40% of funding maturities within the next 12 months.

The following graph sets out the Group's debt maturity profile as at 30 June 2024.



The above includes current balance of all securitised debt at the first contractual maturity.
Latitude Australia Personal Loans Series 2021-1 and Series 2024-1 included at 10% call option.

Across both our Warehouse and ABS facilities Latitude has drawn borrowings of $5.6 billion with available headroom of $2.1 billion to support future growth.

The Group's Return on Equity of 4.5% for 1H24 is a 285bps increase from 1H23. The growth experienced is a result of the increase in profitability during the period as the impact of the strategic pricing actions have continued to exceed the impact of the elevated cost of funding. The tangible equity to net receivables (TER) has increased 18bps to 7.2% v 1H23, which remains strong and now marginally above the target range of 6-7%.

The Directors have not declared an interim dividend for 1H24 after considering the statutory profit from continuing operations for the half, the continued uncertainty of residual cyber incident payments over the remainder of 2024 related items such as potential class actions, regulatory actions and insurance recoveries. In addition, the present economic environment and potential growth opportunities that may emerge, a well capitalised balance sheet is prudent and appropriate.

Strategy and Outlook

Over the first half of the year, Latitude have continued our progress against the "Path-to-Full-Potential" corporate strategy, accelerating sustainable organic growth in both our Money and Pay Divisions while maintaining discipline on operating costs. Additionally, we have continued to rationalise our portfolio by exiting our Latitude Pay operation in Asia. Our strategy remains centred on expanding our network of customer and retailer relationships which we have meaningfully extended with the successful launch of our partnership with David Jones, Amazon and Officeworks partnerships. At the same time, we maintain our focus the fundamentals of volume and receivables growth and margin management, while optimising our balance sheet through our active management of both funding costs and risk.

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 2024, is disclosed in notes 2.4(a) & 2.4(b) of the consolidated interim financial report.

Significant Changes in the State of Affairs

On 3 May 2024, the Group announced that Chief Financial Officer Paul Varro will resign from Latitude in December 2024.

There have been no other significant changes in the Group's state of affairs during the half-year ended 30 June 2024.

Events Subsequent to Balance Date

In March 2024, the new David Jones credit card was launched to new applications, the migration of the David Jones back book was executed on 13 July 2024.

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 2024, 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 12 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

Sydney
23 August 2024

Directors’ Declaration

The Directors of Latitude Group Holdings Limited declare that:

(a) the consolidated financial statements and notes set out on pages 13 to 50 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 2024 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

Sydney
23 August 2024

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 2024 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

23 August 2024

Consolidated Income Statement

	Notes	30 June 2024 $'m	30 June 2023* $'m
Continuing operations			
Interest income		**503.8**	475.3
Interest expense		**(187.8)**	(165.1)
Net interest income	2.2(a)	**316.0**	310.2
Other operating income	2.2(b)	**25.8**	23.6
Total operating income		**341.8**	333.8
Loan impairment expense	3.2(f)	**(118.4)**	(125.6)
Operating expenses			
Employee benefit expense		**(53.6)**	(81.7)
Depreciation and amortisation expense		**(41.7)**	(45.8)
IT and data processing expenses		**(38.1)**	(38.0)
Marketing expenses		**(18.1)**	(12.5)
Administrative and professional expenses		**(39.8)**	(43.0)
Occupancy and operating expenses		**(9.6)**	(9.9)
Other expenses	2.2(c)	**(9.3)**	(108.6)
Total operating expenses		**(210.2)**	(339.5)
Profit/(loss) before income tax		**13.2**	(131.3)
Income tax (expense)/benefit	2.3(a)	**(4.2)**	38.9
Profit/(loss) from continuing operations		**9.0**	(92.4)
Discontinued operations			
Net loss after tax from discontinued operations	6.6(b)	**(7.0)**	(24.5)
Profit/(loss) for the period		**2.0**	(116.9)
Profit/(loss) is attributable to:			
Owners of Latitude Group Holdings Limited		**2.0**	(116.3)
Non-controlling interests		**-**	(0.6)
Profit/(loss) for the period		**2.0**	(116.9)

* Comparative information has been restated for discontinued operations (refer to note 6.6).

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

Consolidated Statement of Comprehensive Income

	Notes	30 June 2024 $'m	30 June 2023* $'m
Profit/(loss) for the period		**2.0**	(116.9)
Other comprehensive income			
Items that may be reclassified to income statement			
Cash flow hedges - fair value loss		**(0.5)**	(7.5)
Currency translation differences arising during the period		**(3.1)**	(3.2)
Other comprehensive loss for the period net of income tax		**(3.6)**	(10.7)
Total comprehensive loss for the period		**(1.6)**	(127.6)
Total comprehensive loss for the period is attributable to:			
Owners of Latitude Group Holdings Limited		**(1.6)**	(127.0)
Non-controlling interests		**-**	(0.6)
Total comprehensive loss for the period		**(1.6)**	(127.6)
Earnings/(loss) per share for loss attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings/(loss) per share	2.5	**0.2**	(11.2)
Diluted earnings/(loss) per share	2.5	**0.2**	(11.2)
Earnings/(loss) per share for loss from continuing operations attributable to the ordinary equity holders of the Company		**Cents**	Cents
Earnings/(loss) per share	2.5	**0.9**	(8.8)
Diluted earnings/(loss) per share	2.5	**0.8**	(8.8)

* Comparative information has been restated for discontinued operations (refer to note 6.6).

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

Consolidated Balance Sheet

	Notes	30 June 2024 $'m	31 December 2023 $'m
Assets			
Cash and cash equivalents	3.1(b)	**219.6**	250.7
Derivative financial instruments		**20.6**	24.5
Loans and other receivables	3.1(c)	**6,066.6**	5,937.1
Other assets		**15.8**	11.5
Deferred tax assets		**185.3**	185.2
Current tax assets		**83.9**	65.2
Other financial assets		**14.2**	14.2
Property, plant and equipment		**21.9**	25.5
Assets classified as held for sale		**0.1**	0.1
Intangible assets	5.1(a)	**792.9**	832.8
Total assets		**7,420.9**	7,346.8
Liabilities			
Trade and other liabilities	3.1(d)	**196.0**	215.1
Derivative financial instruments		**0.5**	4.2
Provisions	5.1(b)	**84.5**	107.8
Deferred tax liabilities		**33.6**	40.0
Borrowings	3.1(e)	**5,876.9**	5,745.1
Total liabilities		**6,191.5**	6,112.2
Net assets		**1,229.4**	1,234.6
Equity			
Contributed equity	4.1(a)	**2,222.5**	2,222.5
Reserves		**(655.3)**	(652.9)
Retained losses		**(337.8)**	(335.0)
Total equity		**1,229.4**	1,234.6

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

Consolidated Statement of Changes in Equity

	Attributable to owners of Latitude Group Holdings Limited					
	Contributed equity	Reserves	Retained earnings/ (losses)	Total Equity	Non-controlling interests	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m
At 1 January 2024	**2,222.5**	**(652.9)**	**(335.0)**	**1,234.6**	**-**	**1,234.6**
Total comprehensive loss for the period						
Profit for the period	-	-	2.0	2.0	-	**2.0**
Other comprehensive loss for the period	-	(3.6)	-	(3.6)	-	**(3.6)**
Total comprehensive loss for the period	**-**	**(3.6)**	**2.0**	**(1.6)**	**-**	**(1.6)**
Transactions with owners in their capacity as owners:						
Capital note distributions paid/payable	-	-	(4.8)	(4.8)	-	**(4.8)**
Share-based compensation payments	-	1.2	-	1.2	-	**1.2**
Total transactions with owners	**-**	**1.2**	**(4.8)**	**(3.6)**	**-**	**(3.6)**
At 30 June 2024	**2,222.5**	**(655.3)**	**(337.8)**	**1,229.4**	**-**	**1,229.4**
At 1 January 2023	**2,222.0**	**(627.2)**	**(123.4)**	**1,471.4**	**3.1**	**1,474.5**
Total comprehensive income for the period						
Loss for the period	-	-	(116.3)	(116.3)	(0.6)	**(116.9)**
Other comprehensive loss for the period	-	(10.7)	-	(10.7)	-	**(10.7)**
Total comprehensive loss for the period	**-**	**(10.7)**	**(116.3)**	**(127.0)**	**(0.6)**	**(127.6)**
Amounts transferred from reserves, net of tax	-	0.2	-	0.2	-	**0.2**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares	0.5	-	-	0.5	-	**0.5**
Dividends	-	-	(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**
Total transactions with owners	**0.5**	**2.1**	**(45.9)**	**(43.3)**	**-**	**(43.3)**
Non-controlling interest acquisition	-	5.6	(2.5)	3.1	(2.5)	**0.6**
At 30 June 2023	**2,222.5**	**(630.0)**	**(288.1)**	**1,304.4**	**-**	**1,304.4**

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

Consolidated Statement of Cash Flows

	Notes	30 June 2024 $'m	30 June 2023 $'m
Cash flows from operating activities			
Interest received		**501.0**	463.0
Interest paid		**(189.8)**	(157.8)
Other operating income received		**24.6**	23.5
Net insurance income:			
Premiums received		**-**	6.8
Claims paid		**-**	(2.6)
Investment income		**-**	1.1
Operating expenses paid		**(136.1)**	(182.6)
Net income taxes paid		**(29.2)**	(42.2)
Cash flow from operating activities before changes in operating assets and liabilities		**170.5**	109.2
Changes in operating assets and liabilities arising from cash flow movements			
Net decrease/(increase) in loans and other receivables		**(299.4)**	179.6
Net decrease in trade and other liabilities		**(38.6)**	(36.7)
Net increase in gross insurance policy liabilities		**-**	5.4
Changes in operating assets and liabilities arising from cash flow movements		**(338.0)**	148.3
Net cash provided by/(used in) operating activities		**(167.5)**	257.5
Cash flows from investing activities			
Net purchases of intangible assets, property, plant & equipment		**(3.3)**	(6.3)
Net proceeds from sale of insurance operations		**-**	8.8
Net cash provided by/(used in) investing activities		**(3.3)**	2.5
Cash flows from financing activities			
Proceeds from borrowing issuances and drawdowns		**1,359.0**	1,165.2
Repayment of borrowings		**(1,204.4)**	(1,425.8)
Payments of transaction costs from financing activities		**(3.0)**	(1.6)
Proceeds from facility agreements		**-**	14.8
Repayment of facility agreements		**(3.0)**	(110.0)
Dividends paid		**-**	(41.0)
Capital note distributions paid		**(4.8)**	(4.2)
Payment of lease liabilities		**(3.3)**	(3.8)
Proceeds from related parties		**1.6**	45.7
Net cash provided by/(used in) financing activities		**142.1**	(360.7)
Net decrease in cash and cash equivalents		**(28.7)**	(100.7)
Cash and cash equivalents at beginning of financial half-year		**250.7**	364.0
Cash and cash equivalents reclassified to assets held for sale		**-**	(1.7)
Effects of exchange rate changes on cash and cash equivalents		**(2.4)**	9.1
Cash and cash equivalents at end of financial half-year	**3.1(b)**	**219.6**	270.7

The Consolidated Statement of Cash Flows includes discontinued operations. Refer to note 6.6(c) for cash flows associated with discontinued operations.

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

Section 1 | Basis of Preparation

1.1 Basis of preparation

(a) Reporting entity

The consolidated 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 23 August 2024.

(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 Accounting 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 2023.

(c) Basis of measurement

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

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

(d) Functional and presentation currency

These consolidated 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 consolidated interim financial report. Amounts in the consolidated interim financial report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, unless otherwise indicated.

(f) Significant estimates and judgements

The preparation of the consolidated interim financial statements that conform to accounting standards requires Management to exercise judgement in applying the Group's accounting policies

1.1 Basis of preparation (continued)

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 2023, except for the measurement of expected credit losses.

Measurement of expected credit losses

The Group implemented new provisioning models to generate Expected Credit Losses (ECL) at 30 June 2024, designed to address key model enhancement opportunities. The Group continues to incorporate estimates, assumptions, and judgements specific to the impact of current and future economic conditions into the measurement calculations as described in section 3.2. The application of model risk overlays is used to offset inherent model risks, as agreed to by Management in line with the Group's provision policy and governance process.

(g) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis.

The Group has recognised a net profit of $2.0 million for the half-year ended 30 June 2024 and has retained losses of $337.8 million.

Management believes that the Group has adequate funding available to support future cash flows.

1.2 Material 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 2023.

1.3 New and amended standards

(a) New and amended standards adopted

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

The Group has adopted *Classification of Liabilities as Current or Non-Current and Non-Current liabilities with Covenants – Amendments to IAS* 1 as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. The amendments aim to clarify the requirements for determining whether a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants. The Group has assessed the impact of these amendments, and these do not impact the Group under the current funding model.

The following amended standards have been adopted by the Group effective 1 January 2024, but no impact as not applicable to the Group.

Lease Liability in a Sale and Leaseback **- (Amendments to IFRS 16)**

Supplier Finance Arrangements **- (Amendments to IAS 7 and IFRS 7)**

1.3 New and amended standards (continued)

(b) New standards and interpretations not yet adopted

Other standards and interpretations that have been published that are effective for annual reporting periods beginning after 1 January 2024 and early adoption is permitted, have not been early adopted by the Group. The Group expects to adopt these on their effective dates.

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 the following reportable segments of its business:

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

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

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

	External Revenue from continuing operations		Non-current assets[1]	
	30 June 2024 $'m	30 June 2023* $'m	30 June 2024 $'m	31 December 2023 $'m
Geographical information				
Australia	417.9	390.8	3,172.8	3,096.7
New Zealand	111.7	108.1	658.1	678.6
International	-	-	-	0.8
Total	**529.6**	**498.9**	**3,830.9**	**3,776.1**

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

* Comparative information has been restated for discontinued operations (refer to note 6.6).

2.1 Segment information (continued)

(b) Operating segment overview

Half-year ended 30 June 2024	A&NZ Pay $'m	A&NZ Money $'m	Other $'m	Total $'m
Segment income statement information				
Net interest income	186.5	134.2	(4.7)	316.0
Other income	20.0	3.0	2.8	25.8
Total operating income	**206.5**	**137.2**	**(1.9)**	**341.8**
Net charge offs	(55.8)	(54.2)	-	(110.0)
Risk adjusted income	**150.7**	**83.0**	**(1.9)**	**231.8**
Cash operating expenses	(103.0)	(62.2)	-	(165.2)
Cash PBT	**47.7**	**20.8**	**(1.9)**	**66.6**
Movement in provision	(11.6)	3.2	-	(8.4)
Depreciation & amortisation (excluding leases)	(16.5)	(2.2)	-	(18.7)
Profit/(loss) before tax & notable items	**19.6**	**21.8**	**(1.9)**	**39.5**
Income tax expense	-	-	(12.1)	(12.1)
Cash NPAT	**19.6**	**21.8**	**(14.0)**	**27.4**
Notable items				
Amortisation of acquisition intangibles	-	-	(20.3)	(20.3)
Cyber incident	-	-	6.6	6.6
Corporate development	-	-	(7.4)	(7.4)
Restructuring costs	-	-	(2.9)	(2.9)
Asset impairment	-	-	(0.9)	(0.9)
Decommissioned facilities	-	-	(1.4)	(1.4)
Tax effect of adjustments	-	-	7.9	7.9
Statutory profit/(loss) after tax from continuing operations	**19.6**	**21.8**	**(32.4)**	**9.0**
Discontinued operations				(7.0)
Statutory loss after tax				**2.0**
30 June 2024				
Segment balance sheet information				
Total assets reported by the Consolidated Group	3,570.0	3,477.7	373.2	7,420.9
Total liabilities reported by the Consolidated Group	(2,768.7)	(2,316.9)	(1,105.9)	(6,191.5)

2.1 Segment information (continued)

Half-year ended 30 June 2023*	A&NZ Pay $'m	A&NZ Money $'m	Other $'m	Total $'m
Segment income statement information				
Net interest income	196.5	121.8	(7.7)	310.6
Other income	18.6	2.7	1.9	23.2
Total operating income	**215.1**	**124.5**	**(5.8)**	**333.8**
Net charge offs	(51.1)	(53.8)	-	(104.9)
Risk adjusted income	**164.0**	**70.7**	**(5.8)**	**228.9**
Cash operating expenses	(108.5)	(61.6)	0.2	(169.9)
Cash PBT	**55.5**	**9.1**	**(5.6)**	**59.0**
Movement in provision	(1.1)	(19.6)	-	(20.7)
Depreciation & amortisation (excluding leases)	(19.0)	(2.8)	-	(21.8)
Profit before tax & notable items	**35.4**	**(13.3)**	**(5.6)**	**16.5**
Income tax expense	-	-	(5.1)	(5.1)
Cash NPAT	**35.4**	**(13.3)**	**(10.7)**	**11.4**
Notable items				
Amortisation of acquisition intangibles	-	-	(20.3)	(20.3)
Amortisation of legacy transaction costs	-	-	(0.3)	(0.3)
Cyber incident	-	-	(75.9)	(75.9)
Corporate development	-	-	(20.7)	(20.7)
Restructuring costs	-	-	(5.3)	(5.3)
Asset impairment	-	-	(21.0)	(21.0)
Decommissioned facilities	-	-	(4.3)	(4.3)
Tax effect of adjustments	-	-	44.0	44.0
Statutory profit/(loss) after tax from continuing operations	**35.4**	**(13.3)**	**(114.5)**	**(92.4)**
Discontinued operations				(24.5)
Statutory loss after tax				**(116.9)**
31 December 2023				
Segment balance sheet information				
Total assets reported by the Consolidated Group	3,586.1	3,302.5	458.2	7,346.8
Total liabilities reported by the Consolidated Group	(2,621.6)	(2,078.9)	(1,411.7)	(6,112.2)

* Comparative information has been restated for discontinued operations (refer to note 6.6).

2.2 Revenue and expenses

(a) Net interest income

	30 June 2024 $'m	30 June 2023* $'m
Interest income calculated using the effective interest method	**503.8**	475.3
Total interest income	**503.8**	475.3
Finance costs on borrowings	**(187.3)**	(164.5)
Lease interest expense	**(0.5)**	(0.6)
Total interest expense	**(187.8)**	(165.1)
Net interest income	**316.0**	310.2

* Comparative information has been restated for discontinued operations (refer to note 6.6).

(b) Other operating income

	30 June 2024 $'m	30 June 2023* $'m
Interchange and operating fees	**18.2**	15.4
Other	**7.6**	8.2
Total other operating income	**25.8**	23.6

* Comparative information has been restated for discontinued operations (refer to note 6.6).

(c) Other operating expenses

	30 June 2024 $'m	30 June 2023* $'m
Cyber remediation	**8.5**	(61.4)
Asset impairment	**(0.9)**	(23.2)
Other expenses	**(16.9)**	(24.0)
Total other operating expenses	**(9.3)**	(108.6)

* Comparative information has been restated for discontinued operations (refer to note 6.6).

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

	30 June 2024 $'m	30 June 2023 $'m
Net profit/(loss) after income tax	**2.0**	(116.9)
Increase in interest receivable	**(4.5)**	(15.1)
Increase/(decrease) in interest payable	**(1.2)**	7.9
Depreciation and amortisation	**42.2**	46.3
Non-cash charge offs	**151.8**	160.3
Other (income)/expenses including income tax	**(19.8)**	26.7
(Increase)/decrease in loans and other receivables	**(299.4)**	179.6
Net decrease in trade and other liabilities	**(38.6)**	(36.7)
Net decrease in gross insurance policy liabilities	**-**	5.4
Net cash provided by/(used in) operating activities	**(167.5)**	257.5

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

2.3 Income tax expense and deferred tax

(a) Income tax expense

	Note	30 June 2024 $'m	30 June 2023 $'m
Current tax expense/(benefit)			
Current tax on profits/(losses) for the half-year		**5.6**	(1.2)
Adjustments recognised in the half-year for current tax of prior years		**(0.1)**	(0.6)
		5.5	(1.8)
Deferred tax expense/(benefit)			
Origination and reversal of temporary differences		**(1.3)**	(36.0)
		(1.3)	(36.0)
Income tax expense/(benefit)		**4.2**	(37.8)
Income tax expense/(benefit) is attributable to:			
Profit/(loss) from continuing operations		**4.2**	(38.9)
Profit/(loss) from discontinued operations		**-**	1.1
Income tax expense/(benefit)		**4.2**	(37.8)

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

	30 June 2024 $'m	30 June 2023 $'m
Profit/(loss) from continuing operations before income tax expense	**13.2**	(131.3)
Loss from discontinued operations before income tax expense	**(7.0)**	(23.4)
	6.2	(154.7)
Tax at the Australian tax rate of 30% (2023: 30%)	**1.9**	(46.4)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences[1]	**1.6**	7.7
Effect of differences in tax rates in foreign jurisdictions	**0.8**	1.5
Adjustments of prior years	**(0.1)**	(0.6)
Income tax expense/(benefit)	**4.2**	(37.8)

[1] Includes non-deductible loss on sale, non-deductible project expenditure and tax losses not recognised.

2.4 Dividends and distributions

(a) Dividends

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

Half-year ended 30 June 2024	Cents per share	Total $'m	Date of payment	Franked amount per share
Final 2023 dividend	**-**	**-**	-	-

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

No dividends have been declared by the Directors for the half-year ended 30 June 2024.

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 2024 $'m	30 June 2023 $'m
Distributions paid on capital notes	**4.8**	4.2

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

2.5 Earnings/(loss) per ordinary 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 2024	30 June 2023	30 June 2024	30 June 2023
Earnings ($'m)				
Profit/(loss) for the period attributable to owners of the Company	**2.0**	(116.3)	**2.0**	(116.3)
Net loss from discontinued operations attributable to owners of the Company	**(7.0)**	(24.5)	**(7.0)**	(24.5)
Adjusted earnings from continuing operations attributable to owners of the Company	**9.0**	(91.8)	**9.0**	(91.8)
Weighted average number of ordinary shares (millions)				
Weighted average number of ordinary shares	**1,039.7**	1,039.4	**1,039.7**	1,039.4
Potential dilutive weighted average number of ordinary shares:				
Conversion of capital notes[1]	-	-	**129.7**	-
Total weighted average number of ordinary shares	**1,039.7**	1,039.4	**1,169.4**	1,039.4

[1] The comparative period 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)	**0.2**	(11.2)	**0.2**	(11.2)
Earnings/(loss) per share (cents) from continuing operations	**0.9**	(8.8)	**0.8**	(8.8)

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 amortised cost $'m	Total $'m
30 June 2024					
Cash and cash equivalents	3.1(b)	**-**	**-**	**219.6**	**219.6**
Derivative financial instruments		**-**	**20.6**	**-**	**20.6**
Loans and other receivables	3.1(c)	**-**	**-**	**6,066.6**	**6,066.6**
Other financial assets		**1.6**	**-**	**12.6**	**14.2**
Total financial assets		**1.6**	**20.6**	**6,298.8**	**6,321.0**
31 December 2023					
Cash and cash equivalents	3.1(b)	-	-	250.7	250.7
Derivative financial instruments		-	24.5	-	24.5
Loans and other receivables	3.1(c)	-	-	5,937.1	5,937.1
Other financial assets		1.6	-	12.6	14.2
Total financial assets		1.6	24.5	6,200.4	6,226.5

Financial liabilities	Notes	Liabilities designated FVPL $'m	Liabilities at amortised cost $'m	Total $'m
30 June 2024				
Trade and other liabilities	3.1(d)	**-**	**196.0**	**196.0**
Derivative financial instruments		**0.5**	**-**	**0.5**
Borrowings	3.1(e)	**-**	**5,876.9**	**5,876.9**
Total financial liabilities		**0.5**	**6,072.9**	**6,073.4**
31 December 2023				
Trade and other liabilities	3.1(d)	-	215.1	215.1
Derivative financial instruments		4.2	-	4.2
Borrowings	3.1(e)	-	5,745.1	5,745.1
Total financial liabilities		4.2	5,960.2	5,964.4

3.1 Financial assets and liabilities (continued)

(b) Cash and cash equivalents

	30 June 2024 $'m	31 December 2023 $'m
Current assets		
Cash and cash equivalents	**216.7**	245.8
Restricted cash [(1)]	**2.9**	4.9
Total cash and cash equivalents	**219.6**	250.7

[(1)] Being cash deposited as security

(c) Loans and other receivables

	30 June 2024 $'m	31 December 2023 $'m
Loans and advances		
Loans and advances	**6,382.4**	6,244.8
Unearned income	**(52.5)**	(57.0)
Provision for impairment losses	**(270.5)**	(264.1)
Total loans and advances	**6,059.4**	5,923.7
Other receivables		
Trade receivables	**3.1**	3.7
Other receivables	**4.1**	9.7
Total other receivables	**7.2**	13.4
Total loans and other receivables	**6,066.6**	5,937.1
Current	**3,050.5**	3,019.2
Non-current	**3,016.1**	2,917.9
Total loans and other receivables	**6,066.6**	5,937.1

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

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

3.1 Financial assets and liabilities (continued)

(d) Trade and other liabilities

	Notes	30 June 2024 $'m	31 December 2023 $'m
Current			
Trade and other payables		**32.3**	50.0
Accrued expenses		**50.7**	48.1
Payables to related parties	6.3(c)	**16.6**	16.6
Customer credit balances		**56.1**	57.3
Lease liability		**5.3**	6.2
Capital note distributions		**1.7**	1.7
Current trade and other liabilities		**162.7**	179.9
Non-Current			
Payables to related parties	6.3(c)	**16.6**	16.6
Lease liability		**16.7**	18.6
Non-current trade and other liabilities		**33.3**	35.2
Total trade and other liabilities		**196.0**	215.1

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 4.08% as at 30 June 2024 (31 December 2023: 3.96%).

(e) Borrowings

	30 June 2024			31 December 2023		
	Current $'m	Non-current $'m	Total $'m	Current $'m	Non-current $'m	Total $'m
Secured						
Securitisation liabilities	**2,658.7**	**3,119.6**	**5,778.3**	1,131.3	4,513.5	5,644.8
Total secured borrowings	**2,658.7**	**3,119.6**	**5,778.3**	1,131.3	4,513.5	5,644.8
Unsecured						
Facility agreements	**98.6**	**-**	**98.6**	56.3	44.0	100.3
Total unsecured borrowings	**98.6**	**-**	**98.6**	56.3	44.0	100.3
Total borrowings	**2,757.3**	**3,119.6**	**5,876.9**	1,187.6	4,557.5	5,745.1

Significant changes in funding during the half-year ended 30 June 2024 include:

Securitisation liabilities

- The Australia Credit Card Master Trust Series 2024-1 new issuance of $400 million settled on 26 March 2024, with a schedule amortisation date of 22 March 2027.
- The Australia Credit Card Master Trust Series 2017-1 VFN was extended on 22 March 2024, with an expected redemption date of 24 March 2025.
- The Latitude Australia Personal Loans Series 2024-1 Trust new issuance of $500 million settled on 30 April 2024, with an expected redemption date of April 2028.
- New Zealand Credit Card Master Trust Series 2024-1 for NZD $250 million settled on 26 June 2024, with a schedule amortisation date of 22 June 2027.

3.1 Financial assets and liabilities (continued)

Facility Agreements

- Effective March 2024, the Group refinanced the USD $20 million single draw bullet facility with SBI Shinsei Bank, maturing 28 March 2025. As at 30 June 2024 the facility was fully drawn.
- Effective April 2024, the Group refinanced the Syndicated Facility Agreement including Facility A and C: AUD $77.5 million multicurrency bullet revolving credit facility and Facility B: USD $41 million bullet revolving credit facility, maturing 05 April 2027.
  As at 30 June 2024, AUD $2.3m of Facility A was utilised to support bank guarantees. AUD $75.2m of Facility A & C remained undrawn. USD $37.9m of Facility B was utilised to support existing letters of credit provided as collateral for access to Schemes. USD $3.1m of Facility B remained undrawn.

Transaction costs incurred to establish funding

Borrowings are shown net of capitalised transaction costs incurred to establish the funding programme. Unamortised transaction costs of $4.3 million are set off against borrowings at 30 June 2024 (31 December 2023: $2.8 million). During the half-year $3.0 million (half-year to 30 June 2023: $1.6 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 2024 and in the comparative reporting period.

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.

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

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.

3.1 Financial assets and liabilities (continued)

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 2024	Level 1 $'m	Level 2 $'m	Level 3 $'m	Total $'m
Financial assets				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	**-**	**20.6**	**-**	**20.6**
Other financial assets	**-**		**1.6**	**1.6**
Total financial assets	**-**	**20.6**	**1.6**	**22.2**
Financial liabilities				
Derivative financial liabilities				
Derivatives used for hedging - interest rate swaps	**-**	**0.3**	**-**	**0.3**
Derivatives used for hedging - foreign exchange contracts	**-**	**0.2**	**-**	**0.2**
Total financial liabilities	**-**	**0.5**	**-**	**0.5**

At 31 December 2023	Level 1 $'m	Level 2 $'m	Level 3 $'m	Total $'m
Financial assets				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	-	24.5	-	24.5
Other financial assets	-		1.6	1.6
Total financial assets	-	24.5	1.6	26.1
Financial liabilities				
Derivatives used for hedging - interest rate swaps	-	3.7	-	3.7
Derivatives used for hedging - foreign exchange contracts	-	0.5	-	0.5
Total financial liabilities	-	4.2	-	4.2

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.

(h) Level 3 fair values

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

	30 June 2024 $'m	31 December 2023 $'m
Other financial assets:		
Opening balance as at 1 January	**1.6**	1.6
Acquisitions/disposals	**-**	-
Closing balance	**1.6**	1.6

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[2] $'m	Lifetime ECL credit impaired, not POCI[1] $'m	Lifetime ECL not credit impaired, POCI[1] $'m	Total $'m
Very low risk	**7,112.2**	**0.3**	**-**	**4.4**	**7,116.9**
Low risk	**499.9**	**0.1**	**-**	**0.5**	**500.5**
Medium risk	**191.5**	**-**	**-**	**0.2**	**191.7**
Moderate risk	**34.0**	**-**	**-**	**-**	**34.0**
High risk	**10.8**	**-**	**-**	**-**	**10.8**
At 30 June 2024	**7,848.4**	**0.4**	**-**	**5.1**	**7,853.9**
Very low risk	7,029.2	-	-	2.1	7,031.3
Low risk	439.4	-	-	0.5	439.9
Medium risk	151.8	-	-	0.2	152.0
Moderate risk	24.4	-	-	-	24.4
High risk	4.2	-	-	-	4.2
At 31 December 2023	7,649.0	-	-	2.8	7,651.8

[1]POCI: Purchased or Originated Credit Impaired

[2]In the comparative period, no “Lifetime ECL not credit impaired” undrawn exposures existed due to the system enforced spend blocks on the accounts. The new provisioning models adopted at 30 June 2024 (refer Section 3.2) utilise enhanced SICR rules that classify undrawn account balances as “Lifetime ECL not credit impaired” based on customer behavioural attributes.

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[2] $'m
Very low risk	**2,325.2**	**24.6**	**-**	**0.2**	**2,350.0**
Low risk	**1,399.1**	**15.7**	**-**	**0.2**	**1,415.0**
Medium risk	**1,326.2**	**17.4**	**-**	**0.1**	**1,343.7**
Moderate risk	**495.3**	**71.5**	**-**	**0.1**	**566.9**
High risk	**281.9**	**312.5**	**104.0**	**0.3**	**698.7**
Unrated	**7.3**	**0.2**	**0.6**	**-**	**8.1**
At 30 June 2024	**5,835.0**	**441.9**	**104.6**	**0.9**	**6,382.4**

[1]POCI: Purchased or Originated Credit Impaired
[2]The movements in the composition of Gross Loans and advances by credit risk from the comparative period are primarily driven by the implementation of the new provisioning models as at 30 June 2024 (refer Section 3.2), including the updated classification of modified loans and enhanced SICR rules.

	12-month ECL $'m	Lifetime ECL not credit impaired $'m	Lifetime ECL credit impaired, not POCI[1] $'m	Lifetime ECL credit impaired, POCI[1] $'m	Total $'m
Very low risk	2,331.9	24.0	-	1.8	2,357.7
Low risk	1,430.8	23.0	-	1.9	1,455.7
Medium risk	1,264.7	23.5	-	1.2	1,289.4
Moderate risk	455.0	18.7	-	0.6	474.3
High risk	256.6	199.6	195.7	3.0	654.9
Unrated	11.9	0.3	0.6	-	12.8
At 31 December 2023	5,750.9	289.1	196.3	8.5	6,244.8

[1]POCI: Purchased or Originated Credit Impaired

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

3.2 Financial risk management (continued)

Credit quality

(c) Loans and advances by credit quality

Gross loans and advances	30 June 2024[2] $'m	31 December 2023* $'m
Neither past due or impaired (not POCI[1])	**5,498.4**	5,354.5
Past due but not impaired (not POCI[1])	**772.0**	685.5
Impaired (not POCI[1])[2]	**104.6**	196.3
POCI[1]	**7.4**	8.5
Total	**6,382.4**	6,244.8

[1]POCI: Purchased or Originated Credit Impaired

[2]The movements in the composition of the Gross loans and advances by credit quality from the comparative period are primarily driven by the update to the classification of modified loans within the new provisioning models implemented as at 30 June 2024 (refer Section 3.2).

* Restated

(d) Loans and advances aging

Gross loans and advances	30 June 2024 $'m	31 December 2023* $'m
Current	**5,551.9**	5,428.7
Past due 1-29 days	**591.3**	598.6
Past due 30-89 days	**166.1**	160.6
Past due > 90 days	**73.1**	56.9
Total	**6,382.4**	6,244.8

* Restated

3.2 Financial risk management (continued)

Provision for impairment losses

Provision for losses on loans and advances

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

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

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

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

ECLs are derived from probability-weighted estimated loss measures taking account the time value of money, and possible outcomes, informed by current and future economic conditions.

The Group employs account-level provision models featuring granular risk segmentation based on shared credit risk characteristics and lending type, by product category. As asset quality deteriorates an exposure will move through ECL stages. As asset quality improves, an asset that was previously assessed as a significant increase in credit risk ('SICR') that had lifetime ECL, may in subsequent periods revert to Stage 1.

Significant Increase in Credit Risk ('SICR')

The Group determines that a SICR occurs when an account triggers specific criteria based on relevant risk indicators, including but not limited to:

- Customer repayment history information including delinquency and utilisation,
- Modified loans information (hardship), and
- Relevant customer behavioural attributes (internal risk score)

The SICR rules may be adjusted based on changing portfolio dynamics and are monitored and assessed by the Group to ensure the rules remain appropriate. The Group uses the back-stop criteria of 30 days past due to determine SICR.

Credit Impaired

Exposures are assessed as credit impaired where the Group determines that an account is in default, being an account that is either 90 days or more past due or it is an account identified as bankrupt, deceased, fraudulent or in litigation.

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

3.2 Financial risk management (continued)

Modified Loans

Modified loans comprise those under a hardship arrangement or in the process of litigation. When a flag indicator is removed from the modified loan, signalling the end of the modification arrangement, then the loss allowance for the account will revert to being measured at an amount equal to Stage 1 (12-month) ECL if the account does not otherwise show a significant increase in credit risk or determined to be credit-impaired.

Write-Off

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

Macroeconomic Scenarios

The estimation of expected credit losses and assessment of credit risk leverages various information including past events, current conditions, and reasonable information about future events including economic conditions. As part of the measurement of expected credit losses for financial assets, the Group determines multiple scenarios (Baseline case, Upside case, and Downside case), informed by the economic outlook, to produce multiple ECLs.

The Group determines the probability of each scenario according to the Group's AASB 9 governance process, taking into consideration the relevant macro-economic outlooks in Australia and New Zealand and their likely impact on Latitude's portfolios, with the scenario ECLs then weighted to determine a final probability weighted ECL.

Second-Generation Models

The Group implemented new provisioning models to generate ECL at 30 June 2024, which addressed key improvement opportunities identified in the first-generation models, while further aligning the Group's methodologies and modelling techniques to industry common practice. Key model updates include enhanced SICR and segmentation rules to deliver granular account-level provision models, along with an updated classification of modified loans, previously credit impaired, to Stage 2 (significant increase in credit risk).

3.2 Financial risk management (continued)

(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 $'m	Collective provision lifetime ECL not credit impaired $'m	Collective provision lifetime ECL credit impaired, not POCI(1) $'m	Collective provision lifetime ECL credit impaired, POCI(1) $'m	Collective provision Total $'m
At 1 January 2024	**185.4**	**15.4**	**62.7**	**0.6**	**264.1**
Impact of implementation of second-generation models	(90.8)	89.4	(17.0)	(0.5)	(18.9)
Effects of exchange rate on translation	(0.6)	-	(0.2)	-	(0.8)
Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:					
i) financial instruments originated during the year	17.0	5.3	1.5	-	23.8
ii) derecognition of financial instruments during the year	(9.5)	(14.7)	(20.1)	-	(44.3)
iii) change in balance during the year	(8.2)	(1.3)	(0.7)	-	(10.2)
iv) transfers between stages	29.9	(31.5)	1.6	-	(0.0)
Net remeasurement of loss allowance	(18.4)	50.6	23.1	-	55.3
Net change in overlays and other	0.3	0.8	0.4	-	1.5
At 30 June 2024	**105.1**	**114.0**	**51.3**	**0.1**	**270.5**
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 year	9.4	0.5	0.5	-	10.4
ii) derecognition of financial instruments during the year	(7.2)	(1.7)	(11.5)	(0.1)	(20.5)
iii) change in balance during the year	(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**

(1)POCI: Purchased or Originated Credit Impaired

3.2 Financial risk management (continued)

The Group's total provision for impairment losses increased $6.4 million between 31 December 2023 and 30 June 2024 ($264.1 million to $270.5 million) and the coverage ratio increased by 1bp (4.23% at December 2023 to 4.24% at June 2024). Excluding discontinued operations, the Group total provision increased $7.6 million over the same period ($262.2 million to $269.8 million) and the coverage ratio increased by 2bps (4.21% at December 2023 to 4.23% at June 2024). The application of model risk overlays is used to offset a number of inherent model risks.

A consistent approach has been applied to the following model risk overlays held by the Group for the June 2024 reporting period compared to December 2023:

- A seasonality overlay to adjust for ordinary movements in the stage distribution of receivables due to seasonal delinquency trends exhibited by the underlying portfolios $(3.7) million (31 December 2023: $3.1 million); and
- 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 $9.9 million (31 December 2023: $15.6 million).

The following updates have been made to the model risk overlays held by the Group for the half-year ended 30 June 2024:

- A model imprecision overlay, reduced from 15% to 10% (given the adoption of new models which address key improvement opportunities) of the core model coverage rate and applied evenly across all products (excluding benchmarked products) $22.9 million; and
- The removal of the Cyber Adjustment Overlay, held by the Group in December 2023 to offset the significant increase in core model rates, due to the elevated delinquency and loss rates experienced across the Latitude portfolios in 2023 due to the Cyber Incident, driving increased probability of default and gross charge off given default in the provision models. As a result of enhancements made in the newly adopted provisioning models, this overlay is no longer required and is instead reflected in the ECL modelled output $(15.6) million; and
- An overlay for Latitude's Money products held to represent the impact of a charge off policy change in Money products from 120 days past due to 180 days past due which will drive an increase to the Stage 3 receivables from the second half of 2024 $8.4 million.

3.2 Financial risk management (continued)

The Group applied the below scenario weightings during the half-year ended 30 June 2024:

Scenario	Weighting 30 June 2024	Weighting 31 December 2023
Scenario One – Upside A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $8.6 million	10%	10%
Scenario Two – Baseline A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $2.8 million	60%	60%
Scenario Three – Downside A 100% weighting to this scenario would result in an increase to the total ECL provision at the reporting date of $9.1 million	30%	30%

The Group considers inflation, GDP, unemployment rate and house prices in the determination of the scenarios noted above.

Impairment losses

(f) Losses recognised in relation to loans and advances

During the half-year, the following losses were recognised:

	30 June 2024 $'m	30 June 2023 $'m
Recognised in profit or loss		
Movement in provision on loans and advances	**(8.4)**	(20.7)
Net impairment loss on loans and advances	**(110.0)**	(104.9)
Losses recognised in relation to loans and advances	**(118.4)**	(125.6)

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 2024 $'m	31 December 2023 $'m
Ordinary share capital	**2,075.5**	2,075.5
Capital notes	**147.0**	147.0
Total contributed equity	**2,222.5**	2,222.5

Section 5 | Other Assets and Liabilities

5.1 Other Assets and Liabilities

(a) Intangible assets

	30 June 2024 $'m	31 December 2023 $'m
Cost	1,292.5	1,301.3
Accumulated amortisation	(499.6)	(468.5)
	792.9	**832.8**

	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 2024	**706.0**	**14.9**	**25.0**	**71.0**	**15.8**	**0.1**	**832.8**
Additions	-	-	0.6	-	2.2	-	**2.8**
Amortisation charge	-	(8.2)	(13.2)	(18.5)	-	(0.1)	**(40.0)**
Impairment loss	-	(0.1)	-	(1.0)	-	-	**(1.1)**
Transfers	-	-	-	2.8	(2.8)	-	**-**
Effects of exchange rate differences on translation of foreign operations	(1.7)	(0.1)	0.1	0.1	-	-	**(1.6)**
Balance at 30 June 2024	**704.3**	**6.5**	**12.5**	**54.4**	**15.2**	**-**	**792.9**

Distribution agreements and customer contracts recognised as part of a business combination in 2015 have remaining amortisation period of 6 months at 30 June 2024 (31 December 2023: 1 year).

5.1 Other Assets and Liabilities (continued)

(b) Provisions

	30 June 2024			31 December 2023		
	Current $'m	Non-Current $'m	Total $'m	Current $'m	Non-current $'m	Total $'m
Leave obligations	**15.4**	**1.5**	**16.9**	15.7	1.2	16.9
Other employee benefit obligations	**6.6**	**-**	**6.6**	21.1	-	21.1
Total employee benefit obligations	**22.0**	**1.5**	**23.5**	36.8	1.2	38.0
Customer remediation and other provisions	**58.4**	**2.6**	**61.0**	67.7	2.1	69.8
Total provisions	**80.4**	**4.1**	**84.5**	104.5	3.3	107.8

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 for customer identification document replacement, costs to respond to the regulatory investigations and regulatory and enforcement action costs. Refer to section 6.4 for further details.

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 30 June 2024

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 2024, the following LTI performance rights were granted under the LEP. The terms and conditions of the performance rights granted during the period are set out below.

LTI Plan	Grant Date	Grant Price (5 Day VWAP)	VWAP Period
2024	15 May 2024	1.115500	26 February - 01 March 2024

LEP LTI Share Rights movements:

	30 June 2024 Number
Outstanding at 1 January	5,628,994
Granted	3,824,418
Forfeited	(1,046,706)
Outstanding closing balance at 30 June	**8,406,706**
Exercisable at 30 June	**-**

The following significant assumptions were used as inputs into the grant date fair value information:

Grant date:	15 May 2024
Contractual life (years)	2.63
Risk free interest rate (%)	4.16
Fair value at grant date ($)	1.15
Share closing price at grant date ($)	1.15
Expected dividend yield per annum (%)	-
Expected volatility of share price (%)	11.28

The total expense recognised in the profit and loss for the half-year 30 June 2024 in respect of LEP was $0.9 million (30 June 2023: $2.0 million).

6.2 Interests in other entities

(a) Controlled entities

Name of entity	Ownership 30 June 2024 %	Ownership 31 December 2023 %	Principal activities
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	Non trading
KVD TM Pty Ltd	**100**	100	Trust manager
Latitude Financial IP Pty Ltd	**100**	100	Intellectual property
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 2021-1 Trust	**100**	100	Securitisation of receivables
Latitude Australia Personal Loans Series 2024-1 Trust	**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(1)	**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	Non trading
Country of incorporation - Singapore:			
Latitude Financial International Pte. Ltd(2)	**100**	100	Holding company
Latitudepay Singapore Pte. Ltd(2)	**100**	100	Factoring/BNPL lending
Latitude AM Pte. Ltd(2)	**100**	100	Non trading
Country of incorporation - Malaysia:			
LatitudePay Malaysia Sdn. Bhd.(2)	**100**	100	Factoring/BNPL lending

(1) In December 2023, Latitude completed the sale of the Symple Canada Financial Group Limited loan portfolio
(2) In April 2024, Latitude commenced closing down the Asia operations.

6.3 Related party transactions

(a) Ultimate parent entity

Latitude Group Holdings Limited is the ultimate parent entity of the Group.

(b) Key Management Personnel

The terms of arrangement for related parties are consistent with those disclosed in the 31 December 2023 financial report.

(c) Other transactions and outstanding balances

Loan payable to shareholder relates to the unsecured single draw bullet term credit facility agreements with Shinsei Bank, for USD $20 million (AUD $30 million) and USD $30 million (AUD $45 million), maturing 28 March 2025 and 6 January 2025 respectively.

The Company and KVD Singapore Pte. Ltd (KVDS) entered into an agreement on 30 March 2021, whereby KVDS sold historic distribution entitlements to the Company for a total consideration of $84.5 million. Following KVDS ceasing to be the ultimate parent entity of the Company in August 2023, the remaining consideration payable of $33.2 million, at agreed dates of 30 September 2024 and 30 September 2025, is payable to KKR Clarendon Holdings L.P and Vatpo Investments Pte. Ltd.

	30 June 2024 $'thousands	30 June 2023 $'thousands
Other transactions paid		
Ordinary share dividends paid	**-**	41,035
Capital note distribution paid	**4,835**	4,171
Interest paid to shareholder	**3,108**	975

	30 June 2024 $'thousands	31 December 2023 $'thousands
Outstanding balances		
Loan payable to shareholder	**(74,965)**	(73,405)
Payable to selling shareholders	**(33,177)**	(33,177)
Interest payable to shareholder	**(2,466)**	(2,431)
Capital note distribution payable	**(1,660)**	(1,721)

6.4 Contingent liabilities and contingent assets

The Group is subject to a number of obligations which, if not discharged or considered not to be discharged, may give rise to potential claims or other costs. Where some loss from an actual or alleged non-performance of an obligation is more likely than not and can be reliably estimated, provisions have been made. With the exception of the Office of the Australian Information Commissioner (OAIC) and the New Zealand Office of the Privacy Commissioner (OPC) investigations referenced below, the Group has not recognised a provision as it considers the outcome of any specific inquiry underway as at 30 June 2024 resulting in an outflow is less than probable.

Regulatory and customer exposures arising from business operations

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

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

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

The Group may also have exposures to customers which are additional to any regulatory exposures. These could include class actions, individual or representative claims, customer remediation or compensation activities. The outcomes and total costs associated with such matters remain uncertain.

Specific contingent liabilities in relation to the Latitude GO Mastercard® proceedings 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®. The hearing for the matter concluded on 13 May 2024 at which point the judge reserved his decision. Accordingly, any potential outcomes and total associated costs remain uncertain at this time.

Taxation

The tax affairs of the Group are subject to review by both the Australian Taxation Office ('ATO') and the New Zealand Inland Revenue Department ('IRD') , 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 related 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, the original shareholders of the Group have 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 the assurance review, the ATO undertook a Next Actions Review

6.4 Contingent liabilities and contingent assets (continued)

(NAR) that centred on the transfer pricing of the transaction fees charged to the Group when it was acquired. The ATO concluded the NAR in March 2024 and issued an audit commencement letter in April 2024 in respect of the same matter. The Group is responding to the ATO's requests for information. Accordingly, 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.

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

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

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

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

The Group continues to cooperate with the respective regulators and their ongoing investigations in relation to the Cyber incident.

At 30 June 2024, $42.1 million has been provided to cover costs in relation to the Cyber incident. The costs relate to anticipated remediation costs for customers for identification document replacement, costs to respond to the investigations and regulatory and enforcement action costs. This amount does not include the potential for:

- *Class actions and representative complaints*: two legal firms have announced they are jointly investigating a potential class action in relation to the Cyber incident. At the current time no class action has been filed. In addition, in May 2024, the OAIC advised Latitude that a representative complaint made by Gordon Legal on behalf of a complainant had been accepted as having been validly made. Latitude is aware that another representative complaint has been filed with the OAIC. Given the early status of the aforementioned matters, no provision has been recognised.
- *Insurance Proceeds*: 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, across our policies, as they assess the potential claims. Interim recovery payments have been received, however the respective claims assessment processes are continuing. At this point further recoveries are not considered virtually certain, therefore further insurance recoveries have not been recognised.
- Future security enhancement costs.

6.4 Contingent liabilities and contingent assets (continued)

Other legal actions

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

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

6.5 Events occurring after the reporting date

In March 2024, the new David Jones credit card was launched to new applications, the migration of the David Jones back book was executed on 13 July 2024.

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.

6.6 Discontinued operations

(a) Description

On 3 April 2024, the Group made the strategic decision to exit the LatitudePay Asia business and commenced actions to discontinue the Asia operations. No new customers were originated from 4 April 2024 and no new purchases could be made from 19 April 2024.

The Asia operations was not previously classified as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operations separately from continuing operations.

The Group continues to present the Symple Canada Financial Group Ltd as discontinued operations in accordance with the applicable accounting standards.

(b) Financial performance

	Notes	30 June 2024 $'m	30 June 2023[2] $'m
Revenue		**1.7**	10.0
Expenses		**(8.7)**	(15.4)
Asset impairment recognised		**-**	-
Income tax expense	2.3(a)	**-**	(1.1)
Loss after income tax of discontinued operations		**(7.0)**	(6.5)
Net loss on sale of discontinued operations[1]		**-**	(18.0)
Loss after income tax of discontinued operation		**(7.0)**	(24.5)
Basic loss per share		**(0.7)**	(2.4)
Diluted loss per share		**(0.7)**	(2.4)

[1] Loss on sale relates to the sale of Hallmark
[2] Comparatives include the discontinued operations of Hallmark, Symple Canada and Asia operations.

6.6 Discontinued operations (continued)

(c) Cashflow statement

	30 June 2024 $'m	30 June 2023 $'m
Net cash used in operating activities	**(14.1)**	(38.5)
Net cash (used in)/provided by investing activities	**-**	(88.2)
Net cash (used in)/provided by financing activities	**(3.4)**	14.8
Effects of exchange rate changes on cash and cash equivalents	**0.2**	-
Net cash flow for the year	**(17.3)**	(111.9)

KPMG

Independent Auditor's Review Report

To the shareholders of Latitude Group Holdings Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Latitude Group Holdings Limited.

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 2024 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*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- 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 material accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Latitude Group Holdings Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the 6 months ended on 30 June 2024.

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;*
- 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 2024 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.

KPMG

KPMG

Chris Wooden
Partner
Melbourne
23 August 2024