# Results for Announcement to the Market

# Appendix 4E

| | |
|---|---|
| **Name of entity** | Latitude Group Holdings Limited |
| **ACN** | 604 747 391 |
| **Reporting period** | 1 January to 31 December 2024 |
| **Previous corresponding period** | 1 January to 31 December 2023 |

| **Extracts from the income statements ($ million)** | | **Change on previous period** | |
|---|---|---|---|
| | **31 December 2024** | **Up/down** | **%** |
| Revenue from ordinary activities[1] | 1,115.2 | up | 11.4% |
| Profit from ordinary activities after tax attributable to members on a continuing basis | 30.6 | up | 129.8% |
| Net profit for the period attributable to members | 21.6 | up | 113.6% |

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

### Details relating to dividends

Current period

| | **Amounts per share (cents)** | **Franked amount per share (cents)** | **Tax rate for franking credits** |
|---|---|---|---|
| **2024** | | | |
| Final dividend | 3.00 | - | - |
| Interim dividend | - | - | - |
| **Final dividend dates** | | | |
| Ex-dividend date | | | 23 March 2025 |
| Record date | | | 24 March 2025 |
| Payment date | | | 23 April 2025 |

Previous period

There were no dividends declared or are payable during the previous financial year.

### Dividend Reinvestment Plan Details

Latitude Group Holdings Limited has a Dividend Reinvestment Plan (DRP) that will operate for the 2024 Final dividend. Shares will be issued at the Average Market Price, which is the arithmetic average of the daily volume weighted average prices of the Company's shares on each day during the five-trading day period that commences on the second trading day after the record date and then rounded to the nearest whole cent.

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

DRP elections for the 2024 Final dividend must be received by Latitude's Share Registrar by 5.00pm (AEST) on 25 March 2025.

### Net tangible assets per security

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Net tangible assets / (Liabilities) per security ($) | $0.44 | $0.39 |

### Details of subsidiaries

Details of entities over which control has been gained or lost during the financial year can be found in Notes 6.2 and 6.7 of the following Consolidated Financial Report for the year ended 31 December 2024.

### Additional information

Information supporting the Appendix 4E disclosure requirements can be found in the following consolidated financial statements extracted from the Consolidated Financial Report for the year ended 31 December 2024.

This report is based on the Consolidated Financial Report of the Group which has been audited by KPMG.

# Results for Announcement to the Market

## Summary of Group Performance

**Statutory profit/(loss) after tax from continuing operations** increased from $102.7 million loss in 2023 to $30.6 million profit in 2024, an increase of $133.3 million.

**Cash Net Profit After Tax (Cash NPAT)[(1)] from continuing operations** increased from $27.6 million in 2023 to $65.9 million in 2024, an increase of $38.3 million. The movements in Cash NPAT are discussed in detail below.

## Summary of financial results

| $'m | 2024 | 2023* | Change % |
|---|---|---|---|
| Net interest income | 677.5 | 614.2 | 10% |
| Other income | 51.7 | 43.9 | 18% |
| **Total Operating Income** | **729.2** | **658.1** | **11%** |
| Net charge offs | (214.0) | (214.5) | 0% |
| **Risk Adjusted Income[(1)]** | **515.2** | **443.6** | **16%** |
| Cash operating expenses[(2)] | (360.0) | (345.9) | (4%) |
| **Cash PBT[(1)]** | **155.2** | **97.7** | **59%** |
| Movement in provision for impairment | (21.8) | (21.1) | (3%) |
| Depreciation & Amortisation (excl leases) | (38.0) | (41.3) | 8% |
| **Profit before Tax & Notable items** | **95.4** | **35.3** | **170%** |
| Income tax expense | (29.5) | (7.7) | (283%) |
| **Cash NPAT[(1)] from continuing operations** | **65.9** | **27.6** | **139%** |
| *Notable items after tax[(1)(2)]* | | | |
| Amortisation of acquisition intangibles and legacy transaction costs | (25.5) | (28.6) | 11% |
| Other notable items | (9.8) | (101.7) | 90% |
| **Statutory profit/(loss) after tax from continuing operations** | **30.6** | **(102.7)** | **130%** |
| Discontinued operations | (9.0) | (56.4) | 84% |
| **Statutory profit/(loss) after tax** | **21.6** | **(159.1)** | **114%** |
| Profit/(loss) is attributable to: | | | |
| Owners of Latitude Group Holdings Limited | 21.6 | (158.5) | 114% |
| Non-controlling interest | - | (0.6) | 100% |
| **Statutory profit/(loss) after non-controlling interest** | **21.6** | **(159.1)** | **114%** |

**Comparative information has been restated for discontinued operations refer to note 6.7.*

*[(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.*

# Results for Announcement to the Market

## 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 and legacy transaction costs – reflects the amortisation of customer lists and distribution agreements recognised as part of the acquisition accounting, and the amortisation of capitalised costs for the original establishment of the warehouse funding programme,
- Corporate development – reflects the costs associated with acquisitions and integrations,
- Restructuring costs – reflects the transition costs to a simplified operating structure,
- Remediation costs (including cyber) – 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

| | 2024 | 2023 | Change % |
|---|---|---|---|
| **Cash NPAT from continuing operations** | **65.9** | **27.6** | 139% |
| Amortisation of acquisition intangibles and legacy transaction costs | **(25.5)** | (28.6) | 11% |
| Corporate development | **(0.6)** | (21.6) | 97% |
| Restructuring costs | **(2.5)** | (10.4) | 76% |
| Remediations (including cyber) | **(3.0)** | (47.8) | 94% |
| Asset impairment | **(1.7)** | (18.1) | 91% |
| Decommissioned facilities | **(2.0)** | (3.8) | 47% |
| **Statutory profit/(loss) after tax from continuing operations** | **30.6** | **(102.7)** | **130%** |

## Reconciliation of notable items 2024

| $'m | Cash NPAT | Amortisation of acquisition intangibles | Corporate development | Restructuring | Remediations (including cyber) | Asset impairment | Decommissioned facilities | Statutory profit/ (loss) after tax |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 677.5 | - | - | - | - | - | (0.1) | 677.4 |
| Other income | 51.7 | - | - | - | - | - | - | 51.7 |
| **Total Operating Income** | **729.2** | **-** | **-** | **-** | **-** | **-** | **(0.1)** | **729.1** |
| Net charge offs | (214.0) | - | - | - | - | - | - | (214.0) |
| **Risk Adjusted Income** | **515.2** | **-** | **-** | **-** | **-** | **-** | **(0.1)** | **515.1** |
| Cash operating expenses | (360.0) | - | (0.9) | (3.5) | 1.2 | (2.4) | (2.3) | (367.9) |
| **Cash PBT** | **155.2** | **-** | **(0.9)** | **(3.5)** | **1.2** | **(2.4)** | **(2.4)** | **147.2** |
| Movement in provision for impairment | (21.8) | - | - | - | - | - | - | (21.8) |
| Depreciation & Amortisation (excl leases) | (38.0) | (36.4) | - | - | - | - | (0.4) | (74.8) |
| **Profit before Tax** | **95.4** | **(36.4)** | **(0.9)** | **(3.5)** | **1.2** | **(2.4)** | **(2.8)** | **50.6** |
| Income tax (expense)/benefit | (29.5) | 10.9 | 0.3 | 1.0 | (4.2) | 0.7 | 0.8 | (20.0) |
| **Profit after tax from continuing operations** | **65.9** | **(25.5)** | **(0.6)** | **(2.5)** | **(3.0)** | **(1.7)** | **(2.0)** | **30.6** |

# Results for Announcement to the Market

## Review of Operations

FY24 was a cornerstone year for Latitude, marking significant progress under the Path to Full Potential corporate strategy. Growth momentum was restored across key performance metrics, reflecting substantial improvements in business fundamentals. Total origination volumes reached $8.2 billion, a 13% year-on-year (YoY) increase, while receivables balances grew to $6.7 billion, an 8% YoY rise and the highest since 2H20.

The Money division led the way with origination volume of $1.5 billion, up 33% YoY, driven by strong performance across all our core personal and motor loan products. This is the highest volume level recorded in Latitude's history and has been supported by Money's enhance system and origination capabilities, which fully integrated Symple's contemporary technology platform from late 2023. The Money loan book grew 11% YoY, surpassing $3 billion in customer balances, a new record high.

The Pay division also delivered robust growth, with total purchase volumes up 10% YoY to $6.7 billion, with growing momentum during the year. Specifically, Latitude recorded its highest total purchase volume of any fourth quarter with $1.9 billion in 4Q24. More broadly, notable achievements during 2024 included:

- Adding marquee partnerships such as Officeworks, Amazon, Coco Republic, and Warehouse Group (NZ).
- Extending multi-year agreements with major partners like Apple, JB Hi-Fi, and The Good Guys.
- Successfully launching Latitude's first private-label credit card venture with David Jones in March and completing the back-book migration in July, which added $168 million in receivables and approximately 130,000 new customers.

These results underline the significant strides Latitude made in executing its corporate strategy and advancing on its performance objectives in 2024.

## Summary of financial analysis

Total origination volume rose 13% YoY to $8.2 billion, while customer repayments stood at 97%, up 168bps YoY due to stronger card purchase activity. Gross loan receivables closed the year at $6.7 billion, an 8% increase.
Cash Profit Before Tax reached $155.2 million and Cash NPAT stood at $65.9 million, a 59% and 139% YoY increase compared to FY23, respectively. Key drivers included:

- **Total Operating Income** increased by $71 million, or 11% YoY. Growth in receivables and considered asset pricing actions effectively countered the upward pressure on funding costs resulting from prior year rate increases. **Interest Income** increased by $106 million / 11% YoY and **Other Income** by $8 million / 18% which was partially offset by a $43 million / 13% increase in **Interest Expense.** The impact of strategic margin management initiatives is evident in FY24's margin improvements with Interest Income yield up 128bps YoY to 16.5% and **Other Income yield** up 10bps YoY to 0.8%. However, these gains were partially offset by a 53bps YoY increase in Interest Expense yield to 6.0%, reflecting the full-year effect of FY23 cash rate movements. Encouragingly, **Interest Expense yield** stabilised across FY24, remaining steady at 6.0% in both 1H24 and 2H24. This stabilisation was driven by refinancing activities and new funding transactions executed in year at better pricing and structuring terms, as well as lower base rates in New Zealand, which helped offset the seasoning impact of higher swap rates.
- **Net charge offs** remain flat at $214 million with net charge off yields improving by 9 bps YoY to 3.3%. This reflects a normalisation of this metric toward long-term averages and remains in line with expectations given current cost of living pressures coupled with a steady labour market. Origination quality remains strong with 69% of originations in FY24 rated CR1/CR2.
- **Cash operating expenses** increased modestly by $14 million, or 4% YoY, reflecting ongoing investment in business growth while managing inflationary pressures. Effective cost management is evident in the Cash Cost-to-Income ratio improvement of 318bps YoY to 49.4%, and highlights the realisation of the benefits from the 2023 cost base re-engineering initiatives, which freed up capital for targeted investment in marketing and technology to support in-year and future growth.
- **Provision movement** expense was $21.8 million for FY24 (up 8bps to 4.29%), up $0.7 million from FY23 which included a book up of $22.1 million (46bps to 4.21%). The FY24 movement is largely driven by the receivables growth and the macroeconomic environmental pressures. At 4.29%, the provision is at 1.3x current NCOs and remains consistent YoY.

## Balance sheet management and dividends

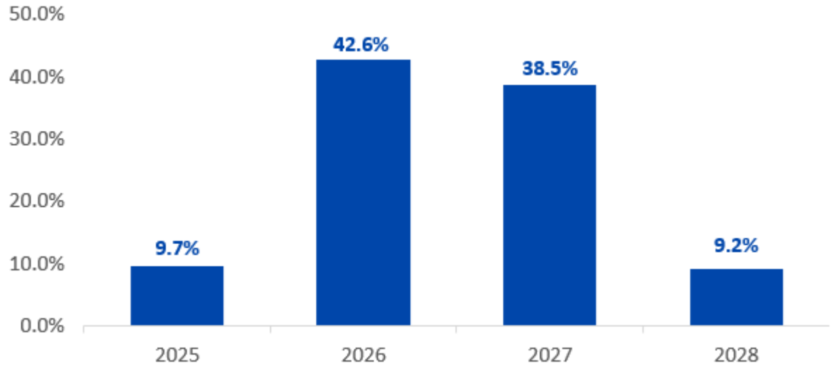
The results achieved in 2024, the growing momentum of the Group's business performance and the continued strength of the balance sheet, which saw Latitude's Tangible Equity Ratio (TER) close the year at 7.1%, slightly above the 6–7% target range, enabled Latitude's Board to declare an unfranked dividend of 3.00 cents per share, equivalent to a 47.4% payout ratio relative to FY24 Cash NPAT of $65.9m.

Latitude systematically manages its maturity profile within its 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.

# Results for Announcement to the Market

The following graph sets out Latitude's debt maturity profile as at 31 December 2024, with less than 10% of total secured debt due in FY25.

## Securitised Debt Maturity Profile




*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.*

Over the 12-month period Latitude raised $1.6 billion of new term funding and refinanced $2.7 billion of private credit facilities at more favourable margins and structural terms, while enhancing the diversification of its funding sources and extending our debt maturity profile. The Group maintained a 12-month liquidity runway throughout the year with $1.0 billion of committed headroom available as at 31 December to support continued receivables growth in 2025.

Away from securitisation transactions, Latitude further strengthened its balance sheet by extending $140.0 million syndicated corporate debt facility for another three years to April 2027 and repaying $50.0 million of unsecured bilateral corporate debt facilities during the second half of 2024. In early January 2025, Latitude repaid an additional $15.0 million of unsecured debt, bringing the total corporate debt reduction to $65.0 million.

# LATITUDE GROUP HOLDINGS LIMITED

ABN 83 604 747 391

Consolidated Financial Statements extract from the Consolidated Financial Report

For the year ended 31 December 2024

# Consolidated Income Statement

| | Notes | 2024 $'m | 2023* $'m |
|---|---|---|---|
| **Continuing operations** | | | |
| Interest income | | **1,063.5** | 957.1 |
| Interest expense | | **(386.1)** | (343.4) |
| **Net interest income** | 2.2(a) | **677.4** | 613.7 |
| Other operating income | 2.2(b) | **51.7** | 44.3 |
| **Total operating income** | | **729.1** | 658.0 |
| Loan impairment expense | 3.2(g) | **(235.8)** | (235.6) |
| **Operating expenses** | | | |
| Employee benefit expense | | **(115.3)** | (157.6) |
| Depreciation and amortisation expense | | **(80.0)** | (88.4) |
| IT and data processing expenses | | **(80.2)** | (77.8) |
| Marketing expenses | | **(39.8)** | (27.8) |
| Administrative and professional expenses | | **(80.7)** | (97.7) |
| Occupancy and operating expenses | | **(19.5)** | (21.5) |
| Other expenses | 2.2(c) | **(27.2)** | (101.8) |
| **Total operating expenses** | | **(442.7)** | (572.6) |
| **Profit/(loss) before income tax** | | **50.6** | (150.2) |
| Income tax (expense)/benefit | 2.3(a) | **(20.0)** | 47.5 |
| **Profit/(loss) from continuing operations** | | **30.6** | (102.7) |
| **Discontinued operations** | | | |
| Net loss after tax from discontinued operations | 6.7(b) | **(9.0)** | (56.4) |
| **Profit/(loss) for the year** | | **21.6** | (159.1) |
| Profit/(loss) is attributable to: | | | |
| Owners of Latitude Group Holdings Limited | | **21.6** | (158.5) |
| Non-controlling interests | | **-** | (0.6) |
| **Profit/(loss) for the year** | | **21.6** | (159.1) |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

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

# Consolidated Statement of Comprehensive Income

| | Notes | 2024<br>$'m | 2023*<br>$'m |
|---|---|---|---|
| **Profit/(loss) for the year** | | **21.6** | (159.1) |
| | | | |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to income statement** | | | |
| Cash flow hedges - fair value loss | 4.1(b) | **(20.9)** | (39.8) |
| Cash flow hedges - related taxes | 4.1(b) | **6.2** | 11.6 |
| Currency translation differences arising during the year | 4.1(b) | **(5.8)** | (1.0) |
| **Other comprehensive loss for the year net of income tax** | | **(20.5)** | (29.2) |
| | | | |
| **Total comprehensive income/(loss) for the year** | | **1.1** | (188.3) |
| | | | |
| Total comprehensive income/(loss) for the year is attributable to: | | | |
| Owners of Latitude Group Holdings Limited | | **1.1** | (187.7) |
| Non-controlling interests | | **-** | (0.6) |
| **Total comprehensive income/(loss) for the year** | | **1.1** | (188.3) |
| | | | |
| **Earnings/(loss) per share for income/(loss) attributable to the ordinary equity holders of the Company** | | **Cents** | Cents |
| Earnings/(loss) per share | 2.5 | **2.1** | (15.2) |
| Diluted earnings/(loss) per share | 2.5 | **1.8** | (15.2) |
| | | | |
| **Earnings/(loss) per share for income/(loss) from continuing operations attributable to the ordinary equity holders of the Company** | | **Cents** | Cents |
| Earnings/(loss) per share | 2.5 | **2.9** | (9.8) |
| Diluted earnings/(loss) per share | 2.5 | **2.6** | (9.8) |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

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

# Consolidated Balance Sheet

| | Notes | 2024 $'m | 2023 $'m |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 3.1(b) | **410.2** | 250.7 |
| Derivative financial instruments | 3.1(c) | **10.8** | 24.5 |
| Loans and other receivables | 3.1(d) | **6,417.7** | 5,937.1 |
| Other assets | | **11.0** | 11.5 |
| Deferred tax assets | 2.3(d) | **202.1** | 185.2 |
| Current tax assets | | **28.7** | 65.2 |
| Other financial assets | | **14.2** | 14.2 |
| Property, plant and equipment | | **18.8** | 25.5 |
| Assets classified as held for sale | | **0.1** | 0.1 |
| Intangible assets | 5.1(a) | **769.2** | 832.8 |
| **Total assets** | | **7,882.8** | 7,346.8 |
| | | | |
| **Liabilities** | | | |
| Trade and other liabilities | 3.1(e) | **214.4** | 215.1 |
| Derivative financial instruments | 3.1(c) | **6.4** | 4.2 |
| Provisions | 5.1(d) | **93.7** | 107.8 |
| Deferred tax liabilities | 2.3(d) | **27.7** | 40.0 |
| Borrowings | 3.1(f) | **6,316.2** | 5,745.1 |
| **Total liabilities** | | **6,658.4** | 6,112.2 |
| **Net assets** | | **1,224.4** | 1,234.6 |
| | | | |
| **Equity** | | | |
| Contributed equity | 4.1(a) | **2,222.5** | 2,222.5 |
| Reserves | 4.1(b) | **(675.1)** | (652.9) |
| Retained losses | 4.1(c) | **(323.0)** | (335.0) |
| **Total equity** | | **1,224.4** | 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 $'m | Reserves $'m | Retained earnings/ (losses) $'m | Total Equity $'m | Non-controlling interests $'m | Total equity $'m |
| **At 1 January 2024** | **2,222.5** | **(652.9)** | **(335.0)** | **1,234.6** | **-** | **1,234.6** |
| **Total comprehensive loss for the year** | | | | | | |
| Profit for the year | - | - | 21.6 | 21.6 | - | **21.6** |
| Other comprehensive loss for the year | - | (20.5) | - | (20.5) | - | **(20.5)** |
| **Total comprehensive loss for the year** | **-** | **(20.5)** | **21.6** | **1.1** | **-** | **1.1** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Capital note distributions paid/payable | - | - | (9.6) | (9.6) | - | **(9.6)** |
| Share-based compensation payments | - | (1.7) | - | (1.7) | - | **(1.7)** |
| **Total transactions with owners** | **-** | **(1.7)** | **(9.6)** | **(11.3)** | **-** | **(11.3)** |
| Non-controlling interest acquisition | - | - | - | - | - | **-** |
| **At 31 December 2024** | **2,222.5** | **(675.1)** | **(323.0)** | **1,224.4** | **-** | **1,224.4** |
| | | | | | | |
| **At 1 January 2023** | **2,222.0** | **(627.2)** | **(123.4)** | **1,471.4** | **3.1** | **1,474.5** |
| **Total comprehensive income for the year** | | | | | | |
| Loss for the year | - | - | (158.5) | (158.5) | (0.6) | **(159.1)** |
| Other comprehensive loss for the year | - | (29.2) | - | (29.2) | - | **(29.2)** |
| **Total comprehensive loss for the year** | **-** | **(29.2)** | **(158.5)** | **(187.7)** | **(0.6)** | **(188.3)** |
| Amounts transferred from reserves, net of tax | - | 0.1 | - | 0.1 | - | **0.1** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Issue of ordinary shares | 0.5 | - | - | 0.5 | - | **0.5** |
| Dividends | - | - | (41.6) | (41.6) | - | **(41.6)** |
| Capital note distributions paid/payable | - | - | (9.0) | (9.0) | - | **(9.0)** |
| Share-based compensation payments | - | (2.2) | - | (2.2) | - | **(2.2)** |
| **Total transactions with owners** | **0.5** | **(2.2)** | **(50.6)** | **(52.3)** | **-** | **(52.3)** |
| Non-controlling interest acquisition | - | 5.6 | (2.5) | 3.1 | (2.5) | **0.6** |
| **At 31 December 2023** | **2,222.5** | **(652.9)** | **(335.0)** | **1,234.6** | **-** | **1,234.6** |

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

2024 Consolidated Financial Report Extract
Latitude Group Holdings Limited
For the year ended 31 December 2024

# Consolidated Statement of Cash Flows

| | Notes | 2024 $'m | 2023 $'m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | **1,064.4** | 950.2 |
| Interest paid | | **(380.8)** | (323.6) |
| Other operating income received | | **46.1** | 35.4 |
| Net insurance income: | | | |
| Premiums received | | **-** | 6.8 |
| Claims paid | | **-** | (2.6) |
| Investment income | | **-** | 1.2 |
| Operating expenses paid | | **(315.4)** | (339.1) |
| Net income taxes paid | | **(5.6)** | (33.6) |
| **Cash flow from operating activities before changes in operating assets and liabilities** | | **408.7** | 294.7 |
| **Changes in operating assets and liabilities arising from cash flow movements** | | | |
| Net decrease/(increase) in loans and other receivables | | **(812.4)** | 56.6 |
| Net increase/(decrease) in trade and other liabilities | | **24.4** | (38.7) |
| Net increase in gross insurance policy liabilities | | **-** | (5.4) |
| **Changes in operating assets and liabilities arising from cash flow movements** | | **(788.0)** | 12.5 |
| **Net cash provided by/(used in) operating activities** | | **(379.3)** | 307.2 |
| **Cash flows from investing activities** | | | |
| Net purchases of intangible assets, property, plant & equipment | | **(19.9)** | (17.0) |
| Net proceeds from sale of insurance operations | | **-** | 27.9 |
| **Net cash provided by/(used in) investing activities** | | **(19.9)** | 10.9 |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowing issuances and drawdowns | | **3,770.0** | 1,447.8 |
| Repayment of borrowings | | **(3,118.0)** | (1,738.9) |
| Payments of transaction costs from financing activities | | **(5.3)** | (1.9) |
| Proceeds from facility agreements | | **-** | 18.7 |
| Repayment of facility agreements | | **(25.8)** | (110.0) |
| Repayment of loan due to related parties | | **(25.1)** | - |
| Dividends paid | | **-** | (41.0) |
| Capital note distributions paid | | **(9.6)** | (8.8) |
| Outflow from share-based payment plan | | **-** | (0.3) |
| Payment of lease liabilities | | **(6.5)** | (7.1) |
| Proceeds from related parties | | **-** | 44.0 |
| Deferred consideration paid | | **(16.6)** | (11.9) |
| **Net cash provided by/(used in) financing activities** | | **563.1** | (409.4) |
| **Net increase/(decrease) in cash and cash equivalents** | | **163.9** | (91.3) |
| Cash and cash equivalents at beginning of financial year | | **250.7** | 364.0 |
| Effects of exchange rate changes on cash and cash equivalents | | **(4.4)** | (22.0) |
| **Cash and cash equivalents at end of financial year** | **3.1(b)** | **410.2** | 250.7 |

*The Consolidated Statement of Cash Flows includes discontinued operations. Refer to note 6.7 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 financial report is for Latitude Group Holdings Limited (the 'Company') and its controlled entities (the 'Group'). Latitude Group Holdings Limited is a for-profit public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 18, 130 Lonsdale Street, Melbourne, Victoria, 3000.

These consolidated financial statements were authorised for issue by the Directors on 21 February 2025.

#### (b) Statement of compliance

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

#### (c) Basis of measurement

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

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

#### (d) Functional and presentation currency

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

#### (e) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the consolidated financial report. Amounts in the consolidated 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 financial statements that conform to accounting standards requires Management to exercise judgement in applying the Group's accounting policies and to make estimates and assumptions. The significant estimates and judgements made by Management in preparing these consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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

- Section 2.3: Deferred tax assets and liabilities
- Section 3.1: Determination of fair value
- Section 3.2: Recoverability of loans and other receivables
- Section 5.1: Recoverability of goodwill and other intangible assets and estimated useful life (other than goodwill)
- Section 5.1: Provisions including remediations
- Section 6.4: Contingent liabilities and contingent assets

*Measurement of expected credit losses*

The Group implemented new provisioning models to generate Expected Credit Losses (ECL) during 2024, designed to address key model enhancement opportunities, including enhanced Significant Increase in Credit Risk (SICR) and segmentation rules, with relevant modelling details described in section 3.1. 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.

## 1.2 Material accounting policies

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

### (a) Foreign currency translation

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

*Transactions and balances*

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

*Group companies*

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

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

### (b) Principles of consolidation

*Subsidiaries*

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

## 1.3 New and amended standards

### (a) New and amended standards adopted

***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 have no impact as they are 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)***

### (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

## 1.3 New and amended standards (continued)

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.

***IFRS 18, Presentation and Disclosure in Financial Statements (Replaces IAS 1)***

In April 2024, the AASB issued a new standard AASB 18 Presentation and Disclosure in Financial Statements, which will be effective for the Group from 1 January 2027 and is required to be applied retrospectively. AASB 18 will replace AASB 101 Presentation of Financial Statements and introduces new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities. The Group continues to assess the impact of adopting AASB 18.

***Lack of exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates)***

***Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)***

## Section 2 | Results

### 2.1 Segment information

**(a) Description of segments**

The Group's Managing Director and Chief Executive Officer (CEO) who is the chief operating decision maker (CODM) is responsible for the overall performance of the Group and is accountable for monitoring the Group’s business affairs, and setting its strategic direction, establishing policies and overseeing the Group’s financial position. The CODM assesses 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)**: credit cards, including cards that offer interest free payment plans.
- **Australia and New Zealand Money (A&NZ Money)**: personal loans and motor loans.
- **Other**: other business activities and corporate costs.

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

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

| | External Revenue from continuing operations | | Non-current assets[1] | |
|---|---|---|---|---|
| | 31 December 2024 | 31 December 2023* | 31 December 2024 | 31 December 2023 |
| | $'m | $'m | $'m | $'m |
| **Geographical information** | | | | |
| Australia | 890.5 | 784.3 | 3,298.7 | 3,096.7 |
| New Zealand | 224.7 | 217.1 | 672.4 | 678.6 |
| International | - | - | - | 0.8 |
| **Total** | **1,115.2** | **1,001.4** | **3,971.1** | **3,776.1** |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

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

## 2.1 Segment information (continued)

### (b) Operating segment overview

| Year ended 31 December 2024 | A&NZ Pay $'m | A&NZ Money $'m | Other $'m | Total $'m |
|---|---|---|---|---|
| **Segment income statement information** | | | | |
| Net interest income | 400.1 | 285.8 | (8.4) | 677.5 |
| Other income | 38.2 | 7.8 | 5.7 | 51.7 |
| **Total operating income** | **438.3** | **293.6** | **(2.7)** | **729.2** |
| Net charge offs | (116.8) | (97.2) | - | (214.0) |
| **Risk adjusted income** | **321.5** | **196.4** | **(2.7)** | **515.2** |
| Cash operating expenses | (224.2) | (135.8) | - | (360.0) |
| **Cash PBT** | **97.3** | **60.6** | **(2.7)** | **155.2** |
| Movement in provision | (16.8) | (5.0) | - | (21.8) |
| Depreciation & amortisation (excluding leases) | (31.4) | (6.6) | - | (38.0) |
| **Profit/(loss) before tax & notable items** | **49.1** | **49.0** | **(2.7)** | **95.4** |
| Income tax expense | - | - | (29.5) | (29.5) |
| **Cash NPAT** | **49.1** | **49.0** | **(32.2)** | **65.9** |
| Notable items | | | | |
| Amortisation of acquisition intangibles | - | - | (36.4) | (36.4) |
| Remediations (including cyber) | - | - | 1.2 | 1.2 |
| Corporate development | - | - | (0.9) | (0.9) |
| Restructuring costs | - | - | (3.5) | (3.5) |
| Asset impairment | - | - | (2.4) | (2.4) |
| Decommissioned facilities | - | - | (2.8) | (2.8) |
| Tax effect of adjustments | - | - | 9.5 | 9.5 |
| **Statutory profit/(loss) after tax from continuing operations** | **49.1** | **49.0** | **(67.5)** | **30.6** |
| Discontinued operations | | | | (9.0) |
| **Statutory loss after tax** | | | | **21.6** |
| | | | | |
| **31 December 2024** | | | | |
| **Segment balance sheet information** | | | | |
| Total assets reported by the Consolidated Group | 3,868.0 | 3,218.4 | 796.4 | 7,882.8 |
| Total liabilities reported by the Consolidated Group | (3,011.3) | (2,376.1) | (1,271.0) | (6,658.4) |

## 2.1 Segment information (continued)

| Year ended 31 December 2023* | A&NZ Pay $'m | A&NZ Money $'m | Other $'m | Total $'m |
|---|---|---|---|---|
| **Segment income statement information** | | | | |
| Net interest income | 381.7 | 246.4 | (13.9) | 614.2 |
| Other income | 37.3 | 5.3 | 1.3 | 43.9 |
| **Total operating income** | **419.0** | **251.7** | **(12.6)** | **658.1** |
| Net charge offs | (104.5) | (110.0) | - | (214.5) |
| **Risk adjusted income** | **314.5** | **141.7** | **(12.6)** | **443.6** |
| Cash operating expenses | (214.4) | (131.5) | - | (345.9) |
| **Cash PBT** | **100.1** | **10.2** | **(12.6)** | **97.7** |
| Movement in provision | 17.0 | (38.1) | - | (21.1) |
| Depreciation & amortisation (excluding leases) | (36.2) | (5.1) | - | (41.3) |
| **Profit before tax & notable items** | **80.9** | **(33.0)** | **(12.6)** | **35.3** |
| Income tax expense | - | - | (7.7) | (7.7) |
| **Cash NPAT** | **80.9** | **(33.0)** | **(20.3)** | **27.6** |
| Notable items | | | | |
| Amortisation of acquisition intangibles | - | - | (40.8) | (40.8) |
| Remediations (including cyber) | - | - | (68.3) | (68.3) |
| Corporate development | - | - | (30.6) | (30.6) |
| Restructuring costs | - | - | (14.5) | (14.5) |
| Asset impairment | - | - | (25.5) | (25.5) |
| Decommissioned facilities | - | - | (5.8) | (5.8) |
| Tax effect of adjustments | - | - | 55.2 | 55.2 |
| **Statutory profit/(loss) after tax from continuing operations** | **80.9** | **(33.0)** | **(150.6)** | **(102.7)** |
| Discontinued operations | | | | (56.4) |
| **Statutory loss after tax** | | | | **(159.1)** |

| | | | | |
|---|---|---|---|---|
| **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 6.7).*

## 2.2 Revenue and expenses

Accounting Policy

### Revenue Recognition

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

**Net interest income**

The Group recognises interest on loans and receivables as interest income. Interest income is recognised based on the effective interest rate method. The effective interest rate method allocates interest income over the life of the financial asset based on the amortised carrying value. The expected life of the financial instrument (portfolio average expected life; sales finance 13 months; personal loans 18 months and motor loans 20 months), or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

**Other operating income**

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

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

**Other expenses**

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

### Goods and Services Tax (GST)

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

## 2.2 Revenue and expenses

### (a) Net interest income

| | 2024 $'m | 2023* $'m |
|---|---|---|
| Interest income calculated using the effective interest method | **1,063.5** | 957.1 |
| **Total interest income** | **1,063.5** | 957.1 |
| | | |
| Finance costs on borrowings | **(385.2)** | (342.3) |
| Lease interest expense | **(0.9)** | (1.1) |
| **Total interest expense** | **(386.1)** | (343.4) |
| **Net interest income** | **677.4** | 613.7 |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

### (b) Other operating income

| | 2024 $'m | 2023* $'m |
|---|---|---|
| Interchange and operating fees | **35.6** | 31.3 |
| Other | **16.1** | 13.0 |
| **Total other operating income** | **51.7** | 44.3 |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

### (c) Other operating expenses

| | 2024 $'m | 2023* $'m |
|---|---|---|
| Cyber remediation | **4.0** | (45.4) |
| Asset impairment | **(2.4)** | (27.5) |
| Other expenses | **(28.8)** | (28.9) |
| **Total other operating expenses** | **(27.2)** | (101.8) |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

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

| | 2024 $'m | 2023 $'m |
|---|---|---|
| Net profit/(loss) after income tax | **21.6** | (159.1) |
| Decrease in interest receivable | **(0.9)** | (23.7) |
| Increase in interest payable | **6.6** | 21.2 |
| Depreciation and amortisation | **80.4** | 89.4 |
| Non-cash charge offs | **298.6** | 318.9 |
| Other expenses including income tax | **2.4** | 48.0 |
| (Increase)/decrease in loans and other receivables | **(812.4)** | 56.6 |
| Net increase/(decrease) in trade and other liabilities | **24.4** | (38.7) |
| Net decrease in gross insurance policy liabilities | **-** | (5.4) |
| **Net cash provided by/(used in) operating activities** | **(379.3)** | 307.2 |

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

## 2.3 Income tax expense and deferred tax

Accounting Policy

### Taxation

**Income tax**

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

**Deferred tax**

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

**Tax consolidation legislation (Australian Parent and Group only)**

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

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

**Pillar Two – Global minimum top-up tax**

New legislation referred to as 'Pillar Two' applies to large multinational groups ('MNE') that operates in more than one country and have annual consolidated revenue greater than EUR €750 million (or ~AUD $1.25 billion). Under this legislation, MNEs are liable to pay a top-up tax for any difference between the effective tax rate ('ETR') for each jurisdiction in which it operates, and the 15% minimum rate (under these rules) should a jurisdiction's ETR be lower than 15%. Whilst the Group is a MNE, it currently does not meet the revenue threshold test for these rules to apply to it. All entities within the Group have an ETR that exceeds 15%.

## 2.3 Income tax expense and deferred tax (continued)

### (a) Income tax expense

| | Note | 2024 $'m | 2023 $'m |
|---|---|---|---|
| **Current tax expense/(benefit)** | | | |
| Current tax on profits/(losses) for the year | | **29.9** | (8.9) |
| Adjustments recognised in the year for current tax of prior years | | **1.0** | (1.1) |
| | | **30.9** | (10.0) |
| **Deferred tax expense/(benefit)** | | | |
| Origination and reversal of temporary differences | 2.3(c) | **(10.9)** | (36.4) |
| | | **(10.9)** | (36.4) |
| **Income tax expense/(benefit)** | | **20.0** | (46.4) |
| | | | |
| Income tax expense/(benefit) is attributable to: | | | |
| Profit/(loss) from continuing operations | | **20.0** | (47.5) |
| Profit/(loss) from discontinued operations | | **-** | 1.1 |
| **Income tax expense/(benefit)** | | **20.0** | (46.4) |

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

| | 2024 $'m | 2023* $'m |
|---|---|---|
| Profit/(loss) from continuing operations before income tax expense | **50.6** | (150.2) |
| Loss from discontinued operations before income tax expense | **(9.0)** | (55.3) |
| | **41.6** | (205.5) |
| Tax at the Australian tax rate of 30% (2023: 30%) | **12.5** | (61.7) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Permanent differences[(1)] | **5.2** | 10.5 |
| Effect of differences in tax rates in foreign jurisdictions | **1.3** | 5.8 |
| Adjustments of prior years | **1.0** | (1.0) |
| **Income tax expense/(benefit)** | **20.0** | (46.4) |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*
*[(1)] Includes non-deductible loss on sale, non-deductible expenditure and tax losses not recognised.*

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

| | 2024 $'m | 2023 $'m |
|---|---|---|
| Provisions and other liabilities | **(8.4)** | (25.2) |
| Deferred income | **(0.5)** | 6.9 |
| Acquisition transaction costs | **0.8** | 0.7 |
| Intangible assets - software | **(1.8)** | (4.0) |
| Property, plant and equipment | **0.2** | 0.3 |
| Intangible assets - other | **(7.2)** | (12.4) |
| Deferred expenses and prepayments | **1.8** | (0.6) |
| Trust net income | **2.5** | (1.0) |
| Other | **1.7** | (1.1) |
| **Deferred tax expense** | **(10.9)** | (36.4) |

The Group has $13.8 million (2023: $11.9 million) of unused tax losses and $1.4 million (2023: $2.6 million) deductible temporary differences for which no deferred tax asset is recognised in the balance sheet (2023: $nil). These relate to the Group's operations in Asia and Canada and may be carried forward indefinitely (subject to shareholding test requirements) or until the entities cease to exist.

## 2.3 Income tax expense and deferred tax (continued)

### (d) Deferred tax assets and liabilities

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| **Deferred tax assets** | | |
| Provisions and other liabilities | **119.2** | 113.3 |
| Tax losses | **25.3** | 13.9 |
| Deferred income | **25.2** | 24.7 |
| Acquisition transaction costs | **1.8** | 2.7 |
| Lease liability | **5.6** | 7.1 |
| Intangible assets - software | **19.7** | 18.3 |
| Property, plant and equipment | **2.2** | 2.4 |
| Other | **3.1** | 2.8 |
| **Deferred tax assets** | **202.1** | 185.2 |
| | | |
| **Deferred tax liabilities** | | |
| Intangible assets - other | **4.6** | 11.9 |
| Deferred expenses & prepayments | **14.1** | 12.3 |
| Right-of-use assets | **4.3** | 5.6 |
| Interest rate swaps | **0.9** | 6.0 |
| Trust net income | **0.4** | 3.7 |
| Other | **3.4** | 0.5 |
| **Deferred tax liabilities** | **27.7** | 40.0 |
| | | |
| **Net deferred tax assets** | **174.4** | 145.2 |
| Amounts expected to be settled within 12 months | **111.8** | 90.2 |
| Amounts expected to be settled after more than 12 months | **62.6** | 55.0 |
| **Net deferred tax assets** | **174.4** | 145.2 |

### (e) Other tax recognised

| | 2024<br>$'m | 2023*<br>$'m |
|---|---|---|
| **Income tax recognised in other comprehensive income:** | | |
| Cash flow hedge reserve | **(6.2)** | (11.6) |

## 2.4 Dividends and distributions

**Dividends on ordinary shares**

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

### (a) Dividends

On 21 February 2025, the following dividends were declared by the Directors.

| | Cents per share | Total $m | Date of payment | Franked amount per share |
|---|---|---|---|---|
| Final 2024 dividend | 3.00 | 31.2 | 23 April 2025 | Unfranked |

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

| 2024 | Cents per share | Total $'m | Date of payment | Franked amount per share |
|---|---|---|---|---|
| Interim 2024 dividend | **-** | **-** | - | - |
| Final 2023 dividend | **-** | **-** | - | - |

| 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 |

**Dividend reinvestment plan**

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

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

**Franking credits**

The amount of Australian franking credits available to shareholders at year ended 31 December 2024 for subsequent financial years is $3.8 million (2023: $0.5 million).

### (b) Distributions

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

| | 2024 $'m | 2023 $'m |
|---|---|---|
| Distributions paid on capital notes(1) | **9.6** | 8.8 |

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

## 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 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Earnings ($'m)** | | | | |
| Profit/(loss) for the year attributable to owners of the Company | **21.6** | (158.5) | **21.6** | (158.5) |
| Net loss from discontinued operations attributable to owners of the Company | **(9.0)** | (56.4) | **(9.0)** | (56.4) |
| Adjusted earnings from continuing operations attributable to owners of the Company | **30.6** | (102.1) | **30.6** | (102.1) |
| **Weighted average number of ordinary shares (millions)** | | | | |
| Weighted average number of ordinary shares | **1,039.7** | 1,039.5 | **1,039.7** | 1,039.5 |
| 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** | 1,039.5 | **1,169.4** | 1,039.5 |

*[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) | **2.1** | (15.2) | **1.8** | (15.2) |
| Earnings/(loss) per share (cents) from continuing operations | **2.9** | (9.8) | **2.6** | (9.8) |

## Section 3 | Financial Instruments and Risk Management

### 3.1 Financial assets and liabilities

Accounting Policy

#### Classification - Financial assets and liabilities

#### Amortised cost

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

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

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

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

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

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

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

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

#### Fair value through profit or loss (FVPL)

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

#### Fair value through other comprehensive income (FVOCI)

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

#### Loss provisioning

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

## 3.1 Financial assets and liabilities (continued)

**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:

- Indication of a significant deterioration in the asset's internal risk rating grade since origination, which may take into account customer repayment history information or customer behavioural attributes, and
- Modified loans information (hardship): 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.

### 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.

## 3.1 Financial assets and liabilities (continued)

**Second-Generation Models**

The Group implemented new provisioning models to generate ECL during the year, 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). Refer to table 3.2(f) for impact.

### Derivative Financial Instruments

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

**Cash flow hedge**

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

**Derivatives that do not qualify for hedge accounting**

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

### Offsetting

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

## 3.1 Financial assets and liabilities (continued)

### (a) Financial assets and financial liabilities

| Financial assets | Notes | Assets designated FVOCI $'m | Assets designated FVPL $'m | Assets at amortised cost $'m | Total $'m |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| Cash and cash equivalents | 3.1(b) | **-** | **-** | **410.2** | **410.2** |
| Derivative financial instruments | 3.1(c) | **-** | **10.8** | **-** | **10.8** |
| Loans and other receivables | 3.1(d) | **-** | **-** | **6,417.7** | **6,417.7** |
| Other financial assets | | **1.6** | **-** | **12.6** | **14.2** |
| **Total financial assets** | | **1.6** | **10.8** | **6,840.5** | **6,852.9** |
| | | | | | |
| **31 December 2023** | | | | | |
| Cash and cash equivalents | 3.1(b) | - | - | 250.7 | 250.7 |
| Derivative financial instruments | 3.1(c) | - | 24.5 | - | 24.5 |
| Loans and other receivables | 3.1(d) | - | - | 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 |
|---|---|---|---|---|
| **31 December 2024** | | | | |
| Trade and other liabilities | 3.1(e) | **-** | **214.4** | **214.4** |
| Derivative financial instruments | 3.1(c) | **6.4** | **-** | **6.4** |
| Borrowings | 3.1(f) | **-** | **6,316.2** | **6,316.2** |
| **Total financial liabilities** | | **6.4** | **6,530.6** | **6,537.0** |
| | | | | |
| **31 December 2023** | | | | |
| Trade and other liabilities | 3.1(e) | - | 215.1 | 215.1 |
| Derivative financial instruments | 3.1(c) | 4.2 | - | 4.2 |
| Borrowings | 3.1(f) | - | 5,745.1 | 5,745.1 |
| Total financial liabilities | | 4.2 | 5,960.2 | 5,964.4 |

## 3.1 Financial assets and liabilities (continued)

### (b) Cash and cash equivalents

| | 2024 $'m | 2023 $'m |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **406.9** | 245.8 |
| Restricted cash[1] | **3.3** | 4.9 |
| **Total cash and cash equivalents** | **410.2** | 250.7 |

[1] *Being cash deposited as a security*

### (c) Derivatives

| | 2024 $'m | 2023 $'m |
|---|---|---|
| **Current derivative assets** | | |
| Interest rate swap contracts - cash flow hedges | **1.6** | 3.0 |
| Forward foreign exchange contracts | **4.5** | - |
| Total current derivative financial instrument assets | **6.1** | 3.0 |
| **Non-current derivative assets** | | |
| Interest rate swap contracts - cash flow hedges | **4.7** | 21.5 |
| Total non-current derivative financial instruments | **4.7** | 21.5 |
| **Total derivative assets** | **10.8** | 24.5 |
| | | |
| **Current derivative liabilities** | | |
| Interest rate swap contracts - cash flow hedges | **0.1** | - |
| Forward foreign exchange contracts | **-** | 0.5 |
| Total current derivative financial instrument liabilities | **0.1** | 0.5 |
| **Non-current derivative liabilities** | | |
| Interest rate swap contracts - cash flow hedges | **6.3** | 3.7 |
| Total non-current derivative financial instrument liabilities | **6.3** | 3.7 |
| **Total derivative liabilities** | **6.4** | 4.2 |

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

## 3.1 Financial assets and liabilities (continued)

### (d) Loans and other receivables

| | 2024 $'m | 2023 $'m |
|---|---|---|
| **Loans and advances** | | |
| Loans and advances | **6,747.7** | 6,244.8 |
| Unearned income | **(56.1)** | (57.0) |
| Provision for impairment losses | **(289.4)** | (264.1) |
| Total loans and advances | **6,402.2** | 5,923.7 |
| | | |
| **Other receivables** | | |
| Trade receivables | **13.0** | 3.7 |
| Other receivables | **2.5** | 9.7 |
| Total other receivables | **15.5** | 13.4 |
| | | |
| **Total loans and other receivables** | **6,417.7** | 5,937.1 |
| | | |
| Current | **3,234.6** | 3,019.2 |
| Non-current | **3,183.1** | 2,917.9 |
| **Total loans and other receivables** | **6,417.7** | 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.

### (e) Trade and other liabilities

| | Notes | 2024 $'m | 2023 $'m |
|---|---|---|---|
| **Current** | | | |
| Trade and other payables | | **59.6** | 50.0 |
| Accrued expenses | | **62.1** | 48.1 |
| Payables to related parties | 6.3(c) | **16.6** | 16.6 |
| Customer credit balances | | **54.8** | 57.3 |
| Lease liability | | **4.4** | 6.2 |
| Capital note distributions | | **1.7** | 1.7 |
| **Current trade and other liabilities** | | **199.2** | 179.9 |
| | | | |
| **Non-Current** | | | |
| Payables to related parties | 6.3(c) | - | 16.6 |
| Lease liability | | **15.2** | 18.6 |
| **Non-current trade and other liabilities** | | **15.2** | 35.2 |
| | | | |
| **Total trade and other liabilities** | | **214.4** | 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 4.19% as at 31 December 2024 (31 December 2023: 3.96%).

## 3.1 Financial assets and liabilities (continued)

### (f) Borrowings

| | Current $'m | Non-current $'m | 2024 Total $'m | Current $'m | Non-current $'m | 2023 Total $'m |
|---|---|---|---|---|---|---|
| **Secured** | | | | | | |
| Securitisation liabilities | **734.5** | **5,532.2** | **6,266.7** | 1,131.3 | 4,513.5 | 5,644.8 |
| Total secured borrowings | **734.5** | **5,532.2** | **6,266.7** | 1,131.3 | 4,513.5 | 5,644.8 |
| **Unsecured** | | | | | | |
| Facility agreements | **49.5** | **-** | **49.5** | 56.3 | 44.0 | 100.3 |
| Total unsecured borrowings | **49.5** | **-** | **49.5** | 56.3 | 44.0 | 100.3 |
| **Total borrowings** | **784.0** | **5,532.2** | **6,316.2** | 1,187.6 | 4,557.5 | 5,745.1 |

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

The contractual maturities attached to the securitisation liabilities range between 0-5 years. Actual securitisation liability repayments occur when the trust reaches contractual amortisation periods (commencing in 0-4 years) based on assumed repayment patterns in the underlying receivables. Refer to section 3.2(t) for further details relating to liquidity management. The funding programme provides additional committed facilities as described in section 3.2(s).

Significant changes in funding during the year ended 31 December 2024 include:

#### Securitisation liabilities

- 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 Australia Credit Card Master Trust Series 2024-1 new issuance of $400.0 million settled on 26 March 2024, with a schedule amortisation date of 22 March 2027.
- The Latitude Australia Personal Loans Series 2024-1 Trust new issuance of $500.0 million settled on 30 April 2024, with an expected redemption date of April 2028.
- The New Zealand Credit Card Master Trust Series 2024-1 for NZD $250.0 million settled on 26 June 2024, with a schedule amortisation date of 22 June 2027.
- The New Zealand Credit Card Master Trust Series 2021-1 was redeemed on the expected redemption date of 22 August 2024. All noteholders were repaid in full, with the remaining balance of loans sold to the New Zealand credit card warehouse.
- The New Zealand Sales Finance and Credit Card Trust was extended on 23 September 2024, with a schedule amortisation date of 22 September 2026.
- The Australia Credit Card Master Trust Series 2019-1 was redeemed on the expected redemption date of 23 September 2024. All noteholders were repaid in full, with the remaining balance of loans sold to the Australian credit card warehouses.
- The Australia Credit Card Master Trust Series 2024-2 new issuance of $500.0 million settled on 30 September 2024, with a scheduled amortisation date of 22 March 2028.
- The Australian Sales Finance and Credit Card Trust was extended on 22 October 2024, with a scheduled amortisation date of 22 October 2027.
- The New Zealand Credit Card Master Trust Series 2021-VFN was extended on 22 November 2024, with an expected redemption date of 24 November 2025.
- The Australian Personal Loans Trust was extended on 17 December 2024, with a scheduled amortisation date of 17 December 2027.

#### Facility Agreements

- In March 2024, the Group refinanced the USD $20.0 million single draw bullet facility with SBI Shinsei Bank, maturing 28 March 2025. As at 31 December 2024 the facility was fully drawn.
- In April 2024, the Group refinanced the Syndicated Facility Agreement including Facility A & C: AUD $77.5 million multicurrency bullet revolving credit facility and Facility B: USD $41.0 million bullet revolving credit facility, maturing 5 April 2027.

## 3.1 Financial assets and liabilities (continued)

- In October the Group repaid the outstanding SG$17.2 million of the revolving credit facility with Hongkong and Shanghai Banking Corporation Limited and cancelled the remaining commitment.
- In October, the Group repaid USD $20.0 million of the USD $30.0 million single draw bullet facility #2 with SBI Shinesi Bank, maturing 6 January 2025.

As at 31 December 2024, AUD $2.5 million of Facility A & C was utilised to support bank guarantees. AUD $75.0 million of Facility A & C remained undrawn. USD $37.9 million of Facility B was utilised to support existing letters of credit provided as collateral for access to Schemes. USD $3.1 million of Facility B remained undrawn.

On 6 January 2025 the remaining USD $10 million of the single draw bullet facility #2 with SBI Shinsei Bank was fully repaid on its maturity date.

#### Transaction costs incurred to establish funding

Borrowings are shown net of capitalised transaction costs incurred to establish the funding programme. Unamortised transaction costs of $5.1 million are set off against borrowings at 31 December 2024 (31 December 2023: $2.8 million). During the year $5.3 million (2023: $1.9 million) of borrowing costs were capitalised.

#### Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with financial covenants. The Group has complied with the financial covenants during the year ended 31 December 2024 and in the comparative reporting period. There are no indications that the Group may have difficulties complying with the its debt covenants within 12 months of the reporting date.

#### Fair value

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

### (g) Recognised fair value measurements

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

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

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

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

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

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

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

## 3.1 Financial assets and liabilities (continued)

### (h) Recurring fair values

| 2024 | Level 1 $'m | Level 2 $'m | Level 3 $'m | Total $'m |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Derivative financial assets | | | | |
| Derivatives used for hedging - interest rate swaps | **-** | **6.3** | **-** | **6.3** |
| Derivatives used for hedging - foreign exchange contracts | **-** | **4.5** | **-** | **4.5** |
| Other financial assets | **-** | | **1.6** | **1.6** |
| **Total financial assets** | **-** | **10.8** | **1.6** | **12.4** |
| | | | | |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | | | | |
| Derivatives used for hedging - interest rate swaps | **-** | **6.4** | **-** | **6.4** |
| **Total financial liabilities** | **-** | **6.4** | **-** | **6.4** |

| 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 year.

### (i) Level 3 fair values

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

| | 2024 $'m | 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

### Overview

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

### Operational risk

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

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

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

### Credit risk

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

## 3.2 Financial risk management (continued)

*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[1] $'m | Lifetime ECL credit impaired, not POCI[2] $'m | Lifetime ECL not credit impaired, POCI $'m | Total $'m |
|---|---|---|---|---|---|
| Very low risk | **5,799.0** | **-** | **-** | **3.4** | **5,802.4** |
| Low risk | **505.9** | **0.1** | **-** | **0.4** | **506.4** |
| Medium risk | **195.5** | **-** | **-** | **0.2** | **195.7** |
| Moderate risk | **28.3** | **10.7** | **-** | **-** | **39.0** |
| High risk | **6.9** | **4.5** | **-** | **-** | **11.4** |
| **2024** | **6,535.6** | **15.3** | **-** | **4.0** | **6,554.9** |

| | 12-month ECL $'m | Lifetime ECL not credit impaired[1] $'m | Lifetime ECL credit impaired, not POCI[2] $'m | Lifetime ECL not credit impaired, POCI $'m | Total $'m |
|---|---|---|---|---|---|
| Very low risk | 7,029.2 | - | - | 2.1 | 7,031.3 |
| Low risk | 439.4 | - | - | 0.5 | 439.9 |
| Medium risk | 151.8 | - | - | 0.2 | 152.0 |
| Moderate risk | 24.4 | - | - | - | 24.4 |
| High risk | 4.2 | - | - | - | 4.2 |
| **2023** | 7,649.0 | - | - | 2.8 | 7,651.8 |

*[1] 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 during 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.*

*[2] Purchased or Originated Credit Impaired (POCI)*

## 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 $'m | Lifetime ECL credit impaired, POCI $'m | Total[1] $'m |
|---|---|---|---|---|---|
| Very low risk | **2,552.8** | **39.2** | **-** | **-** | **2,592.0** |
| Low risk | **1,490.5** | **33.9** | **-** | **-** | **1,524.4** |
| Medium risk | **1,438.9** | **58.0** | **-** | **-** | **1,496.9** |
| Moderate risk | **387.2** | **100.6** | **-** | **0.1** | **487.9** |
| High risk | **180.8** | **320.9** | **144.6** | **0.2** | **646.5** |
| Unrated | **-** | **-** | **-** | **-** | **-** |
| **2024** | **6,050.2** | **552.6** | **144.6** | **0.3** | **6,747.7** |

*[1] 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 during 2024 (refer Section 3.2 including table (f)), 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 $'m | Lifetime ECL credit impaired, POCI $'m | Total $'m |
|---|---|---|---|---|---|
| Very low risk | 2,331.9 | 24.0 | - | 1.8 | 2,357.7 |
| Low risk | 1,430.8 | 23.0 | - | 1.9 | 1,455.7 |
| Medium risk | 1,264.7 | 23.5 | - | 1.2 | 1,289.4 |
| Moderate risk | 455.0 | 18.7 | - | 0.6 | 474.3 |
| High risk | 256.6 | 199.6 | 195.7 | 3.0 | 654.9 |
| Unrated | 11.9 | 0.3 | 0.6 | - | 12.8 |
| **2023** | 5,750.9 | 289.1 | 196.3 | 8.5 | 6,244.8 |

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 | 2024[1] $'m | 2023* $'m |
|---|---|---|
| Neither past due or impaired (not POCI) | **5,806.0** | 5,354.5 |
| Past due but not impaired (not POCI) | **790.3** | 685.5 |
| Impaired (not POCI) | **144.6** | 196.3 |
| POCI | **6.8** | 8.5 |
| **Total** | **6,747.7** | 6,244.8 |

*[1] 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 during 2024 (refer 3.2).*
** Restated*

### (d) Loans and advances aging

| Gross loans and advances | 2024 $'m | 2023* $'m |
|---|---|---|
| Current | **5,826.7** | 5,428.7 |
| Past due 1-29 days | **663.3** | 598.6 |
| Past due 30-89 days | **166.5** | 160.6 |
| Past due > 90 days | **91.2** | 56.9 |
| **Total** | **6,747.7** | 6,244.8 |

** Restated*

*Counterparty risk*

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

### (e) Counterparty risk

| | 2024 $'m | 2023 $'m |
|---|---|---|
| **Cash and cash equivalents** | | |
| *Investment grade (credit rating range A-1 to A-1+)* | **410.2** | 250.7 |
| **Derivative financial assets** | | |
| *Investment grade (credit rating AA-)* | **10.8** | 24.5 |

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

## 3.2 Financial risk management (continued)

*Provision for impairment losses*

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

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

| | Collective provision 12-month ECL | Collective provision lifetime ECL not credit impaired | Collective provision lifetime ECL credit impaired, not POCI | Collective provision lifetime ECL credit impaired, POCI | Collective provision Total |
|---|---|---|---|---|---|
| | $'m | $'m | $'m | $'m | $'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 | (1.0) | (0.1) | (0.3) | - | (1.4) |
| *Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:* | | | | | |
| i) financial instruments originated during the year | 31.7 | 25.8 | 9.1 | - | 66.6 |
| ii) derecognition of financial instruments during the year | (15.9) | (20.9) | (23.5) | - | (60.3) |
| iii) change in balance during the year | (13.1) | (3.0) | (0.9) | - | (17.0) |
| iv) transfers between stages | 25.8 | (27.4) | 1.6 | - | - |
| Net remeasurement of loss allowance | (29.4) | 54.4 | 30.7 | - | 55.7 |
| Net change in overlays and other | (3.1) | 2.0 | 1.7 | - | 0.6 |
| **At 31 December 2024** | **89.6** | **135.6** | **64.1** | **0.1** | **289.4** |
| | | | | | |
| **At 1 January 2023** | **177.4** | **12.2** | **52.3** | **0.8** | **242.7** |
| Effects of exchange rate on translation | (0.2) | - | - | - | (0.2) |
| *Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:* | | | | | |
| i) financial instruments originated during the year | 31.6 | 1.8 | 6.5 | - | 39.9 |
| ii) derecognition of financial instruments during the year | (15.3) | (2.6) | (17.2) | (0.2) | (35.3) |
| iii) change in balance during the year | (10.0) | (0.6) | (4.4) | (0.1) | (15.1) |
| iv) transfers between stages | (2.9) | 3.0 | 16.8 | 0.1 | 17.0 |
| Net remeasurement of loss allowance | 43.7 | 3.8 | 8.3 | - | 55.8 |
| Net change in overlays and other | (38.9) | (2.2) | 0.4 | - | (40.7) |
| **At 31 December 2023** | **185.4** | **15.4** | **62.7** | **0.6** | **264.1** |

## 3.2 Financial risk management (continued)

The Group's total provision for impairment losses increased $25.3 million between 31 December 2023 and 31 December 2024 ($264.1 million to $289.4 million) and the coverage ratio increased by 6bp (4.23% at December 2023 to 4.29% at December 2024). Excluding discontinued operations, the Group total provision increased $27.2 million over the same period ($262.2 million to $289.4 million) and the coverage ratio increased by 8bps (4.21% at December 2023 to 4.29% at December 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 December 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 $0.6 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 $6.8 million (31 December 2023: $15.6 million).

The following updates have been made to the model risk overlays held by the Group for the year ended 31 December 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) $25.6 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.

The Group applied the below scenario weightings during the year ended 31 December 2024:

| Scenario | Weighting 2024 | Weighting 2023 |
|---|---|---|
| **Scenario One** – Upside<br>A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $28.6 million | 10% | 10% |
| **Scenario Two** – Baseline<br>A 100% weighting to this scenario would result in a decrease to the total ECL provision at the reporting date of $7.1 million | 65% | 60% |
| **Scenario Three** – Downside<br>A 100% weighting to this scenario would result in an increase to the total ECL provision at the reporting date of $30.2 million | 25% | 30% |

Latitude's Economic Panel recommended an improvement in the economic scenario weightings, to 10% upside ('S1'), 65% Baseline and 25% Downside ('S3'), with the global monetary policy easing cycle underway and with expected inflation in each of Australia and New Zealand moving towards the target range.

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

## 3.2 Financial risk management (continued)

*Impairment losses*

### (g) Losses recognised in relation to loans and advances

During the year, the following losses were recognised:

| | 2024<br>$'m | 2023*<br>$'m |
|---|---|---|
| **Recognised in profit or loss** | | |
| Movement in provision on loans and advances | **(21.8)** | (21.1) |
| Net impairment loss on loans and advances | **(214.0)** | (214.5) |
| **Losses recognised in relation to loans and advances** | **(235.8)** | (235.6) |

** Comparative information has been restated for discontinued operations (refer to note 6.7).*

*Enforcement activity*

Loans and advances with a contractual amount of $77.1 million (2023: $46.0 million) written off during the year are subject to enforcement activity.

*Collateral*

### (h) Collateral held

| | 2024 | 2023 |
|---|---|---|
| **Maximum exposure ($'m)** | **6,747.7** | 6,244.8 |
| **Collateral classification:** | | |
| Secured (%) | **16.4** | 17.8 |
| Unsecured (%) | **83.6** | 82.2 |

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

*Guarantees*

The Group does not have any guarantees at 31 December 2024 (2023: SGD $30 million). The facility agreement of SGD $30 million between Latitude Financial International Pte. Ltd. and Hong Kong and Shanghai Banking Corporation Limited (HSBC) which Latitude Group Holdings Limited was guarantor has been fully repaid on 22 October 2024.

## Foreign exchange risk

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

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

*Risk management*

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

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

## 3.2 Financial risk management (continued)

*Exposure*

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

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Net open position - US Dollar | **3.6** | 5.4 |

*Foreign exchange gains or losses*

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

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

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| **Recognised in profit or loss** | | |
| Net foreign exchange gain/(loss) included in other operating income | **(1.8)** | 4.3 |

*Sensitivity*

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

| | Impact on post-tax profit | | Impact on other components of equity | |
|---|---|---|---|---|
| Index | 2024<br>$'m | 2023<br>$'m | 2024<br>$'m | 2023<br>$'m |
| USD/AUD exchange rate - increase 10% | **0.3** | 0.4 | **-** | - |
| USD/AUD exchange rate - decrease 10% | **(0.3)** | (0.4) | **-** | - |
| NZD/AUD exchange rate - increase 10% | **-** | - | **(1.6)** | 3.6 |
| NZD/AUD exchange rate - decrease 10% | **-** | - | **1.6** | (3.6) |
| SGD/AUD exchange rate - increase 10% | **-** | - | **(1.0)** | 4.7 |
| SGD/AUD exchange rate - decrease 10% | **-** | - | **1.0** | (4.7) |
| CAD/AUD exchange rate - increase 10% | **-** | | **(0.6)** | (0.4) |
| CAD/AUD exchange rate - decrease 10% | **-** | - | **0.6** | 0.4 |
| MYR/AUD exchange rate - increase 10% | **-** | | **(0.5)** | (0.3) |
| MYR/AUD exchange rate - decrease 10% | **-** | - | **0.5** | 0.3 |

## Interest rate risk

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

Risk management

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

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

## 3.2 Financial risk management (continued)

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

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

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

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

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

*Exposure*

### (l) Interest rate profile

Amounts at the reporting date relating to the exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the interest rate borrowings are as follows:

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Variable rate borrowings | **6,307.9** | 5,734.0 |

### (m) Interest rate swaps

At the reporting date the Group had the following interest rate swap contracts outstanding:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| | Weighted average interest rate<br>% | Balance<br>$'m | Weighted average interest rate<br>% | Balance<br>$'m |
| Interest rate swaps (nominal amount) | **3.57%** | **2,023.3** | 2.80% | 1,963.5 |

## 3.2 Financial risk management (continued)

*Hedged items and hedging instruments*

### (n) Amounts relating to items designated as hedged items

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

| | Change in value used for calculating hedge ineffectiveness $'m | Cash flow hedge reserve $'m | Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'m |
|---|---|---|---|
| **2024** | | | |
| **Interest rate risk** | | | |
| Variable rate borrowings | **(21.0)** | - | - |
| | | | |
| **2023** | | | |
| **Interest rate risk** | | | |
| Variable rate borrowings | (40.1) | 14.7 | - |

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

| | Nominal amount - maturity | | | Carrying amount | | Changes in the value of the hedging instrument recognised in OCI | Hedge ineffective-ness recognised in profit or loss | Amount reclassified from hedging reserve to profit or loss |
|---|---|---|---|---|---|---|---|---|
| | 1-6 months | 7-12 months | More than one year | Assets | Liabilities | | | |
| Line item in Balance sheet / income statement | | | | Derivative financial instruments | | | Other income | |
| | $'m | $'m | $'m | $'m | $'m | $'m | $'m | $'m |
| **2024** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate swaps | **60.6** | **190.5** | **1,779.8** | **6.3** | **6.4** | **(20.9)** | **-** | **-** |
| Discontinued hedges | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| **2023** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate swaps | 73.0 | 133.8 | 1,756.7 | 24.5 | 3.7 | (39.8) | (0.2) | - |
| Discontinued hedges [1] | - | - | - | - | - | - | - | 0.3 |

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

## 3.2 Financial risk management (continued)

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

| | Hedged risk | Cash flow hedge reserve Total $'m |
|---|---|---|
| **2024** | | |
| **Cash flow hedges** | | |
| Variable rate borrowings | Interest rate | - |
| | | |
| **2023** | | |
| **Cash flow hedges** | | |
| Variable rate borrowings | Interest rate | 14.7 |

*Fair value gains or losses*

**(q) Gains/(losses) recognised in relation to derivatives designated as cash flow hedges**
During the year, the following gains/(losses) were recognised:

| | 2024 $'m | 2023 $'m |
|---|---|---|
| **Recognised in profit or loss** | | |
| Net gain/(loss) for ineffective portion of derivatives designated as cash flow hedges | - | (0.2) |
| **Recognised in other comprehensive income** | | |
| Gain/(loss) recognised in other comprehensive income | **(14.7)** | (28.3) |

*Sensitivity*

**(r) Sensitivity to changes in interest rates**

| | Impact on pre-tax profit | | Impact on other components of equity | |
|---|---|---|---|---|
| | 2024 $'m | 2023 $'m | 2024 $'m | 2023 $'m |
| Interest rates - increase by 100 basis points - Increase/(decrease) in profit | **(11.0)** | (11.6) | **22.6** | 23.6 |
| Interest rates - decrease by 100 basis points - Increase/(decrease) in profit | **11.0** | 11.6 | **(23.0)** | (24.1) |

The analysis above shows the impact of shifts in interest rates on the Group's profit over a year assuming all other things remain equal at the end of the reporting period.

### Liquidity risk

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

*Risk management*

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

## 3.2 Financial risk management (continued)

### (s) Undrawn facilities

*Financing arrangements – Corporate facilities*

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

- Facility A & C: AUD $77.5 million multicurrency bullet revolving credit facility;
- Facility B: USD $41.0 million bullet revolving credit facility.

As at 31 December 2024, $2.5 million of the Facility A & C was utilised to finance bank guarantees letters of credit and the remaining $75.0 million undrawn.

Since its establishment, Facility B has been utilised to refinance existing letters of credit provided as collateral for access to Schemes. As at 31 December 2024 USD $3.1 million of Facility B remains undrawn.

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

- USD $20.0 million single draw bullet term credit facility maturing 28 March 2025. As at 31 December 2024 the facility was fully drawn.
- USD $10.0 million single draw bullet term credit facility maturing 6 January 2025. As at 31 December 2024 the facility was fully drawn. This facility was initially established at USD $30.0 million but USD $20.0 million were repaid on 8 October 2024. The remaining USD $10.0 million principal outstanding was repaid on the maturity date.

*Financing arrangements – Securitisation facilities*

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

| Floating rate | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Borrowing facilities available | **7,221.2** | 6,910.5 |
| Drawn facilities | **(6,259.6)** | (5,636.4) |
| Undrawn facilities | **961.6** | 1,274.1 |

## 3.2 Financial risk management (continued)

*Maturities of financial liabilities*

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

### (t) Contractual maturities of financial liabilities

| | Less than 6 months $'m | 6 - 12 months $'m | 1-2 years $'m | 2-5 years $'m | Over 5 years $'m | Total contractual cash flows $'m | Carrying amount (assets)/ liabilities $'m |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| **Non-derivatives** | | | | | | | |
| Borrowings – Securitisation liabilities | **342.1** | **291.5** | **1,108.7** | **5,592.1** | **-** | **7,334.4** | **6,259.6** |
| Borrowings – facility agreements | **50.1** | **-** | **-** | **-** | **-** | **50.1** | **48.3** |
| Trade and other liabilities | **184.3** | **18.3** | **3.7** | **10.0** | **0.8** | **217.1** | **214.4** |
| **Total non-derivatives** | **576.5** | **309.8** | **1,112.4** | **5,602.1** | **0.8** | **7,601.6** | **6,522.3** |
| **Derivatives** | | | | | | | |
| Derivatives - interest rate swaps | **0.1** | **2.6** | **3.2** | **1.0** | **-** | **6.9** | **6.4** |
| **Total derivatives** | **0.1** | **2.6** | **3.2** | **1.0** | **-** | **6.9** | **6.4** |
| | | | | | | | |
| **2023** | | | | | | | |
| **Non-derivatives** | | | | | | | |
| Borrowings – Securitisation liabilities | 235.8 | 507.3 | 1,837.3 | 4,061.1 | - | 6,641.5 | 5,636.4 |
| Borrowings – facility agreements | 33.4 | 26.6 | 45.9 | - | - | 105.9 | 97.7 |
| Trade and other liabilities | 163.5 | 19.6 | 20.4 | 10.8 | 3.9 | 218.2 | 215.1 |
| **Total non-derivatives** | 432.7 | 553.5 | 1,903.6 | 4,071.9 | 3.9 | 6,965.6 | 5,949.2 |
| **Derivatives** | | | | | | | |
| Derivatives - Forward foreign exchange contracts | (0.1) | 0.6 | - | - | - | 0.5 | 0.5 |
| Derivatives - interest rate swaps | (1.0) | 0.6 | 2.5 | 2.1 | - | 4.2 | 3.7 |
| **Total derivatives** | (1.1) | 1.2 | 2.5 | 2.1 | - | 4.7 | 4.2 |

## Section 4 | Capital Management

### 4.1 Capital Management

Accounting Policy

#### Contributed equity

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

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

The Group seeks to hold sufficient capital, subject to a Board approved minimum limit, to:

- protect it against unexpected losses arising from the risks described in section 3.2 above,
- to meet the level of capital support required by its debt investors across its secured and corporate funding programme, as well as in stress scenarios.

In assessing dividend payments, a number of factors are considered, including the general business environment, the operating results and financial condition of the Group, future funding requirements, capital management initiatives, tax considerations and any other restrictions on the payment of dividends by the Group.

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

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

#### (a) Contributed equity

| | 2024<br>$'m | 2023<br>$'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 |

*Ordinary share capital*

| For the year ended 31 December 2024 | Number of shares<br>million | $'m |
|---|---|---|
| **Ordinary share capital** | | |
| Balance as at 1 January 2023 | 1,039.2 | 2,075.0 |
| Issue of shares - dividend reinvestment plan | 0.5 | 0.5 |
| **Balance as at 31 December 2023** | **1,039.7** | **2,075.5** |
| Issue of shares - dividend reinvestment plan | - | - |
| **Balance as at 31 December 2024** | **1,039.7** | **2,075.5** |

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

## 4.1 Capital Management (continued)

*Capital notes*

| | 2024<br>Number of securities million | 2023<br>Number of securities million | 2024<br>$'m | 2023<br>$'m |
|---|---|---|---|---|
| **Other contributed equity** | | | | |
| **Capital notes** | | | | |
| Latitude Capital Note LFSPA | **1.5** | 1.5 | **150.0** | 150.0 |
| Less: Equity raising transaction costs | | | **(4.0)** | (4.0) |
| Deferred tax recognised directly in equity | | | **1.0** | 1.0 |
| **Total other contributed equity** | **1.5** | 1.5 | **147.0** | 147.0 |

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

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

On 21 February 2025, the Group announced the launch of an on-market $10 million buy-back program for its $150 million capital notes for a period of 12 months.

## 4.1 Capital Management (continued)

### (b) Reserves

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| **Cash flow hedge reserve** | | |
| At 1 January | **14.7** | 42.8 |
| Fair value gains/(losses) | **(20.9)** | (39.8) |
| Income taxes on fair value gains/(losses) | **6.2** | 11.6 |
| Amounts transferred to income statement | **-** | 0.2 |
| Income taxes on amounts transferred to income statement | **-** | (0.1) |
| At 31 December | **-** | 14.7 |
| | | |
| **Share-based payment reserve** | | |
| At 1 January | **42.3** | 44.5 |
| Employee share plan movement | **(1.7)** | (2.2) |
| At 31 December | **40.6** | 42.3 |
| | | |
| **Other reserve** | | |
| At 1 January | **(7.1)** | (12.7) |
| NCI acquisition | **-** | 5.6 |
| At 31 December | **(7.1)** | (7.1) |
| | | |
| **Foreign currency translation reserve** | | |
| At 1 January | **5.1** | 6.1 |
| Currency translation differences arising during the year | **(5.8)** | (1.0) |
| At 31 December | **(0.7)** | 5.1 |
| | | |
| **Fair value through other comprehensive income reserve** | | |
| At 1 January | **(2.4)** | (2.4) |
| Net change in fair value of equity investments at FVOCI | **-** | - |
| At 31 December | **(2.4)** | (2.4) |
| | | |
| **Common control reserve** | | |
| At 1 January | **(705.5)** | (705.5) |
| Net change in fair value of common control reserve | **-** | - |
| At 31 December | **(705.5)** | (705.5) |
| | | |
| **Total reserves** | **(675.1)** | (652.9) |

*Cash flow hedge reserve*

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

*Share-based payment reserve*

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

## 4.1 Capital Management (continued)

*Other reserve*

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

*Foreign currency translation reserve*

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

*Fair value through other comprehensive income reserve*

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

*Common control reserve*

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

### (c) Retained earnings / (losses)

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| At 1 January | **(335.0)** | (123.4) |
| Net profit/(loss) for the year - attributable to owners | **21.6** | (158.5) |
| Amounts transferred from reserves | **-** | (2.5) |
| Ordinary share dividends | **-** | (41.5) |
| Capital note distributions | **(9.6)** | (9.1) |
| At 31 December | **(323.0)** | (335.0) |

## 4.2 Commitments

### (a) Non-cancellable leases

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows: | | |
| Within one year | **4.9** | 7.3 |
| Later than one year but not later than five years | **15.6** | 16.4 |
| Later than five years | **0.8** | 4.0 |
| **Commitments for minimum lease payments in relation to non-cancellable leases** | **21.3** | 27.7 |

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Rental expense relating to leases: | | |
| Minimum lease payments | **7.4** | 8.2 |

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

### (b) Other commitments

*Capital Commitments*

There are no capital commitments as at 31 December 2024 (2023: $0.1 million).

# Section 5 | Other Assets and Liabilities

## 5.1 Other Assets and Liabilities

### Accounting Policy

### Goodwill

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

### Customer relationships and distribution agreements

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

### Software

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

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

### Development Activities

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

### Impairment of assets

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

### Provisions

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

### Employee benefit obligations

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

## 5.1 Other Assets and Liabilities (continued)

are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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

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

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

### (a) Intangible assets

| | Good-will $'m | Distribution agreements $'m | Customer contracts $'m | Software $'m | Capital works in progress $'m | Trademark $'m | Total $'m |
|---|---|---|---|---|---|---|---|
| **At 1 January 2024** | | | | | | | |
| Balance at 1 January 2024 | **706.0** | **14.9** | **25.0** | **71.0** | **15.8** | **0.1** | **832.8** |
| Additions | - | - | 15.0 | 1.0 | 2.7 | - | **18.7** |
| Amortisation charge | - | (14.7) | (24.5) | (37.5) | - | (0.1) | **(76.8)** |
| Impairment loss | - | (0.1) | - | (2.5) | - | - | **(2.6)** |
| Transfers | - | - | - | 16.2 | (16.2) | - | **-** |
| Foreign exchange movements | (2.7) | (0.1) | 0.1 | (0.2) | - | - | **(2.9)** |
| **Balance at 31 December 2024** | **703.3** | **-** | **15.6** | **48.0** | **2.3** | **-** | **769.2** |
| **At 31 December 2024** | | | | | | | |
| Cost | 703.3 | - | 22.6 | 136.5 | 2.3 | 0.3 | 865.0 |
| Accumulated amortisation | - | - | (7.0) | (88.5) | - | (0.3) | (95.8) |
| **Net book amount** | **703.3** | **-** | **15.6** | **48.0** | **2.3** | **-** | **769.2** |
| | | | | | | | |
| **At 1 January 2023** | | | | | | | |
| Balance at 1 January 2023 | 728.3 | 31.4 | 50.2 | 121.9 | 17.4 | 0.1 | 949.3 |
| Additions | - | - | 1.0 | - | 13.7 | - | 14.7 |
| Amortisation charge | - | (16.5) | (26.2) | (41.4) | - | - | (84.1) |
| Impairment loss | (22.1) | - | - | (21.8) | (3.0) | - | (46.9) |
| Transfers | - | - | - | 12.3 | (12.3) | - | - |
| Foreign exchange movements | (0.2) | - | - | - | - | - | (0.2) |
| **Balance at 31 December 2023** | 706.0 | 14.9 | 25.0 | 71.0 | 15.8 | 0.1 | 832.8 |
| **At 31 December 2023** | | | | | | | |
| Cost | 706.0 | 162.0 | 265.0 | 152.3 | 15.8 | 0.3 | 1,301.4 |
| Accumulated amortisation | - | (147.1) | (240.0) | (81.3) | - | (0.2) | (468.6) |
| **Net book amount** | 706.0 | 14.9 | 25.0 | 71.0 | 15.8 | 0.1 | 832.8 |

## 5.1 Other Assets and Liabilities (continued)

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

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

Goodwill is subject to impairment testing on an annual basis or when there is an indicator of impairment. The annual impairment testing performed at year end results in headroom within the Pay and Money CGUs and no impairment was identified.

| Goodwill allocated to CGU | 2024 | 2023 |
|---|---|---|
| Pay A&NZ | **296.2** | 297.8 |
| Money A&NZ | **407.1** | 408.2 |
| | **703.3** | **706.0** |

Cash flows used in the value-in-use calculations are based on the latest forecast information produced by Management. Management considers the forecast information to reflect the best estimates of revenue based on historical results, strategic initiatives, forecasts and facts and circumstances available as at 31 December 2024.

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

The following assumptions were made in determining the recoverable amount:

| | Pre-tax discount rate | Terminal growth rate | Average revenue growth rate applied from years 1 - 5 |
|---|---|---|---|
| | % | % | % |
| **2024** | | | |
| Pay A&NZ | 18.9 | 2.0 | 2.8 |
| Money A&NZ | 18.9 | 2.0 | 7.7 |
| **2023** | | | |
| Pay A&NZ | 19.2 | 2.0 | 6.0 |
| Money A&NZ | 19.2 | 2.0 | 12.3 |

### (c) Sensitivity

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

## 5.1 Other Assets and Liabilities (continued)

### (d) Provisions

| | | | 2024 | | | 2023 |
|---|---|---|---|---|---|---|
| | Current $'m | Non-Current $'m | Total $'m | Current $'m | Non-current $'m | Total $'m |
| Leave obligations | **14.9** | **1.0** | **15.9** | 15.7 | 1.2 | 16.9 |
| Other employee benefit obligations | **13.2** | **-** | **13.2** | 21.1 | - | 21.1 |
| **Total employee benefit obligations** | **28.1** | **1.0** | **29.1** | 36.8 | 1.2 | 38.0 |
| Remediation and other provisions | **62.6** | **2.0** | **64.6** | 67.7 | 2.1 | 69.8 |
| **Total provisions** | **90.7** | **3.0** | **93.7** | 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.

| | Remediation $'m | Other $'m | Total $'m |
|---|---|---|---|
| **Balance at 1 January 2024** | 62.1 | 7.7 | **69.8** |
| Additional provision | 13.7 | 2.9 | **16.6** |
| Amounts utilised or reversed during the year | (18.5) | (3.3) | **(21.8)** |
| **Balance at 31 December 2024** | **57.3** | **7.3** | **64.6** |
| | | | |
| **Balance comprised of:** | | | |
| Current | 57.3 | 5.3 | **62.6** |
| Non-current | - | 2.0 | **2.0** |
| **Total provisions** | **57.3** | **7.3** | **64.6** |

*Remediation*

Remediation includes customer remediation for expected refunds to customers, related customer claims, remediation project costs, cyber-incident remediation costs for customer identification document replacement, costs to respond to the regulatory investigations, regulatory enforcement costs (refer to section 6.4 for further details), regulatory remediation provisions and other remediation project costs.

*Other*

Other provisions include various other provisions including make-good provisions associated with leased premises, fraud losses and buy-back provisions.

## Section 6 | Other Disclosures

### 6.1 Share-based payments

Accounting policy

#### Share-based payments

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

**(a) Description of share-based payment arrangements**

At 31 December 2024, the Group had the following share-based payments arrangements.

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.

**(i) Long Term Incentive Plan (equity settled)**

Under the LEP Performance Rights were issued as long-term incentives in years 2021 and 2023. During 2023 a new class of awards under the LEP was granted as Options to eligible employees as the LTI component of their 2023 remuneration.

During the year ended 31 December 2024, a further grant on similar terms was offered under the long-term incentive plan.

The key terms and conditions:

| Performance Hurdles | Interest Bearing Receivables (IBR) | Cash Earnings per share (EPS) growth |
|---|---|---|
| | 50% of Performance Rights may vest subject to the IBR performance condition. | 50% of Performance Rights may vest subject to the EPS growth performance condition. |

**Testing outcomes**

Following the release of the 2026 full-year results in 2027, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:

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

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

## 6.1 Share-based payments (continued)

| | |
|---|---|
| **Testing outcomes (continued)** | • Performance Rights that vest are exercised into Shares<br>• Performance Rights that don't vest will lapse and are not re-tested<br>• In certain circumstances, participants may receive as Cash Equivalent Value of the vested element, after testing.<br>• The LTI outcome will be reported in the Remuneration Report in the year following the end of the Performance Period. |
| **Cessation of employment** | Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment:<br>• Misconduct or summary dismissal for cause: lapse.<br>• Resignation: The Board will typically lapse the Performance Rights.<br>• In all other circumstances: remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance period.<br><br>Rights that vest at the end of the original vesting period are automatically exercised at that date for ex-employees. |
| **Restrictions on dealings** | Performance Rights are subject to restrictions and participants cannot sell, transfer, encumber, hedge or otherwise deal with unvested Performance Rights without prior approval of the Board or in certain circumstances by force of law.<br>Following vesting, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy. |

### (ii) Long Term Incentive Plan (equity settled)

During the year ended 31 December 2023, the Group granted long term incentive equity awards under the LEP.

| **Performance Hurdles** | **Return on Equity (ROE)** | **Cash Earnings per share (EPS) growth** |
|---|---|---|
| | 50% of Performance Rights may vest subject to the ROE performance condition. | 50% of Performance Rights may vest subject to the EPS growth performance condition. |

**Testing outcomes**

Following the release of the 2025 full-year results in 2026, the Performance Rights will be tested equally against each measure and the number that vest will be calculated as:

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

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

## 6.1 Share-based payments (continued)

| | |
|---|---|
| **Testing outcomes (continued)** | • Performance Rights that vest are exercised into Shares<br>• Performance Rights that don't vest will lapse and are not re-tested<br>• In certain circumstances, participants may receive as Cash Equivalent Value of the vested element, after testing.<br>• The LTI outcome will be reported in the Remuneration Report in the year following the end of the Performance Period. |
| **Cessation of employment** | Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment:<br>• Misconduct or summary dismissal for cause: lapse.<br>• Resignation: The Board will typically lapse the Performance Rights.<br>• In all other circumstances: remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance period.<br><br>Rights that vest at the end of the original vesting period are automatically exercised at that date for ex-employees. |
| **Restrictions on dealings** | Performance Rights are subject to restrictions and participants cannot sell, transfer, encumber, hedge or otherwise deal with unvested Performance Rights without prior approval of the Board or in certain circumstances by force of law.<br>Following vesting, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy. |

| | 2024<br>Number | 2023<br>Number |
|---|---|---|
| **Outstanding at 1 January** | 5,628,994 | 5,127,648 |
| Granted | 3,968,908 | 641,852 |
| Forfeited/lapsed | (2,037,126) | (140,506) |
| **Outstanding closing balance at 31 December** | **7,560,776** | **5,628,994** |
| **Exercisable at 31 December** | - | - |

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

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **Grant date:** | **8 October 2024** | **15 May 2024** | **9 November 2023** | **1 June 2023** |
| Contractual life (years) | 2.23 | 2.63 | 3.00 | 2.50 |
| Risk free interest rate (%) | 3.87 | 4.16 | 3.71 | 4.22 |
| Fair value at grant date ($) | 1.15 | 1.15 | 1.17 | 1.07 |
| Share closing price at grant date ($) | 1.16 | 1.15 | 1.18 | 1.25 |
| Expected dividend yield per annum (%) | - | - | - | 6.28 |
| Expected volatility of share price (%) | 11.27 | 11.28 | 22.62 | 31.77 |

Total expense recognised in the profit and loss for the year ended 31 December 2024 in respect of the LTI was $1.9 million. Share based payment expense true-up of $(4.1) million relating to FY22 lapsed plans is excluded from this amount.) (FY23: $2.5 million. Share based payment expense true-up of $(3.5) million relating to FY21 lapsed plans is excluded from this amount.)

### (iii) Latitude Options Offer (equity settled)

During the year ended 31 December 2023, the Group granted options under the LEP. No further Latitude Options were granted during the year ended 31 December 2024.

## 6.1 Share-based payments (continued)

| Feature | Key Terms of the Options granted under the LEP – equity settled |
|---|---|
| **Eligibility** | Managing Director & CEO, eligible Executive KMP and selected Senior Leaders as approved by the Board. |
| **Grant details** | 14 million Options were granted on 20 March 2023 to eligible participants (excluding the Managing Director & CEO), in two equal tranches.<br>9 million Options were granted to the Managing Director & CEO on 3 April 2023, in three equal tranches. |
| **Exercise price** | $1.40 per option |
| **Vesting conditions** | Options are exercisable subject to specific Vesting Conditions which include a share price target for each tranche as follows: |

| Tranche | Tested after results announcement for | Approximate Vesting date | Share price target |
|---|---|---|---|
| 1 | 2024 half-year | September 2024 | $1.65 |
| 2 | 2024 full year | March 2025 | $2.00 |
| 3 | 2025 full year | March 2026 | $2.60 |

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

| | 2024 Number | 2023 Number |
|---|---|---|
| **Outstanding at 1 January 2024** | 22,557,707 | - |
| Granted | - | 23,000,000 |
| Forfeited/lapsed | (10,176,221) | (442,293) |
| **Balance at 31 December** | **12,381,486** | **22,557,707** |

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

| Grant date 20 March 2023<br>Tranche | 1 | 2 |
|---|---|---|
| Approximate vesting date | 15 September 2024 | 15 March 2025 |
| Contractual life (years) | 2.2 | 2.5 |
| Risk free interest rate (%) | 2.85 | 2.84 |
| Fair value at grant date ($) | 0.06 | 0.04 |
| Share closing price at grant date ($) | 1.21 | 1.21 |
| Expected dividend yield per annum (%) | 7.90 | 7.90 |
| Expected volatility of share price (%) | 29.00 | 29.00 |

## 6.1 Share-based payments (continued)

| Grant date 3 April 2023 | | | |
|---|---|---|---|
| **Tranche** | **1** | **2** | **3** |
| Approximate vesting date | 15 September 2024 | 15 March 2025 | 15 March 2026 |
| Contractual life (years) | 2.2 | 2.5 | 4.0 |
| Risk free interest rate (%) | 3.00 | 2.99 | 3.00 |
| Fair value at grant date ($) | 0.06 | 0.05 | 0.03 |
| Share closing price at grant date ($) | 1.22 | 1.22 | 1.22 |
| Expected dividend yield per annum (%) | 7.90 | 7.90 | 7.90 |
| Expected volatility of share price (%) | 29.00 | 29.00 | 29.00 |

Total expense recognised in the profit and loss for the year ended 31 December 2024 in respect of the Options was $0.5 million (FY23: $0.1 million).

### (iv) Sign-on Awards (equity settled)

The Group granted 233,798 restricted shares to Executives at sign-on (FY23: 291,500). The sign-on awards are granted under and subject to the Latitude Equity Plan (LEP). Vesting of awards are subject to the executives being employed by the Company on the relevant vesting dates. The fair value of the Sign-On Awards is determined at grant date and recognised over the vesting period.

Significant assumptions used as inputs into the grant date fair value

| Grant date 15 November 2024 | | |
|---|---|---|
| **Tranche** | **1** | **2** |
| Approximate vesting date | December 2024 | December 2025 |
| Contractual life (years) | 0.044 | 1.044 |
| Risk free interest rate (%) | 3.87 | 3.87 |
| Fair value at grant date ($) | 1.15 | 1.15 |
| Share closing price at grant date ($) | 1.15 | 1.15 |
| Expected dividend yield per annum (%) | - | - |
| Expected volatility of share price (%) | 11.27 | 11.27 |

| Grant date 9 November 2023 | | | |
|---|---|---|---|
| **Tranche** | **1** | **2** | **3** |
| Approximate vesting date | March 2024 | March 2025 | March 2026 |
| Contractual life (years) | 0.3 | 1.3 | 2.3 |
| Risk free interest rate (%) | 3.71 | 3.71 | 3.71 |
| Fair value at grant date ($) | 1.17 | 1.17 | 1.17 |
| Share closing price at grant date ($) | 1.18 | 1.18 | 1.18 |
| Expected dividend yield per annum (%) | - | - | - |
| Expected volatility of share price (%) | 22.62 | 22.62 | 22.62 |

Total expense recognised in the profit and loss for the year ended 31 December 2024 in respect of the sign-on awards was $0.1 million (FY23: $0.2 million).

## 6.2 Interests in other entities

### (a) Controlled entities

| Name of entity | Ownership 2024 % | Ownership 2023 % | Principal activities |
|---|---|---|---|
| **Country of incorporation - Australia:** | | | |
| Latitude Financial Group Pty Ltd[1] | **100** | 100 | Group financier |
| Latitude Financial Services Australia Holdings Pty Ltd[1] | **100** | 100 | Employer/servicer |
| Latitude Finance Australia[1] | **100** | 100 | Sales finance/credit cards |
| Latitude Automotive Financial Services[1] | **100** | 100 | Automotive lending |
| Latitude Personal Finance Pty Ltd[1] | **100** | 100 | Personal lending |
| LatitudePay Australia Pty Ltd[1] | **100** | 100 | Non trading |
| KVD TM Pty Ltd | **100** | 100 | Trust manager |
| Latitude Financial IP Pty Ltd[1] | **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[1] | **100** | 100 | Holding company |
| Symple Loans Pty Limited[1] | **100** | 100 | Personal lending |
| Symple Canada Holdings Pty Limited[1] | **100** | 100 | Holding company |
| **Country of incorporation - Canada:** | | | |
| Symple Canada Financial Group Limited[2] | **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[3] | **100** | 100 | Holding company |
| Latitudepay Singapore Pte. Ltd[3] | **100** | 100 | Factoring/BNPL lending |
| Latitude AM Pte. Ltd[3] | **100** | 100 | Non trading |
| **Country of incorporation - Malaysia:** | | | |
| LatitudePay Malaysia Sdn. Bhd.[3] | **100** | 100 | Factoring/BNPL lending |

*[1] These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Instrument 2016/785 issued by ASIC. Latitude Group Holdings Limited, the holding entity and these subsidiaries, are party to a closed group within a deed of cross guarantee at 31 December 2024.*
*[2] Latitude is in the process of winding up Symple Canada Financial Group Limited.*
*[3] In April 2024, Latitude commenced closing down the Asia operations and ceased operations during the year.*

## 6.2 Interests in other entities (continued)

### (b) Structured entities

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

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| Customer loans | **6,700** | 6,189 |
| Funding related to receivables and customer loans | **(6,750)** | (6,177) |

## 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

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

*Compensation*

| | 2024<br>$'thousands | 2023<br>$'thousands |
|---|---|---|
| Short-term employee benefits | **6,121** | 5,143 |
| Long-term benefits | **394** | 73 |
| Post-employment benefits | **244** | 230 |
| Termination benefits | **360** | 2,381 |
| Share based payments | **1,316** | 2,655 |
| | **8,435** | 10,482 |

*Lending balances*

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

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

| | 2024<br>$'thousands | 2023<br>$'thousands |
|---|---|---|
| Outstanding balances at 31 December | **55** | 23 |
| Total available credit facility | **197** | 258 |
| Maximum drawn amount | **85** | 95 |

### (c) Other transactions and outstanding balances

Loan payable to shareholder relates to two unsecured single draw bullet term credit facility agreements with SBI Shinsei Bank, one for USD $20.0 million (AUD $30.0 million) maturing 28 March 2025, and one for originally USD $30.0 million (AUD $45.0 million), which was partially repaid in October 2024 by USD $20 million (AUD $30 million) ahead of its maturity date 6 January 2025.

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 $16.6 million is due at 30 September 2025, payable to KKR Clarendon Holdings L.P and Vatpo Investments Pte. Ltd.

## 6.3 Related party transactions (continued)

| | 2024 $'thousands | 2023 $'thousands |
|---|---|---|
| **Other transactions paid** | | |
| Ordinary share dividends paid | - | 41,035 |
| Capital note distribution paid | **9,650** | 8,761 |
| Interest paid to shareholder | **6,912** | 3,948 |
| Deferred consideration paid to selling shareholders | **16,585** | 11,914 |

| | 2024 $'thousands | 2023 $'thousands |
|---|---|---|
| **Outstanding balances** | | |
| Loan payable to shareholder | **(48,282)** | (73,405) |
| Payable to selling shareholders | **(16,592)** | (33,177) |
| Interest payable to shareholder | **(1,246)** | (2,431) |
| Capital note distribution payable | **(1,710)** | (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 31 December 2024 resulting in an outflow is less than probable.

### Regulatory and customer exposures arising from business operations

The Group has received regulatory notices and requests for information across various areas of its operations 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 Taxation reviews and the Cyber incident that may impact the Group are set out below.

### 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 (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 commenced an audit in April 2024. 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.

## 6.4 Contingent liabilities and contingent assets (continued)

In 2023 the Office of the Australian Information Commissioner (OAIC) and the New Zealand Office of the Privacy Commissioner (OPC) commenced investigations into the personal information handling practices of the Group. The investigations to date have 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.

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 fully cooperate with the respective regulators and ombudsman in relation to the Cyber incident.

At 31 December 2024, the Group maintains a provision that relates to anticipated remediation costs for customers for identification document replacement, costs to respond to the investigations and regulatory and enforcement action costs. This provision 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 status of the aforementioned matters, no provision has been recognised.
- ***Insurance Proceeds:*** The Group maintains insurance policies to cover risks, including Cyber- security risks. 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.

*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

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

## 6.6 Remuneration of auditor

**(a) Remuneration to KPMG**

| | 2024 $ | 2023 $ |
|---|---|---|
| **Audit and other assurance services** | | |
| Audit and review of financial statements | **1,642,800** | 1,597,724 |
| Regulatory assurance services | **122,500** | 122,500 |
| Other assurance services | **167,000** | 183,000 |
| Total remuneration for audit and other assurance services | **1,932,300** | 1,903,224 |
| | | |
| **Other services** | | |
| Transaction and other advisory services (1) | **229,595** | 150,000 |
| Total remuneration for other services | **229,595** | 150,000 |
| | | |
| **Total remuneration of KPMG** | **2,161,895** | 2,053,224 |
| | | |
| **Total auditor's remuneration** | **2,161,895** | 2,053,224 |

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

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

## 6.7 Discontinued operations

Accounting Policy

### Discontinued operations

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

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

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

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

### Assets held for sale

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

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

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

## 6.7 Discontinued operations (continued)

### (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 Group is still in the process of closing down the Asia operations.

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 | 2024 $'m | 2023* $'m |
|---|---|---|---|
| Revenue | | **1.8** | 12.7 |
| Expenses | | **(10.8)** | (28.7) |
| Asset impairment recognised[1] | | **-** | (22.5) |
| Income tax expense | 2.3 | **-** | (1.1) |
| **Loss after income tax of discontinued operations** | | **(9.0)** | (39.6) |
| Net loss on sale of discontinued operations[2] | | **-** | (16.8) |
| **Loss after income tax of discontinued operation** | | **(9.0)** | (56.4) |
| Basic loss per share | | **(0.9)** | (5.4) |
| Diluted loss per share | | **(0.9)** | (5.4) |

[1] *Relates to Asia goodwill write-off*
[2] *Loss on sale relates to the sale of Hallmark $17.0 million and net gain from Symple Canada $0.2 million*
** Comparatives include the discontinued operations of Hallmark, Symple Canada and Asia operations.*

### (c) Cashflow statement

| | 2024 $'m | 2023 $'m |
|---|---|---|
| Net cash used in operating activities | **7.3** | (47.9) |
| Net cash (used in)/provided by investing activities | **-** | (18.6) |
| Net cash (used in)/provided by financing activities | **(26.0)** | (17.8) |
| Effects of exchange rate changes on cash and cash equivalents | **(1.3)** | 0.4 |
| **Net assets and liabilities** | **(20.0)** | (83.9) |

## 6.8 Deed of cross guarantee

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

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| **Consolidated statement of profit or loss and other comprehensive income** | | |
| Profit/(loss) before income tax expense | **80.8** | (76.3) |
| Income tax (expense)/benefit | **(29.0)** | 29.7 |
| **Profit/(loss) for the year** | **51.8** | (46.6) |
| Other comprehensive income | **(16.4)** | (23.0) |
| **Total comprehensive income/(loss) for the year** | **35.4** | (69.6) |
| | | |
| **Summary of movements in consolidated retained earnings/(losses)** | | |
| Retained losses at the beginning of the financial year | **(307.8)** | (202.5) |
| Amounts transferred from reserves | **-** | (8.1) |
| Profit/(loss) for the year | **51.9** | (46.6) |
| Dividends paid | **-** | (41.6) |
| Capital note distribution | **(9.6)** | (9.0) |
| **Retained earnings/(losses) at the end of the financial year** | **(265.5)** | (307.8) |
| | | |
| **Consolidated balance sheet** | | |
| **Assets** | | |
| Cash and cash equivalents | **152.9** | 81.8 |
| Investments | **391.8** | 405.9 |
| Assets classified as held for sale | **0.1** | 0.1 |
| Current tax receivables | **24.4** | 56.2 |
| Derivatives financial instruments | **10.7** | 23.0 |
| Loans and other receivables | **5,355.7** | 4,828.6 |
| Other assets | **10.7** | 12.0 |
| Deferred tax assets | **157.0** | 148.5 |
| Investment in controlled entity | **100.4** | 100.4 |
| Other financial assets | **14.2** | 14.2 |
| Property, plant and equipment | **6.0** | 9.9 |
| Intangible assets | **656.1** | 714.4 |
| **Total assets** | **6,880.0** | 6,395.0 |
| **Liabilities** | | |
| Trade and other liabilities | **179.7** | 180.3 |
| Derivatives financial instruments | **3.2** | 3.6 |
| Provisions | **90.9** | 100.7 |
| Deferred tax liabilities | **24.1** | 34.6 |
| Borrowings | **5,242.1** | 4,759.9 |
| **Total liabilities** | **5,540.0** | 5,079.1 |
| **Net assets** | **1,340.0** | 1,315.9 |
| | | |
| **Equity** | | |
| Contributed equity | **2,222.5** | 2,222.5 |
| Other reserves | **(616.8)** | (598.8) |
| Retained losses | **(265.6)** | (307.8) |
| **Total equity** | **1,340.1** | 1,315.9 |

## 6.8 Deed of cross guarantee (continued)

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

## 6.9 Parent entity financial information

### (a) Summary financial information

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

| | 2024<br>$'m | 2023<br>$'m |
|---|---|---|
| **Balance sheet** | | |
| Current assets | **164.0** | 128.2 |
| Total assets | **1,845.7** | 1,737.7 |
| | | |
| Current liabilities | **134.0** | 129.9 |
| Total liabilities | **135.6** | 138.3 |
| | | |
| **Shareholders' equity** | | |
| Contributed equity | **2,235.7** | 2,235.7 |
| Reserves | | |
| Common control reserve | **(627.9)** | (627.9) |
| Foreign currency translation reserve | **(3.1)** | 2.2 |
| Retained earnings/(accumulative losses) | **105.4** | (10.6) |
| **Total shareholders' equity** | **1,710.1** | 1,599.4 |
| | | |
| **Profit for the year** | **125.7** | 113.7 |
| Currency translation differences arising during the year | **5.3** | (0.7) |
| **Total comprehensive income** | **131.0** | 113.0 |

### (b) Contingent liabilities of the parent entity

Information relating to contingent liabilities of the parent entity is disclosed in note 6.4.