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# Annual Report 2024

Latitude Group Holdings Limited ACN 604 747 391

## Acknowledgement of Country

We acknowledge the Traditional Owners and Custodians of the lands across Australia where we live and work and pay our respects to Aboriginal & Torres Strait Islander Elders – past and present.

In New Zealand (Aotearoa), we acknowledge the Māori and Moriori peoples on whose ancestral lands we operate. We honour their connection to the land and pay our respects to their Elders – past and present.

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# Performance Snapshot 2024

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<p><b>Cash NPAT</b></p> <p><b>\$65.9 m</b> +139% YoY</p>	<p><b>Stat Profit</b></p> <p><b>\$30.6 m</b> from Continuing Operations</p>	<p><b>Volume</b></p> <p><b>\$8.2 bn</b> +13% YoY</p>
<p><b>Gross Loan Receivables</b></p> <p><b>\$6.7 bn</b> +8% YoY</p>	<p><b>Operating Income Margin</b></p> <p><b>11.3%</b> +85bps YoY</p>	<p><b>Net Charge Offs</b></p> <p><b>3.3%</b> 9bps below PY</p>
<p><b>TER</b></p> <p><b>7.1%</b> Slightly above 6-7% target range</p>	<p><b>FTE</b></p> <p><b>742</b> -3% YoY</p>	<p><b>Customers</b></p> <p><b>2m</b> and 5,600 retail partners</p>

## From the Chairman



**Mike Tilley**  
Chairman

While your Board remains focused on ensuring the balance sheet is managed prudently, the strong result delivered in 2024 afforded us the opportunity to reinstate a dividend of 3.00 cents per share, which represents a 47% payout ratio on the full year Cash NPAT in 2024.

The momentum that built in 2024 should result in continued growth in receivables and cash earnings in 2025, with expected interest rate relief and favourable economic settings likely to support consumer and merchant-partners' demand for consumer credit.

In October 2024, the Board and Management reaffirmed their commitment to your company's strategy while reviewing progress against its goals, including:

- Rebuilding margins;
- Maintaining tight discipline on costs and driving further operational efficiencies;
- Optimising the balance sheet; and
- Creating a winning culture.

We are especially mindful of maintaining momentum in volume and receivables growth over the coming 12 months.

We continue to evolve the composition of our Board, and would like to take this opportunity to thank Aneek Mamik, who resigned in November 2024, for his sage counsel and sharing with us his deep consumer finance expertise during his time on the Board.

On behalf of the Board I would like to thank every member of the Latitude team for the enthusiasm and hard work that has gone into the past year.

I would also like to acknowledge and thank our two million customers, our thousands of partners and, of course, our shareholders for their loyalty and ongoing support. Our company exists to serve you. We look forward to working successfully with, and for you, for many more years to come.

**Mike Tilley**  
Chairman

### Dear shareholders,

I am pleased to report that Latitude made strong progress in 2024 against our ambition to create a more focused, robust and profitable business.

This progress reflects the efforts of the Board, CEO Bob Belan, his Executive and the wider Latitude team to deliver on our growth strategy, which leverages our core strengths across credit cards, sales finance and personal and auto lending in Australia and New Zealand.

Economic conditions impacting the demand for consumer credit in previous years also began to turn in 2024. Interest rates stabilised, demand for credit began to grow again, consumer behaviour returned to more typical pre-pandemic patterns, and the competitive environment played and continues to play to Latitude's advantages as a scaled, diversified and focused consumer lender.

These factors combined to contribute to a significant improvement in Cash NPAT of \$65.9 million in 2024, up 139% from the previous year.

# From the CEO



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## Dear fellow shareholders,

The past 12 months have been pivotal for our company, and a cornerstone year for our *Path to Full Potential* corporate strategy, as we realise the benefits of a renewed and uncompromising focus on Latitude's core business lines and core markets of Australia and New Zealand.

We're pleased to share that growth momentum was restored in 2024 with improvements delivered across a wide range of key performance metrics, including origination volumes (up 13% YoY), receivables balances (up 8% YoY) and profitability (Cash NPAT up 139% YoY to \$65.9 million). This momentum built steadily throughout the year and is expected to continue in 2025, giving us confidence in the strength and sustainability of our strategic plan.

Several factors underpinned our 2024 performance result, including the more stable macro-economic and rate environment mentioned in the Chair's letter. However, most important has been the coordinated actions taken by Latitude's management and staff to strengthen the fundamentals of our business.

In our Money Division, the integration of the Symple technology platform completed at the end of 2023, was foundational to supporting new originations growth of 33% YoY to \$1.5 billion – the highest level in Latitude's history. Consequently, Money receivables balance grew to a record of \$3.0 billion as of 31 December 2024, up 11% YoY and resulting in our Australian personal loans portfolio becoming the second-biggest in the country by brand, ahead of three of the four major banks.

In our Pay Division, total purchase volume grew 10% YoY to \$6.7 billion as we gained share and expanded our powerful retail network offering interest free purchases on Latitude's credit cards. New marquee partnerships added in the year included Amazon, Officeworks, Coco Republic and Warehouse Group (NZ), while long-standing sales finance partnerships with Apple (Upgrade+), JB Hi-Fi and The Good Guys were extended with multi-year contracts.

In March, we proudly launched our first private-label credit card with David Jones and completed the migration of its back-book receivables in July, adding \$168 million in card balances and approximately 130,000 new customers. We



**Bob Belan**  
Managing Director & CEO

also relaunched the Low Rate Credit Card in November, enhanced the value proposition of the 28° Global Platinum Mastercard®, launched a proprietary cash-back rewards program and added further features such as balance transfers across our suite of other credit card products.

Maintaining growth momentum across our Money and Pay Divisions over the coming 24 months remains a key objective of Latitude's management team. To achieve this, we will continue to pursue latent organic opportunities that still exist within our core products, partnerships and business operations. At the same time, we'll look to leverage our core capabilities to surgically enter new adjacencies, customer segments and industries where we believe we can effectively compete. To further support this agenda, we intend to pursue new local and global strategic partnerships that can bring innovative technical solutions benefiting our customers and business operations more broadly.

While restoring volumes and receivables growth was an important milestone in 2024, Latitude also navigated interest rate uncertainty through proactive and disciplined margin management action, with operating margin

expanding 85 basis points over the year to 11.3%. We are well placed to deliver further margin expansion in 2025, regardless of the timing and quantum of Reserve Bank interest rate decisions in Australia and New Zealand.

Importantly, we have equally been clear-eyed on sound cost management, with Cash Opex to Operating Income ratio reducing over 300bps to 49.4%, despite ongoing inflationary pressures. The full benefits of the 2023 cost base re-engineering work crystallised in 2024, and freed-up capital for targeted investment in marketing and technology to further support in-year and future year growth.

This range of initiatives across our Pay and Money Divisions aimed at the optimisation of volume, revenue and cost is what we internally refer to as our focus on "Brilliant Basics", the first pillar of our *Path to Full Potential* strategy.

Our second pillar is "Balance Sheet Optimisation" which includes credit access, funding costs and diligent management of consumer credit performance. Pleasingly, over the 12-month period we 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 our funding sources and extending our debt maturity profile. We 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, we further strengthened our balance sheet by extending our \$140 million syndicated corporate debt facility for another three years to April 2027, and repaid \$50 million of unsecured bilateral corporate debt facilities during the second half of 2024. In early January 2025, we repaid an additional \$15 million of unsecured debt, bringing the total corporate debt reduction to \$65 million. Meanwhile, our Tangible Equity Ratio (TER), measured as a percentage of gross receivables, has continued to rebound ending the year at 7.1%, slightly above our 6-7% Board-mandated target range.

Latitude's credit discipline remained a source of competitive advantage in 2024 as we managed settings to gradually return delinquency rates to their pre-Covid levels, with the overall credit quality of our portfolios remaining strong and robust. Group 90+ delinquency was 1.35%.

Lastly, continued progress has been achieved in the execution of our third strategic pillar of "Portfolio Rationalisation" with the successful exit of our Canadian and Asian operations. The capital and management capacity unlocked by these divestments enables us to look more confidently at pursuing disciplined organic or inorganic growth opportunities into 2025 and beyond.

While there is more work to be done to complete and embed our *Path to Full Potential* strategy, we are encouraged by the progress we continue to see as a result of our renewed execution focus.

That work is being led by a globally experienced executive team, enhanced throughout the year with

the additions of Areti Rapakousios, Group General Manager, Internal Audit & Operational Excellence; Steve Rubenstein, Executive General Manager, Money; and Campbell Morrison, Chief Operations Officer.

I would like to acknowledge CFO Paul Varro who left Latitude at the end of December after more than 16 years with the company. Paul has been a highly valued colleague and deeply respected member of my Executive Committee and I thank him both for his loyalty and the many contributions he has made over the years. As announced in November Stefano Tognon, Group Treasurer and Group GM, Corporate Development, has been appointed as Interim CFO to lead our Finance function and oversee the delivery of our 2025 financial plan.

In addition to the sustainability work summarised in the Our Sustainability Journey section of this report, over the final six months of the year Latitude also invested significant time and resources to review its corporate Purpose and Values. This aligns with our objective of creating a winning culture at Latitude and as a result attract and retain the best people to advance our strategic agenda.

I am grateful for the support I have received from the Board in my first full year as CEO, particularly from our Chair Mike Tilley. We have a highly tenured and broadly experienced group of Directors deeply dedicated to our collective success and there is no doubt that I and the business have benefited from that.

I also want to personally thank the wider Latitude team for their contribution to growing our business in 2024, in particular their commitment to our customers, merchant-partners, financiers and our broader suite of stakeholders.

Let me finish by thanking our two million customers who every day choose Latitude's products to help them make purchases important in their lives.

**Bob Belan**  
Managing Director & CEO

# Who We Are

Latitude is a leading consumer finance business in Australia and New Zealand with two million customers and a track record spanning more than 100 years. Our consumer credit products cover segment-leading credit cards, including credit cards that offer interest free payment options, personal loans and auto loans.

As of 31 December 2024, Latitude has \$6.7 billion gross receivables, of which \$3.7 billion are credit card balances and \$3.0 billion are personal and auto loans. Latitude has originated more than \$8.2 billion in volume in the last 12 months.

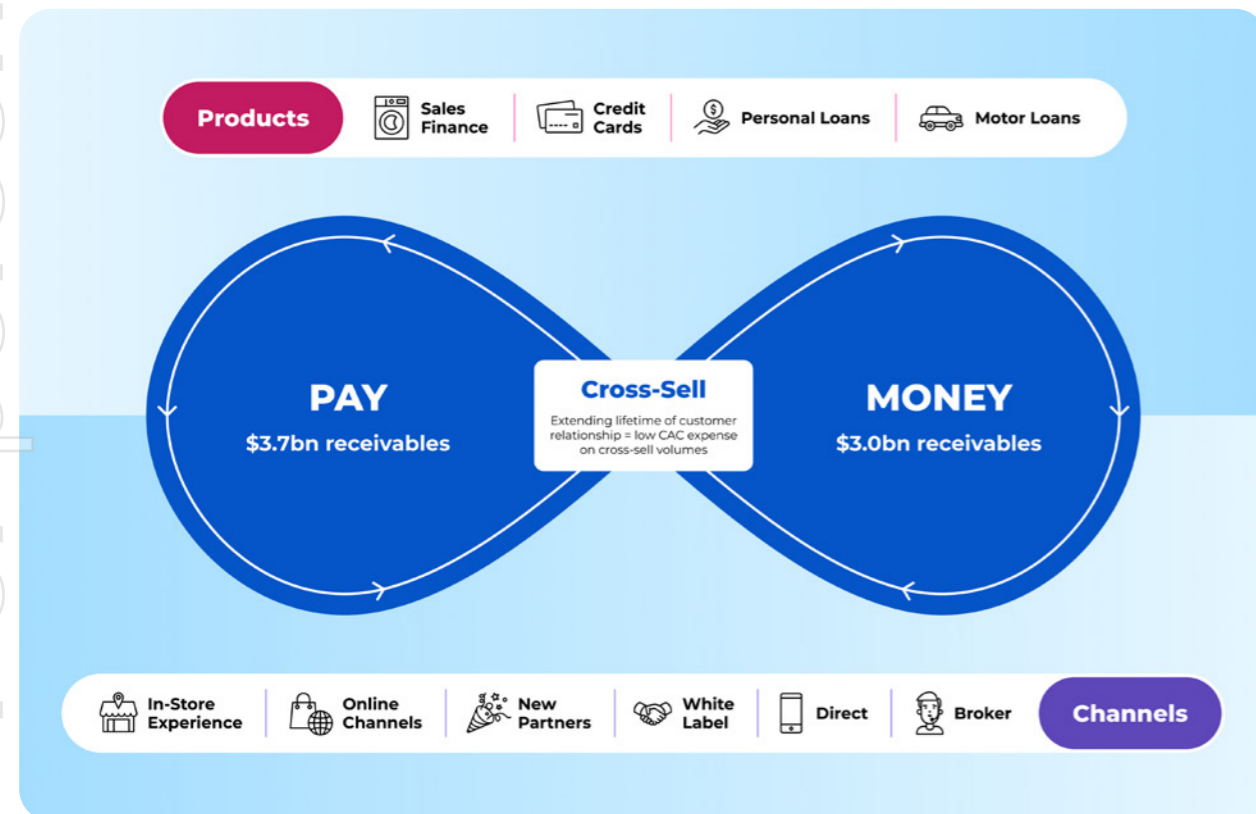
Latitude's Pay division offers credit cards, including cards with interest free payment options, both direct to consumers in Australia and New Zealand and through a 5,600-strong network of retail outlets. Our partners

include leading local and global brands such as Harvey Norman, David Jones, Amazon, Apple, Samsung, The Good Guys, JB Hi-Fi, Amart and many more.

Our Money division offers personal loans in Australia and New Zealand and auto loans in Australia. Its distribution channels include 4,500+ accredited broker partners and a digital direct-to-consumer capability, enhanced by the acquisition of Symple Loans in 2021. Today, the Money division's agile, cloud-based tech platform underpins our growth and helped Latitude become the second-largest lender of personal loans, by brand, in Australia in 2024.

Latitude's Pay and Money divisions form the core of our "twin engine" business and revenue model, working together to comprehensively serve the needs of Latitude's customers and partners as illustrated below.

## Simplified and efficient "twin engine" revenue model



**Latitude's Pay and Money divisions work together to serve 2 million customers across Australia and New Zealand**

# Purpose & Values



We believe that having clarity on who we are, who we serve and the core principles that drive our actions is critical to delivering positive outcomes for our customers, partners and employees. As part of Latitude's focus on fostering a Winning Culture, we sought direct feedback from a broad cross-section of internal and external

stakeholders in 2024, culminating in the launch of Latitude's refreshed Purpose & Values in December.

It starts with our corporate calling – the why we do what we do – which has always been anchored by our passion to serve customers and partners.

**Latitude's refreshed Purpose is:**

## We make it possible

With financing solutions in the moments that matter

In an increasingly complex financial world for households and retailers, Latitude is committed to offering smarter, flexible payment options and lending solutions to empower customers to navigate the moments that matter to them – big, small, planned or unexpected.

the bar and pursuing excellence. By seeking out different perspectives and collaborating to win together as a team. And by innovating and finding smarter ways to deliver what we believe our customers' tomorrow looks like.

We achieve this through living our Values. By rolling up our sleeves and taking ownership. By constantly raising

Our Values guide our actions and decisions, ensuring we deliver the best outcomes for customers, partners, employees and shareholders.

**The result is our refreshed Values which are:**

**take ownership**

We step into challenges, execute with grit and take accountability

**win together**

We seek different perspectives, and unify as one company to win in the market

**pursue excellence**

We act with integrity to deliver high quality outcomes

**create tomorrow**

We think boldly and adapt with agility to innovate and shape the future

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# Our Community



Latitude is invested in the success of the communities we serve and the many people, businesses and organisations who rely on us. Our community encompasses our customers, retail partners, brokers, investors and our employees. It also extends to many other interest groups such as regulators and lawmakers in Australia and New Zealand, suppliers, industry associations, community groups and the charities we support. We proudly seek to make a positive contribution to society and to uphold our core principles of responsible lending, sound credit underwriting and risk management.

## Customers

Customers are at the heart of what we do and the reason we exist. Latitude has two million of them throughout Australia and New Zealand, from across all walks and stages of life – young singles and couples, growing families, empty nesters and retirees. Our customers are everyday hard-working Australians and New Zealanders seeking to manage household budgets and access credit products that best suit their needs, so they can make the purchases and grab the opportunities that are important to them, no matter how big or small.

Our products help customers manage their day-to-day commitments, spread payments over time, deal with unforeseen challenges and support their aspirations, growth and lifestyle.

Customers choose Latitude for the compelling value proposition embedded in our products, our inclusive but prudent underwriting model and our experience in responsible consumer lending. We provide choice and flexibility to consumers, while delivering much-needed competition to the major banks.

While we draw on our deep underwriting experience to ensure the credit products we offer each applicant is affordable and appropriate to their circumstances, we understand that from

time to time customers may still face unforeseen challenges. That's why we have a dedicated team on hand to provide tailored support to any customers experiencing hardship, vulnerability or financial abuse. Our hardship program includes approval of first-time hardship cases without requiring documentation from customers, as well as a range of other tailored options.

Latitude has long-standing policies, procedures and training in place to thoroughly equip our employees to support our customers at those times they are doing it tough.

## Retail partners

Our long-term relationships with many of the largest and best-known local and global retail brands in Australia and New Zealand is unparalleled and testament to the value we provide to our partners, year after year. Customers can now access interest free payment options on a Latitude credit card across a network of more than 400 retail partners, both online and at 5,600 stores.

For retailers, giving customers the choice of Latitude's credit cards and interest free payment options provides a range of competitive advantages, including: (i) the ability to reach Latitude's nationwide and engaged customer base in Australia and New Zealand, respectively, (ii) greater choice for customers, including the flexibility of long term interest free purchases on their credit cards at the check-out, and (iii) access to the tools needed for merchants to successfully run interest free campaigns, including Latitude's deep marketing and promotional insights, as well as training support to further help drive incremental sales.

Latitude engages with retail partners at many levels, from senior management to local leadership through to teams at the point of sale. Our support for sales teams

includes training, best practice insights, advice on relevant regulatory changes and compliance, updates on product changes and assistance with offers and campaigns.

## Brokers

Brokers are important and valued partners to Latitude's Money division, where they connect time-poor borrowers who are seeking a personal loan or an auto loan with the right lenders. Latitude works with more than 4,500 brokers in Australia and New Zealand, who are represented by 24 broker aggregators in Australia, and 8 broker aggregators in New Zealand. In 2024, around 42% of Latitude's personal loans were written via brokers.

Before a broker can recommend a Latitude's personal or auto loan, they undergo mandatory training covering who we are, how we do business, our approach to risk and compliance, and the suitability and features of our lending products.

In 2025, Latitude is planning to extend its support for the sector by establishing a free Broker Academy, where new Australian brokers can learn more about the fundamentals of responsible and sustainable lending. Initially, the academy will incorporate a 10-module, two-week course, helping to build a stronger and more resilient sector while increasing goodwill with the broker community.

The academy follows Latitude's first-ever Australian broker roadshow in 2024, where senior leaders met with and presented to about 500 brokers across Australia's five largest capitals.

More broadly, at an industry level Latitude fosters a strong relationship with the Finance Brokers Association of Australasia (FBAA), an industry group representing more than 12,300 finance and mortgage brokers, including sponsoring events, contributing content and insight at industry conferences and supporting the FBAA on proposed law reform.

## Fixed income and equity investors

Latitude has more than 50 institutional investors participating in its secured debt funding programs, of which approximately 58% are located offshore across Asia, Europe, the United Kingdom and the United States. This diverse group of fixed income investors supports Latitude's \$7.2 billion funding program across its public term issuances and private warehouse facilities. Their support and engagement was evident in 2024 with \$1.6 billion of term funding issued across four transactions and three warehouse facilities refinanced with a total \$2.7 billion limit.

Latitude has about 1,900 equity shareholders, including tenured institutional investors such as Deutsche Bank, Vårde Partners, KKR Australia and SBI Shinshe Bank. Additionally, Latitude counts more than 2,000 investors in the \$150 million perpetual capital notes issued in 2021. Latitude has an active debt and equity investor relations program to facilitate timely disclosure of information and maintains regular two-way communication with shareholders and debt investors.

## Employees

Employees are Latitude's beating heart and in 2024 our team worked collectively to focus our business on our core capabilities and markets, grow profitability and build momentum that points to even stronger financial performance in 2025 and beyond.

### Safety & Wellbeing

In February 2024 we partnered with Sonder to enhance safety and wellbeing support for our team members. The partnership ensures a holistic, confidential service is available 24/7 to all employees and their immediate families, including direct access to nurses, psychologists and wellbeing experts, as well as in-person support.

In July, we also partnered with the Australian Industry Group to conduct a Psychosocial Risk Assessment to consider the factors that drive psychosocial hazards in the workplace and their impact on employee wellbeing. The resulting insights are shaping initiatives in 2025 to address psychosocial risks and promote an even stronger culture of psychological safety.

### Reward & Recognition

In 2024, Latitude implemented a robust performance framework designed to effectively reward and recognise both the achievements and the behaviours of our people. The framework's focus on 'how' aligns with Latitude's Values – ensuring that performance is measured not only by results but also how we model the behaviours and principles that underpin a strong culture.

In May, we refreshed our Reward & Recognition program and introduced a contemporary digital platform that enables real-time recognition of achievements, milestones and contributions.

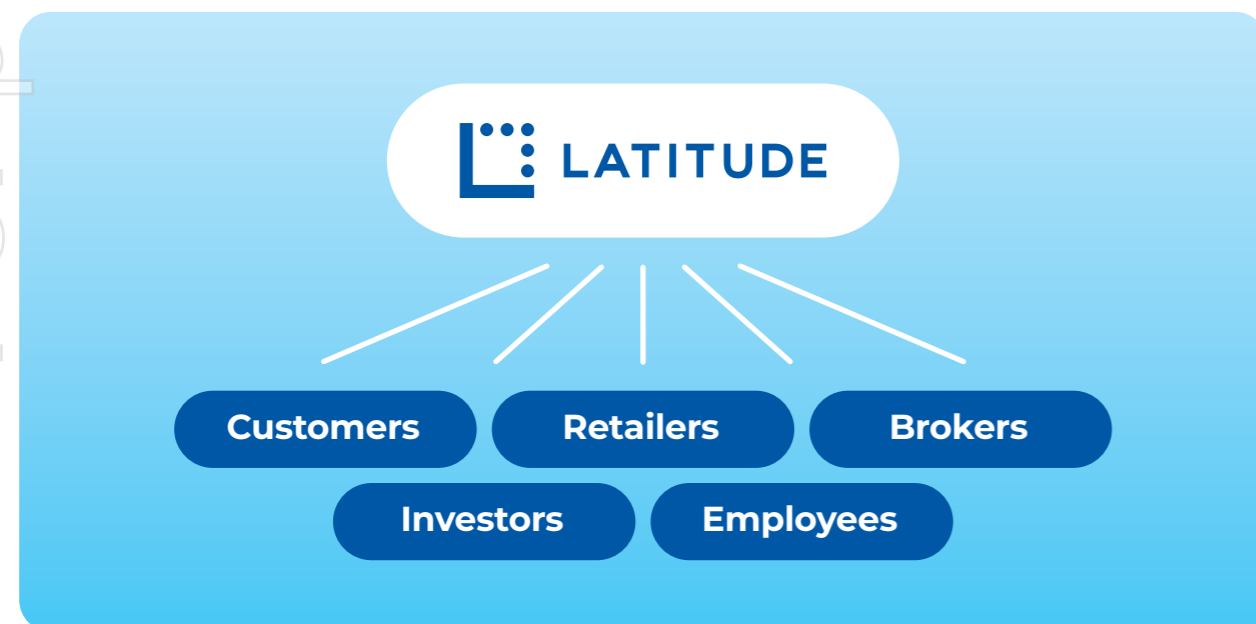
### Employee engagement

In October 2024, we invited employees to share their feedback through our renamed Employee Engagement survey, The Latitude Loop. The survey achieved a 93% participation rate, with a 66% favourable response – an encouraging 15 percentage points increase since the 2023 Annual Survey. We saw a notable decrease in neutral and unfavourable responses, a clear sign we're moving in the right direction on engagement with our teams.

### Looking ahead

We will continue enhancing the employee experience by prioritising wellbeing, fostering belonging and valuing contributions. Our goal is to make Latitude not just a satisfying place to work but an environment where our people feel empowered to do their best, push boundaries and innovate.

With a renewed purpose now clearly defined, the year ahead will focus on embedding a winning culture centred around our new values.



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# Our Sustainability Journey

We are pleased to share our Sustainability update for 2024, reflecting our continued efforts to incorporate sustainability principles into Latitude's operations. This update outlines our progress on environmental, social and governance (ESG) initiatives and defines our key focus areas for the coming year.

In 2024 Latitude partnered with an external advisor to advance our sustainability approach. This included developing a sustainability framework, conducting a desktop materiality assessment and creating a high-level Sustainability Roadmap to guide our priorities over the next two years.

This phased process ensures a focus on the issues most critical to Latitude's sustainability strategy while aligning with the expectations of both internal and external stakeholders. To achieve this, we engaged with investors and partners through interviews and research, and collaborated with leaders and employees via workshops, interviews and our annual engagement survey.

## Climate-Related Financial Disclosures

New climate-related financial disclosure laws passed by the Australian Parliament in September 2024 require companies like ours to prepare annual financial reports that also include a sustainability report for 2025. These requirements, issued by the Australian Accounting Standards Board (AASB), align with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards.

As a "Group 1" entity, Latitude will produce climate-related financial disclosures in line with the AASB's Australian Sustainability Reporting Standards (ASRS) for reporting periods starting on or after 1 January 2025. To prepare, we conducted a gap analysis in 2024 to assess alignment with the ASRS and identify areas for improvement. Latitude is confident in meeting these requirements, reinforcing our commitment to sustainability and transparency.

## Our Sustainability Governance

A robust governance structure has been implemented to support Latitude's sustainability approach.

### Board of Directors



Our Board plays a pivotal role in overseeing Latitude's sustainability and climate-related initiatives. Their mandate ensures strong governance and oversight across all material ESG matters.

As part of their duties, the Board will conduct regular reviews, at least annually, to assess climate risks and opportunities, integrating these into our long-term business strategy to promote resilient and responsible growth. This includes reviewing and approving material operational matters and overseeing progress against goals.

To remain effective, the Board stays informed on climate-related developments and requirements, ensuring its members have the skills and capabilities to oversee our climate-related initiatives.

### Sustainability Working Group

The Sustainability Working Group leads the integration of ESG principles across Latitude's operations, ensuring alignment with our sustainability strategy.

The Working Group will collaborate with teams across Latitude to identify ESG risks and opportunities, develop and track key metrics, and implement initiatives that advance our commitments. It will also regularly review and update policies and practices to ensure they reflect evolving best practices and regulatory requirements.

Reporting to management and the Board, the Working Group will provide actionable insights and recommendations to support and strengthen Latitude's ESG performance.

### Management

To support the Sustainability Working Group, management will establish baseline metrics and performance targets for climate-related initiatives. These benchmarks will enable the Board to annually evaluate the effectiveness of Latitude's climate strategy and actions.

The Board and its committees are further supported in their sustainability oversight by Latitude's Risk Management Committee (ERMC), which plays a key role in executing and monitoring sustainability responsibilities.

## Our Sustainability Framework

Latitude's strategic sustainability framework is structured around five key pillars, each addressing areas critical to our mission. We are actively developing targets and initiatives within these pillars to ensure readiness for the mandatory climate-related reporting requirements in 2025.

Responsible Business	Climate Action	Employee Growth & Development	Social Impact	Customer
<b>We ensure strong governance over our business to maintain integrity and stakeholder trust</b>	<b>We aim to address our environmental footprint and manage climate-related risks and opportunities</b>	<b>We strive to cultivate a safe and inclusive work environment where employees can develop and succeed</b>	<b>We seek to have a positive impact on our communities and contribute to issues important to society</b>	<b>We are committed to providing customers with financial opportunities in a responsible and inclusive way</b>
Ethical Conduct	Climate Change	Culture & Employee Engagement	Community Engagement & Investment	Financial Inclusion (including affordability & accessibility)
Corporate Governance		Diversity & Inclusion	Modern Slavery & Human Rights	Responsible Lending
Risk Management	Operational Environmental Management (Energy, Waste & Water)	Health, Safety & Wellbeing	Reconciliation	Customer & Partner Experience (including satisfaction and complaints management)
Anti-Money Laundering & Counter Terrorism Financing		Learning & Development	Sustainable Supply Chain	Vulnerable Customers & Financial Hardship
Cyber Security & Data Privacy		Performance & Reward	Thought Leadership & Advocacy	Fraud & Scam Prevention

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## Our Materiality Topics

In the latter half of 2024, Latitude conducted a materiality assessment aligned with ASRS requirements, shaping our sustainability framework and defining key material topics.

Through this process, we identified and ranked 22 sustainability topics based on their significance to internal and external stakeholders. From this, we determined our top eight material topics, prioritising those with the most substantial economic, environmental and social impact. The evaluation considered multiple criteria, including relevance to stakeholder concerns, alignment with global sustainability frameworks, potential business risks and opportunities and the urgency for action. This comprehensive approach ensured a balanced perspective that aligns stakeholder priorities with Latitude's strategic objectives.

While all topics hold value, the material topics represent the areas of greatest importance to our stakeholders and highest impact for Latitude. These priorities will guide Latitude's sustainability action plan as we focus on driving meaningful progress and embedding our sustainability strategy across operations.

### Latitude's top eight material sustainability topics

1. Ethical Conduct
2. Corporate Governance
3. Risk Management
4. Anti-Money Laundering and Counter Terrorism Financing
5. Cyber Security and Data Privacy
6. Responsible Lending
7. Vulnerable Customers and Financial Hardship
8. Culture and Employee Engagement

\*This list is not in priority order.

## Climate Action

Latitude's Climate Action pillar focuses on reducing our environmental footprint and effectively managing climate-related risks and opportunities. We recognise the importance of addressing our operations' environmental impact and commencing the development of strategies to minimise resource use, reduce emissions and build resilience against climate risks. By setting measurable goals and exploring sustainable practices across our value chain, we aim to make a positive impact on our planet while aligning with global climate action initiatives.

In 2025, Latitude will focus on:

- **Managing climate-related risks and opportunities:** Implementing strategies to mitigate risks and capitalise on opportunities that impact our business. These may include energy efficiency initiatives, low-carbon technologies and sustainable supply chain practices.
- **Developing a plan to reduce carbon in our operations:** Establishing a roadmap to reduce carbon in our operations including setting targets to reduce greenhouse gas emissions and contributing to global climate action efforts.
- **Building climate resilience:** Strengthening our ability to adapt to climate change while supporting long-term sustainability for our business and the communities we serve.

## Responsible Business

Our Values and Code of Conduct set the foundation for Latitude, guiding employees to make ethical, informed decisions that support our two million customers across Australia and New Zealand while enhancing our brand and reputation. We foster an open and engaging culture, encouraging employees to discuss risk and compliance matters with a focus on trust, transparency and doing what's right.

Risk management is an inherent part of our operations and can influence strategic goals, performance and the expectations of

our community, regulators and shareholders. To deliver value to customers, partners and shareholders, all employees are responsible for identifying and managing risks across Latitude.

Our commitment to robust risk management and governance underpins our responsible business practices. By prioritising integrity and transparency, we strive to build trust with stakeholders. Latitude also recognises that good governance is integral to sustainability, ensuring our decisions respect the communities and environments in which we operate.

## 1. Ethical Conduct

Latitude is committed to fostering a culture that promotes and recognises ethical behaviour. Employees are encouraged to report unethical, unlawful, or undesirable conduct without fear of intimidation, retaliation, or disadvantage.

Creating a safe and transparent environment is central to our approach, empowering employees to address actual, suspected, or potential wrongdoing. A strong risk culture underpins effective governance and Latitude reinforces this through a set of Risk Management Principles that guide daily risk management. These principles are supported by the actions and leadership of the Board and senior management.

Key updates for 2024 include:

- **Achieving high compliance training completion rates:** As of 31 December 2024, Latitude achieved a completion rate of 98.7%.
- **Refreshing the Code of Conduct:** Latitude updated its comprehensive 'Tier 1' policy that defines conduct expectations across Latitude.
- **Revamping the Consequence Management Framework:** A revised framework was introduced to establish clear, consistent expectations for addressing conduct or performance that falls short of our standards.

- **First line of defence – Management and staff:** primary responsibility for identifying and managing risks.
- **Second line of defence – Group Risk:** provide enterprise guardrails and advise and oversee the first line of defence to ensure risks are appropriately understood and addressed.
- **Third line of defence – Internal Audit:** provides independent oversight and reporting of the first and second lines of defence.

Our three lines of defence operating model is intended to:

- Maintain a system of internal controls commensurate with the scale of the business. This incorporates management and staff taking primary responsibility for identifying and managing risks.
- Support the business in enabling growth and productivity, while ensuring operational reliability and resilience.

Latitude's formal governance structures ensure there is visibility and discussion of material risks and appropriate decisions and actions are taken. Management run frequent risk forums and committees and report on risks and risk management to the Board Risk Committee. Internal Audit also has an independent reporting line to the Board Audit Committee.

## 4. Anti-Money Laundering and Counter Terrorism Financing

Latitude is acutely focused on protecting customers and the wider community from financial crime. Our efforts to prevent, detect and deter financial crime include:

- **Maintaining a robust Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Program:** This program details Latitude's compliance with its requirements under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), including its management of key money laundering (ML) and terrorism financing (TF) risks.
- **Implementing comprehensive policies and procedures:** Latitude's Financial Crime Compliance Policy sets expectations and commitments for managing money laundering and terrorism financing risks. Detailed policies and procedures exist to ensure money laundering and terrorism financing risks are managed at onboarding and on an ongoing basis.
- **Providing targeted training:** Annual money laundering and terrorism financing training is provided to the Latitude Board and all Latitude employees. More targeted training is also provided across the business as and when required.
- **Conducting regular compliance assessments:** Quality assurance testing on compliance is done regularly and controls to mitigate money laundering and terrorism financing risks are assessed regularly to confirm their effectiveness. Latitude is also subject to periodic independent reviews of its compliance with its AML/CTF obligations.

## 2. Corporate Governance

The Latitude Board is responsible for oversight of the business and its governance and performance with specific duties set out in the Board Charter. Our corporate governance framework provides effective and responsible decision making, assisting Latitude to deliver its strategy and purpose. The framework also ensures the interests of shareholders, employees, customers and the broader community are balanced and protected. It is operationalised via clear policies, processes and procedures to ensure responsible management and decision-making at all levels.

## 3. Risk Management

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

Latitude maintains a system of internal controls commensurate with the scale of our business and to operate within a Board-defined risk appetite. Latitude employs a three-lines-of-defence model to ensure effective risk management:



## 5. Cyber Security & Data Privacy

Prioritising online security through sound procedures to manage cyber threats and incidents is fundamental to Latitude's business. We continually enhance robust cyber security to safeguard company data and sensitive information.

In early 2024, we completed a 360-degree review of our Cyber Security Policy and implementation of the revised strategy has been in process since March 2024. As mentioned, in the 2023 Directors Report, cyber security was identified as a major risk for Latitude. In response, group surveillance, threat detection and response capabilities are constantly being increased and improved.

## Customer

We provide accessible, responsible and inclusive financial opportunities that empower customers. We aim to design products and services that meet diverse needs, foster financial stability, and build trust. Through clear communication, responsive support and a commitment to responsible lending, we help customers make informed choices and manage their financial health. This focus on customer wellbeing is core to our business values and our sustainability commitment, as we work to deliver solutions that support the long-term success of every customer.

by the Australian National Consumer Credit Protection Act and the New Zealand Credit Contracts and Consumer Finance Act and related codes. We also continue to develop and maintain products and policies that meet diverse customer needs while maintaining high ethical standards.

## 6. Responsible Lending

At Latitude, we ensure lending practices are fair, transparent and aligned with the financial goals and objectives of customers. We implement rigorous assessments to evaluate borrowers' capacity to repay, avoiding overextension and financial stress.

## 7. Vulnerable Customers & Financial Hardship

We support vulnerable customers and those experiencing financial hardship with compassionate, tailored solutions through our Hardship Care Team and Vulnerable Customer Standard. We provide access to responsible financial products and personalised assistance that helps individuals regain control of their financial situation.

We consistently apply our Lending Responsibly Policy that establishes the framework and standards to meet the requirements for each of our products which are regulated

In 2024, Latitude approved 35,802 applications for hardship assistance, with many of these customers requiring short-term support. \$4.7m was provided in waivers or concessions and as a part of this work, Latitude worked to reduce longer term hardship arrangements.

## Employee Growth & Development

Latitude's Employee Growth & Development pillar reflects our commitment to a workplace where everyone feels supported, valued and empowered to reach their potential. We strive to create an environment that prioritises safety, inclusion and continuous learning, equipping employees with the tools and opportunities to thrive.

## 8. Culture & Employee Engagement

Our Winning Culture drives high performance, innovation and continuous improvement through shared values, behaviours and purpose. Our culture is characterised by accountability, integrity and teamwork where our people are empowered to achieve their best and Latitude remains adaptable in the face of challenges.

By investing in learning, career progression and wellbeing, we are building a culture that supports personal and professional growth and helps employees contribute to our success.

We seek employee feedback through surveys and discussions, using insights to drive improvements.

In 2024 we enhanced our Diversity and Inclusion (D&I) Policy to reflect our commitment to meaningful progress. Key improvements included:

Key highlights from 2024 include:

- **Refreshing our engagement survey program:** We rebranded our engagement survey program as The Latitude Loop, emphasising the importance of continuous improvement. Our focus on listening and acting on feedback resulted in a 15 percentage points increase in enterprise scores between the 2023 and 2024 annual surveys.
- **Introducing a refreshed Purpose and Values:** As detailed on page 9, Latitude introduced a refreshed Purpose and Values in 2024, reaffirming who we are and why we do what we do. Together, our Purpose and Values unite and inspire us to deliver our best for our customers, partners, and each other. They form the foundation of our work and our commitment to creating a better future.

- **Addressing systemic barriers:** Strengthening our focus on dismantling systemic barriers, eliminating biases and championing fairness.
- **Building a data-driven foundation:** Prioritising the capture of foundational diversity metrics over 2024-2025 to create a baseline for measuring progress.
- **Adopting a strategic approach:** Developing a more comprehensive and outcome-driven strategy for diversity and inclusion, with a focus on measurable results and continuous improvement.

In 2025 we will publish a D&I Strategy & Action Plan focused on understanding employee demographics to implement meaningful inclusion initiatives most important to employees and stakeholders.

In August 2024, we introduced new gender metric targets aligned with reporting requirements under the Workplace Gender Equality Act (WGEA). Our current gender metrics and respective targets as of 31 December 2024 are detailed in Table 1.1.

### Diversity & Inclusion

Latitude celebrates diversity and fosters a culture of inclusion that values the unique backgrounds, perspectives and experiences of all our people.

Table 1.1

Gender Representation Objective	Current Target	31 Dec 2024 Outcomes
<b>Board</b>	Not less than 25% female representation	29% Women
<b>Independent Non-Executive Directors</b>	40% female, 40% male, 20% non-gender specific (40:40:20)	50% Women, 50% Men
<b>Executive Leadership Team (CEO &amp; EGMs)</b>	40% female, 40% male, 20% non-gender specific (40:40:20)	25% Women, 75% Men
<b>Senior Leadership Team (Direct reports of EGMs)</b>	40% female, 40% male, 20% non-gender specific (40:40:20)	55% Women, 45% Men
<b>Total Workforce</b>	40% female, 40% male, 20% non-gender specific (40:40:20)	50% Women, 50% Men
<b>Pay Gap (Base Remuneration Average Gap)</b>	Reduce 2% pa to achieve <10% by 2028	19.42%, down 0.89% over previous 12 months
<b>Recruitment (external/internal)</b>	Not less than 40% of each gender	46% Women, 54% Men
<b>Succession (planning/ fulfilment)</b>	Equal representation of gender on GM and EGM succession plans	33% Women, 67% Men

Visit [latitudefinancial.com.au](http://latitudefinancial.com.au) to learn more about our gender equality metrics.

## Social Impact

Latitude's Social Impact pillar reflects our commitment to positively influencing the communities we serve and addressing issues that matter to them. We aim to create meaningful change through partnerships, community engagement and support for social initiatives that uplift individuals and foster inclusion. By aligning our efforts with the needs of communities, we work to address pressing societal challenges and empower those around us.

### Our Charity Partners

Our community investment program has been guided by our purpose and values and shaped in collaboration with our people. Together, we've developed a program focused on key initiatives across Australia and New Zealand, delivering meaningful change in the communities we serve.

A cornerstone of this program is workplace giving and staff volunteering. Latitude partners with employee-nominated charities to address critical issues, such as supporting people with cancer, improving literacy and numeracy, assisting individuals experiencing domestic violence, and promoting health and wellbeing.

Our valued partners in 2024 included **Ardoch**, **ReachOut**, **Redkite**, **the Salvation Army** and **Murdoch Childrens' Research Institute** in Australia, and **Duffy Books in Homes**, **Child Cancer Foundation**, **Mental Health Foundation** and **Women's Refuge** in New Zealand.



## Workplace Giving

In 2024, Latitude employees donated approximately \$40,398 to these charities through workplace giving, with donations matched dollar for dollar by Latitude. In addition, our customers also contributed \$5,425 to our charities through the donation of small surplus balances and unclaimed monies.

To further enhance our workplace giving program, Latitude partnered with the specialist platform GoodCompany over the past 12 months. This platform empowers employees to make regular payroll donations, volunteer for meaningful causes, or create fundraising campaigns to support causes that matter to them.

 **\$40,398**

2024 donations by Latitude Employees

 **\$5,425**

2024 donations by Latitude Customers



Internal use only

Internal use only

Internal use only

Internal use only



All donations to date

**\$624,000**

Hours contributed

**5,500** hrs

Volunteers

**450**

Children benefitted

**2,000+**

Programs

**52** delivered

Latitude has been proud to support Ardoch as a long-time charity partner, working together to make a meaningful impact in the lives of children and young people. Over the past six years, our partnership has delivered 52 programs benefiting more than 2,000 children, engaged 450 volunteers, contributed 5,500 hours of volunteer support, and provided over \$600,000 in donations.

This collaboration reflects our shared commitment to creating opportunities and improving outcomes for young people. While Ardoch's journey concludes at the end of 2024, due to the wind down of the organisation, the positive outcomes from these initiatives will continue to leave a lasting legacy in the communities we've supported together.

# 2024 Consolidated Financial Report

Latitude Group Holdings Limited – For the year ended 31 December 2024



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## Directors' Report

The Directors present their report together with the financial statements of Latitude Group Holdings Limited ('the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 31 December 2024 ('year') and the auditor's report thereon.

The Group reported a \$30.6 million profit after tax from continuing operations for the year ended 31 December 2024 (2023: \$102.7 million loss).

### Directors

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

#### Michael Tilley

*Independent Non-Executive Chairman  
Appointed September 2020*

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

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

#### Robert Belan

*Managing Director and CEO  
Appointed April 2023*

Bob was appointed Managing Director and CEO of Latitude Financial Services in April 2023.

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

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

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

#### Mark Joiner

*Independent Non-Executive Director  
Appointed March 2021*

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

He is a Chartered Accountant and holds a Master of Business Administration from the Melbourne Business School. Mark is Chair of the Risk Committee and a member of the Audit Committee.

#### Alison Ledger

*Independent Non-Executive Director  
Appointed March 2021*

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

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

## Directors' Report

#### Julie Raffe

*Independent Non-Executive Director  
Appointed September 2022*

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

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

She is a Chartered Accountant, Fellow of the Financial Services Institute of Australasia and a Graduate and Member of the Australian Institute of Company Directors. Julie is Chair of the Audit Committee, and a member of the Technology Committee.

#### Beaux Pontak

*Non-Executive Director  
Appointed June 2015*

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

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

#### Philip Busfield

*Non-Executive Director  
Appointed October 2023*

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

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

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

#### Ifryn Carstairs

*Non-Executive Director  
Appointed January 2025*

Ifryn Carstairs is a Partner and Co-Executive Chair of Värde. He is a member of the firm's Investment Committee. Based in Singapore, he joined the firm in 2006 in London and was named Partner in 2011. He previously served as CEO of the firm. Throughout his career, he has invested across a wide spectrum of financial assets ranging from corporate restructurings and liquidations to more actively traded opportunities.

Before joining Värde, Ifryn worked for Deutsche Bank London in the Financial Sponsors Group, and Pacific Equity Partners, an Australian leveraged buyout firm.

Ifryn has an Honours degree in Commerce from the University of Queensland, Australia and a Master of Business Administration from INSEAD Business School in France.



## Directors' Report

### Aneek Mamik

Non-Executive Director

Appointed February 2023 and resigned November 2024

Aneek was a Partner and the Global Head of Financial Services at Värde Partners, Inc, until joining Blackstone Credit and Insurance (BXI) in November 2024. He joined Värde Partners, Inc, in 2016 and was named Partner in 2022. While at Värde he oversaw credit and equity investments in consumer finance, commercial finance, and other sectors of specialty lending. He is a member of the firm's investment committee.

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

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

Aneek was a member of the Remuneration & People Committee.

### Company Secretaries

#### Vicki Letcher

Company Secretary

Appointed July 2022

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

#### Tiffany Barton

Company Secretary

Appointed December 2022

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

### Directors Meetings

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

Director	Board meetings scheduled		Board meetings unscheduled <sup>(1)</sup>		Results Sub-Committee <sup>(2)</sup>		Risk Committee <sup>(4)</sup>		Audit Committee <sup>(4)</sup>		Remuneration & People Committee		Technology Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
	Mike Tilley	8	8	3	3	2	2	-	-	-	-	-	-	-
Robert Belan	8	8	2	2	2	2	-	-	-	-	-	-	-	-
Julie Raffe	8	8	3	3	2	2	-	-	4	4	-	-	4	4
Mark Joiner	8	8	2	2	-	-	4	4	4	4	-	-	-	-
Alison Ledger	8	7	2	2	-	-	-	-	-	-	4	4	4	4
Beaux Pontak	8	7	2	1	-	-	4	4	-	-	4	4	4	3
Aneek Mamik <sup>(3)</sup>	8	6	2	1	-	-	-	-	-	-	-	-	-	-
Philip Busfield	8	7	2	2	-	-	-	-	-	-	4	4	-	-

<sup>(1)</sup> The number of meetings unscheduled in the Board's approved annual calendar. This number includes Board meetings in respect of out-of-cycle matters and reflects those in attendance.

<sup>(2)</sup> Sub-committee meetings held to approve half year and full year financial results for release to the market.

<sup>(3)</sup> Aneek Mamik resigned as a Director on 14 November 2024

<sup>(4)</sup> As permitted under the respective charters, an independent consultant was a member of both the Risk Committee and Audit Committee during 2024.

## Directors' Report

### Directors' Interest

The relevant Directors' Interest in the Group is presented in sections 8 and 10 of the Remuneration Report.

### Principal Activities

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

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

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

On 3 April 2024, the Group made the strategic decision to exit the LatitudePay Asia business and ceased operations during the year. Refer to Note 6.7 for further details on discontinued operations.

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

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

## Directors' Report

### 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 %
<b>Cash NPAT from continuing operations</b>	<b>65.9</b>	<b>27.6</b>	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%
<b>Statutory profit/(loss) after tax from continuing operations</b>	<b>30.6</b>	<b>(102.7)</b>	<b>130%</b>

### Reconciliation of notable items 2024

\$'m	Cash NPAT of acquisition	Amortisation of 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
<b>Total Operating Income</b>	<b>729.2</b>	-	-	-	-	-	<b>(0.1)</b>	<b>729.1</b>
Net charge offs	(214.0)	-	-	-	-	-	-	(214.0)
<b>Risk Adjusted Income</b>	<b>515.2</b>	-	-	-	-	-	<b>(0.1)</b>	<b>515.1</b>
Cash operating expenses	(360.0)	-	(0.9)	(3.5)	1.2	(2.4)	(2.3)	(367.9)
<b>Cash PBT</b>	<b>155.2</b>	-	<b>(0.9)</b>	<b>(3.5)</b>	<b>1.2</b>	<b>(2.4)</b>	<b>(2.4)</b>	<b>147.2</b>
Movement in provision for impairment	(21.8)	-	-	-	-	-	-	(21.8)
Depreciation & Amortisation (excl leases)	(38.0)	(36.4)	-	-	-	-	(0.4)	(74.8)
<b>Profit before Tax</b>	<b>95.4</b>	<b>(36.4)</b>	<b>(0.9)</b>	<b>(3.5)</b>	<b>1.2</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>50.6</b>
Income tax (expense)/benefit	(29.5)	10.9	0.3	1.0	(4.2)	0.7	0.8	(20.0)
<b>Profit after tax from continuing operations</b>	<b>65.9</b>	<b>(25.5)</b>	<b>(0.6)</b>	<b>(2.5)</b>	<b>(3.0)</b>	<b>(1.7)</b>	<b>(2.0)</b>	<b>30.6</b>

## Directors' Report

### 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

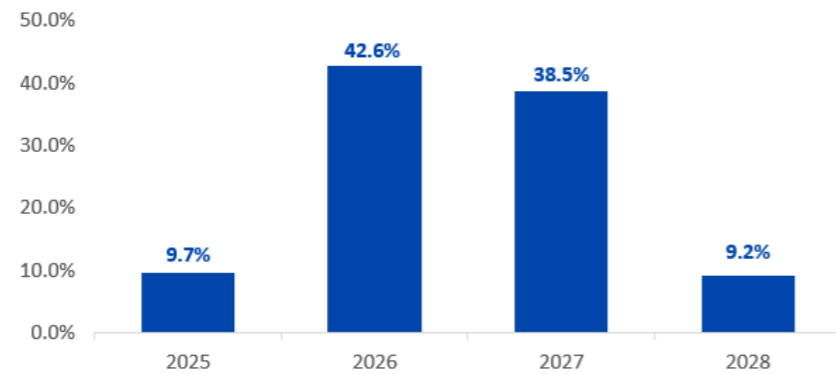
The results achieved in 2024, the growing momentum of the Group's business performance and the continued strength of the balance sheet, which saw Latitude's Tangible Equity Ratio (TER) close the year at 7.1%, slightly above the 6–7% target range, enabled Latitude's Board to declare an unfranked dividend 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.

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.

## Directors' Report

### 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.

### Strategy and Outlook

Over the year, Latitude has continued to advance the delivery of its Path to Full Potential corporate strategy which has led to material improvements in key business drivers and financial performance in addition to streamlining operations, reducing costs, and refocusing capital and investment into strengthening the core businesses of Pay and Money in Australia and New Zealand. Latitude continues to remain focused on advancing the profitable growth of volume and receivables, optimize its balance sheet through the active management of both funding costs and credit risk, while increasing the overall efficiency of its scalable operations and completing the re-energising of its internal corporate culture.

### Risks

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

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

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

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

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

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

## Directors' Report



The Group manages risk in the following areas:

- **Technology enabled risk management** - The Group uses data and technology to enhance risk management. This includes leveraging Internal Bureau and customer data through a proprietary tool that combines customer data on repayment behaviour and transactional history. Latitude also partners with third parties to build efficient and effective processes to assist in enhancing credit management and conduct.
- **Cyber risk** - The Group utilizes platforms and systems that are accessible via the Internet to support its operations and to deliver lending services to its customers and partners. Given the rapidly evolving risks associated with cyber, the Group regularly assesses the effectiveness of its security controls and implements strategies to mitigate cyber risk. This includes increasing the Group's threat detection and response capabilities, as well as other incremental security control enhancements.
- **Operational risk** - The Group has established processes to manage and monitor key operational risks, including business resilience, cybersecurity, fraud, operational processes and human resources. All employees are encouraged to identify, report and manage operational risks to ensure customer outcomes and business objectives are prioritised.
- **Credit risk management** - Credit risk management is a core feature of the Group's capability. It manages credit according to customer segments and product types across the credit risk lifecycle and makes credit approval decisions in accordance with applicable regulatory requirements and underwriting procedures. The Group is also a participant in Comprehensive Credit Reporting (CCR).
- **Asset quality** - When a customer does not meet minimum monthly payment requirements, they are deemed to be delinquent on their contractual terms. The Group makes provisions for expected losses from the time of origination and thereafter each account is re-assessed monthly. Refer to section 3.2 for further information on credit risk management.
- **Funding and liquidity** - The Group's funding strategy aims to provide diversity across multiple financiers, markets and facilities, and provides the business with a balanced funding maturity profile. The key features of Latitude's funding strategy include maintaining a funding platform with a broad base of financiers and a balanced maturity profile, while managing incremental receivables, funding capacity and foreign exchange risk.
- **Regulatory and legislative reform** - The industry in which the Group operates is subject to a range of laws and regulations. While these laws and regulations are complex and subject to change, we maintain an appropriately skilled and experienced workforce, as well as relationships with specialist advisers, to minimise the risk of non-compliance.
- **Environmental, Social and Governance (ESG)** - The Group manages all aspects of environmental, social and governance (ESG) risk through its established governance structure. The Group is in the process of preparing a Sustainability Strategy, which will reflect the expectations of key stakeholder groups and is being informed by an internal Sustainability Working Group. The working group is also responsible for ensuring that ESG principles continue to be embedded across the Group's operations. Latitude will commence producing climate-related financial disclosures for the reporting period ending 31 December 2025.

### Dividends and Distributions

Information relating to dividends and distributions for the current and prior financial year, including dividends determined by the Board since the end of the year ended 31 December 2024, is disclosed in notes 2.4(a) & 2.4(b) of the financial report.

### Significant Changes in the State of Affairs

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

On 21 November 2024, the Group announced the appointment of the Stefano Tognon as Latitude's Interim Chief Financial Officer and Executive General Manager, Finance, effective 1 January 2025.

There have been no other significant changes in the Group's state of affairs during the year ended 31 December 2024.

### Events Subsequent to Balance Date

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

### Environmental Regulation

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

### Insurance of Officers and Indemnities

#### Insurance of officers

During the financial year and subsequent to the year ended 31 December 2024, Latitude Financial Services Australia Holdings Pty Ltd, a subsidiary of the Group, has paid Directors and Officers insurance and liability premiums on behalf of the Group's Parent and its subsidiaries. The insurance has a limit of liability unless specified within the policy.

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

## Directors' Report

### Indemnity of auditors

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

### Performance rights and options

At the date of this report, the number of Performance Rights and Options on issue is shown below:

	31 December 2024	31 December 2023
Performance rights on issue	7,560,776	5,628,994
Options on issue	12,381,486	22,557,707

Further details in relation to Performance Rights and Options on issue are disclosed in note 6.1 Share based payments.

### Proceedings on behalf of the Group

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

### Non-Audit Services

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

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

Refer to note 6.6(a) of the financial statements for Auditor's remuneration.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 55 and forms part of this report.

### Rounding of Amounts

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



## Remuneration Report

### Introduction from the Chair of the Remuneration and People Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Latitude Remuneration Report for 2024.

This report details remuneration policy, structure and outcomes, and how they link to performance and shareholder outcomes, for Latitude's Key Management Personnel (KMP). This includes the Managing Director & Chief Executive Officer (MD & CEO), members of the Executive Team and Non-Executive Directors.

Latitude reported a significant lift in Cash Net Profit After Tax (NPAT) to \$65.9 million in 2024, up 139%, on the back of increased new volumes of \$8.2 billion, up 13%, receivables of \$6.7 billion, up 8%, and Net Interest Margins of 10.5%, up 75bps.

This result is a positive reflection of the work undertaken by the management team to focus our business and its operations on growth in Australia and New Zealand, guided by our *Path to Full Potential* strategy.

The strategic action we have taken over 18 months to build a more focused, agile and resilient business led to growth in momentum as 2024 progressed, giving us every confidence that we are on a sustained growth trajectory, particularly with the prospect of more favourable economic settings and interest rate cuts in 2025.

We continue to evolve our approach to executive and employee remuneration to ensure the efforts of the past 12 months are appropriately recognised, while encouraging the behaviours and high-performance outcomes required to maximise the growth opportunities ahead for our company.

### KMP Changes

In 2024, three KMPs departed from Latitude: Non-Executive Director, Aneek Mamik in November; Executive General Manager (EGM) Money Division, Paul Byrne in April; and EGM Finance and Chief Finance Officer, Paul Varro in December.

New EGM Money Division, Steve Rubenstein joined Latitude as a KMP in August and Ilfryn Carstairs commenced as a Non-Executive Director in January 2025.

### 2024 Performance and Remuneration Changes

In 2024, the Group Scorecard assessed performance against three key themes identified as the most critical drivers of value creation: Performance and Growth; Leadership and Culture; and Reputation and Sustainability. While these themes remained consistent with 2023, the underlying metrics were refined to better align with our *Path to Full Potential* strategy, fostering high performance and enhancing customer experiences.

The STI pool calculation changed to a fixed percentage (10%) of Cash Net Profit After Tax (NPAT), modified by the performance of the Group Scorecard, while the former Cash Profit Before Tax (PBT) gateway was removed. The performance of each Executive (including the MD & CEO) also considered their demonstration of leadership, values and behaviours as well as their overall risk management performance. These changes align incentives more closely to profit outcomes and rewards those who enable the achievement of our strategy.

To better reflect the Latitude business and what drives shareholder value, changes were also made to the 2024 LTI award performance metrics, with Interest Bearing Receivables (IBR) replacing Return on Equity (ROE) as one of two key measures. Metrics in the plan are now equally weighted between IBR and Cash Earnings Per Share (EPS) growth. The 2024 LTI has a three-year performance period ending on the 31 December 2026.

### 2024 Remuneration Outcomes

The Board ensures that performance measures for Executive KMP Short-Term and Long-Term Incentives are closely aligned with Latitude's strategic outcomes, driving outcomes that support both short- and long-term success.

The key 2024 variable reward outcomes for Executive KMP are as follows:

- The MD and CEO's STI outcome was 77% of target.
- Other Executive KMP STI outcomes ranged from 22% to 56% of target.
- The 2022 Long-Term Incentive (LTI) awards, which were based on Return on Equity (ROE) and cash Earnings Per Share (EPS) Growth performance measures, were evaluated at the conclusion of the 31 December 2024 performance period. As neither measure met the required threshold, no awards vested.

The Board reviewed Non-Executive Director (NED) fees to ensure they remain competitive. The Board determined the current fees are in line with external benchmarks, and as a result there is no change to the total fee pool, nor member and committee fees, for 2024 and 2025.

## Remuneration Report

Further, following an external benchmarking review of Executive Fixed Remuneration (FR), the Board resolved to increase the MD & CEO FR by 7.7% and maintained all other Executive KMP remuneration packages in 2025.

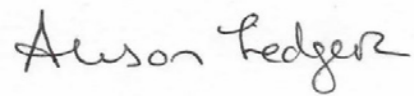
### Looking Ahead

As Latitude continues to make progress against its *Path to Full Potential* strategy, the Remuneration and People Committee is committed to ensuring our people and remuneration strategies and practices remain fit for purpose and in particular:

- Reward delivery of sustainable growth and improved performance aligned to strategy.
- Encourage the retention and recruitment of key talent in a competitive employment market.
- Meet shareholder expectations and deliver shareholder value.

The Group Scorecard design, measures and STI pool funding approach will remain the same for 2025, with hurdles that provide relevant and challenging stretch targets and enhance profitability.

On behalf of your board's Remuneration and People Committee, I invite you to read the full Remuneration Report which will be presented for adoption at Latitude's 2025 Annual General Meeting.



**Alison Ledger**  
 Chair of the Remuneration and People Committee



## Remuneration Report

### 1. Our 2024 executive remuneration framework

#### 1.1. Remuneration strategy and principles

Latitude's executive remuneration strategy is to attract and retain talented employees. We reward them for achieving high performance and delivering superior long-term results for our customers and shareholders. Five remuneration principles guide our approach.



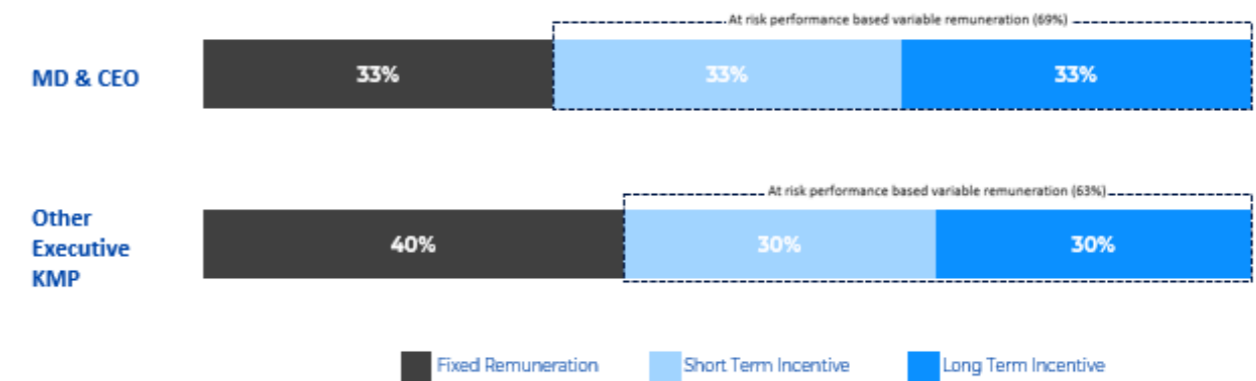
#### 1.2. Executive remuneration framework overview

The executive remuneration framework supports the MD & CEO and Executive Team to drive both short and long-term performance that aligns with our strategy, market developments, customer and investor expectations.

Component	Purpose	Year 1	Year 2	Year 3
<b>FIXED REMUNERATION</b> 100% Cash (including superannuation)	Provide market competitive remuneration reflecting role scope and accountabilities	Salary and superannuation		
<b>SHORT TERM INCENTIVE</b> 50% cash 50% deferred cash	Rewards executives for delivering financial and non-financial annual objectives	Performance assessed against a balanced scorecard and values	50% cash STI Deferral	50% cash
<b>LONG TERM INCENTIVE</b>	Reward executives for creating shareholder value over the long-term	Grant		Performance testing
		Performance assessed against strategically critical long-term measures over a 3-year period.		

#### 1.3. Remuneration mix

The 2024 remuneration mix for the MD & CEO and other Executive KMP (defined in Section 3) is designed with a significant proportion of reward at-risk and based on performance below. The diagram below outlines the target remuneration mix showing the relative proportion of each component of the executive remuneration framework as a percentage of total target opportunity. Refer to Section 4 for further details of executive remuneration arrangements.



## Remuneration Report

### 2. Remuneration governance, risk and consequence

#### 2.1. Remuneration governance and oversight

The Board		
Has overall accountability for the remuneration framework and its application. The Board reviews and approves recommendations from the Remuneration & People Committee on matters related to performance and remuneration arrangements and outcomes for Non-Executive Directors, the MD & CEO and the Executive Team.		
The Remuneration and People Committee	The Risk Committee	The Audit Committee
Advises and assists the Board to fulfil its responsibilities in relation to Latitude's people and remuneration strategies, frameworks, policies and practices to ensure they are appropriate and effective.	Advises the Remuneration & People Committee of material risk, compliance or conduct matters that may impact remuneration outcomes	Assesses and advises the Remuneration & People Committee of any audit matters that may impact outcomes.
External Advisors		
Provide independent remuneration information to inform decision making as required.		

Further detail about the Board Committees is provided in our Corporate Governance Statement and in the Committee Charters which are available on Latitude's website: <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

#### 2.2. Board discretion

The Board, with input from the Remuneration & People, Risk and Audit Committees, has absolute discretion to defer, adjust, withdraw, and apply malus and clawback to variable reward (STI and/or LTI), including unvested and unpaid awards. This includes the discretion to adjust the total number of unvested awards to zero. Variable reward can be adjusted for business, risk and conduct outcomes.

Any determination by the Board to apply discretion is supported by Latitude's Consequence Management Framework (CMF) that is linked to the Enterprise Risk Management Framework and our Code of Conduct; and provides guidance to determine the severity of risk and conduct events and proportionate consequence outcome to be applied.

The Board has discretion, within Australian Stock Exchange (ASX) listing rules, to determine the treatment of STI and LTI terms in the event of exceptional circumstances (e.g., variation of capital, divestment of a material business or subsidiary, or change of control).

#### 2.3. Minimum shareholding requirements

The requirement to hold a minimum shareholding enhances the alignment between the interests of shareholders and the Executive Team. Under the Minimum Shareholding Policy, Executives are expected to hold a Minimum Shareholding Requirement (MSR) within five years of listing, joining the Company or becoming an Executive KMP, whichever is the later as follows:

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

#### 2.4. Executive Employment Agreements

The remuneration and other terms of employment for the MD & CEO and Executive Team are formalised in their employment agreements. Each agreement provides details for the payment of their FR (including superannuation contributions) and variable reward.



## Remuneration Report

The table below details the key terms including termination provision for the MD & CEO and the other Executive KMP.

Term	Conditions
Duration of agreement	Ongoing until notice (provided by either party)
Notice (by the Executive or Group) to terminate employment	MD & CEO: 12 months. Other Executive KMP: 6 months.
Termination payments on termination without cause	Deferred STI (which may be awarded on a pro rata basis for the part year served) and unvested LTI will be treated in accordance with the applicable STI/LTI plan rules and will remain subject to remuneration adjustments if the award is retained.
Termination for cause	Deferred STI and unvested LTI is forfeited, noting the Board has discretion to determine otherwise.
Post-employment restraints and payments <sup>1</sup>	MD & CEO: 12, 6 and 3 month non-compete and non-solicit. Other Executive KMP: 12, 6 and 3 month non-compete and non-solicit.

### 3. Key Management Personnel

KMP is defined as those persons that have the authority and responsibility for planning, directing and controlling the activity of an entity, directly or indirectly. Latitude's 2024 Remuneration Report covers both the Non-Executive Directors and Executive KMP during 2024 and up to the date of this report, as detailed below.

Non-Executive Directors		Term as KMP
Michael Tilley	Independent Non-Executive Director and Chairman	Full year
Mark Joiner	Independent Non-Executive Director	Full year
Alison Ledger	Independent Non-Executive Director	Full year
Julie Raffae	Independent Non-Executive Director	Full year
Philip Busfield	Non-Executive Director (Shareholder Representative, KKR)	Full year
Aneek Mamik	Non-Executive Director (Shareholder Representative, Varde Partners)	1 January to 14 November 2024
Beaux Pontak	Non-Executive Director (Shareholder Representative, Deutsche Bank)	Full year
Ilfryn Carstairs	Non-Executive Director (Shareholder Representative, Varde Partners)	Commenced 28 January 2025
Executive KMP		Term as KMP
Bob Belan	Managing Director and Chief Executive Officer (MD & CEO)	Full year
Paul Varro <sup>2</sup>	Executive General Manager (EGM), Finance and Chief Finance Officer (CFO)	Full year
Adriana Martinez	EGM, Pay	Full year
Steve Rubenstein	EGM, Money	Commenced 19 August 2024
Stefano Tognon <sup>3</sup>	Acting EGM, Finance and CFO	Commenced 1 January 2025
Former Executive KMP		Term as KMP
Paul Byrne	EGM, Money	1 January to 26 April 2024
Karl Hoffman <sup>4</sup>	Acting EGM, Money	1 May to 18 August 2024

<sup>1</sup> Latitude will make a lump sum payment to the same number of months' base salary as the length of the non-compete Period (less applicable tax), payable at the end of the non-compete period, or else waive the non-compete. This is a grandfathered clause and no longer offered to new employees hired from 1 July 2024.

<sup>2</sup> Mr Varro ceased employment with Latitude on 31 December 2024.

<sup>3</sup> Mr Tognon is acting as EGM, Finance and CFO whilst a search underway for permanent incumbent.

<sup>4</sup> Mr Hoffman acted in the EGM, Money role before the commencement of Mr Rubenstein.

## Remuneration Report

### 4. Our 2024 executive remuneration structural elements

#### 4.1. Fixed remuneration

The table below sets out the key features of FR.

<b>Purpose</b>	Provide market competitive remuneration reflecting role scope and accountabilities.
<b>Opportunity and benchmarking</b>	Set with reference to market benchmarks in the financial services industry and relevant size corporates in Australia as appropriate. We also consider the size, responsibility and complexity of the role, and the skills and experience of the individual.
<b>Timing of review</b>	Reviewed annually with changes applied from 1 April.

#### 4.2. Short-term Incentive Plan (STI)

The table below outlines the key features of the 2024 STI.

Feature	Key Terms of the 2024 STI
<b>Purpose</b>	Rewards executives for delivering financial and non-financial objectives.
<b>Performance period</b>	1 January to 31 December 2024.

The STI opportunity as a percentage of FR is as follows:

	MD & CEO	Other Executive KMP
<b>Maximum (125% of Target)</b>	125%	93.75%
<b>Target</b>	100%	75%
<b>Minimum</b>	0%	0%

STI outcomes are determined on the basis of Group and Business Unit (BU) performance through a balanced scorecard. The performance measures comprise a mix of financial and non-financial metrics linked to Group and BU targets, aligned to the Group's strategy with the weightings varied by role. More information on scorecards can be found in Section 7.2.

Scorecard focus areas	Performance and growth		
	Leadership and culture	Reputation and sustainability	
<b>MD &amp; CEO</b>	70%	10%	20%
<b>EGMs Pay and Money</b>	70%	10%	20%
<b>EGM Finance and CFO</b>	65%	10%	25%

The outcome for each performance measure continues as follows:

Performance achieved	% Outcome	Calculation
<b>Ambition</b>	125%	Straight-line pro rata % between Threshold, Target and Ambition
<b>Target</b>	100%	
<b>Threshold</b>	50%	
<b>Below Threshold</b>	0%	

The Board retains the discretion to modify STI outcome upwards or downwards (including to zero) for risk, reputation or people management considerations, including:

Modifier	Assessment
<b>Values</b>	Demonstration of behaviours in line with Latitude's values of 'Act Right, Show Care, Be Curious.'
<b>Risk</b>	Management of risk and compliance, informed with input received from the Risk Committee.

The table below provides a summary of the performance assessments for the MD & CEO and other Executive KMP:



## Remuneration Report

Feature	Key Terms of the 2024 STI
<b>Delivery and deferral</b>	50% of STI award is paid in cash and 50% is deferred for 12 months.
<b>Treatment of awards on cessation of employment</b>	Participants who depart Latitude prior to the deferred cash payment date, are generally treated as follows, although the Board retains discretion to determine a different treatment: <ul style="list-style-type: none"> <li><i>Misconduct, summary dismissal for cause and resignation</i>: deferred cash lapses.</li> <li><i>All other circumstances</i>: deferred cash remains on foot, subject to the original performance conditions and restriction period.</li> </ul>
<b>Board discretion</b>	The Board has discretion in respect of the STI awarded. Further detail on governance of STI is outlined in Section 2.2.
<b>Changes in 2024</b>	The following changes to the STI were made in 2024: <ul style="list-style-type: none"> <li>The Cash Profit Before Tax (PBT) gate was removed.</li> <li>STI Pool available across the company is derived from a fixed percentage (10%) of NPAT multiplied by the Group Scorecard outcome.</li> </ul>

#### 4.3. Long-term Incentive Plan (LTI)

The table below outlines the key features of the 2024 LTI.

Feature	Key Terms of the 2024 LTI
<b>Purpose</b>	Rewards executives for creating shareholder value over the long term.
<b>Structure and delivery</b>	LTI is awarded in performance rights (Rights) which vest after three years subject to the achievement of performance hurdles and vesting conditions over the performance period.
<b>Performance period</b>	1 January 2024 to 31 December 2026.

The LTI opportunity as a percentage of FR is as follows:

	MD & CEO	Other Executive KMP
<b>Maximum (100% Target)</b>	100%	75%
<b>Minimum</b>	0%	0%

Rights are allocated twice a year in May and October. The number of performance rights each Executive receives is determined by dividing the dollar value of the LTI award by the face value of the performance rights as determined by the five-day Volume Weighted Average Price (VWAP). The VWAP used for the two phases of LTI awards in 2024 were:

- 15 May 2024 grant - \$1.155 for the period 26 February – 1 March.
- 8 October 2024 grant - \$1.151901 for the period 26 – 30 August.

The following performance conditions apply:

	Interest Bearing Receivables (IBR)	Cash Earnings per Share (EPS) growth
<b>Description</b>	Measures the amount of gross loan receivables that are eligible to be charged interest.	Measures the cash earnings generated by the Company attributable to each Share on issue.
<b>Rationale</b>	Driving growth critical to bottom-line profitability, aligning Executive reward to shareholder experience.	Demonstrates Latitude's ability to generate Cash NPAT, that may be utilised to facilitate growth activities and future distributions to shareholders.
<b>Calculation</b>	Compound Annual Growth Rate (CGAR) will be determined by comparing the Company's IBR for the final financial year of the performance period (2026) with the Company's IBR for the base year (2023).	Cash NPAT CAGR will be determined by comparing the EPS for the final financial year of the performance period (2026) with the EPS for the base year (2023).
<b>Weighting</b>	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.

## Remuneration Report

Following the release of the 2026 full-year results in 2027, the 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 target	100%
Between threshold and target	Straight-line pro-rata vesting between 50% and 100%
At threshold	50%
Below threshold	0%

### Testing outcomes

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

- Performance Rights that vest are automatically exercised into shares.
- Performance Rights that don't vest will lapse and are not retested.
- In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.
- The 2024 LTI outcomes will be reported in the 2027 Remuneration Report.

### Treatment of awards on cessation of employment

Participants who depart Latitude prior to the vesting date, are generally treated as follows, although the Board retains discretion to determine a different treatment:

*Misconduct, summary dismissal for cause and resignation:* Rights lapse.

*All other circumstances:* Rights remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance Period. The Rights remain restricted until the end of the usual performance and vesting period.

### Other details

- Rights have no dividend or voting rights prior to vesting.
- Rights are not able to participate in the DRP.
- Trading is restricted by Latitude's share trading policy.
- Treatment of LTI is subject to Board discretion in the case of other events (e.g., change of control, capital restructure), within ASX listing Rules.

### Board discretion

The Board has discretion in respect of the LTI awarded. Further detail on governance of LTI is outlined in Section 2.2.

### Changes for 2024

The following changes to the LTI were made in 2024:

- IBR has replaced Return on Equity (ROE). IBR measures the amount of gross loan receivables that are on plans that are eligible to be charged interest. IBR drives growth critical to bottom-line profitability, aligning Executive reward to shareholder experience.
- EPS threshold performance has been increased to 85% of Target, and demonstrates Latitude's ability to generate Cash NPAT, that may be utilised to facilitate growth activities and future distributions to shareholders.



## Remuneration Report

### 4.4. Other information

Under the terms of their employment agreements and/or company policy, Executive KMP may receive additional benefits such as car parking, Total Permanent Disability and Income Protections insurance through Latitude's corporate superannuation provider and an additional week of annual leave (aligned to the leave policy that applies for all employees).

### 5. Other awards currently on-foot

#### 5.1. 2022 LTI

Feature	Key Terms of the 2022 LTI									
Offer	Rights to acquire Shares (Performance Rights), subject to the satisfaction of specific performance conditions and vesting conditions over the Performance Period.									
Performance period	1 January 2022 to 31 December 2024.									
Opportunity	The LTI opportunity as a percentage of FR was as follows: <table border="1"> <thead> <tr> <th></th> <th>MD &amp; CEO</th> <th>Other Executive KMP</th> </tr> </thead> <tbody> <tr> <td>Maximum (100% target)</td> <td>69.4%</td> <td>75%</td> </tr> <tr> <td>Minimum</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		MD & CEO	Other Executive KMP	Maximum (100% target)	69.4%	75%	Minimum	0%	0%
	MD & CEO	Other Executive KMP								
Maximum (100% target)	69.4%	75%								
Minimum	0%	0%								
Grant	Performance Rights were granted on 28 April 2022 to eligible KMP. The number of Performance Rights granted was calculated based on a 5-day volume- VWAP of \$1.998468 for the period 22 – 28 February 2022.									

The following performance conditions apply:

	Return on Equity (ROE)	Cash earnings per share growth (EPS)
Description	Measures cash earnings generated as a percentage of shareholders' equity.	Measures compound annual growth rate of the profit/loss for the period attributable to ordinary equity holders in the Company.
Rationale	Evidences Latitude's return on total shareholder's equity, aligning Executive reward to shareholder experience.	Demonstrates Latitude's ability to generate cash NPAT, that may be utilised to facilitate growth activities and future distributions to shareholders.
Calculation	Cash NPAT / average shareholders' equity.	Cash NPAT/weighted average number of ordinary shares outstanding during the performance period.
Weighting	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.

Following the release of the 2024 full-year results in 2025, 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 Performance Period	% of Performance Rights subject to the ROE / EPS hurdles that will vest
At or above target	100%
Between threshold and target	Straight-line pro-rata vesting between 50% and 100%
At threshold	50%
Below threshold	0%

### Testing outcomes

- Performance Rights that vest are automatically exercised into Shares.
- Performance Rights that don't vest will lapse and are not retested.
- In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.
- Refer to Section 8.3 for the testing outcome of the 2022 LTI.

### Restriction period<sup>5</sup>

50% of Shares allocated in respect to vested and automatically exercised Performance Rights will be subject to a trading restriction, on the transfer and disposal of the Shares over the restriction period (being a one-year period from the vesting date).

Ordinary dividend and voting rights apply to Shares.

<sup>5</sup> The restriction period is only applicable to the 2022 LTI and does not apply to other LTI Plans.

## Remuneration Report

<b>Treatment of awards on cessation of employment</b>	Participants who depart Latitude prior to the vesting date, are generally treated as follows, although the Board retains discretion to determine a different treatment:
	<ul style="list-style-type: none"> <li><i>Misconduct or summary dismissal for cause:</i> Performance Rights will lapse.</li> <li><i>Resignation:</i> The Performance Rights will lapse, subject to the Board exercising discretion to determine otherwise.</li> <li><i>All other circumstances:</i> Performance Rights will remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served during the Performance Period.</li> </ul>
<b>Other details</b>	Performance Rights that vest at the end of the original vesting period for former employees are automatically exercised.
	<ul style="list-style-type: none"> <li>Performance Rights have no dividend or voting rights prior to vesting.</li> <li>LTI Performance Rights are not able to participate in the DRP.</li> <li>Trading is restricted by Latitudes share trading policy.</li> <li>Subject to Board discretion (e.g., change of control, capital restructure), within ASX listing Rules.</li> </ul>

### 5.2. 2023 LTI

Feature	Key Terms of the 2023 LTI										
<b>Offer</b>	Rights to acquire Shares (Performance Rights), subject to the satisfaction of specific performance conditions and vesting conditions over the Performance Period.										
<b>Performance period</b>	1 January 2023 to 31 December 2025										
<b>Opportunity</b>	The LTI opportunity as a percentage of FR was as follows:										
	<table border="1"> <thead> <tr> <th></th> <th>Ms Martinez<sup>6</sup></th> </tr> </thead> <tbody> <tr> <td><b>Maximum (100% target)</b></td> <td>75%</td> </tr> <tr> <td><b>Minimum</b></td> <td>0%</td> </tr> </tbody> </table>		Ms Martinez <sup>6</sup>	<b>Maximum (100% target)</b>	75%	<b>Minimum</b>	0%				
		Ms Martinez <sup>6</sup>									
<b>Maximum (100% target)</b>	75%										
<b>Minimum</b>	0%										
<b>Grant</b>	Performance Rights were granted on 9 November 2023. The number of Performance Rights granted was calculated based on a 5-day VWAP of \$ \$1.1762 for the period 22-28 August 2023.										
<b>Performance conditions</b>	Performance conditions are aligned to the 2022 LTI – refer to section 5.1										
<b>Testing outcomes</b>	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:										
	<table border="1"> <thead> <tr> <th>ROE / EPS performance level achieved over the Performance Period</th> <th>% of Performance Rights subject to the ROE / EPS hurdles that will vest</th> </tr> </thead> <tbody> <tr> <td><b>At or above target</b></td> <td>100%</td> </tr> <tr> <td><b>Between threshold and target</b></td> <td>Straight-line pro-rata vesting between 50% and 100%</td> </tr> <tr> <td><b>At threshold</b></td> <td>50%</td> </tr> <tr> <td><b>Below threshold</b></td> <td>0%</td> </tr> </tbody> </table>	ROE / EPS performance level achieved over the Performance Period	% of Performance Rights subject to the ROE / EPS hurdles that will vest	<b>At or above target</b>	100%	<b>Between threshold and target</b>	Straight-line pro-rata vesting between 50% and 100%	<b>At threshold</b>	50%	<b>Below threshold</b>	0%
	ROE / EPS performance level achieved over the Performance Period	% of Performance Rights subject to the ROE / EPS hurdles that will vest									
	<b>At or above target</b>	100%									
	<b>Between threshold and target</b>	Straight-line pro-rata vesting between 50% and 100%									
<b>At threshold</b>	50%										
<b>Below threshold</b>	0%										
<ul style="list-style-type: none"> <li>Performance Rights that vest are automatically exercised into Shares.</li> <li>Performance Rights that don't vest will lapse and are not retested.</li> <li>In certain circumstances, participants may receive a cash equivalent value of the vested element after testing.</li> <li>The 2023 LTI outcomes will be reported in the 2026 Remuneration Report.</li> </ul>											
<b>Treatment of awards on cessation of employment</b>	Terms are aligned to the 2022 LTI – refer to section 5.1										
<b>Other details</b>											

<sup>6</sup> Ms Martinez was the only Executive KMP to participate in the FY23 LTI.



## Remuneration Report

### 5.3. Latitude Options Offer

Feature	Key Terms of the Options Offer																				
<b>Offer</b>	Options represent a right to acquire Shares at the Exercise Price (Options), subject to the satisfaction of applicable vesting conditions. Options were granted as follows: <ul style="list-style-type: none"> <li>The MD &amp; CEO's were granted on 3 April 2023, in three equal tranches.</li> <li>Other Executive KMP were granted on 20 March 2023, in two equal tranches (Tranche 1 and Tranche 2).</li> </ul>																				
<b>Exercise Price</b>	\$1.40 per Option.																				
<b>Vesting Conditions</b>	Options are exercisable subject to specific Vesting Conditions, which include a Share Price Hurdle (SPH) for each tranche as follows:																				
	<table border="1"> <thead> <tr> <th>Tranche</th> <th>Testing period</th> <th>Approximate vesting date</th> <th>SPH</th> <th>Outcome</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2024 half year</td> <td>September 2024</td> <td>\$1.65</td> <td>Forfeited<sup>7</sup></td> </tr> <tr> <td>2</td> <td>2024 full year</td> <td>March 2025</td> <td>\$2.00</td> <td>n/a</td> </tr> <tr> <td>3</td> <td>2025 full year</td> <td>March 2026</td> <td>\$2.60</td> <td>n/a</td> </tr> </tbody> </table>	Tranche	Testing period	Approximate vesting date	SPH	Outcome	1	2024 half year	September 2024	\$1.65	Forfeited <sup>7</sup>	2	2024 full year	March 2025	\$2.00	n/a	3	2025 full year	March 2026	\$2.60	n/a
	Tranche	Testing period	Approximate vesting date	SPH	Outcome																
	1	2024 half year	September 2024	\$1.65	Forfeited <sup>7</sup>																
2	2024 full year	March 2025	\$2.00	n/a																	
3	2025 full year	March 2026	\$2.60	n/a																	
For each tranche, Latitude shares must achieve at least the SPH based on a VWAP over the first 20 trading days commencing the second trading day following each tranche's results announcement. Additional Vesting Conditions:																					
<ul style="list-style-type: none"> <li>The participant remaining employed by the Group until the applicable vesting date for the relevant tranche; and</li> <li>The Board being satisfied that the participant has, at all times during the vesting period, satisfied the risk, values and conduct requirements of the Company.</li> </ul>																					
<b>Testing Outcomes</b>	Any Options that don't vest following the testing of the Vesting Conditions will lapse and not be retested.																				
<b>Expiry date</b>	The expiry date for vested Options for Tranches 1 and 2 is the third anniversary of the Grant date and for Tranche 3 is the fifth anniversary of the Grant date. Any vested Options not exercised by the expiry date will lapse.																				
<b>Restrictions on dealing</b>	Participants cannot sell, transfer, encumber, hedge or otherwise deal with their unvested Options.																				
<b>Treatment of Options prior to vesting – cessation of employment</b>	Where participants depart Latitude prior to the vesting date, they are generally treated as follows, although the Board retains discretion to determine a different treatment:																				
	<ul style="list-style-type: none"> <li><i>Misconduct or summary dismissal for cause:</i> Options will lapse.</li> <li><i>Resignation:</i> Options will lapse.</li> <li><i>All other circumstances:</i> Options will remain on foot, subject to the original performance conditions and vesting period. The Board may elect to pro rata the original grant based on time served between the grant date and vesting date.</li> </ul>																				
<b>Other details regarding treatment</b>	Options that vest at the end of the original vesting period are automatically exercised.																				
	<ul style="list-style-type: none"> <li>Options have no dividend or voting rights prior to vesting.</li> <li>Options are not able to participate in the DRP.</li> <li>Trading is restricted by Latitudes share trading policy.</li> <li>Treatment of Options are subject to Board discretion in the case of other events (e.g., change of control, capital restructure), within ASX listing Rules.</li> </ul>																				
<b>Interaction with 2021 and 2022 LTI</b>	Executives may only realise the benefit from either the Options or any Performance Rights that were granted under the 2021 or 2022 LTI. In this respect, the Board will only permit vested Options to be exercised by the Executive where any 2021 and / or 2022 LTI awards granted to the employee have lapsed, or where the employee has not exercised the awards (should the LTI awards vest).																				

<sup>7</sup> See section 8.5 for details.

## Remuneration Report

### 6. Non-Executive Director (NED) remuneration

#### 6.1. Structure and policy

NED remuneration is not linked to Latitude's results. Fees are paid in cash and no discretionary payments are made for performance. There is currently no minimum shareholding requirement for NEDs. Shareholder representative NEDs (identified in Section 3) are also eligible to receive fees payable at the same level as Independent NEDs. NEDs may receive reimbursement for reasonable travel, accommodation and other expenses incurred while attending Board and Committee meetings, or when engaged in the business of the company.

The table below sets out the components of the NED remuneration.

NED Remuneration	
<b>Base fees</b>	Relate to service on the Latitude Board. The base for the Chairman covers all responsibilities, including the Board Committees.
<b>Committee fees</b>	Additional fees are paid to NEDs (other than the Board Chairman) for chairing or participating in Board committees.
<b>Employer superannuation contributions</b>	Reflects statutory superannuation contributions which are capped at the maximum contributions base as prescribed under the Superannuation Guarantee legislation.

#### 6.2. NED remuneration in 2024

There was no change to the aggregate fee limit of \$2.2 million per annum, the Board and Committee fees for 2024. All Directors (including Shareholder Directors) remain as follows:

Board and Committee Fees	Chair \$	Member \$
<b>Board</b>	360,000	180,000
<b>Audit Committee</b>	20,000	10,000
<b>Remuneration and People Committee</b>	15,000	7,500
<b>Risk Committee</b>	15,000	7,500
<b>Technology Committee</b>	15,000	7,500

### 7. Executive remuneration outcomes

#### 7.1. Remuneration outcomes aligned with company performance

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

The table below shows the Group's annual financial performance over the last five years.

Measure	2024	2023 <sup>8</sup>	2022	2021	2020 <sup>9</sup>
<b>Short-term measures</b>					
Cash PBT (un-audited)	\$155.2 m	\$97.7 m	\$232.8 m	\$281.3 m	\$309.3 m
Cash NPAT (un-audited)	\$65.9 m	\$27.6 m	\$153.5 m	\$200.0 m	\$204.2 m
Cash Operating Expense to Op Income Ratio	49.4%	52.6%	46.6%	45.9%	42.5%
<b>Short and Long-term measure</b>					
Interest Bearing Receivables (IBR)	\$5.0 bn	\$4.5 bn	\$4.6 bn	\$4.4 bn	\$4.4 bn
<b>Long-term measures</b>					
Return on equity (ROE)	5.3%	2.1%	10.1%	14.3%	16.6%
Cash Earnings per share (EPS) <sup>10</sup>	6.3 cents	2.7 cents	14.8 cents	19.9 cents	20.4 cents
<b>Other measures</b>					
Closing share price	\$1.15	\$1.17	\$1.31	\$2.00	
Change in share price	\$(0.02)	\$(0.14)	\$(0.69)	\$(0.60) <sup>11</sup>	n/a
Dividends per share <sup>12</sup>	3.00 cents	0.0 cents	11.85 cents	15.7 cents	(pre-listing)

<sup>8</sup> Financials have been revised from figures stated in the 2023 Remuneration Report and restated due to the discontinued operations in Asia, as confirmed in the 2024 half year update.

<sup>9</sup> 2020 financials are in line with the revised Cash NPAT disclosed on 27 May 2022 but have not been restated for discontinued operations treatment.

<sup>10</sup> EPS of 6.3 cent (2024), 2.7 cents (2023), 14.8 cents (2022) and 19.9 cents (2021) is based on EPS Cash NPAT. EPS of 20.4 cents (2020) is based on pro forma EPS Cash-Basic.

<sup>11</sup> For FY21 this represents the difference between the share price at listing (April 2021) and 31 December 2021.

<sup>12</sup> 2024 full year dividend per share of 3.00 cents, 2023 dividend per share of 0.00 cents. 2022 dividend per share of 11.85 cents comprises 7.85 cents interim dividend paid 26 October 2022 and 4.00 cents full year dividend paid 24 April 2023. 2021 dividend per share of 15.7 cents comprises 7.85



## Remuneration Report

### 7.2. Performance against 2024 Group scorecard

2024 has been pivotal for our company, and a cornerstone year for our Path to Full Potential corporate strategy, as we realise the benefits of a renewed and uncompromising focus on Latitude's core business lines and core markets of Australia and New Zealand. The business set ambitious targets at the start of the year, and many of these were achieved and exceeded. As a result, the Group Scorecard achieved an outcome of 106%.

Key strategic achievements included:

- Restoring growth momentum in 2024;
- Re-entered the private label credit card space with the launch of David Jones (DJs) and migration of back-book;
- Launched new marquee partnerships and extended existing major partners;
- Rebuilding margins through strategic margin management and pricing actions;
- Maintaining tight discipline on costs and driving further operational efficiencies;
- Optimising the balance sheet with \$4.3 billion new funding raised or refinanced; and
- Refreshed Purpose and Values.

The following table outlines performance against the 2024 Group scorecard.

Category	Measures	Weight	Outcome
<b>Performance and growth</b>	Interest Bearing Receivables: represents the amount of gross loan receivables that are on accounts that are eligible to be charged interest. It excludes balances while they are on active interest free promotion (e.g., 6-60 months interest free) but does include the remaining balances once that interest free period has expired. It is a key measure of the company's ability to generate interest income on receivables balances.	20%	●
	Cash Operating Expense to Op Income Ratio: represents the ratio of cash operating expense to operating income, excluding notable items. It indicates the operating efficiency of the company by comparing ongoing costs it incurs to its income.	20%	●
	Cash Profit Before Tax: Is Cash profit before tax, which excludes loss provision movement, D&A and income tax. It represents the underlying earnings of the business on a cash basis.	30%	★
<b>Leadership and culture</b>	Employee Engagement: Employee Engagement is the single most powerful People Metric that determines the overall health of an organisation from an employee perspective.	10%	★
<b>Reputation and sustainability</b>	Active Customers: Defined as a customer who has a balance and/or incurred a transaction/fee on a product in the month. It is a measure of customers that have the propensity to generate operating income.	15%	●
	Enterprise NPS: Customer loyalty and measuring their experience with Latitude is a key indicator on how customers feel about their experience with the business, as well as their likelihood of recommending the business	5%	●

Key: ● Below threshold achieved ● Threshold achieved ● Target achieved ★ Ambition achieved

cents interim dividend paid 14 October 2021 and 7.85 cents full year dividend paid on 22 April 2022.

## Remuneration Report

### 8. Variable reward outcomes

#### 8.1. Summary of Executive KMP variable reward outcomes

The following table provides an overview of at-risk, performance-based remuneration outcomes for 2024 and the prior year for reference. Further detail about the 2024 STI, LTI and Option outcomes are contained in the sections below.

		MD & CEO <sup>13</sup>		Other Executive KMP <sup>14</sup>	
		2024	2023	2024	2023
STI	% of Target	77%	35%	43%	17%
	% of Maximum	62%	28%	34%	13%
LTI <sup>15</sup>	% of opportunity vested	0%	n/a	0%	0%
Options		0%	n/a	0%	n/a

#### 8.2. 2024 Executive KMP STI reward outcomes

The table below outlines Executive KMP STI outcomes for 2024. Outcomes take into consideration performance of the Group scorecard (as shown in Section 7.2), business unit performance, values and leadership behaviour, and risk management.

Name <sup>16</sup>	STI target (pro rata as required) \$	STI maximum (pro rata as required) \$	STI Actual			STI actual as a % of STI target	STI actual as a % of STI maximum
			Total \$	Cash \$	Deferred Cash \$		
Bob Belan	1,300,000	1,625,000	1,000,000	500,000	500,000	77%	62%
Paul Varro <sup>17</sup>	562,500	703,125	125,523	125,523	-	22%	18%
Adriana Martinez	450,000	562,500	201,232	101,616	101,616	45%	36%
Steve Rubenstein	165,984	207,480	79,149	39,575	39,574	48%	38%
Karl Hoffman <sup>18</sup>	135,246	169,057	75,627	37,814	37,813	56%	45%

#### 8.3. 2022 LTI vesting outcome

In 2022, Executive KMP were eligible to participate in the LTI under the terms detailed Section 5.1. Rights to acquire Shares (Performance Rights) were granted on 28 April 2022, subject to the satisfaction of performance and vesting conditions over the Performance Period (1 January 2022 to 31 December 2024).

The 2022 LTI was equally weighted between Return on Equity (ROE) and a Cash Earnings Per Share (EPS) growth performance conditions.

Following the testing of each performance condition, lapsing will occur on 24 February 2025 in relation to the 2022 LTI as follows:

Name	Weighting	Target (50% vests)	Maximum (100% vests)	Result	% vesting
ROE	50%	15%	18%	5.8%	0%
Cash EPS	50%	5%	8%	Negative%	0%
<b>Overall vesting</b>	<b>100%</b>				<b>0%</b>

Executive KMP who hold both 2022 LTI and Options may only realise the benefit from either vested Options or any vested Performance Rights granted under the 2022 LTI. In this respect, the Board will only permit vested Options to be exercised by the executive where any 2022 LTI awards granted to the employee have lapsed, or where the employee has not exercised the awards (should the LTI awards vest).

<sup>13</sup> MD & CEO remuneration outcomes relate to Mr Belan's outcomes for both years, noting in FY23 he was in the role EGM, Money between 1 January to 30 March 2023.

<sup>14</sup> Average % for eligible Executive KMP. Executives with changed role and remuneration during the year have a STI target and maximum based on pro rata for time in each KMP role/remuneration in 2024. 2023 values reflect Executive KMP that were applicable in the 2023 Performance Period as per the 2023 Remuneration Report.

<sup>15</sup> Mr Belan did not participate in the FY21 LTI as it was granted prior to his commencement with Latitude.

<sup>16</sup> Mr Byrne is not included in the table as he was ineligible to participate in the 2024 STI.

<sup>17</sup> No deferral was applied to Mr Varro's STI in line with his departure agreement.

<sup>18</sup> Value shown relate to the period Mr Hoffman was Acting EGM Money.



## Remuneration Report

### 8.4. Restricted share movement (STI and Sign-On)

The table below outlines the second and final tranche of the 2021 STI and sign-on shares that were released during 2024.

Name	Type	Opening Balance at 1 January 2024	Movement during financial period			Closing Balance at 31 December 2024	Additional information Market price at grant per share
			Granted	Released	Forfeited		
Bob Belan	-	-	-	-	-	-	-
Paul Varro	STI	33,775	-	33,775	-	-	\$1.9985 <sup>19</sup>
Adriana Martinez <sup>20</sup>	Sign-on	250,000	-	125,000	-	125,000	\$1.1789 <sup>21</sup>
Karl Hoffman	-	-	-	-	-	-	-
Steve Rubenstein	-	-	-	-	-	-	-
Paul Byrne	-	-	-	-	-	-	-
<b>Total</b>		<b>283,775</b>	<b>-</b>	<b>158,775</b>	<b>-</b>	<b>125,000</b>	

### 8.5. Performance Rights and Option movement

The table below sets out details of Performance Rights and Options that were granted to Executive KMP in 2024. No Performance Rights or Options for Executive KMP vested or were exercised during 2024.

While the performance outcomes of the 2022 LTI are detailed in Section 8.3, changes in movement in this section will be updated in the 2025 Remuneration Report as no movement of shares will occur until March 2025, as detailed in the 2022 Remuneration Report.

Tranche 1 of the Options Plan was tested with a 20-day VWAP following the announcement of the 2024 half year results. The SPH was \$1.65 and the 20-day VWAP was 1.15236. As a result, all Options under tranche 1 were forfeited.

Tranches 2 and 3 of the Options Plan remain on-foot and will be tested in line with the dates and SPH outlined in section 5.3.

<sup>19</sup> The market price at grant for STI Shares was \$1.998468 per share, being the 5-day VWAP from the second trading day following the release of the 2021 results

<sup>20</sup> Ms Martinez started 2024 with 250,000 unvested restricted sign-on shares. The first tranche equalling 125,000, vested in March 2024 and she continues to hold 125,000 unvested restricted sign-on shares as at the 31 December 2024. The final two tranches of her restricted sign-on shares will vest as follows: 98,000 in March 2025 (following announcement of the 2024 full-year results), and 27,000 in March 2026 (following announcement of the 2025 full-year results).

<sup>21</sup> The 5-day VWAP up to and including the grant made on 9 November 2023 for Sign-on shares was \$1.1789 per share.

## Remuneration Report

Name	Type	Opening Balance at 1 January 2024 <sup>22</sup> ,	Granted	Released	Forfeited	Closing Balance at 31 December 2024	Accounting fair value of grant yet to vest <sup>23</sup>
Bob Belan	Performance Rights	225,172	1,125,541	-	-	1,350,713	\$1,714,647
	Options	9,000,000	-	-	3,000,000	6,000,000	\$225,000
Paul Varro	Performance Rights	460,231	-	-	178,766	281,465	\$518,309
	Options	4,000,000	-	-	2,000,000	2,000,000	\$80,000
Adriana Martinez	Performance Rights	116,348	389,610	-	-	505,958	\$586,848
	Options	-	-	-	-	-	-
Karl Hoffman	Performance Rights	-	216,450	-	-	216,450	\$250,000
	Options	-	-	-	-	-	-
Steve Rubenstein	Performance Rights	-	144,490	-	-	144,490	\$166,438
	Options	-	-	-	-	-	-
Paul Byrne	Performance Rights	56,293	-	-	56,293	-	-
	Options	750,000	-	-	750,000	-	-
Total	Performance Rights	858,044	1,876,091	-	235,059	2,499,076	\$3,236,242
	Options	13,750,000	-	-	5,750,000	8,000,000	\$305,000

### 8.6. Executive KMP ordinary shareholdings

The relevant interest of Executive KMP in the shares issued by the Company is outlined in the table below.

The calculation of the MSR includes ordinary and Restricted Shares, but excludes Performance Rights and Options, and utilises the closing share price on 31 December 2024 (\$1.15).

As at 31 December 2024, the MD & CEO<sup>24</sup> and all Executive KMP are on track to meet the requirements as shown in the table below; noting Mr Rubenstein has five years to reach the required MSR.

Name	Share type	Opening Balance at 1 January 2024	Shares acquired	Shares disposed	Closing balance at 31 December 2024
Bob Belan	Ordinary	11,730,769	-	2,823,242	8,907,527
Paul Varro	Ordinary	325,479	33,775 <sup>25</sup>	-	359,254
Adriana Martinez	Ordinary	-	125,000 <sup>26</sup>	-	125,000
Karl Hoffman <sup>27</sup>	Ordinary	746,656	-	-	746,656
Steve Rubenstein	Ordinary	-	-	-	-
Paul Byrne	Ordinary	12,076,599	-	3,472,031	8,604,568 <sup>28</sup>
<b>Total</b>	<b>Ordinary</b>	<b>24,879,503</b>	<b>158,775</b>	<b>6,295,273</b>	<b>18,743,005</b>

<sup>22</sup> Ms Martinez, Mr Hoffman and Mr Rubenstein were not eligible to participate in the 2023 Options grant.

<sup>23</sup> For Performance Rights, the fair value is based upon the 2022 LTI market price at grant of \$1.998468, excluding dividend of \$0.1185, and the 2023 LTI market price at grant of \$1.1762 with no dividend and the 2024 LTI market price at grant of \$1.155 (with a market price of \$1.151901 for Mr Rubenstein only) excluding dividend of \$0.0300. For Options, the fair value is determined using a Monte Carlo simulation valuation of \$305,000. Please refer to Section 6.1 of the notes to the Financial Statements for the assumptions the valuation is based upon.

<sup>24</sup> As disclosed to the market at the time of his appointment to the MD & CEO role, Mr Belan must maintain a different minimum shareholding requirement of 7 million Latitude shares for a period of 5 years from his commencement in the role. Subject to compliance with the terms of the Latitude Group Holdings Limited Trading Policy and the minimum shareholding requirement Mr Belan may sell up to 1.5 million Latitude Financial Group Limited shares per annum.

<sup>25</sup> Mr Varro had the final tranche of the 2021 STI Shares released from restriction in February 2024, increasing his ordinary shareholdings.

<sup>26</sup> Shares acquired from the first tranche of Ms Martinez's restricted sign-on shares vesting.

<sup>27</sup> The 1 January 2024 opening balance for Mr Hoffman were ordinary shareholdings prior to becoming a KMP.

<sup>28</sup> Reflect the number of ordinary shares held by Mr Byrne at the time of departure.

## Remuneration Report



### 8.7. Board discretion

Subject to Section 2.2, there were no adjustments made to Executive KMP remuneration in 2024 due to consequence management or any other exercise of discretion by the Board.

### 8.8. Employee Share Acquisition Plan (ESAP)

The April 2021 grant continued under restriction until April 2024. No other KMP participated in the ESAP.



## Remuneration Report

### 9. 2024 statutory remuneration – KMP

The table below sets out the Executive KMP remuneration for 2024, prepared in accordance with relevant Australian Accounting Standards. More information on the policy and operation of each element of remuneration is provided in the notes below the table and other sections of this Report.

FY	Short-term Benefits		Post- Employment Benefits	Long-term Benefits	Termination benefits	Share-based payments <sup>29</sup>		Total Statutory Remuneration	Variable Reward as a % of Total	
	Salary	Other benefits <sup>30</sup>	Cash STI	Super	LSL	Termination benefits	Share Rights <sup>31</sup>			Restricted Shares
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Bob Belan<sup>32</sup></b>										
2024	1,271,334	10,384	1,000,000	30,949	60,171	-	684,049	-	3,056,887	55%
2023	1,098,654	16,924	380,781	29,332	62,254	-	138,216	-	1,726,161	30%
<b>Paul Varro<sup>33</sup></b>										
2024	848,683	14,574	125,523	36,149	292,581	360,000	252,770	-	1,930,279	20%
2023	723,654	10,015	120,000	26,346	11,807	-	313,414	-	1,205,236	36%
<b>Paul Byrne</b>										
2024	275,839	3,461	-	9,133	21,854	-	-	-	310,287	0%
2023	382,085	6,685	115,304	17,915	13,419	-	23,194	-	558,602	25%
<b>Adriana Martinez<sup>34</sup></b>										
2024	571,335	4,016	201,232	30,949	12,971	-	195,616	102,936	1,119,055	45%
2023	174,961	233,662	-	10,349	87	-	45,600	185,600	650,259	36%
<b>Karl Hoffman</b>										
2024	170,523	432	75,627	11,202	2,510	-	25,273	-	285,568	35%
2023	-	-	-	-	-	-	-	-	-	0%
<b>Steve Rubenstein</b>										
2024	207,092	-	79,149	14,966	3,642	-	55,479	-	360,328	37%
2023	-	-	-	-	-	-	-	-	-	0%
<b>Total</b>										
2024	3,344,806	32,868	1,481,531	133,348	393,729	360,000	1,213,187	102,936	7,062,404	-
2023	2,379,354	267,286	616,085	83,942	87,567	-	520,424	185,600	4,140,258	-

<sup>29</sup> The fair value of the Performance Rights is calculated at the date of grant using the Black Scholes option pricing model.

<sup>30</sup> Other benefits include the cost of car parking; mobile phone and Death, Total Permanent Disability and Income Protections insurance through Latitude's corporate superannuation provider, available to each Executive. For Ms Martinez, the \$233,662 includes relocation costs and accrual for the one-off cash payment in 2023 (paid in 2024) as detailed in the 2023 Remuneration Report.

<sup>31</sup> Share Rights includes the accrued cost associated of Performance Rights under the LTI and the one-off grant of Options. Please refer to section 8 for further details.

<sup>32</sup> Mr Belan received superannuation on the 2023 STI paid in 2024.

<sup>33</sup> Mr Varro's remuneration for 2024 includes fixed remuneration, other benefits, a termination payment equivalent to 6 months base salary and an STI paid at the cessation of employment valued at \$125,523 (plus superannuation of \$7,483) paid in January 2025. The 2022 LTI Performance Rights granted in April 2022 are fully expensed and accounted for in 2024 as \$172,770 and will remain on-foot, subject to testing at the usual vesting dates. The one-off grant of Options granted in March 2023 are also fully expensed and accounted for in 2024 as \$80,000 and will remain on-foot, subject to testing at the usual vesting date. LSL is based on the full payout of his accrued leave balance at year end.

<sup>34</sup> Ms Martinez received superannuation on her sign-on bonus that was included in the 2023 Remuneration Report.

## Remuneration Report

### 10. 2024 Statutory Remuneration – NEDs

The table below sets out the NED remuneration for 2024, prepared in accordance with relevant Australian Accounting Standards.

Name	Year	Short-term Benefits	Post-Employment Benefits	Total Statutory Remuneration \$
		Directors' Fees \$	Super \$	
Michael Tilley	2024	331,334	28,666	360,000
	2023	340,321	26,346	366,667
Mark Joiner	2024	184,271	20,729	205,000
	2023	188,119	20,214	208,333
Alison Ledger	2024	188,765	21,235	210,000
	2023	192,634	20,700	213,334
Julie Raffe	2024	186,518	20,982	207,500
	2023	190,376	20,457	210,833
Philip Busfield	2024	168,540	18,960	187,500
	2023	35,831	3,941	39,772
Aneek Mamik <sup>35</sup>	2024	-	-	-
	2023	-	-	-
Beaux Pontak <sup>36</sup>	2024	202,500	-	202,500
	2023	205,833	-	205,833
Total	2024	1,261,928	110,572	1,372,500
	2023	1,326,490	106,303	1,432,793

#### 10.1. Other Details Relating to NEDs at Latitude

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

#### 10.2. NED ordinary shareholdings and capital notes

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

Name	Type	Opening Balance at 1 January 2024	Shares acquired	Shares disposed	Closing balance at 31 December 2024
Michael Tilley	Ordinary shares	3,737,266	-	-	3,737,266
	Ordinary shares	514,322	-	-	514,322
Mark Joiner	Capital notes	161	-	-	161
	Ordinary shares	98,760	-	-	98,760
Julie Raffe	Ordinary shares	79,527	-	-	79,527
	Capital notes	550	-	-	550
Philip Busfield	Ordinary shares	-	-	-	-
Aneek Mamik	Ordinary shares	-	-	-	-
Beaux Pontak	Ordinary shares	-	-	-	-
Total	Ordinary shares	4,429,875	-	-	4,429,875
	Capital notes	711	-	-	711

<sup>35</sup> Mr Mamik elected to waive his entitlement to Director fees.

<sup>36</sup> No superannuation is applicable for Mr Pontak as he did not provide services in Australia.



## Remuneration Report

### 11. Other Disclosures

#### 11.1. Directors' declaration and related party transactions

Please refer to the Directors' Report for details of all other directorships held by KMP. Please refer to Section 6.3(b) of the Financial Statements for Related party transactions for KMP.

Details regarding the aggregate of all lending balances, guaranteed or secured by any entity in the Group to KMP and their related parties, and the number of individuals in each group as of 31 December 2024 are as follows:

	2024 \$
Outstanding balances at 31 December 2023	22,727
Interest paid and payable for the period	362
Outstanding balances at 31 December 2024	54,533
Total available credit facility during the period	197,000
Maximum drawn amount during the period	84,676
Number of individuals in the group	6

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

#### 11.2. Use of external advisors

During 2024, external advisors Ernst and Young (EY) were engaged to provide information to the Remuneration and People Committee to assist with making remuneration decisions. The total fees paid to EY in 2024 for services related to KMP was \$77,000, excluding Goods and Services Tax. No remuneration recommendations as prescribed under the Corporations Act 2001 (Cth) (Corporations Act) were made by external advisors in 2024.

## Directors' Declaration

The Directors of Latitude Group Holdings Limited declare that:

- (a) the consolidated financial statements and notes set out on pages 56 to 116 and the Remuneration Report in sections 1 to 11 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
  - (i) section 296, that they comply with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and
  - (ii) section 297, that they give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date.
- (b) the financial statements also comply with the International Financial Reporting Standards.
- (c) as at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the consolidated entity disclosure statement as at 31 December 2024 set out on pages 117 and 118 is true and correct.
- (e) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in section 6.2(a) will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee in note 6.8(a) between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have received declarations required under section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Interim Chief Financial Officer for the financial year 31 December 2024.

Signed in accordance with a resolution of the Directors.



Michael Tilley  
Director

Sydney  
21 February 2025



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

To the Directors of Latitude Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Latitude Group Holdings Limited for the financial year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Chris Wooden  
Partner  
Melbourne  
21 February 2025

## Consolidated Income Statement

	Notes	2024 \$'m	2023* \$'m
<b>Continuing operations</b>			
Interest income		1,063.5	957.1
Interest expense		(386.1)	(343.4)
<b>Net interest income</b>	2.2(a)	<b>677.4</b>	613.7
Other operating income	2.2(b)	51.7	44.3
<b>Total operating income</b>		<b>729.1</b>	658.0
Loan impairment expense	3.2(g)	(235.8)	(235.6)
<b>Operating expenses</b>			
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)
<b>Total operating expenses</b>		<b>(442.7)</b>	(572.6)
<b>Profit/(loss) before income tax</b>		<b>50.6</b>	(150.2)
Income tax (expense)/benefit	2.3(a)	(20.0)	47.5
<b>Profit/(loss) from continuing operations</b>		<b>30.6</b>	(102.7)
<b>Discontinued operations</b>			
Net loss after tax from discontinued operations	6.7(b)	(9.0)	(56.4)
<b>Profit/(loss) for the year</b>		<b>21.6</b>	(159.1)
Profit/(loss) is attributable to:			
Owners of Latitude Group Holdings Limited		21.6	(158.5)
Non-controlling interests		-	(0.6)
<b>Profit/(loss) for the year</b>		<b>21.6</b>	(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 \$'m	2023* \$'m
<b>Profit/(loss) for the year</b>		<b>21.6</b>	(159.1)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to income statement</b>			
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)
<b>Other comprehensive loss for the year net of income tax</b>		<b>(20.5)</b>	(29.2)
<b>Total comprehensive income/(loss) for the year</b>		<b>1.1</b>	(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)
<b>Total comprehensive income/(loss) for the year</b>		<b>1.1</b>	(188.3)
<b>Earnings/(loss) per share for income/(loss) attributable to the ordinary equity holders of the Company</b>			
		<b>Cents</b>	Cents
Earnings/(loss) per share	2.5	2.1	(15.2)
Diluted earnings/(loss) per share	2.5	1.8	(15.2)
<b>Earnings/(loss) per share for income/(loss) from continuing operations attributable to the ordinary equity holders of the Company</b>			
		<b>Cents</b>	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
<b>Assets</b>			
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
<b>Total assets</b>		<b>7,882.8</b>	<b>7,346.8</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>6,658.4</b>	<b>6,112.2</b>
<b>Net assets</b>		<b>1,224.4</b>	<b>1,234.6</b>
<b>Equity</b>			
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)
<b>Total equity</b>		<b>1,224.4</b>	<b>1,234.6</b>

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
<b>At 1 January 2024</b>	<b>2,222.5</b>	<b>(652.9)</b>	<b>(335.0)</b>	<b>1,234.6</b>	<b>-</b>	<b>1,234.6</b>
<b>Total comprehensive loss for the year</b>						
Profit for the year	-	-	21.6	21.6	-	21.6
Other comprehensive loss for the year	-	(20.5)	-	(20.5)	-	(20.5)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(20.5)</b>	<b>21.6</b>	<b>1.1</b>	<b>-</b>	<b>1.1</b>
<b>Transactions with owners in their capacity as owners:</b>						
Capital note distributions paid/payable	-	-	(9.6)	(9.6)	-	(9.6)
Share-based compensation payments	-	(1.7)	-	(1.7)	-	(1.7)
<b>Total transactions with owners</b>	<b>-</b>	<b>(1.7)</b>	<b>(9.6)</b>	<b>(11.3)</b>	<b>-</b>	<b>(11.3)</b>
Non-controlling interest acquisition	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>2,222.5</b>	<b>(675.1)</b>	<b>(323.0)</b>	<b>1,224.4</b>	<b>-</b>	<b>1,224.4</b>
<b>At 1 January 2023</b>	<b>2,222.0</b>	<b>(627.2)</b>	<b>(123.4)</b>	<b>1,471.4</b>	<b>3.1</b>	<b>1,474.5</b>
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	(158.5)	(158.5)	(0.6)	(159.1)
Other comprehensive loss for the year	-	(29.2)	-	(29.2)	-	(29.2)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(29.2)</b>	<b>(158.5)</b>	<b>(187.7)</b>	<b>(0.6)</b>	<b>(188.3)</b>
Amounts transferred from reserves, net of tax	-	0.1	-	0.1	-	0.1
<b>Transactions with owners in their capacity as owners:</b>						
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)
<b>Total transactions with owners</b>	<b>0.5</b>	<b>(2.2)</b>	<b>(50.6)</b>	<b>(52.3)</b>	<b>-</b>	<b>(52.3)</b>
Non-controlling interest acquisition	-	5.6	(2.5)	3.1	(2.5)	0.6
<b>At 31 December 2023</b>	<b>2,222.5</b>	<b>(652.9)</b>	<b>(335.0)</b>	<b>1,234.6</b>	<b>-</b>	<b>1,234.6</b>

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

## Consolidated Statement of Cash Flows

	Notes	2024 \$'m	2023 \$'m
<b>Cash flows from operating activities</b>			
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)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>408.7</b>	<b>294.7</b>
<b>Changes in operating assets and liabilities arising from cash flow movements</b>			
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)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>		<b>(788.0)</b>	<b>12.5</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>(379.3)</b>	<b>307.2</b>
<b>Cash flows from investing activities</b>			
Net purchases of intangible assets, property, plant & equipment		(19.9)	(17.0)
Net proceeds from sale of insurance operations		-	27.9
<b>Net cash provided by/(used in) investing activities</b>		<b>(19.9)</b>	<b>10.9</b>
<b>Cash flows from financing activities</b>			
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)
<b>Net cash provided by/(used in) financing activities</b>		<b>563.1</b>	<b>(409.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>163.9</b>	<b>(91.3)</b>
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)
<b>Cash and cash equivalents at end of financial year</b>	<b>3.1(b)</b>	<b>410.2</b>	<b>250.7</b>

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

## Notes to the Consolidated Financial Statements



### 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.

## Notes to the Consolidated Financial Statements

### 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

## Notes to the Consolidated Financial Statements

### 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)*



## Notes to the Consolidated Financial Statements

### 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 <sup>(1)</sup>	
	31 December 2024	31 December 2023*	31 December 2024	31 December 2023
	\$'m	\$'m	\$'m	\$'m
<b>Geographical information</b>				
Australia	890.5	784.3	3,298.7	3,096.7
New Zealand	224.7	217.1	672.4	678.6
International	-	-	-	0.8
<b>Total</b>	<b>1,115.2</b>	<b>1,001.4</b>	<b>3,971.1</b>	<b>3,776.1</b>

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

<sup>(1)</sup> Non-current assets exclude financial instruments and deferred tax assets.



## Notes to the Consolidated Financial Statements

### 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
<b>Segment income statement information</b>				
Net interest income	400.1	285.8	(8.4)	677.5
Other income	38.2	7.8	5.7	51.7
<b>Total operating income</b>	<b>438.3</b>	<b>293.6</b>	<b>(2.7)</b>	<b>729.2</b>
Net charge offs	(116.8)	(97.2)	-	(214.0)
<b>Risk adjusted income</b>	<b>321.5</b>	<b>196.4</b>	<b>(2.7)</b>	<b>515.2</b>
Cash operating expenses	(224.2)	(135.8)	-	(360.0)
<b>Cash PBT</b>	<b>97.3</b>	<b>60.6</b>	<b>(2.7)</b>	<b>155.2</b>
Movement in provision	(16.8)	(5.0)	-	(21.8)
Depreciation & amortisation (excluding leases)	(31.4)	(6.6)	-	(38.0)
<b>Profit/(loss) before tax &amp; notable items</b>	<b>49.1</b>	<b>49.0</b>	<b>(2.7)</b>	<b>95.4</b>
Income tax expense	-	-	(29.5)	(29.5)
<b>Cash NPAT</b>	<b>49.1</b>	<b>49.0</b>	<b>(32.2)</b>	<b>65.9</b>
<b>Notable items</b>				
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
<b>Statutory profit/(loss) after tax from continuing operations</b>	<b>49.1</b>	<b>49.0</b>	<b>(67.5)</b>	<b>30.6</b>
Discontinued operations	-	-	-	(9.0)
<b>Statutory loss after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.6</b>

#### 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)

## Notes to the Consolidated Financial Statements

### 2.1 Segment information (continued)

Year ended 31 December 2023*	A&NZ Pay \$'m	A&NZ Money \$'m	Other \$'m	Total \$'m
<b>Segment income statement information</b>				
Net interest income	381.7	246.4	(13.9)	614.2
Other income	37.3	5.3	1.3	43.9
<b>Total operating income</b>	<b>419.0</b>	<b>251.7</b>	<b>(12.6)</b>	<b>658.1</b>
Net charge offs	(104.5)	(110.0)	-	(214.5)
<b>Risk adjusted income</b>	<b>314.5</b>	<b>141.7</b>	<b>(12.6)</b>	<b>443.6</b>
Cash operating expenses	(214.4)	(131.5)	-	(345.9)
<b>Cash PBT</b>	<b>100.1</b>	<b>10.2</b>	<b>(12.6)</b>	<b>97.7</b>
Movement in provision	17.0	(38.1)	-	(21.1)
Depreciation & amortisation (excluding leases)	(36.2)	(5.1)	-	(41.3)
<b>Profit before tax &amp; notable items</b>	<b>80.9</b>	<b>(33.0)</b>	<b>(12.6)</b>	<b>35.3</b>
Income tax expense	-	-	(7.7)	(7.7)
<b>Cash NPAT</b>	<b>80.9</b>	<b>(33.0)</b>	<b>(20.3)</b>	<b>27.6</b>
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
<b>Statutory profit/(loss) after tax from continuing operations</b>	<b>80.9</b>	<b>(33.0)</b>	<b>(150.6)</b>	<b>(102.7)</b>
Discontinued operations	-	-	-	(56.4)
<b>Statutory loss after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(159.1)</b>
<b>31 December 2023</b>				
<b>Segment balance sheet information</b>				
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).

## Notes to the Consolidated Financial Statements



### 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.

## Notes to the Consolidated Financial Statements

### 2.2 Revenue and expenses

#### (a) Net interest income

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

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

#### (b) Other operating income

	2024	2023*
	\$'m	\$'m
Interchange and operating fees	35.6	31.3
Other	16.1	13.0
<b>Total other operating income</b>	<b>51.7</b>	<b>44.3</b>

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

#### (c) Other operating expenses

	2024	2023*
	\$'m	\$'m
Cyber remediation	4.0	(45.4)
Asset impairment	(2.4)	(27.5)
Other expenses	(28.8)	(28.9)
<b>Total other operating expenses</b>	<b>(27.2)</b>	<b>(101.8)</b>

\* 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	2023
	\$'m	\$'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)
<b>Net cash provided by/(used in) operating activities</b>	<b>(379.3)</b>	<b>307.2</b>

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

## Notes to the Consolidated Financial Statements



### 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%.

## Notes to the Consolidated Financial Statements

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

#### (a) Income tax expense

	Note	2024 \$'m	2023 \$'m
<b>Current tax expense/(benefit)</b>			
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)
<b>Deferred tax expense/(benefit)</b>			
Origination and reversal of temporary differences	2.3(c)	(10.9)	(36.4)
		(10.9)	(36.4)
<b>Income tax expense/(benefit)</b>		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
<b>Income tax expense/(benefit)</b>		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 <sup>(1)</sup>	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)
<b>Income tax expense/(benefit)</b>	20.0	(46.4)

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

<sup>(1)</sup> 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)
<b>Deferred tax expense</b>	(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.

## Notes to the Consolidated Financial Statements



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

#### (d) Deferred tax assets and liabilities

	2024 \$'m	2023 \$'m
<b>Deferred tax assets</b>		
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
<b>Deferred tax assets</b>	202.1	185.2
<b>Deferred tax liabilities</b>		
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
<b>Deferred tax liabilities</b>	27.7	40.0
<b>Net deferred tax assets</b>	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
<b>Net deferred tax assets</b>	174.4	145.2

#### (e) Other tax recognised

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

## Notes to the Consolidated Financial Statements

### 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 <sup>(1)</sup>	9.6	8.8

<sup>(1)</sup> Distributions payable is within trade and other payables Note 3.1(e)

## Notes to the Consolidated Financial Statements



### 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
<b>Earnings (\$'m)</b>				
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)
<b>Weighted average number of ordinary shares (millions)</b>				
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 <sup>(1)</sup>	-	-	129.7	-
<b>Total weighted average number of ordinary shares</b>	<b>1,039.7</b>	<b>1,039.5</b>	<b>1,169.4</b>	<b>1,039.5</b>

<sup>(1)</sup>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)

## Notes to the Consolidated Financial Statements

### 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:

## Notes to the Consolidated Financial Statements



### 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.

## Notes to the Consolidated Financial Statements

### 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.

## Notes to the Consolidated Financial Statements



### 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
<b>31 December 2024</b>					
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
<b>Total financial assets</b>		<b>1.6</b>	<b>10.8</b>	<b>6,840.5</b>	<b>6,852.9</b>

<b>31 December 2023</b>					
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
<b>Total financial assets</b>		<b>1.6</b>	<b>24.5</b>	<b>6,200.4</b>	<b>6,226.5</b>

Financial liabilities	Notes	Liabilities designated FVPL \$'m	Liabilities at amortised cost \$'m	Total \$'m
<b>31 December 2024</b>				
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
<b>Total financial liabilities</b>		<b>6.4</b>	<b>6,530.6</b>	<b>6,537.0</b>

<b>31 December 2023</b>				
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
<b>Total financial liabilities</b>		<b>4.2</b>	<b>5,960.2</b>	<b>5,964.4</b>

## Notes to the Consolidated Financial Statements

### 3.1 Financial assets and liabilities (continued)

#### (b) Cash and cash equivalents

	2024	2023
	\$'m	\$'m
<b>Current assets</b>		
Cash and cash equivalents	406.9	245.8
Restricted cash <sup>(1)</sup>	3.3	4.9
<b>Total cash and cash equivalents</b>	<b>410.2</b>	<b>250.7</b>

<sup>(1)</sup> Being cash deposited as a security

#### (c) Derivatives

	2024	2023
	\$'m	\$'m
<b>Current derivative assets</b>		
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
<b>Non-current derivative assets</b>		
Interest rate swap contracts - cash flow hedges	4.7	21.5
Total non-current derivative financial instruments	4.7	21.5
<b>Total derivative assets</b>	<b>10.8</b>	<b>24.5</b>
<b>Current derivative liabilities</b>		
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
<b>Non-current derivative liabilities</b>		
Interest rate swap contracts - cash flow hedges	6.3	3.7
Total non-current derivative financial instrument liabilities	6.3	3.7
<b>Total derivative liabilities</b>	<b>6.4</b>	<b>4.2</b>

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.

## Notes to the Consolidated Financial Statements



### 3.1 Financial assets and liabilities (continued)

#### (d) Loans and other receivables

	2024	2023
	\$'m	\$'m
<b>Loans and advances</b>		
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
<b>Other receivables</b>		
Trade receivables	13.0	3.7
Other receivables	2.5	9.7
Total other receivables	15.5	13.4
<b>Total loans and other receivables</b>	<b>6,417.7</b>	<b>5,937.1</b>
Current	3,234.6	3,019.2
Non-current	3,183.1	2,917.9
<b>Total loans and other receivables</b>	<b>6,417.7</b>	<b>5,937.1</b>

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	2023
		\$'m	\$'m
<b>Current</b>			
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
<b>Current trade and other liabilities</b>		<b>199.2</b>	<b>179.9</b>
<b>Non-Current</b>			
Payables to related parties	6.3(c)	-	16.6
Lease liability		15.2	18.6
<b>Non-current trade and other liabilities</b>		<b>15.2</b>	<b>35.2</b>
<b>Total trade and other liabilities</b>		<b>214.4</b>	<b>215.1</b>

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%).

## Notes to the Consolidated Financial Statements

### 3.1 Financial assets and liabilities (continued)

#### (f) Borrowings

	2024		2023	
	Current \$'m	Non-current \$'m	Total \$'m	Total \$'m
<b>Secured</b>				
Securitisation liabilities	734.5	5,532.2	6,266.7	5,644.8
Total secured borrowings	734.5	5,532.2	6,266.7	5,644.8
<b>Unsecured</b>				
Facility agreements	49.5	-	49.5	100.3
Total unsecured borrowings	49.5	-	49.5	100.3
<b>Total borrowings</b>	<b>784.0</b>	<b>5,532.2</b>	<b>6,316.2</b>	<b>5,745.1</b>

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.

## Notes to the Consolidated Financial Statements



### 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.

## Notes to the Consolidated Financial Statements

### 3.1 Financial assets and liabilities (continued)

#### (h) Recurring fair values

	Level 1 \$'m	Level 2 \$'m	Level 3 \$'m	Total \$'m
<b>2024</b>				
<b>Financial assets</b>				
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
<b>Total financial assets</b>	-	10.8	1.6	12.4
<b>Financial liabilities</b>				
Derivative financial liabilities				
Derivatives used for hedging - interest rate swaps	-	6.4	-	6.4
<b>Total financial liabilities</b>	-	6.4	-	6.4
<b>2023</b>				
<b>Financial assets</b>				
Derivative financial assets				
Derivatives used for hedging - interest rate swaps	-	24.5	-	24.5
Other financial assets	-	-	1.6	1.6
<b>Total financial assets</b>	-	24.5	1.6	26.1
<b>Financial liabilities</b>				
Derivatives used for hedging - interest rate swaps	-	3.7	-	3.7
Derivatives used for hedging - foreign exchange contracts	-	0.5	-	0.5
<b>Total financial liabilities</b>	-	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
<b>Other financial assets:</b>		
Opening balance as at 1 January	1.6	1.6
Acquisitions/disposals	-	-
Closing balance	1.6	1.6

## Notes to the Consolidated Financial Statements



### 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.

## Notes to the Consolidated Financial Statements

### 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 <sup>(1)</sup> \$'m	Lifetime ECL credit impaired, not POCI <sup>(2)</sup> \$'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
<b>2024</b>	<b>6,535.6</b>	<b>15.3</b>	<b>-</b>	<b>4.0</b>	<b>6,554.9</b>

	12-month ECL \$'m	Lifetime ECL not credit impaired <sup>(1)</sup> \$'m	Lifetime ECL credit impaired, not POCI <sup>(2)</sup> \$'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
<b>2023</b>	<b>7,649.0</b>	<b>-</b>	<b>-</b>	<b>2.8</b>	<b>7,651.8</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Purchased or Originated Credit Impaired (POCI)

## Notes to the Consolidated Financial Statements



### 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 <sup>(1)</sup> \$'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	-	-	-	-	-
<b>2024</b>	<b>6,050.2</b>	<b>552.6</b>	<b>144.6</b>	<b>0.3</b>	<b>6,747.7</b>

<sup>(1)</sup> 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
<b>2023</b>	<b>5,750.9</b>	<b>289.1</b>	<b>196.3</b>	<b>8.5</b>	<b>6,244.8</b>

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.

## Notes to the Consolidated Financial Statements

### 3.2 Financial risk management (continued)

#### Credit quality

#### (c) Loans and advances by credit quality

	2024 <sup>(1)</sup>	2023*
	\$'m	\$'m
<b>Gross loans and advances</b>		
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
<b>Total</b>	<b>6,747.7</b>	<b>6,244.8</b>

<sup>(1)</sup> 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

	2024	2023*
	\$'m	\$'m
<b>Gross loans and advances</b>		
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
<b>Total</b>	<b>6,747.7</b>	<b>6,244.8</b>

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

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

## Notes to the Consolidated Financial Statements



### 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
<b>At 1 January 2024</b>	<b>185.4</b>	<b>15.4</b>	<b>62.7</b>	<b>0.6</b>	<b>264.1</b>
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)
<i>Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:</i>					
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
<b>At 31 December 2024</b>	<b>89.6</b>	<b>135.6</b>	<b>64.1</b>	<b>0.1</b>	<b>289.4</b>
<b>At 1 January 2023</b>	<b>177.4</b>	<b>12.2</b>	<b>52.3</b>	<b>0.8</b>	<b>242.7</b>
Effects of exchange rate on translation	(0.2)	-	-	-	(0.2)
<i>Changes in the loss allowance contributed to by changes in the gross carrying amount of financial instruments, due to:</i>					
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)
<b>At 31 December 2023</b>	<b>185.4</b>	<b>15.4</b>	<b>62.7</b>	<b>0.6</b>	<b>264.1</b>

## Notes to the Consolidated Financial Statements

### 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
<b>Scenario One – Upside</b> 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%
<b>Scenario Two – Baseline</b> 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%
<b>Scenario Three – Downside</b> 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.



## Notes to the Consolidated Financial Statements

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

\* 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
<b>Maximum exposure (\$'m)</b>	<b>6,747.7</b>	<b>6,244.8</b>
<b>Collateral classification:</b>		
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.

## Notes to the Consolidated Financial Statements

### 3.2 Financial risk management (continued)

#### Exposure

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

	2024	2023
	\$'m	\$'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	2023
	\$'m	\$'m
<b>Recognised in profit or loss</b>		
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

Index	Impact on post-tax profit		Impact on other components of equity	
	2024	2023	2024	2023
	\$'m	\$'m	\$'m	\$'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.

## Notes to the Consolidated Financial Statements



### 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 repricing dates of the interest rate borrowings are as follows:

	2024	2023
	\$'m	\$'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:

	Weighted average interest rate %	2024		2023	
		Balance \$'m	Weighted average interest rate %	Balance \$'m	Weighted average interest rate %
Interest rate swaps (nominal amount)	3.57%	2,023.3	2.80%	1,963.5	

## Notes to the Consolidated Financial Statements

### 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	
<b>2024</b>				
<b>Interest rate risk</b>				
Variable rate borrowings	(21.0)	-		-
<b>2023</b>				
<b>Interest rate risk</b>				
Variable rate borrowings	(40.1)	14.7		-

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

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

<sup>(1)</sup> 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.

## Notes to the Consolidated Financial Statements



### 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
<b>2024</b>		
<b>Cash flow hedges</b>		
Variable rate borrowings	Interest rate	-
<b>2023</b>		
<b>Cash flow hedges</b>		
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
<b>Recognised in profit or loss</b>		
Net gain/(loss) for ineffective portion of derivatives designated as cash flow hedges	-	(0.2)
<b>Recognised in other comprehensive income</b>		
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.

## Notes to the Consolidated Financial Statements

### 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	2023
	\$'m	\$'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



## Notes to the Consolidated Financial Statements

### 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
<b>2024</b>							
<b>Non-derivatives</b>							
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
<b>Total non-derivatives</b>	<b>576.5</b>	<b>309.8</b>	<b>1,112.4</b>	<b>5,602.1</b>	<b>0.8</b>	<b>7,601.6</b>	<b>6,522.3</b>
<b>Derivatives</b>							
Derivatives - interest rate swaps	0.1	2.6	3.2	1.0	-	6.9	6.4
<b>Total derivatives</b>	<b>0.1</b>	<b>2.6</b>	<b>3.2</b>	<b>1.0</b>	<b>-</b>	<b>6.9</b>	<b>6.4</b>
<b>2023</b>							
<b>Non-derivatives</b>							
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
<b>Total non-derivatives</b>	<b>432.7</b>	<b>553.5</b>	<b>1,903.6</b>	<b>4,071.9</b>	<b>3.9</b>	<b>6,965.6</b>	<b>5,949.2</b>
<b>Derivatives</b>							
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
<b>Total derivatives</b>	<b>(1.1)</b>	<b>1.2</b>	<b>2.5</b>	<b>2.1</b>	<b>-</b>	<b>4.7</b>	<b>4.2</b>

## Notes to the Consolidated Financial Statements

### 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	2023
	\$'m	\$'m
Ordinary share capital	2,075.5	2,075.5
Capital notes	147.0	147.0
<b>Total contributed equity</b>	<b>2,222.5</b>	<b>2,222.5</b>

##### Ordinary share capital

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

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.



## Notes to the Consolidated Financial Statements

### 4.1 Capital Management (continued)

#### Capital notes

	2024	2023	2024	2023
	Number of securities million	Number of securities million	\$'m	\$'m
<b>Other contributed equity</b>				
<b>Capital notes</b>				
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
<b>Total other contributed equity</b>	<b>1.5</b>	<b>1.5</b>	<b>147.0</b>	<b>147.0</b>

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.

## Notes to the Consolidated Financial Statements

### 4.1 Capital Management (continued)

#### (b) Reserves

	2024 \$'m	2023 \$'m
<b>Cash flow hedge reserve</b>		
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
<b>Share-based payment reserve</b>		
At 1 January	42.3	44.5
Employee share plan movement	(1.7)	(2.2)
At 31 December	40.6	42.3
<b>Other reserve</b>		
At 1 January	(7.1)	(12.7)
NCl acquisition	-	5.6
At 31 December	(7.1)	(7.1)
<b>Foreign currency translation reserve</b>		
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
<b>Fair value through other comprehensive income reserve</b>		
At 1 January	(2.4)	(2.4)
Net change in fair value of equity investments at FVOCI	-	-
At 31 December	(2.4)	(2.4)
<b>Common control reserve</b>		
At 1 January	(705.5)	(705.5)
Net change in fair value of common control reserve	-	-
At 31 December	(705.5)	(705.5)
<b>Total reserves</b>	<b>(675.1)</b>	<b>(652.9)</b>

#### 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.

## Notes to the Consolidated Financial Statements



### 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 \$'m	2023 \$'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 \$'m	2023 \$'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
<b>Commitments for minimum lease payments in relation to non-cancellable leases</b>	<b>21.3</b>	<b>27.7</b>

	2024 \$'m	2023 \$'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).

## Notes to the Consolidated Financial Statements

### 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

## Notes to the Consolidated Financial Statements



### 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

	Goodwill \$'m	Distribution agreements \$'m	Customer contracts \$'m	Software \$'m	Capital works in progress \$'m	Trademark \$'m	Total \$'m
<b>At 1 January 2024</b>							
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)
<b>Balance at 31 December 2024</b>	<b>703.3</b>	<b>-</b>	<b>15.6</b>	<b>48.0</b>	<b>2.3</b>	<b>-</b>	<b>769.2</b>
<b>At 31 December 2024</b>							
Cost	703.3	-	22.6	136.5	2.3	0.3	865.0
Accumulated amortisation	-	-	(7.0)	(88.5)	-	(0.3)	(95.8)
<b>Net book amount</b>	<b>703.3</b>	<b>-</b>	<b>15.6</b>	<b>48.0</b>	<b>2.3</b>	<b>-</b>	<b>769.2</b>
<b>At 1 January 2023</b>							
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)
<b>Balance at 31 December 2023</b>	<b>706.0</b>	<b>14.9</b>	<b>25.0</b>	<b>71.0</b>	<b>15.8</b>	<b>0.1</b>	<b>832.8</b>
<b>At 31 December 2023</b>							
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)
<b>Net book amount</b>	<b>706.0</b>	<b>14.9</b>	<b>25.0</b>	<b>71.0</b>	<b>15.8</b>	<b>0.1</b>	<b>832.8</b>

## Notes to the Consolidated Financial Statements

### 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
	<b>703.3</b>	<b>706.0</b>

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
	%	%	%
<b>2024</b>			
Pay A&NZ	18.9	2.0	2.8
Money A&NZ	18.9	2.0	7.7
<b>2023</b>			
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.

## Notes to the Consolidated Financial Statements



### 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
<b>Total employee benefit obligations</b>	<b>28.1</b>	<b>1.0</b>	<b>29.1</b>	<b>36.8</b>	<b>1.2</b>	<b>38.0</b>
Remediation and other provisions	62.6	2.0	64.6	67.7	2.1	69.8
<b>Total provisions</b>	<b>90.7</b>	<b>3.0</b>	<b>93.7</b>	<b>104.5</b>	<b>3.3</b>	<b>107.8</b>

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
<b>Balance at 1 January 2024</b>	62.1	7.7	<b>69.8</b>
Additional provision	13.7	2.9	<b>16.6</b>
Amounts utilised or reversed during the year	(18.5)	(3.3)	<b>(21.8)</b>
<b>Balance at 31 December 2024</b>	<b>57.3</b>	<b>7.3</b>	<b>64.6</b>

#### Balance comprised of:

Current	57.3	5.3	<b>62.6</b>
Non-current	-	2.0	<b>2.0</b>
<b>Total provisions</b>	<b>57.3</b>	<b>7.3</b>	<b>64.6</b>

#### 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.

## Notes to the Consolidated Financial Statements

### 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	
	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%

## Notes to the Consolidated Financial Statements



#### 6.1 Share-based payments (continued)

<b>Testing outcomes (continued)</b>	<ul style="list-style-type: none"> <li>Performance Rights that vest are exercised into Shares</li> <li>Performance Rights that don't vest will lapse and are not re-tested</li> <li>In certain circumstances, participants may receive as Cash Equivalent Value of the vested element, after testing.</li> <li>The LTI outcome will be reported in the Remuneration Report in the year following the end of the Performance Period.</li> </ul>
<b>Cessation of employment</b>	<p>Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment:</p> <ul style="list-style-type: none"> <li>Misconduct or summary dismissal for cause: lapse.</li> <li>Resignation: The Board will typically lapse the Performance Rights.</li> <li>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.</li> </ul> <p>Rights that vest at the end of the original vesting period are automatically exercised at that date for ex-employees.</p>
<b>Restrictions on dealings</b>	<p>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.</p> <p>Following vesting, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy.</p>

##### (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 Performance 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	
	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%

## Notes to the Consolidated Financial Statements

### 6.1 Share-based payments (continued)

<b>Testing outcomes (continued)</b>	<ul style="list-style-type: none"> <li>Performance Rights that vest are exercised into Shares</li> <li>Performance Rights that don't vest will lapse and are not re-tested</li> <li>In certain circumstances, participants may receive as Cash Equivalent Value of the vested element, after testing.</li> <li>The LTI outcome will be reported in the Remuneration Report in the year following the end of the Performance Period.</li> </ul>
<b>Cessation of employment</b>	<p>Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment:</p> <ul style="list-style-type: none"> <li>Misconduct or summary dismissal for cause: lapse.</li> <li>Resignation: The Board will typically lapse the Performance Rights.</li> <li>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.</li> </ul> <p>Rights that vest at the end of the original vesting period are automatically exercised at that date for ex-employees.</p>
<b>Restrictions on dealings</b>	<p>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.</p> <p>Following vesting, the disposal restrictions cease and Shares are held subject to restrictions under the Share Trading Policy.</p>

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

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

	2024		2023	
	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.

## Notes to the Consolidated Financial Statements



### 6.1 Share-based payments (continued)

Feature	Key Terms of the Options granted under the LEP – equity settled		
<b>Eligibility</b>	Managing Director & CEO, eligible Executive KMP and selected Senior Leaders as approved by the Board.		
<b>Grant details</b>	14 million Options were granted on 20 March 2023 to eligible participants (excluding the Managing Director & CEO), in two equal tranches. 9 million Options were granted to the Managing Director & CEO on 3 April 2023, in three equal tranches.		
<b>Exercise price</b>	\$1.40 per option		
<b>Vesting conditions</b>	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
	1	2024 half-year	September 2024
	2	2024 full year	March 2025
	3	2025 full year	March 2026
			Share price target
			\$1.65
			\$2.00
			\$2.60

Feature	Key Terms of the Options granted under the LEP – equity settled
<b>Testing outcomes</b>	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.
<b>Expiry date</b>	The expiry date for vested Options for Tranches 1 and 2 is the third anniversary of the Grant date and for Tranche 3 is the fifth anniversary of the Grant date. Any vested Options not exercised by the Expiry date will lapse.
<b>Restrictions on dealing</b>	Participants cannot sell, transfer, encumber, hedge or otherwise deal with their Unvested Options.
<b>Cessation of employment</b>	Participants who depart Latitude prior to the vesting date, are generally treated as follows, although Board retains discretion to determine a different treatment: <ul style="list-style-type: none"> <li>Misconduct or summary dismissal for cause: lapse.</li> <li>Resignation: lapse.</li> <li>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.</li> </ul>
<b>Dividend and voting rights</b>	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
<b>Outstanding at 1 January 2024</b>	22,557,707	-
Granted	-	23,000,000
Forfeited/lapsed	(10,176,221)	(442,293)
<b>Balance at 31 December</b>	<b>12,381,486</b>	<b>22,557,707</b>

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

Grant date 20 March 2023	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

## Notes to the Consolidated Financial Statements

### 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).

## Notes to the Consolidated Financial Statements



### 6.2 Interests in other entities

#### (a) Controlled entities

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Latitude is in the process of winding up Symple Canada Financial Group Limited.

<sup>(3)</sup> In April 2024, Latitude commenced closing down the Asia operations and ceased operations during the year.

## Notes to the Consolidated Financial Statements

### 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	2023
	\$'m	\$'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	2023
	\$'thousands	\$'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	2023
	\$'thousands	\$'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.

## Notes to the Consolidated Financial Statements



### 6.3 Related party transactions (continued)

	2024	2023
	\$'thousands	\$'thousands
<b>Other transactions paid</b>		
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	2023
	\$'thousands	\$'thousands
<b>Outstanding balances</b>		
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.

## Notes to the Consolidated Financial Statements

### 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.

## Notes to the Consolidated Financial Statements



### 6.6 Remuneration of auditor

#### (a) Remuneration to KPMG

	2024 \$	2023 \$
<b>Audit and other assurance services</b>		
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
<b>Total remuneration for audit and other assurance services</b>	<b>1,932,300</b>	<b>1,903,224</b>
<b>Other services</b>		
Transaction and other advisory services <sup>(1)</sup>	229,595	150,000
<b>Total remuneration for other services</b>	<b>229,595</b>	<b>150,000</b>
<b>Total remuneration of KPMG</b>	<b>2,161,895</b>	<b>2,053,224</b>
<b>Total auditor's remuneration</b>	<b>2,161,895</b>	<b>2,053,224</b>

<sup>(1)</sup> 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.

## Notes to the Consolidated Financial Statements

### 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 <sup>(1)</sup>		-	(22.5)
Income tax expense	2.3	-	(1.1)
<b>Loss after income tax of discontinued operations</b>		<b>(9.0)</b>	<b>(39.6)</b>
Net loss on sale of discontinued operations <sup>(2)</sup>		-	(16.8)
<b>Loss after income tax of discontinued operation</b>		<b>(9.0)</b>	<b>(56.4)</b>
Basic loss per share		(0.9)	(5.4)
Diluted loss per share		(0.9)	(5.4)

<sup>(1)</sup>Relates to Asia goodwill write-off

<sup>(2)</sup>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
<b>Net assets and liabilities</b>	<b>(20.0)</b>	<b>(83.9)</b>

## Notes to the Consolidated Financial Statements



### 6.8 Deed of cross guarantee

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

	2024 \$'m	2023 \$'m
<b>Consolidated statement of profit or loss and other comprehensive income</b>		
Profit/(loss) before income tax expense	80.8	(76.3)
Income tax (expense)/benefit	(29.0)	29.7
<b>Profit/(loss) for the year</b>	<b>51.8</b>	<b>(46.6)</b>
Other comprehensive income	(16.4)	(23.0)
<b>Total comprehensive income/(loss) for the year</b>	<b>35.4</b>	<b>(69.6)</b>

#### 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)
<b>Retained earnings/(losses) at the end of the financial year</b>	<b>(265.5)</b>	<b>(307.8)</b>

#### 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
<b>Total assets</b>	<b>6,880.0</b>	<b>6,395.0</b>

##### 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
<b>Total liabilities</b>	<b>5,540.0</b>	<b>5,079.1</b>
<b>Net assets</b>	<b>1,340.0</b>	<b>1,315.9</b>

##### Equity

Contributed equity	2,222.5	2,222.5
Other reserves	(616.8)	(598.8)
Retained losses	(265.6)	(307.8)
<b>Total equity</b>	<b>1,340.1</b>	<b>1,315.9</b>

## Notes to the Consolidated Financial Statements

### 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 \$'m	2023 \$'m
<b>Balance sheet</b>		
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
<b>Shareholders' equity</b>		
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)
<b>Total shareholders' equity</b>	<b>1,710.1</b>	<b>1,599.4</b>
<b>Profit for the year</b>	<b>125.7</b>	<b>113.7</b>
Currency translation differences arising during the year	5.3	(0.7)
<b>Total comprehensive income</b>	<b>131.0</b>	<b>113.0</b>

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

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

## Consolidated entity disclosure statement



Name of entity	Body corporate, partnership or trust	Place incorporate d/formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
<b>Country of incorporation - Australia:</b>					
Latitude Group Holdings Limited (Company)	Body corporate	Australia		Australian	N/A
Latitude Financial Group Pty Ltd	Body corporate	Australia	100	Australian	N/A
Latitude Financial Services Australia Holdings Pty Ltd	Body corporate	Australia	100	Australian	N/A
Latitude Finance Australia	Body corporate	Australia	100	Australian	N/A
Latitude Automotive Financial Services	Body corporate	Australia	100	Australian	N/A
Latitude Personal Finance Pty Ltd	Body corporate	Australia	100	Australian	N/A
LatitudePay Australia Pty Ltd	Body corporate	Australia	100	Australian	N/A
KVD TM Pty Ltd	Body corporate	Australia	100	Australian	N/A
Latitude Financial IP Pty Ltd	Body corporate	Australia	100	Australian	N/A
Australian Sales Finance and Credit Cards Trust	Trust	N/A	N/A	Australian	N/A
Australian Personal Loans Trust	Trust	N/A	N/A	Australian	N/A
Australian Auto Loans Trust	Trust	N/A	N/A	Australian	N/A
Australian Sales Finance and Credit Cards Trust No.3	Trust	N/A	N/A	Australian	N/A
Latitude Australia Credit Card Master Trust	Trust	N/A	N/A	Australian	N/A
Latitude Australia Credit Card Loan Note Trust	Trust	N/A	N/A	Australian	N/A
Latitude Australia Personal Loans Series 2020-1 Trust <sup>(1)</sup>	Trust	N/A	N/A	Australian	N/A
Latitude Australia Personal Loans Series 2023-1 Trust <sup>(1)</sup>	Trust	N/A	N/A	Australian	N/A
Latitude Australia Personal Loans Series 2021-1 Trust	Trust	N/A	N/A	Australian	N/A
Latitude Australia Personal Loans Series 2024-1 Trust	Trust	N/A	N/A	Australian	N/A
Australian Personal Loans Trust No. 2	Trust	N/A	N/A	Australian	N/A
Symple Financial Group Pty Limited	Body corporate	Australia	100	Australian	N/A
Symple Loans Pty Limited	Body corporate	Australia	100	Australian	N/A
Symple Canada Holdings Pty Limited	Body corporate	Australia	100	Australian	N/A
<b>Country of incorporation - Canada:</b>					
Symple Canada Financial Group Limited <sup>(2)</sup>	Body corporate	Canada	100	Foreign	Canada
<b>Country of incorporation - New Zealand:</b>					
Latitude Financial Services Limited	Body corporate	New Zealand	100	Foreign	New Zealand
New Zealand Sales Finance and Credit Cards Trust	Trust	N/A	N/A	Foreign	New Zealand
New Zealand Personal Loans Trust	Trust	N/A	N/A	Foreign	New Zealand
Latitude New Zealand Credit Card Master Trust	Trust	N/A	N/A	Foreign	New Zealand
Latitude Innovation Holdings Limited	Body corporate	New Zealand	100	Foreign	New Zealand
<b>Country of incorporation - Singapore:</b>					
Latitude Financial International Pte. Ltd <sup>(2)</sup>	Body corporate	Singapore	100	Foreign	Singapore
LatitudePay Singapore Pte. Ltd <sup>(2)</sup>	Body corporate	Singapore	100	Foreign	Singapore
Latitude AM Pte. Ltd <sup>(2)</sup>	Body corporate	Singapore	100	Foreign	Singapore
<b>Country of incorporation - Malaysia:</b>					
LatitudePay Malaysia Sdn. Bhd. <sup>(2)</sup>	Body corporate	Malaysia	100	Foreign	Malaysia

<sup>(1)</sup> Dormant Trusts.

<sup>(2)</sup> These entities are dormant, and the Group is in the process of winding-up/liquidating these entities.

## Consolidated entity disclosure statement

### Key assumptions and judgements

Section 295(3A) of the Corporations Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as it is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

### Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

### Foreign tax residency

The consolidated entity has applied current legislation and judicial precedent in the determination of foreign tax residency.

### Trusts

Australian tax law does not contain specific residency tests for trusts and these entities are typically taxed on a flow-through basis. Additional disclosures on the tax status of trusts have been provided where relevant.



## Independent Auditor's Report

To the shareholders of Latitude Group Holdings Limited

### Report on the audit of the Financial Report

#### Opinion

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

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Balance Sheet as at 31 December 2024
- Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of cash flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

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

#### Basis for opinion

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

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

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

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### Key Audit Matters

The **Key Audit Matters** we identified are:

- Cyber-related provisions
- Provision for impairment losses
- Valuation of goodwill
- IT systems and controls

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Cyber-related provisions

Refer to Note 5.1(d) and Note 6.4 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>We have identified cyber-related provisions for remediation and related costs as a Key Audit Matter due to the judgement required in assessing the Group's determination of:</p> <ul style="list-style-type: none"> <li>• The existence of a present legal or constructive obligation as a basis for recognition of a provision against the criteria in the accounting standards.</li> <li>• Reliable estimates of amounts which may be paid arising from the present obligation, including estimates of the number of affected customers, expected average remediation payments and related costs.</li> <li>• The potential for regulatory and enforcement actions leading to a wider range of estimation outcomes compounded by an absence of clear precedents in the market on outcomes of regulatory and enforcement actions.</li> </ul> <p>These uncertainties in legal and regulatory dimensions contributed to the additional audit effort.</p> <p>The Group used a model to estimate the amount which may be paid in future periods as the basis for their provision. The model is manually developed and uses a range of internal and external sources as inputs to the assumptions. This tends to be prone to greater risk for potential bias and error. These conditions necessitate additional scrutiny by us,</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process for identifying and assessing the potential financial impact of client remediation activities. We did this through inquiries with legal counsel, reading the minutes and other relevant documentation of the Group's Board of Directors, Board Committees and various management committees, inspecting correspondence with regulatory bodies and reports from management's experts to the Group.</li> <li>• Assessed the integrity of the model used, including the accuracy of the underlying calculation formulas.</li> <li>• Challenged the Group's basis for recognition of a provision and associated costs against the requirements of the accounting standards. We did this by understanding the provisioning methodologies and challenging underlying assumptions, including: <ul style="list-style-type: none"> <li>- We checked the number of customers to be remediated against the scripts used by the Group to identify unique customers impacted by the incident.</li> <li>- We compared the replacement rates of identity documents against the Group's correspondence with regulators of all impacted jurisdictions and other instances of known cyber incidents.</li> </ul> </li> </ul>

to address the objectivity of sources used for assumptions, and their application to the circumstances.	<ul style="list-style-type: none"> <li>- We tested the provision for costs related to addressing Australian Financial Complaints Authority (AFCA) complaint cases for AFCA settlements.</li> <li>• Tested a sample of remediation payments during the year to assess the level of utilisation of the provision.</li> <li>• Reviewed external legal advice and inquired the Group's external legal counsel to assess ongoing legal and regulatory matters that may result in costs associated with regulatory and enforcement actions, checking the basis for potential provisions and contingent liabilities in the financial report.</li> <li>• Assessed the disclosures in the financial report using our understanding from our testing, inquiries with management and the Board and against the requirements of the accounting standards.</li> </ul>
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### Provision for impairment losses (\$289.4m)

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

The key audit matter	How the matter was addressed in our audit
<p>During the year, the Group implemented new provisioning models to enhance its methodologies and modelling techniques. These updates included enhanced Significant Increase in Credit Risk (SICR) criteria and segmentation rules to deliver more granular, account-level provision models.</p> <p>Provision for impairment losses is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the related loans and advances balances to the Group.</li> <li>• The high degree of complexity and judgement applied by the Group in determining the provision related to expected credit losses on loans and advances, and the resulting judgements and audit effort required by us to challenge these estimates.</li> </ul> <p>It is the Group policy to measure provision for impairment losses on loans and advances in</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Tested key controls relating to the Group's lending and provisioning processes, including: <ul style="list-style-type: none"> <li>- Review and approval by Management of loan applications against the Group's lending policies.</li> <li>- The Group's Reserve Committee review and approval of the provision for impairment losses methodology, including the application of probability weighted and forward-looking macroeconomic assumptions, model risk overlays, data quality assessment and back testing of data.</li> <li>- Review and approval by the Group's Macroeconomic Expert Panel of the macroeconomic model inputs, including probability weighting, developed by the external consultant.</li> </ul> </li> </ul>

<p>accordance with the recognition and measurement requirements of AASB 9 Financial Instruments. Key elements which create additional estimation uncertainty and therefore significant effort and judgement by us include:</p> <ul style="list-style-type: none"> <li>• Inherently challenging and complex modelling of probability weighted and forward-looking macroeconomic assumptions. For the Group, these include Consumer Price Index (CPI), house prices and household disposable income.</li> <li>• Model risk overlays which the Group apply to address macroeconomic uncertainties, of which include a reduction of the model imprecision overlay, seasonality overlay and macroeconomic staging overlay.</li> <li>• Assessment of significant increase in credit risk (SICR), using indicators the Group considered defines these events and conditions in the year.</li> </ul> <p>Complex modelling, including using forward-looking assumptions are prone to greater risk including, error and inconsistent application. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their consistent application.</p>	<p>Working with our Financial Risk Management specialists, we:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the Group’s provisioning methodology used to estimate the probability of default, loss given default in the provision models, including the model risk overlays, against the requirements in the Accounting Standards and industry practice.</li> <li>• Assessed the integrity of the provision for impairment loss models, including the model risk overlays by checking the accuracy of the underlying calculation formulas.</li> <li>• Independently developed provisioning models to recalculate and challenge management’s model, verifying key assumptions, inputs, and methodologies including: <ul style="list-style-type: none"> <li>- Inspected the Group’s analysis and related workings underlying the SICR criteria and staging methodology and re-performed the staging assessment and advances to assess the Group’s application of the SICR criteria.</li> <li>- Tested the completeness and accuracy of relevant data elements to source systems for the key inputs used in the models for a sample of customers. Examples include checking year end balances to the general ledger, product type, default flag and default staging arrears.</li> <li>- Challenged the key forward-looking assumptions used by comparing key variables, such as, Consumer Price Index (CPI), house prices and household disposable income to publicly available macroeconomic information and considered other known variables and information obtained through other audit procedures to identify contradictory indicators.</li> </ul> </li> <li>• Compared the Group’s coverage rates against industry data. We did this by using our knowledge of the Group’s loan portfolios and comparing the outputs of their models to publicly available data of a group of comparable entities and against our industry experience.</li> <li>• Assessed the accuracy of the provision model by re-performing the provision calculation and comparing this to the amount recorded by the Group.</li> <li>• Assessed the disclosures in the financial</li> </ul>
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<p>report using our understanding obtained from our testing and against the disclosure requirements of the accounting standards.</p>	
<b>Valuation of goodwill (\$703.3m)</b>	
<p>Refer to Note 5.1(a)-(c) to the Financial Report</p>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>A Key Audit Matter was the Group’s annual testing of the recoverability of goodwill given the size of the balance and the estimation uncertainty associated with current economic and market conditions. We focused on the significant forward-looking assumptions the Group applied in their value-in-use models, including:</p> <ul style="list-style-type: none"> <li>• Forecast operating cash flows, growth rates and terminal growth rates – the Group operates in a period of broader market volatility. These conditions increase the possibility of goodwill being impaired, and raise the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider.</li> <li>• Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, as well as the Group’s approach to incorporating risk into the cash flows for discount rates.</li> </ul> <p>The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us to address the objectivity of sources used for assumptions, and consistent application.</p> <p>We involved valuation specialists to supplement</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Tested the design and implementation of controls, including the review and approval of the goodwill impairment models and approval of the budget used for impairment computation by the Board of Directors.</li> <li>• Considered the appropriateness of the value-in-use method applied by the Group to perform the test of goodwill for impairment against the requirements of the accounting standards.</li> <li>• Assessed the integrity of the value-in-use models used, including the accuracy of the underlying calculation formulas.</li> <li>• Compared forecast cash flows contained in value-in-use models to Board approved forecasts in year 1 and 2, and the Group’s estimations on the cash flows for years 3 to 5.</li> <li>• Assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models.</li> <li>• Used our knowledge of the Group, its past performance, business and customers, and our industry experience to challenge the Group’s forecast cash flows. We compared key events to the approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and evaluated differences for the Group’s operations.</li> <li>• Working with our valuation specialists, we independently developed a discount rate range using publicly available data for</li> </ul>

<p>our senior audit team members in assessing this Key Audit Matter.</p>	<p>comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry they operate in.</p> <ul style="list-style-type: none"> <li>Assessed the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We considered key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures.</li> <li>Assessed the disclosures in the financial report using understanding obtained from our testing, inquiries with Management and the Board and against the requirements of the accounting standards.</li> </ul>
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**IT systems and controls**

The key audit matter	How the matter was addressed in our audit
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<p>The Information Technology (IT) systems and controls are a Key Audit Matter as the Group's key financial accounting and reporting processes are highly dependent on their integrity. The Group uses a number of IT systems to process and record a high volume of financial transactions. There is a risk that gaps in the General IT controls relating to change management, segregation of duties or user access management may undermine the integrity in recording financial information and the preparation of the Group's financial report. Our audit approach could significantly differ depending on the effective operations of the Group's IT controls.</p> <p>We involved IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.</p>	<p>Working with our IT specialists, we obtained an understanding of the Group's IT environment, for how the Group uses IT in the recording and reporting of financial transactions. Our procedures included testing controls with respect to:</p> <ul style="list-style-type: none"> <li>The governance and higher-level controls across the IT environment, including IT policy design and user awareness of the policy.</li> <li>User Access Management Lifecycle, including how users are on-boarded, monitored, and removed on a timely basis from critical IT applications and supporting infrastructure relevant to financial reporting. In addition, we tested the identification, authentication and periodic user access monitoring controls. We also tested the controls for managing privileged roles and functions across each key financial reporting IT application and the supporting infrastructure, ensuring appropriate segregation of duties to mitigate the risk of unauthorised access.</li> <li>Change Management for systems relevant to financial reporting – including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical financial reporting IT applications. We assessed the</li> </ul>
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	<p>appropriateness of users with access to release changes to IT application production environment against the requirements of their roles.</p> <p>Where we identified design and/or operating deficiencies in the IT control environment, we tested compensating controls, raised these matters with the Group, and adapted our flow-on audit approach.</p>
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**Other Information**

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Remuneration Report. The remaining other information is expected to include: Performance Snapshot 2024, From the Chairman, From the CEO, Who We Are, Purpose & Values, Our Community and Our Sustainability Journey sections and is expected to be made available to us after the date of the Auditor's Report.

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

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

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

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have

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no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf).

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Latitude Group Holdings Limited for the year ended 31 December 2024 complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Chris Wooden

Partner

Melbourne

21 February 2025

## ASX Additional Information

For the financial year ended 31 December 2024

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### ORDINARY SHARES

#### A. 20 Largest Shareholders as at 14 February 2025 – Ordinary Shares

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	316,319,532	30.42
2	VATPO INVESTMENTS PTE LTD	217,796,336	20.95
3	DEUTSCHE BANK AG <SYDNEY BRANCH A/C>	171,834,389	16.53
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	105,330,332	10.13
5	SHINSEI BANK LIMITED	100,000,000	9.62
6	CITICORP NOMINEES PTY LIMITED	20,484,644	1.97
7	BNP PARIBAS NOMS PTY LTD	14,015,680	1.35
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	13,433,691	1.29
9	MR ROBERT NICHOLAS BELAN	8,907,527	0.86
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,510,239	0.82
11	MCDONALD BROS HOLDINGS PTY LTD <ALFRED UNIT A/C>	5,497,856	0.53
12	BALMORAL FINANCIAL INVESTMENTS PTY LTD	5,236,053	0.50
13	ONE CREMORNE PTY LTD <ONE CREMORNE TR A/C>	4,289,447	0.41
14	OXLEIGH PTY LTD	3,737,266	0.36
15	ASTRA SUPER NOMINEES PTY LTD <ASTRA SUPERANNUATION A/C>	2,692,308	0.26
16	MARYGOLD THREE PTY LIMITED <MARYGOLD THREE A/C>	2,325,267	0.22
17	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	2,212,389	0.21
18	OTTOMIN PTY LTD	2,137,593	0.21
19	MR PAUL CHRISTOPHER BYRNE	1,789,980	0.17
20	CENTRAL PARK INVESTMENTS (AUST) PTY LTD <GELBAK FAMILY A/C>	1,771,241	0.17
<b>Total</b>		<b>1,008,321,770</b>	<b>96.27</b>

## ASX Additional Information

### B. Distribution of Shareholder Numbers as at 14 February 2025

Range	Total holders	Units	% Units
1 - 1,000	840	450,318	0.04
1,001 - 5,000	567	1,489,029	0.14
5,001 - 10,000	173	1,409,470	0.14
10,001 - 100,000	247	7,376,953	0.71
100,001 Over	67	1,028,950,873	98.97
<b>Total</b>	<b>1,894</b>	<b>1,039,676,643</b>	<b>100.00</b>

C. There were 368 holdings of less than a marketable parcel (less than \$500 in value or 435 shares based on the market price of \$1.15 per share).

D. The names of the substantial shareholders listed in the holding company's register, and their shareholdings (including shareholdings of their associates), as at 14 February 2025 are:

Shareholder	Ordinary	%
KKR Clarendon Holdings L.P	272,903,548	26.25
Vatpo Investments Pte. Ltd.	217,796,336	20.95
SBI Shinsei Bank, Limited	205,476,320	19.76
Deutsche Bank AG	171,834,389	16.53

### E. Voting Rights of ordinary shares

The Constitution provides for votes to be cast as follows: i) on show of hands, one vote for each shareholder; and ii) on a poll, one vote for every fully paid ordinary share.

## ASX Additional Information

### LATITUDE CAPITAL NOTES – LFSPA

As at 14 February 2025 the 20 largest holders of LFSPA held 630,546 securities, equal to 42.04% of the total issued securities. As at 14 February 2025 the total number of LFSPA on issue was 1,500,000.

### A. 20 Largest LFSPA Capital Note holders as at 14 February 2025

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	224,495	14.97
2	CITICORP NOMINEES PTY LIMITED	147,560	9.84
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	52,181	3.48
4	MR DANIEL PATRICK MCALARY + MR MICHAEL FRANCIS CALLANAN + MR PAUL ARTHUR DALEY <ESTATE PATRICIA MCALARY A/C>	45,874	3.06
5	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	39,143	2.61
6	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	20,769	1.38
7	BALMORAL FINANCIAL INVESTMENTS PTY LTD <NO 2 A/C>	18,265	1.22
8	PREMIUM CAPITAL (AUST) PTY LTD	10,150	0.68
9	SPECIALIST NOMINEES PTY LIMITED	10,130	0.68
10	AURISCH INVESTMENTS PTY LTD	10,000	0.67
11	EVLECO PTY LTD	7,000	0.47
11	IDALIA PTY LIMITED <ROACH SUPER FUND A/C>	7,000	0.47
13	NORA GOODRIDGE INVESTMENTS PTY LTD	5,000	0.33
13	PUPGALL PTY LTD	5,000	0.33
13	THE CORPORATION OF THE TRUSTEES OF THE ORDER OF THE SISTERS OF MERCY IN QLD <CONGREGATION A/C>	5,000	0.33
16	HUA INVESTMENTS PTY LTD <HUA INVESTMENTS SUPER A/C>	4,822	0.32
17	WING SING CAPITAL PTY LIMITED <WING SING CAPITAL A/C>	4,775	0.32
18	QUINSUPER PTY LIMITED <VENARDOS SUPER A/C>	4,640	0.31
19	MR JOEL DOWNIE + MRS ANNA DOWNIE <SHEARFORCE INVESTMENT A/C>	4,479	0.30
20	MR ORLANDO BERARDINO DI IULIO + MS CATHARINA MARIA KOOPMAN	4,263	0.28
<b>Total</b>		<b>630,546</b>	<b>42.04</b>

### B. Distribution of LFSPA Capital Note holders as at 14 February 2025

Range	Total holders	Units	% Units
1 - 1,000	2,507	543,506	36.23
1,001 - 5,000	179	363,927	24.26
5,001 - 10,000	3	24,000	1.60
10,001 - 100,000	7	196,512	13.10
100,001 Over	2	372,055	24.81
<b>Total</b>	<b>2,698</b>	<b>1,500,000</b>	<b>100.00</b>

C. There were 2 holdings of less than a marketable parcel (less than \$500 in value or 6 securities based on the market price of \$96.38 per security).

### D. Voting rights of LFSPA Capital Note Holders

LFSPA Capital Note holders do not have any rights to vote at any meeting of members of the Company.

### E. On-market LFSPA Capital Note buy-back

On 21 February 2025, Latitude announced the launch of an on-market \$10 million buy-back program for its \$150 million capital notes for a period of 12 months. Further details on how many capital notes have been bought back has been released on the ASX.

## Corporate Directory

### Directors

Michael Tilley  
Robert Belan  
Mark Joiner  
Alison Ledger  
Julie Raffe  
Beaux Pontak  
Philip Busfield  
Ilfryn Carstairs

### Company Secretaries

Vicki Letcher  
Tiffany Barton

### Registered Office

Level 18, 130 Lonsdale Street  
Melbourne, VIC, 3000

### Share and Securities Registry

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067  
Tel: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Fax: +61 32 9473 2500

### Auditor

KPMG

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