

# Latitude Cybercrime Update

26 May 2023

# Important notice and disclaimers



## Important notice and disclaimer

The following important notice and disclaimer applies to this presentation ("**Presentation**") and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation.

This Presentation has been prepared by Latitude Group Holdings Limited ("**LFS**"). The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## Summary information

This Presentation contains summary information about the current activities of LFS and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation should be read in conjunction with LFS's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("**ASX**"), which are available at [www.asx.com.au](http://www.asx.com.au). No member of LFS gives any warranties in relation to the statements and information in this Presentation.

## Financial information

The financial information in this Presentation is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards ("**AAS**") and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. You should consider the basis of preparation and assumptions underlying the financial information contained in this Presentation.

All dollar values are in Australian dollars ("**A\$**" or "**\$**"). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation. 'HoH' refers to the half-on-half movement which is sequential, whereas 'YoY' refers to the year-on-year movement which is the prior corresponding period.

## Past performance

Past performance and historical information in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance including future share price information.

## Forward looking statements

This Presentation contains certain "forward-looking statements". The words "forecast", "estimate", "likely", "anticipate", "believe", "expect", "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "project", "consider", "foresee", "aim", "will", "seek", "future" and other similar expressions are intended to identify forward-looking statements.

Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of LFS and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management.

**Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.**

Nothing in this Presentation is a promise or representation as to the future. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of LFS's business strategies and the integration of Symple following completion of the Acquisition, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this Presentation. The forward-looking statements are based only on information available to LFS as at the date of this Presentation. Except as required by applicable laws or regulations, none of LFS, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this Presentation, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

# Important notice and disclaimers (cont'd)



## Information and liability

To the maximum extent permitted by law, LFS and its respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, agents and advisers (together, the "**Beneficiaries**") exclude and expressly disclaim:

- all duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, losses, damage or costs (whether foreseeable or not) incurred by you as a result of the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise;
- any obligations or undertaking to release any updates or revisions to the information in this Presentation to reflect any change in expectations or assumptions; and
- all liabilities in respect of, and make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns (or any event or results expressed or implied in any forward looking statement) contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about LFS or which a prospective investor or purchaser may require in evaluating a possible investment in LFS or acquisition of securities in LFS.

## Not an offer, advice or recommendation

This Presentation is for information purposes only and should not be read or understood as an offer, invitation, solicitation, inducement or recommendation to subscribe, buy or sell LFS shares or any other financial products in any jurisdiction.

Nothing contained in this Presentation constitutes financial product, investment, legal, tax or other advice or any recommendation. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, prospective investors should consider the appropriateness of the information in this Presentation having regard to their own investment objectives, financial situation and needs and with their own professional advice.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of LFS and the values and the impact that different future outcomes may have on LFS.

## Market and industry data and other information

Certain market and industry data and other information used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither LFS nor its representatives or its advisers have independently verified, or can assure investors as to the accuracy of, any market or industry data or other information provided by third parties or industry or general publications.

Photographs and diagrams used in this Presentation that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Presentation or its contents or that the assets shown in them are owned by LFS. Diagrams used in this Presentation are illustrative only and may not be drawn to scale.

## General

In this Presentation references to 'LFS', 'we', 'us' and 'our' are to Latitude Group Holdings Limited and (where applicable) its controlled subsidiaries.

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. LFS may in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation. Any further information will be provided subject to the terms and conditions contained in this Important Notice and Disclaimer.

**Bob Belan**  
Managing Director & CEO

**Paul Varro**  
Chief Financial Officer

# March-23 Cyber Attack...Recap and Update



## What happened:

- Unusual activity was detected in our IT systems
- Threat actor obtained privileged credentials via a third-party vendor to access our systems
- Personal information of approximately 7.9m customers, past customers and applicants was exfiltrated, including:
  - ~7.9m driver licence numbers
  - Personal details such as name, address, telephone and date of birth
  - Income and expense information used to assess ~900,000 loan applications, including ~308,000 bank account numbers (*but not passwords*) and ~143,000 credit card and credit card account numbers (*but not card expiry or CVC*), the majority of which are expired or closed
- A further ~6.1m partial records compromised
- A ransom demand was received and declined

## How we responded:

- Immediate action taken to contain the attack
- IT platforms taken offline
- Enterprise-wide password resets
- External cyber-security experts engaged to work alongside our own teams
- Relevant authorities notified, including the Australian Cyber Security Centre, Australian Federal Police and regulators
- Cyber-insurers notified
- Contacting all affected individuals
- Dedicated support offered to affected individuals via our comprehensive Customer Care Program
- Completed extensive platform assurance reviews before regular business operations were gradually restored over 5-6 weeks
- No suspicious activity has been observed in our systems since Thursday 16 March 2023
- Commercial operations now fully restored

## Go forward:

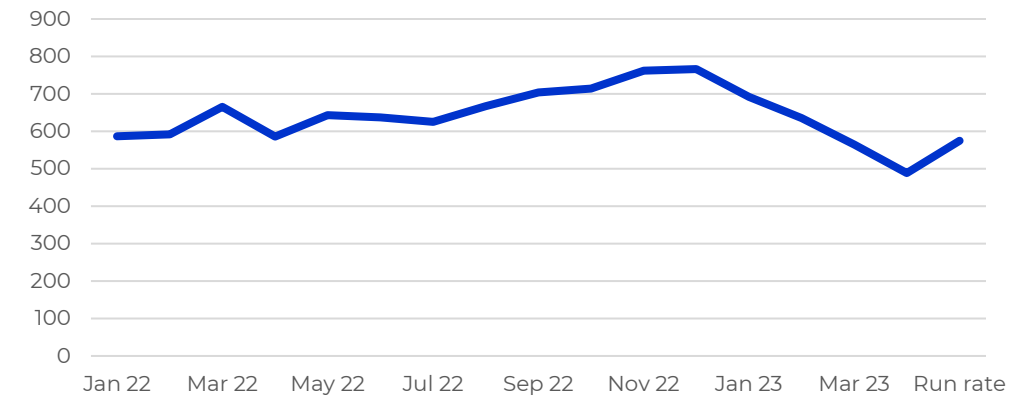
- Forensic review of the incident continues
- Incident response plan focused on:
  - **REBOUND** to surpass previous business momentum
  - **REMEDiate** affected customers, past customers and applicants via our comprehensive Customer Care Program
  - **REBUILD** trust through new strategic plan to reach full potential
- Continue to fully cooperate with regulator investigations and law enforcement
- We are still assessing the anticipated total cost of this incident, including the cost of the support and remediation provided to customers

# Key metric trends



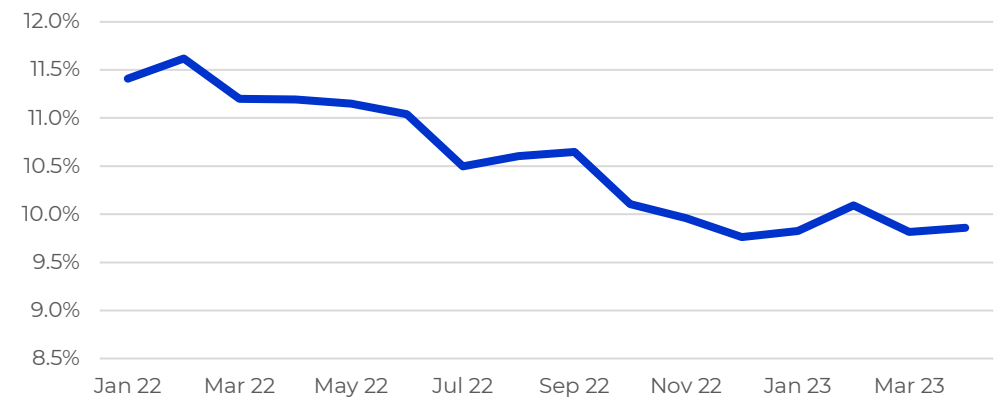
## Monthly group volume...

\$m



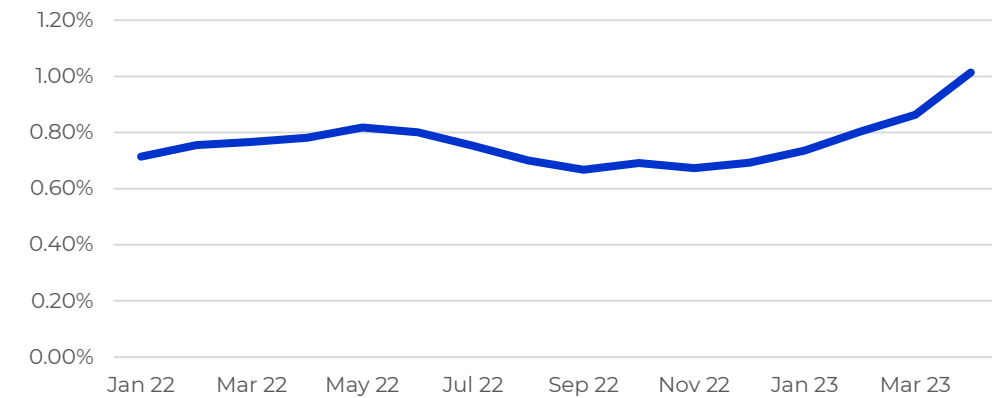
## Monthly group net interest margin...

% of average gross receivables (AGR)



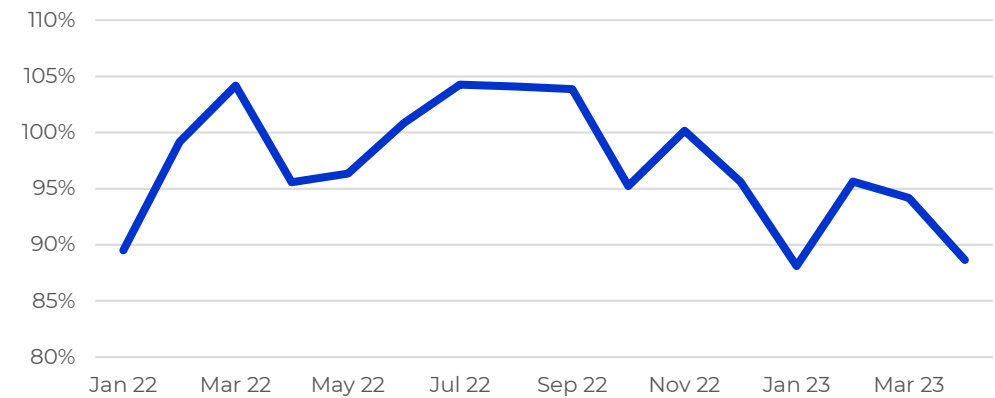
## Monthly group delinquencies (90+ days past due)...

% Accounts 90+ days past due



## Monthly group repayment rate...

Excluding credit cards & BNPL, expressed as annualised rate



ersonal use only

# 1H23 and FY Financial impacts



- **Volume:** We expect 1H23 volume to be in the range of \$3.3-\$3.6 billion.
- **Receivables:** We expect 1H23 receivables to be in the range of \$6.1-\$6.3 billion.
- **Net Interest Margin:** We expect 1H23 to be in the range of 9.6% to 9.8%.
- **Asset Quality:** Group 90 days past due have increased to 1.01% as at 30 April 2023, increasing the current net charge off run rate to ~3.30% with the consequent temporary disruptions to collection systems and processes. Provision for Credit Losses are expected to increase to ~4.20%.
- **Direct Non-Recurring Costs:** We expect to incur costs of approximately \$7m in 1H23 (*post-tax*) related to the business disruption (*containment & remediation*) associated with the cyber-attack.
  - A \$46m (post tax) provision is anticipated to be raised, largely for customer remediation costs, it does not include the potential for regulatory fines, class actions, future system enhancements or an assumption of insurance proceeds.
- **1H23 dividend:** Is yet to be declared by the board. However, given the expected 1H23 statutory earnings and a resulting TER back within the 6-7% target range, it is unlikely that Latitude will declare a dividend for the six months to 30 June 2023.
- **Cash NPAT for FY23:** Will be impacted by 1H earnings reductions (Cash NPAT of \$5-10m), interrupted originations & collections, our current expectation of FY Cash NPAT to be in the range of \$15-25m.

# Thank you

Investor Relations

Matthew Wilson

+61 401 454 621

Media

Mark Gardy

+61 412 376 817