

26 May 2023

ASX ANNOUNCEMENT

Half and Full Year Guidance and Cyber Update

Latitude Group Holdings Limited (ASX: LFS) today provides guidance on 1H23 and FY23 profit, including the likely impacts of the cyber incident, as well as an update on our ongoing response.

While Latitude was able to continue processing transactions as it responded to the March cyber-attack, new account originations and collections were closed or severely restricted for a period of approximately five weeks. Regular commercial operations are now fully restored.

The resulting lost income and higher credit losses will impact Cash and Statutory Profit for the 30 June half year and the full year. The 1H23 impacts, including an anticipated increase in credit provisions (IFRS 9) to 4.20%, are expected to result in a cash NPAT in the range of \$5m to \$10m. Latitude had anticipated some normalisation in loss ratios across its portfolio, however the cyber-attack has materially worsened this trend due to lost collections activity.

Cash NPAT for the FY23 will be adversely impacted by the reduced first half earnings, the flow-on impact of a lower receivables base and temporary impact on collections. Based on current expectations, Cash NPAT is likely to be in the range of \$15m to \$25m.

In addition, following an extensive review, Latitude will make a provision for costs associated with the cyber incident. While the range of potential outcomes is large and there are many unknowns, the Board anticipates it will recognise approximately \$53m after tax in 1H23, which includes both costs incurred and a provision of \$46m after tax. This provision is made up largely of remediation costs but does not include the potential for regulatory fines, class actions, future system enhancements or an assumption of insurance proceeds.

As a consequence of the direct impacts of the cyber-attack on operations, IFRS 9 credit provisions and the provision for costs and remediation, the 1H23 Statutory Loss after tax from continuing operations is forecast to be in the range of \$95m to \$105m, with the full year statutory result also expected to be a loss. Due to the forecast statutory after-tax loss, it is unlikely that Latitude will declare a dividend for the six months to 30 June 2023.

From the outset of the incident Latitude has sought to keep customers, partners, regulators, shareholders and the broader community as informed and up to date as has been possible.

All affected customers and past customers with a current email address on file have been contacted and we continue to notify other affected individuals by mail. We continue to provide dedicated support via a comprehensive customer care program, including an offer to reimburse the cost of replacement identity documents, hardship assistance for customers who are in a uniquely vulnerable position as a result of the cyber-attack, mental health and well-being support and specialist advice via not-for-profit ID Care.

No suspicious activity has been observed in our systems since 16 March 2023. Regular business operations were progressively restored following extensive assurance reviews of IT platforms and the implementation of incremental security measures where available.

The attack on Latitude remains under investigation by the Australian Federal Police and we continue to co-operate fully with the Office of The Australian Information Commissioner and New Zealand Office of The Privacy Commissioner investigations. Extensive further enquiries from regulators are expected over the coming months.

Authorised for release to the ASX by the Board of Directors.

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