

ASX Release

Solvar H1 FY25 Results

25 February 2025

Solvar Limited (ASX: "SVR", "Solvar" or the "Group") the leading provider of automotive finance, is pleased to announce its financial performance for the half-year ended 31 December 2024 (H1 FY25).

Key Highlights

Continuing Operations (Australia)

- Normalised* **Net Profit after Tax (NPAT) of \$15.9 million;**
- 4.6% increase in interest income to \$93.1 million on pcip;
- 7.1% increase in loan book to \$824.7 million on pcip;
- Annualised bad debts of 4.0%, in line with expectations;
- \$132.6 million of funding headroom available for growth; and
- 7.9% increase in cash collections to \$233.7 million on pcip.

Group (Australia & New Zealand)

- Normalised* **Group NPAT of \$18.5 million**, a 26.9% increase on pcip;
- Normalised* return on equity of 10.1%;
- **6.0 cents per share fully franked** interim dividend, a 20.0% increase on pcip;
- 27.9% increase in statutory NPAT of \$16.9 million on pcip; and
- 30.0% increase in earnings per share of 8.2 cents on pcip.

*Normalisations relate to legal and professional fees associated with the regulatory actions.

Financial Performance

During the period, the Group focused on increasing its footprint in the Australian market. As a result, this delivered higher revenue, loan book growth and higher cash collections in the continuing operations. Normalised NPAT for continuing operations was **\$15.9 million**.

This was driven by increased interest income and prudent management of operating expenses. Impairment provision increase driven by growth in the loan book, while bad debts were maintained at 4.0%.

Solvar reported strong normalised NPAT of \$18.5 million during H1 FY25. The contribution from Go Car Finance (GCF) was primarily driven by interest cost savings from the repayment of external debt, together with lower bad debts.

Operational performance

AFS replaced the front-end origination software to deliver increased productivity and drive improved connectivity with brokers. This work will remove duplicate workflows, increase automation and drive faster settlement times, which is anticipated to lift origination volumes.

Money3 loan book grew by 5.2% to \$628.0 million during the period, and made a significant contribution to the improvement in overall Group credit quality.

Additionally, during H1 FY25 the Group achieved ISO 27001 certification. This was a multi-year company wide effort and demonstrates our commitment to safeguarding customers personal and financial information.

Capital management

A key pillar of delivering our strategy of profitable growth is efficient balance sheet management. The Group deployed excess cash to repay higher cost New Zealand wholesale funding. This was the main driver behind the reduction in Group's interest expense to \$26.8 million, down 7.8% on pcg.

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As the GCF loan book contracts, surplus repatriated capital will be redeployed in Australia to support growth of both consumer and new commercial lending. Any surplus capital not required to support growth will be returned to shareholders. On 31 December 2024, the GCF loan book was A\$105.7 million and continues to decline. The New Zealand run-down is progressing in-line with expectations.

During the period, Money3 expanded its funding capacity to \$510.0 million. Securing the increased funding capacity demonstrates the confidence in the portfolio asset quality and unlocks additional headroom for growth.

Solvar will pay an interim FY25 dividend of **6.0 cents per share** fully franked, representing a payout ratio of 73%. The Group expects to maintain a similar payout ratio in H2 FY25.

At 31 December 2024, the Group had completed ~68% of the \$15.0 million share buyback announced in May 2024.

Mr Scott Baldwin, CEO and Managing Director of Solvar, said: "Solvar is nearing the end of a significant transition period. Substantial resources have been put towards reconfiguring lending practices, reviewing governance and establishing dedicated compliance teams. "

"Solvar is investing in the development of new products and establishing a dedicated commercial lending team, positioning us well for commercial lending growth in FY26."

"Court hearings in the ASIC matter are expected to conclude in March 2025 with judgement expected in the coming months."

"Solvar is well positioned for continued growth in FY26. The 20% increase in the interim dividend on pcip reflects our confidence in the future."

Outlook

The Australian loan book is expected to continue disciplined growth into H2 FY25. Solvar reiterates FY25 guidance of normalised **NPAT of \$34.0 million**.

Further Information

Solvar management will host a webinar this morning at 11.00am to discuss the half year results. Registration is available at the following link:

https://us02web.zoom.us/webinar/register/WN_TxEq80KOSBeYypqyG92aQ

Further information related to H1 FY25 results is provided in the Appendix 4D and the Interim Financial Report and the investor presentation released on the same date.

Approved for release by the Board of Directors of Solvar Limited.

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ABOUT SOLVAR LIMITED (ASX: SVR)

Solvar is a market leading Consumer and Commercial finance company with over 20 years' experience in Australia and New Zealand, having funded over \$2 billion of vehicles and personal loans. Dominating the used-vehicle finance market and delivering a unique customer experience from loan application to the final loan payment the group leverages technology to provide a seamless application process from a broker, online or directly to the Group.