

Media Release

Solvar 1H FY24 Results

20 February 2024

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 2023 (**1H FY24**), confirming increased total revenue to \$109.7 million, an underlying Net Profit After Tax of \$14.6* million and a 5.0 cent fully franked dividend.

Key Highlights

- **5.0 cents fully franked** dividend;
- 23.3% increase in gross Australian loan book to \$769.7 million compared to the prior corresponding period (pcp), and an 8.2% increase on 30 June 2023;
- 13.5% increase in **Group loan book to \$941.5 million** compared to the pcp, and a 3.5% increase on 30 June 2023;
- 14.2% increase in Australian revenue to \$87.0 million over pcp;
- 5.9% increase in **Group revenue to \$109.7 million** over pcp;
- **Underlying Net Profit after Tax (NPAT) of \$14.6* million** and a Statutory NPAT of \$13.2 million;
- Earnings per share of 6.3 cents;
- 10.9% increase in cash collected to \$270.3 million over pcp;
- Annualised bad debts of 4.2% of the loan book, in line with forecast;
- Strong balance sheet with \$127.0 million of cash (\$70.8 million of restricted cash); and
- Net Tangible Assets of \$1.58 per share.

*After adjusting for Legal and Professional fees associated with the regulatory related legal action.

The Group continues to focus on improving the levels of profitability. Given the current macroeconomic environment the immediate focus has been:

- Lifting the minimum credit acceptance criteria for new customers across Australia and New Zealand;
- Focus on growing the prime and low credit risk Australian loan book, which as of 31 December 2023, accounted for ~20.0% of the Group's loan book up from ~16.5% on pcp;

- Actively reducing the loan book in New Zealand in light of the country's economic environment, which as of 31 December 2023, accounted for ~18.0% of the Group's loan book down from ~25.0% on pcg;
- Investing in simplifying technology, with all Australian operations now operating on a single loan management system; and
- Reducing Group exposure to cyber risks with external assurance of Group infrastructure and projects to obtain ISO 27001 certification.

Alongside the focus on loan book quality, the Group completed the significant investment program in enhancing risk & governance capabilities and resourcing. This investment ensures that the controls and processes are appropriate for an organisation of Solvar's size & complexity, improving the strong foundation to support ongoing future growth.

The Group commenced work to reduce the overall funding costs and complexity associated with the New Zealand business unit. This work includes consolidating the number of funders and simplification of our funding warehouses.

Mr Scott Baldwin, CEO and Managing Director of Solvar, said: "The Group is focused on simplifying its funding, new lending risk appetite, and organisational structure, with the intention of lowering the overall credit risk profile of the Group's loan book. We expect this focus on loan book quality to translate into lower bad debts and improved funding costs over time."

"The Australian loan book now represents 81.8% of the Group's loan book, growing a significant 23.3% over pcg."

"Whilst the regulatory related legal action has consumed significant resources, the Group takes its responsible lending obligations seriously, as well as the commitment to provide fair and transparent products to consumers. We intend to defend the regulatory actions related to Money3 and Go Car Finance."

Business Outlook

The Group continues to focus on growing its market share in Australia. In New Zealand, with the current macroeconomic environment, the Group will reduce exposure while it simplifies its funding structure and product portfolio. The impact of this will continue to drive down bad debts, improve efficiency, and reduce the cost of capital.

Solvar reiterates FY24 guidance of normalised NPAT of \$25–30 million.

Further Information

Solvar management will host a webinar this morning at 11.00am to discuss the half year results. Registration is available using the following [link](#).

Further information related to 1H FY24 results is provided in the Appendix 4D, and the investor presentation released on the same date.

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

– ENDS –

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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.