Financial Year 2023 Investor Presentation

15 August 2023

Scott Baldwin (CEO & Managing Director)
Siva Subramani (CFO)

Highlights – FY23

Revenue
$209.3m
Increase 11.4% on pcp $187.9m

EBITDA
$110.8m
Increase 11.9% on pcp $99.0m

Bad Debt
3.7%
of loan book
flat on pcp (3.7%)

Cash
$145.9m
Unrestricted cash of $78.3m

NPAT
$47.6m
Down 7.7% on pcp $51.6m

Loan Book
$910.1m
Increase 24.1% on pcp $733.4m
(Funding headroom of $323.3m)

Originations
$535.3m
Increase by 14.6% on pcp $467.0m

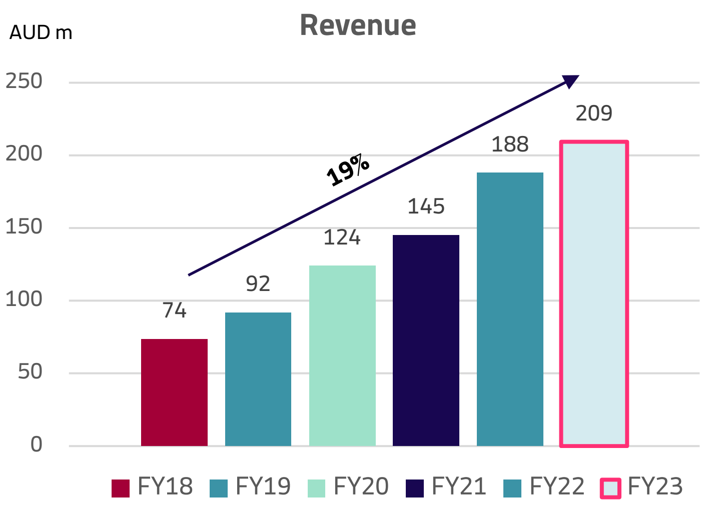
EPS - 22.6c
Decrease 7.6% on pcp 24.4 cents

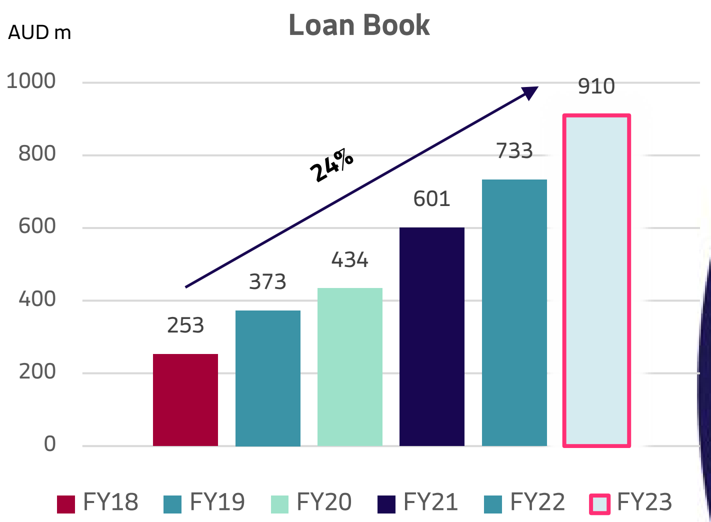
NTA - $1.67
Increase by 5.7% on pcp

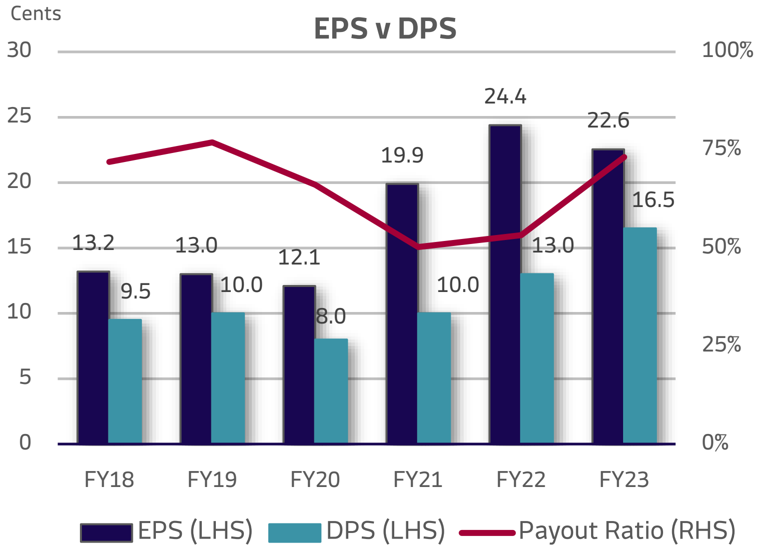
RoE
12.8%
Down on pcp of 14.6%

Shareholder Return
16.5 cents DPS
$15.0m
completed share buyback

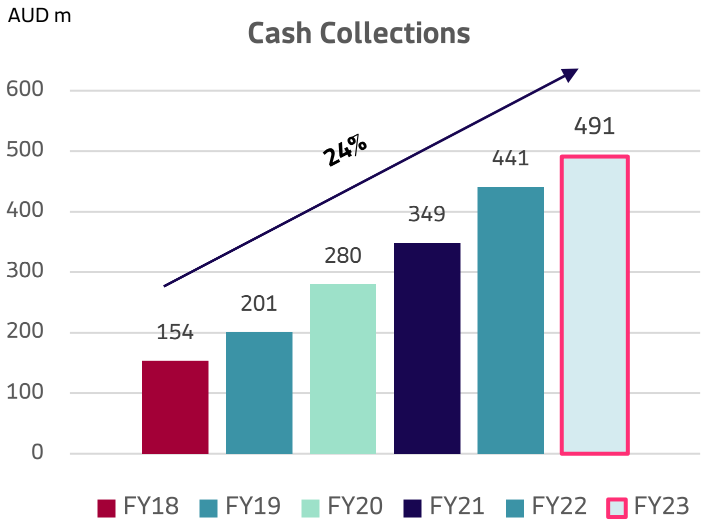
FY23 Group performance







Note: FY18 and FY19 exclude divested business



CAGR are for FY18 to FY23

- Loan book continuing to deliver revenue growth
- Stable credit quality moderating bad debts
- Strong cash collections driving revenue growth over time
- 16.5c fully franked dividend per share (final dividend payable 9th October 2023)
- Completed $15.0m share buyback
- Net Tangible Assets $1.67c per share

Solvar Group

Loan Book $m

AFS Automotive Financial Services	$171
money3	$540
GoCarFinance Goes way further	$199
Market opportunity	$40 billion

Specialist Lender

Consumer Vehicles (87%)

Commercial Vehicles (5%)

Personal Loans (8%)

~93% secured lending

Track Record: 20+ years

Loans to customers since inception: >$2 billion

Strategy

Sustainable and profitable growth

Strong collections focus

Strong balance sheet

Flexible, affordable and practical products

All figures at 30 June 2023, unless otherwise noted.

Financial Review

SOLVAR

Group financial results *Amounts in $m unless otherwise stated*	**FY23**	**FY22**	**Growth %**
Revenue	**209.3**	**187.9**	11.4%
Bad debts	(33.4)	(27.2)	22.8%
Movement in impairment provisions	(4.4)	(5.3)	(17.0%)
Other operating expenses	(60.7)	(56.5)	7.4%
EBITDA	**110.8**	**99.0**	11.9%
EBITDA margin	52.9%	52.7%	
Interest expense	41.9	23.1	81.4%
NPAT	**47.6**	**51.6**	(7.7%)
NPAT margin	22.7%	27.5%	
EPS	22.6 cents	24.4 cents	(7.6%)
DPS	16.5 cents	13.0 cents	26.9%

Financial results

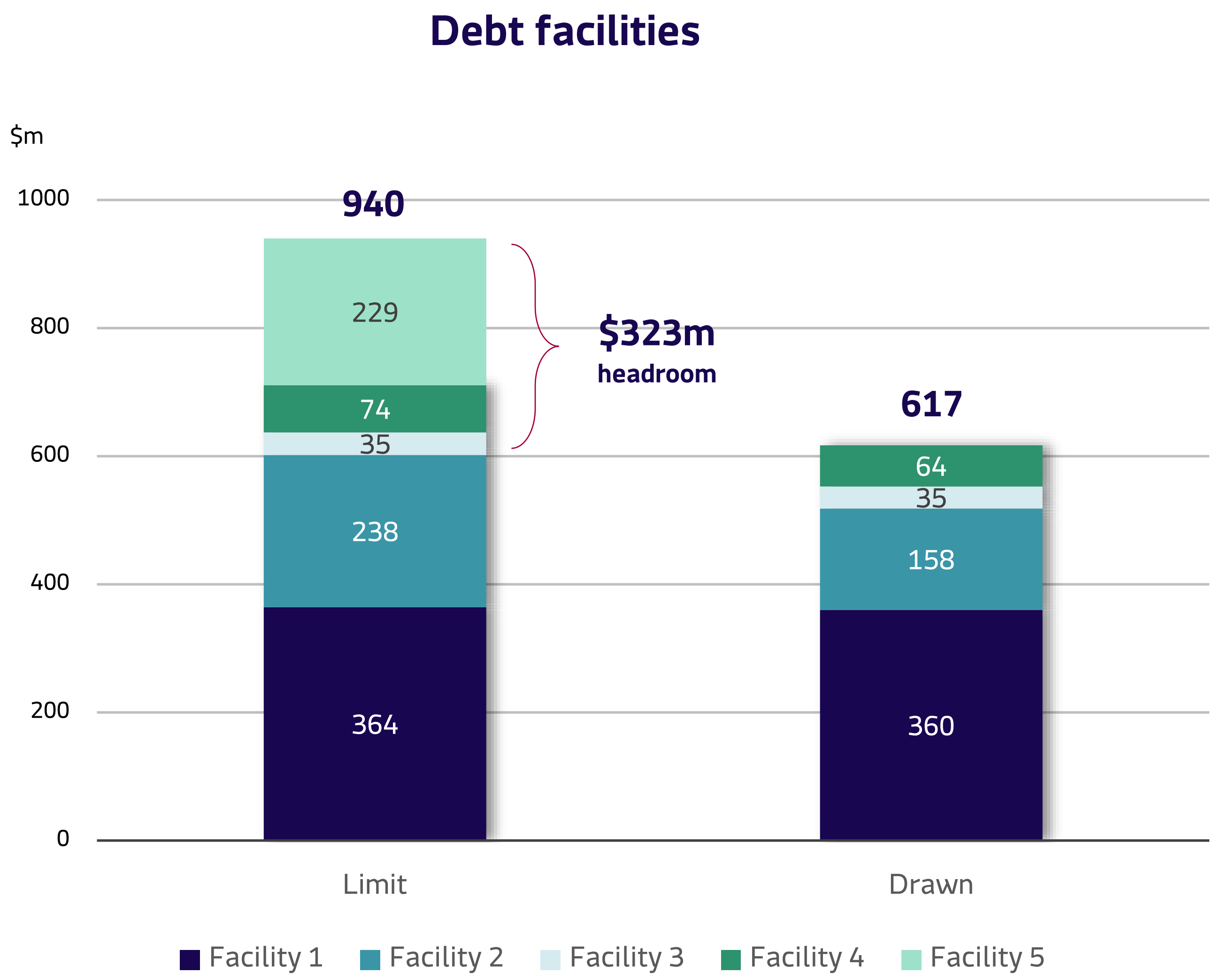
- Strong, double digit organic revenue growth in Australia
- Revenue growth generated by both M3 and AFS business units
- New Zealand revenue flat YoY
- Bad debt increases driven by one-off NZ weather events
- Interest expense is a function of both higher borrowings and central bank rate increases

Loan book – Key drivers

Loan book - Key drivers *Amounts in $m unless otherwise stated*	FY23	FY22
Gross loan book	910.1	733.4
Deferred revenue	(62.0)	(49.7)
Impairment provision	(43.7)	(39.1)
Impairment provision % *(on Gross loan book less Deferred revenue)*	5.2%	5.7%
Net loans receivable	**804.4**	**644.6**
Borrowings	617.0	425.6
Leverage (Gross loan book)	67.8%	58.0%
Loan book funded by Equity	187.4	219.0
Total loan funding	**804.4**	**644.6**
Cash & cash equivalents	145.9	122.5
Unrestricted cash	78.3	64.5

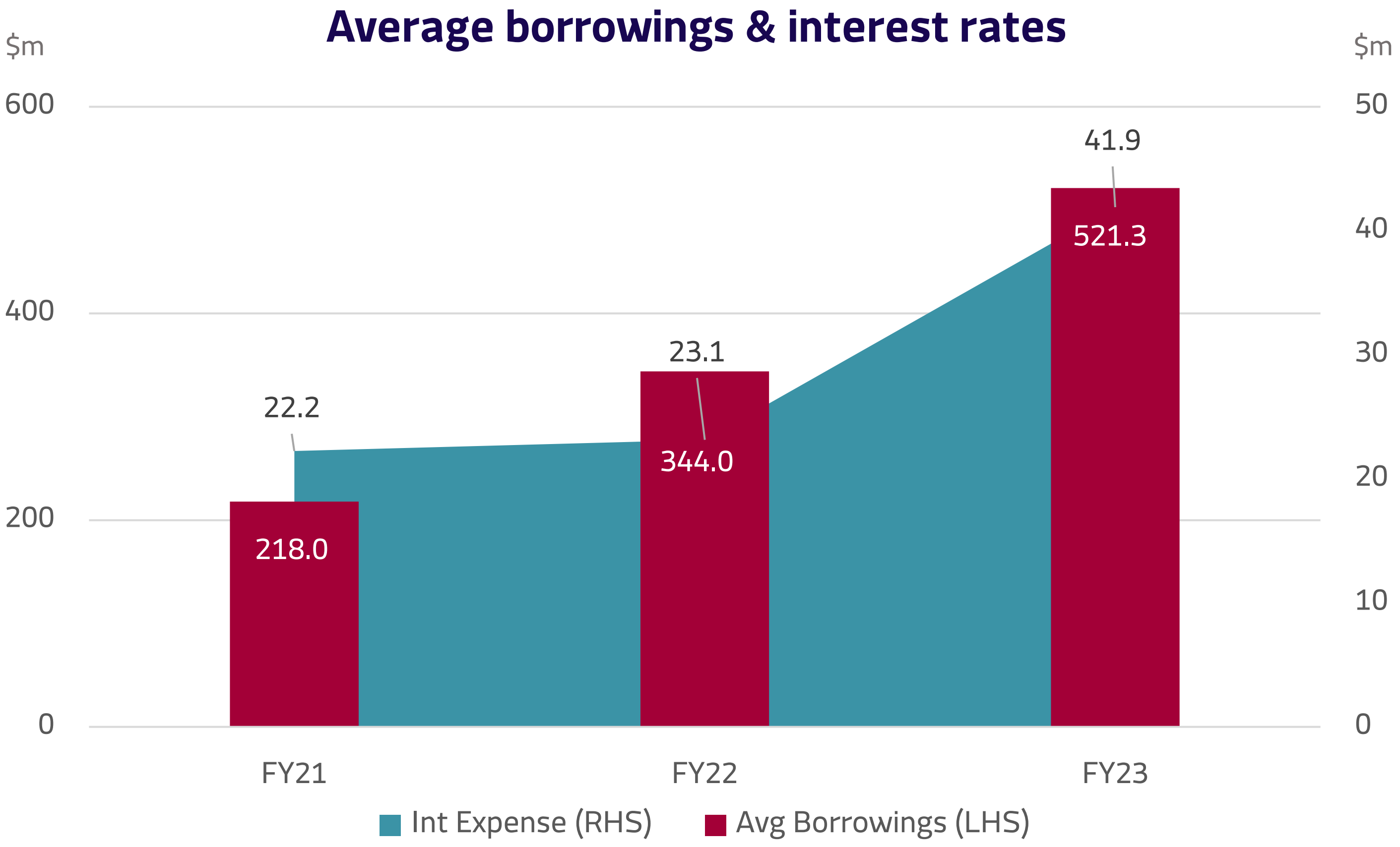
- $62.0m of deferred revenue to be recognised over the life of the loans
- Impairment provision trending positively as credit quality improves
- Increase in provision is primarily driven by strong loan book growth of 24.1% ($176.7m)
- $346.4m net tangible assets
- Available capital to grow the loan book to $1.3b - $1.5b (pending asset mix)

SOLVAR



Debt facilities

- Diversified debt facilities (including major Australian, New Zealand and International banks)
- $323.3m debt funding headroom
- Existing facilitates enable book growth to over $1.3b
- $78.3m of unrestricted cash to drive growth
- 67.8% in loan book leverage will contribute to growth in Return on Equity
- Expected to expand Australian facilities in 1H FY24



	FY21	FY22	FY23
Avg Interest Cost %10	10.2%	6.7%	8.0%
Avg RBA cash rate*	0.15%	0.18%	2.98%
Avg RBNZ cash rate*	0.25%	0.95%	4.21%
Avg net margin	~10.0%	~6.5%	~5.0%

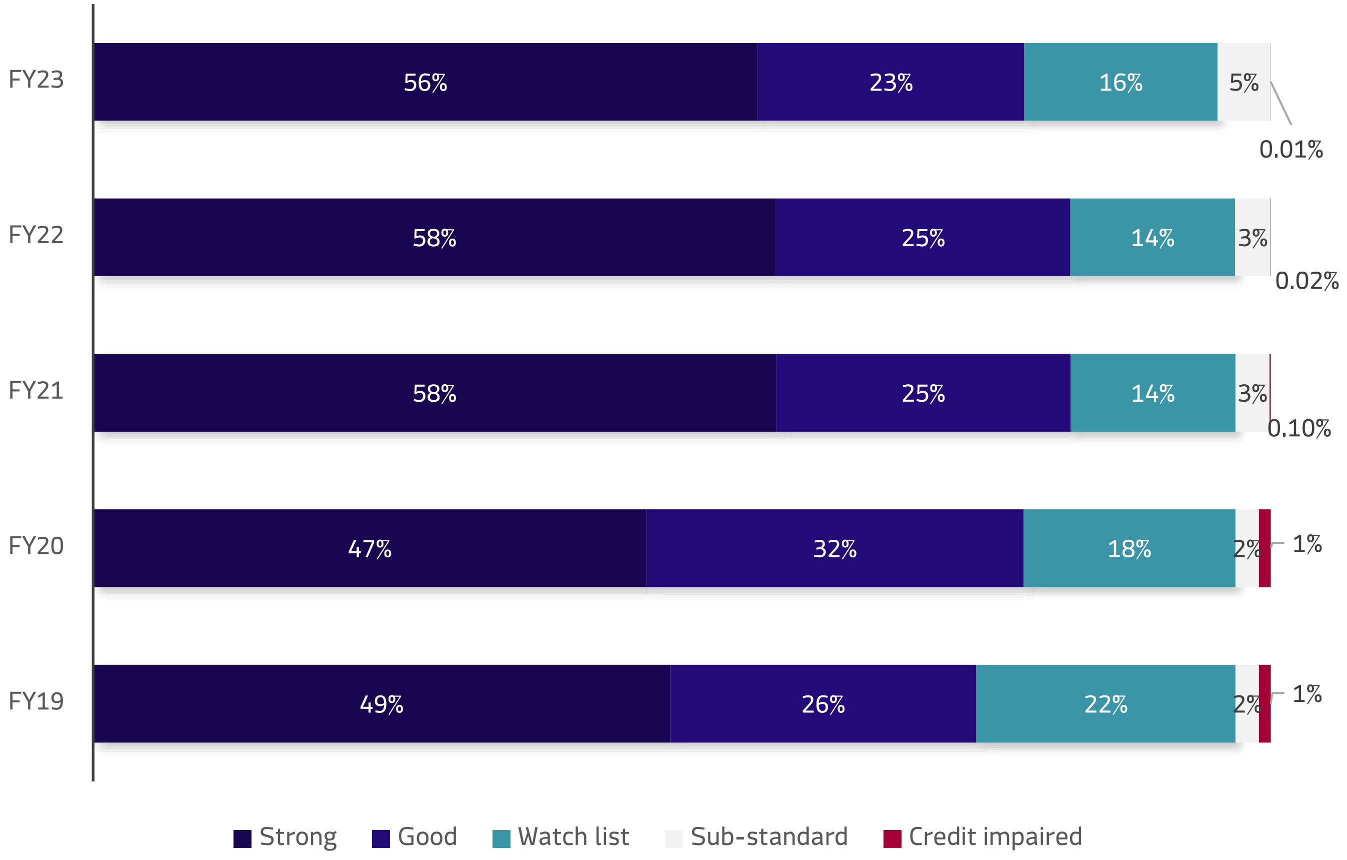
**Source: RBA and RBNZ websites*

Interest expense & borrowings

- Significant reduction in interest rate spread achieved over 3 years
- ~28.0% of borrowings fully hedged
- ~68.0% loan book leverage
- RBA rate 4.1% (30 June 2023)
- RBNZ rate 5.5% (30 June 2023)

Stable credit quality

Loan book quality



- Stable credit quality profile despite inflationary pressures and recessionary environment
- 79.0% of portfolio is in 'Strong and Good' credit quality category
- Full-year bad debts at 3.7% (within expected range of 3.5%-4.5%), despite impacts from extreme weather events in New Zealand in 2H FY23
- Normalisation of cash collections – will drive loan book growth

Outlook

FY24 – Outlook

Market Outlook

- Reduced competition providing opportunity to take market share in Australia
- Further increases in front book margins to improve yield on book over time
- Recession in New Zealand contracting demand will see GCF loan book contract

Financial Outlook for FY24

- Loan book expected to exceed $1bn+
- Overall yield on book reducing due to portfolio shifts and improved credit quality
- EBITDA expected to be broadly consistent with FY23 due to one off increase in cyber and risk management expenses
- Bad debts within target range of 3.5% - 4.5%
- The business will have substantial focus on driving productivity

SOLVAR

Appendices

Appendix 1 – Alternate P&L

Financial results *Amounts in $m unless otherwise stated*	FY23	FY22	MVT %
Interest income, fees & charges	209.3	187.9	11.4%
Interest expense	(41.9)	(23.1)	81.4%
Net Interest Income	167.4	164.8	1.6%
Bad debts	(33.4)	(27.2)	22.8%
Movement in impairment provisions	(4.4)	(5.3)	(17.0%)
Other operating expenses	(60.7)	(56.5)	7.4%
Depreciation & Amortisation	(2.3)	(2.2)	4.5%
Tax	(19.0)	(22.0)	(13.6%)
NPAT	47.6	51.6	(7.7%)

Financial results

- Presentation of financial results in line with non-bank peers

Appendix 2 - Products

Product	money3		AFS Automotive Financial Services		Go Car Finance Goes way further
Location	**Australia**				**New Zealand**
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance	Consumer Vehicle Finance
Target loan amount	up to $75,000	up to $30,000	up to $100,000		up to $100,000
Term	24 - 72 months	12 - 60 months	12 - 84 months		12 - 60 months
Interest rate	Fixed rate 13.95% - 24.95%		Fixed rate 9.19% - 19.79%	Fixed rate From 8.47% - 19.47%	Fixed rate 10.45% - 29.95%
Loan book	$540.3 million (30 June 2023) $429.1 million (30 June 2022)		$171.1 million (30 June 2023) $113.5 million (30 June 2022)		NZ $216.2 million (30 June 2023) NZ $211.5 million (30 June 2022)

Appendix 3 – Group performance

Financial results (In $m unless stated otherwise)	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue	56.0	73.6	91.7	124.0	145.1	187.9	209.3
EBITDA	30.5	40.5	46.3	49.1	80.9	99.0	110.8
EPS (cents)	10.30	13.20	13.00	12.08	19.85	24.40	22.55
Dividends (cents)	5.65	9.50	10.00	8.00	10.00	13.00	16.50
Loan book	213.8	252.5	372.8	433.8	600.9	733.4	910.1

Appendix 4 – Corporate information

Capital Structure	
Shares on issue	208.0 million
Share Price (11 August 2023)	$1.195
Market Capitalisation	$248.6 million

Board of Directors	
Stuart Robertson	Non-Executive Chairman
Scott Baldwin	CEO & Managing Director
Symon Brewis-Weston	Non-Executive Director
Kate Robb	Non-Executive Director

Glossary of terms

A$ or $ - Australian dollars

Active customer - A customer with an outstanding balance

ASIC – Australian Securities and Investment Commission

AFS – Automotive Financial Services business unit

CAGR – Cumulative Annual Growth Rate

DPS – Dividend Per Share

EPS – Earnings Per Share

EBITDA – Earnings Before Interest Tax Depreciation and Amortisation

GCF – Go Car Finance business unit

Loan Book – Gross written loans, as defined in section 6, of the annual accounts

M3 - Money3 business unit

NPAT – Net Profit After Tax

NIM – Net Interest Margin

NAF – Net Amount Financed: The amount of credit advanced to a customer in respect to their loan

NTA – Net Tangible Assets

NZ$ - New Zealand dollars

NZ – New Zealand

PCP – Prior Corresponding Period: A comparison of the results for the same period during the previous reported period, typically the previous financial year

RBA – Reserve Bank of Australia

RBNZ – Reservice Bank of New Zealand

RoE – Return on Equity

YoY – Year on Year comparison of performance

Disclaimer

The content of this presentation has been prepared by Solvar Limited (the Company) for general information purposes only. Any information included in this presentation on future financial performance, including industry sectors, income, profit and employment types, represent estimates of management. These views are inherently uncertain and Solvar takes no responsibility for the accuracy of such views.

Any recommendations given are general and do not take into account your personal circumstances and therefore are not to be taken as a recommendation or advice to you. You should decide whether to contact your financial adviser so a full and complete analysis can be made in respect to your personal situation. Whilst all care has been taken compiling this presentation neither the Company nor any of its related parties, employees or directors give any warranty with respect to the information provided or accept any liability to any person who relies on it.

SOLVAR

Managing Director & CEO
Scott Baldwin
+61 3 7031 6019
s.baldwin@solvar.com.au

Chief Financial Officer
Siva Subramani
+61 3 7031 6018
s.subramani@solvar.com.au

Investor Relations
Simon Hinsley
+61 401 809 653
simon@nwrcommunications.com.au