



H1FY25

Investor Presentation

25 February 2025

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BUILDING A **BIGGER** BETTER SOLVAR

Our success

"BUILDING FOR A BIGGER, BETTER SOLVAR"

Underpinned by strong governance, efficient technology and a strong corporate culture

PROFITABLE AND CASH GENERATIVE GROWTH

Growing profitability and cash generation to fund loan book expansion or acquisitions

INNOVATION AND INVESTMENT

Continuous customer focused technology and product investment

DIVERSIFIED EARNINGS

Large, consumer & commercial addressable market



A photograph of three men laughing and interacting in the back of a car. The man on the left is wearing a grey hoodie, the man in the middle is wearing a white hoodie and holding a tablet, and the man on the right is wearing a brown hoodie. They are all smiling and laughing. The background is a bright, hazy outdoor setting, possibly a beach or a park, with the sun low on the horizon. A large, dark blue semi-circular graphic is overlaid on the right side of the image, containing the word 'Highlights' in white text.

Highlights

Foundations for sustainable growth

Enhanced technology platform:

- Consolidated software platforms boosting productivity & system efficiency – anticipated to drive material loan growth in AFS business unit
- Improved API connectivity in AFS expected to enhance Broker experience
- Cyber security – achieved ISO 27001 certification protecting consumer and corporate data

Credit and underwriting:

- Continue to refine credit and underwriting procedures
- Hardship and vulnerable customer training delivered across the Group
- Participation in an industry funding model for financial counsellors

Capital management:

- Repaid debt facilities in New Zealand with unrestricted cash
- Introduced Money3 mezzanine funding, providing headroom for growth
- Share buy-back program in place

Strategic initiatives:

- Launching new commercial lending business unit in FY25
- Executing expense reduction programs including delivering lower employee expenses, down 12% over pcg
- Closed several dormant entities to streamline operations

Growing expertise:

- Organisation optimised for growth – appointment of new GM for commercial lending
- Appointment of new Chief Information Officer

Market backdrop:

- Money3 back book will benefit from the rate-cutting cycle
- Interest rate cut expected to drive consumer sentiment and loan application numbers
- Purchased three small automotive loan books as small private lenders exit the segment

Solvar is strategically situated for robust growth in FY26, growing its resilient, stable profit profile. Group is well placed to take advantage of demand for asset financing, driven by growing consumer confidence from an interest rate cut

Highlights

Continuing Operations (Australia)

Interest Income¹

\$93.1m

4.6% increase on pcp

Loan Book

\$824.7m

7.1% increase on pcp

Originations

\$211.4m

2.0% decrease on pcp

Bad Debt

4.0% (annualised)

Increase from 3.9% in FY24

NPAT² (normalised)

\$15.9m

Cash Collections

\$233.7m

7.9% increase on pcp

H1 FY25

-  Technology simplification in AFS will improve efficiency and broker experience to support growth in originations
-  Focused on the launch of the Group's new commercial product offering
-  Increased Australian leverage allowed Group to repay higher cost debt in New Zealand
-  Focus on NIM and technology consolidation moderated H1 origination growth in AFS

¹Interest income includes fees & charges, from loan and related products that are integral to the loan and bank interest income

² After adjusting for legal fees associated with the ongoing legal action, pcp omitted as prior to decision to discontinue GCF

Highlights

Group (Australia & New Zealand)

Interest Income¹

\$108.6m

3.1% decrease on pcip

NPAT² (normalised)

\$18.5m

26.9% increase on pcip

EPS – 8.2c

30.0% increase on pcip

DPS – 6.0c

20.0% increase on pcip

NTA \$1.62 (per share)

Bad Debt

4.1% (annualised)

decrease from 4.4% in FY24

Loan Book

\$930.4m

flat on 30 June 2024

Cash

\$132.1m

Unrestricted \$59.0m

H1 FY25

- Introduced Money3 mezzanine funding of \$60.0m (\$20.0m drawn) to support Australian growth
- 6.0c per share fully franked interim dividend up 20.0% on pcip; payment date of 3 April 2025
- Prudent run down of GCF operations,
- Paying down the higher cost debt in New Zealand
- On-market share buy back of up to \$15.0m. \$7.3m (5.7m shares) completed in H1 FY25
- Return on equity (normalised) of 10.1%

¹ Interest income includes fees & charges, from loan and related products that are integral to the loan and bank interest income

² After adjusting for legal fees associated with the ongoing legal action



H1 FY25 Results

Australian Operations

(Continuing Operations)

- ➔ Loan book increased 7.1% to \$824.7m (vs pcp) with a shift towards higher credit quality customers
- ➔ Yield on loan book is 23.1% in H1 FY25 pcp: 24.1%
- ➔ Loan book growth resulted in increased interest income revenue 4.6% on pcp
- ➔ Bad debts 4.0% (annualised) within target range of 3.5% – 4.5%; Impairment provision increase driven by loan book growth
- ➔ Employee costs of \$16.5m down 1.5% vs pcp
- ➔ Normalised NPAT of \$15.9m

H1 FY25 Continuing Operations <i>AUDm unless stated otherwise</i>	H1 FY25	H1 FY24	Growth %
Interest income ¹	93.1	89.1	4.6%
Interest expense	22.2	22.6	(1.6%)
Net Interest Income (NII)	70.9	66.5	6.7%
Net Interest Income margin²	17.6%	18.0%	
Impairment and bad debt expense	19.2	16.5	16.3%
Operating expenses ³	29.4	28.7	2.4%
FX differences on revaluation	0.6	(0.5)	214.6%
D&A	0.5	0.5	(0.5%)
Tax	6.7	6.4	5.7%
NPAT Statutory	14.5	14.9	(2.5%)
Legal costs (post-tax)	1.4	1.4	
NPAT Normalised	15.9	16.3	(2.3%)
NPAT Margin (normalised)	17.1%	18.3%	

¹Interest income includes fees & charges, from loan and related products that are integral to the loan and bank interest income

²NII Margin is annualised

³Operating expenses are the sum of loan origination, servicing costs and general administration expenses less FX differences on revaluation (see Appendix 4D and Interim Financial Report)

Group H1 FY25

- ➔ Improved funding margins and reduced debt levels driving down interest expense
- ➔ Bad debt levels stable at 4.1% (annualised) despite cost-of-living pressure
- ➔ Employment expenses trending down by 12.1%, due to a reduction of staff in New Zealand and cost management initiatives in Australia
- ➔ Positive H1 contribution from New Zealand run-down. GCF is not expected to contribute to NPAT during the remaining run-down
- ➔ Operating expenses are trending down

H1 FY25 Group Financial Results <i>AUDm unless stated otherwise</i>	H1 FY25	H1 FY24	Growth %
Interest income ¹	108.6	112.1	(3.1%)
Interest expense	26.8	29.0	(7.8%)
Net Interest Income (NII)	81.8	83.1	(1.5%)
Net Interest Income margin²	17.6%	17.9%	
Impairment and bad debt expense	19.5	23.9	(18.2%)
Operating expenses ³	36.4	39.8	(8.2%)
FX differences on revaluation	0.6	(0.5)	214.6%
D&A	0.7	1.1	(31.6%)
Tax	7.7	5.7	33.3%
NPAT Statutory	16.9	13.2	27.9%
Legal costs (post-tax)	1.6	1.4	
NPAT Normalised	18.5	14.6	26.9%
NPAT Margin (normalised)	17.0%	13.0%	

¹Interest income includes fees & charges, from loan and related products that are integral to the loan and bank interest income

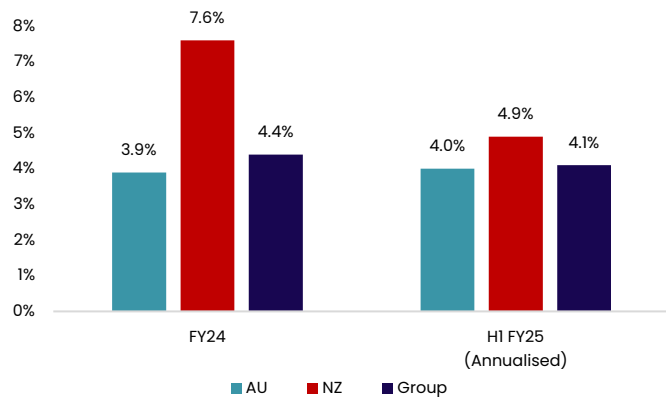
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H1 FY25 Results

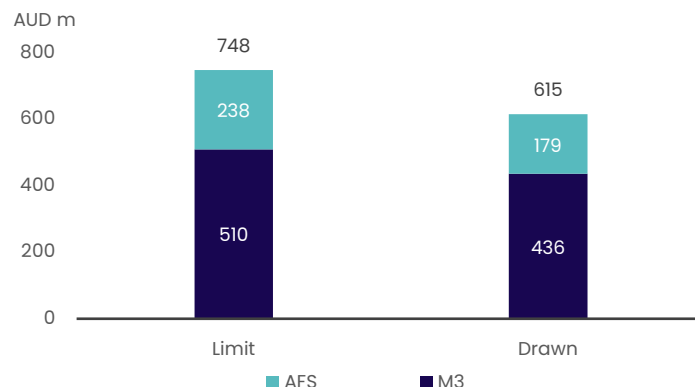
Stable bad debts – Significant funding headroom – Stable credit quality

Bad debt – By geography



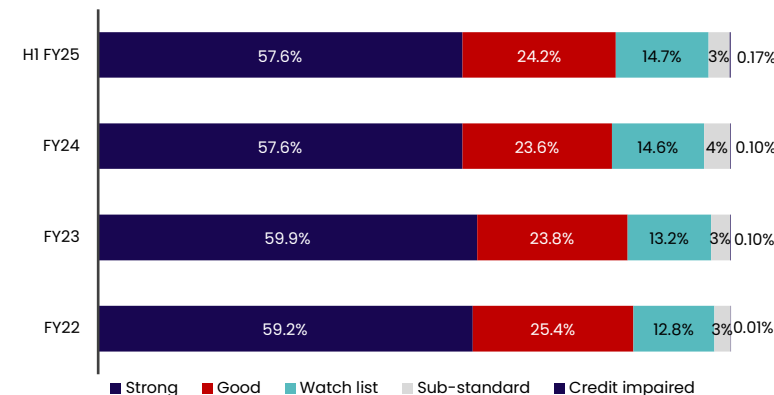
- H1 FY25 Group bad debt rate declined by 0.3% to 4.1% (annualised)
- New Zealand bad debts normalising post a spike in FY24

Australia – debt facilities



- \$132.6m headroom in debt facilities with the ability to increase limits when needed
- Funder diversification through introduction of mezzanine funding in Money3
- Increased Money3 facility to \$510.0m in H1 FY25 from \$450.0m
- 74.6% leverage at Dec 2024 (FY24: 70.9%)
- \$59.0m in free cash to support organic loan book growth and/or fund acquisitions

Maintaining credit quality – Australia loan book



- Book adequately provisioned
- Maintaining credit quality in challenging macro-economic conditions and inflationary environment
- Bad debts 4.0% (annualised) in H1 FY25 is within target range
- 81.8% of Australian portfolio is 'Strong and Good', increased marginally from FY24

Regulatory Update



Australian Securities and Investment Commission (ASIC)

- On 6 February 2025, the trial started in respect to the proceeding against Money3
- The trial was adjourned on the morning of 17 February 2025 after the conclusion of evidence. The parties were directed to file and serve written closing submissions over the next few weeks and return to provide oral closing submissions on Thursday, 13 March 2025. This will be the final day of trial
- After closing submissions, the court will reserve judgment and deliver that judgment in the coming months



Commerce Commission of New Zealand

- In March 2024, the Commerce Commission commenced proceedings making allegations that Go Car Finance contravened its responsible lending obligations with respect to certain loans under the Credit Contracts and Consumer Finance Act 2003 (CCCFA)
- Go Car Finance denies that it has breached its obligations and is defending the claim

Outlook

FY25 Outlook



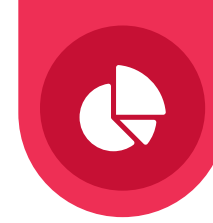
Financial

- Forecast normalised NPAT of \$34m
- Bad debt expected to be 3.5%-4.5%
- The Group expects to maintain a similar dividend payout ratio in H2 FY25
- Commercial loan originations to drive growth into FY26
- Money3 back book will benefit from the rate-cutting cycle



Operations

- Near term focus on regulatory matters - ASIC trial near completion
- New Zealand run-down progressing as anticipated
- New commercial lending product launch in FY25
- Technology simplification in AFS will improve efficiency and broker experience to support growth in originations



Market

- Labour market remains tight with low unemployment
- Upcoming Federal election is expected to deliver further cost of living relief in addition to February RBA rate cut
- Declining used car prices driving affordability



Thank You!

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Glossary of Terms

A\$ or \$ – Australian dollars

Active customer – A customer with an outstanding balance

ASIC – Australian Securities and Investment Commission

AFCA – Australian Financial Complaints Authority

AFIA – Australian Finance Industry Association

AFS – Automotive Financial Services business unit

ARCA – Australian Retail Credit Association

AU – Australia

CAGR – Cumulative Annual Growth Rate

ComCom – Commerce Commission of New Zealand

DPS – Dividend Per Share

EPS – Earnings Per Share

EBITDA – Earnings Before Interest Tax Depreciation and Amortisation

FSCL – NZ Financial Services Complaints Limited

GCF – Go Car Finance business unit

GM – General Manager

HEM – Household Expenditure Measure

H1 – Results relating to the first half of the financial year, July – December

H2 – Results relating to the second half of the financial year, January – June

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

M3 – Money3 business unit

NED – Non-Executive Director

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

TMD – Target Market Determination

RBA – Reserve Bank of Australia

RBNZ – Reserve Bank of New Zealand

RoE – Return on Equity

YoY – Year on Year comparison of performance

Product Summary

Product money3 AFS AUTOMOTIVE FINANCIAL SERVICES				
Location	Australia			
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance
Maximum loan amount	up to \$100,000*	up to \$30,000*	up to \$130,000*	
Term	24 – 60 months	24 – 60 months	12 – 84 months	
Interest rate	Fixed rate 13.95% – 24.95%		Fixed rate 8.19% – 19.79%	
Loan book	\$628.0 million		\$196.7 million	

All figures as of 31 December 2024 in \$AUD, unless otherwise stated
* Target Market Determination documents as of January 2025

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