

# Solvar lifts dividend payout ratio

## ASX Release

**Solvar Limited** (ASX: SVR, “Solvar” or the “Group”), the leading provider of automotive finance, today announces a capital management framework targeting higher shareholder returns. The Board believes this initiative will act to provide shareholders with the optimal value creation by amending the dividend policy, increasing the maximum dividend payout ratio to 90% (up from 70%) of Net Profit after Tax, commencing with the FY23 final dividend.

The Company announced on 11 May 2022 the commencement of an on-market share buy-back program for a total of \$15.0m. This is anticipated to conclude in the near future.

The Board continues to review appropriate capital management initiatives and Solvar’s ability to return funds and distribute accumulated franking credits to shareholders. The increased maximum payout ratio is a result of the Group continuing its profitable growth strategy, which it has done for the past 15 years, with the following key metrics:

- A strong balance sheet including significant unrestricted cash of \$101.3m (31 Mar 2023),
- The substantial and growing balance of franking credits of \$76.3m (31 Mar 2023),
- Significant headroom in existing warehouse facilities enabling the Group’s gross loan book to increase by approximately 50% to \$1.3b without any additional capital requirements, and
- Low financial leverage utilised by the Group whereby the Group’s loan receivables are underpinned by \$350.3m of Net Tangible Equity (31 Mar 2023).

Solvar’s Managing Director, Scott Baldwin said, “After many years of profitable growth the Group is in the enviable position of having a strong balance sheet with low leverage.”

“With current funding capacity the Solvar Group can grow its loan book by approximately 50.0% without the need for any additional capital while at the same time rewarding shareholders with an increased dividend payout ratio.”

“The Group currently has a loan book of \$876.8m (31 Mar 2023), growing 23.1% over the prior corresponding period and is poised to pass through \$1b in calendar year 2023.”

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Approved for release by the Board of Directors of Solvar

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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.