Navigating Financial Success

Annual Report 2024

About Solvar Limited

Solvar Limited is a leading automotive finance provider with a strong presence in Australia and New Zealand. We specialise in helping customer segments often under-serviced by lenders, offering tailored financial solutions for a wide range of needs. Our offerings include loans for purchasing new or used vehicles, financing car repairs, covering medical expenses, and funding special occasions such as holidays and weddings.

For commercial clients, we provide loans to sole traders and small to medium enterprises for vehicle or equipment purchases that are essential to their business operations.

Operating through our well-established brands—Money3, Automotive Financial Services, and Go Car Finance—we maintain offices in Melbourne, Brisbane, and Auckland, employing a dedicated team of over 300 professionals. Our products and services are accessible through a vast distribution network of brokers, dealers, referral partners, and directly via our websites, ensuring broad reach and convenience for our customers.

Acknowledgement of country

We acknowledge the Traditional Custodians of the land on which we work, live and travel. We pay respect to Elders past, present and emerging.

Contents

Financial Highlights 2024

Dividends

10.0 cents

↓ 39.4% on PCP

Revenue

$216m

↑ CAGR 18.7%

↑ 3.2% on PCP

NORMALISED

EBITDA

$97.8m

↑ CAGR 16.1%

↓ 12.4% on PCP

NPAT

$29.0m

↑ CAGR 4.5%

↓ 39.9% on PCP

EPS

13.84 cents

↑ CAGR 1.3%

↓ 39.4% on PCP

EBITDA

$84.7m

↑ CAGR 12.8%

↓ 23.6% on PCP

NPAT

$17.0m

↓ CAGR 6.1%

↓ 64.3% on PCP

EPS

8.13 cents

↓ CAGR 9.0%

↓ 63.9% on PCP

Loan Book

$930.3m

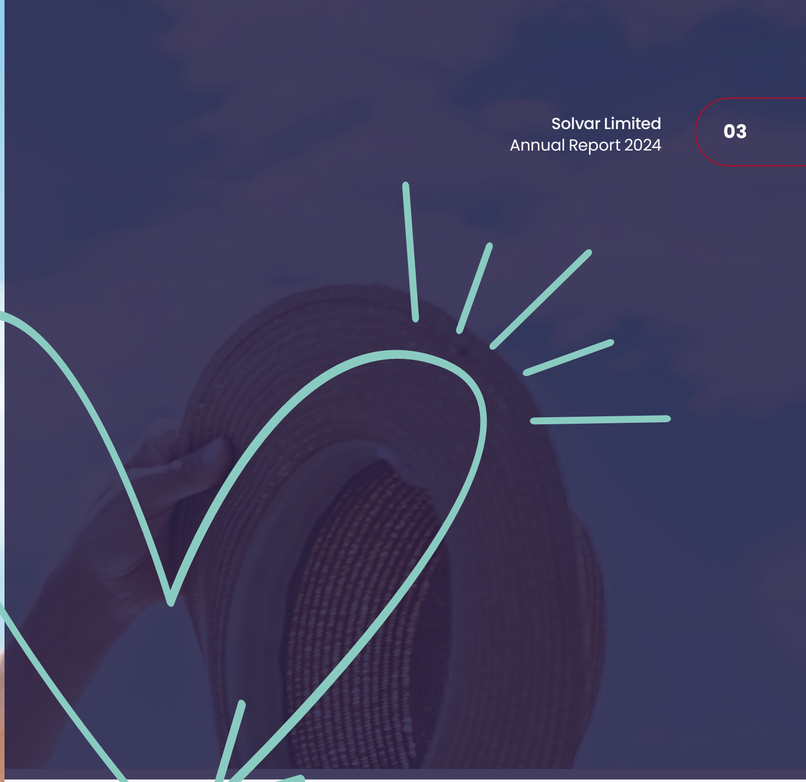
↑ CAGR 20.1%

↑ 2.2% on PCP

1. CAGR represents the 5 year compound annual growth rate.
2. Review of Operations section within Director's report includes a reconciliation from statutory to Normalised EBITDA and NPAT.

Our Vision

Solvar's vision is to empower people through accessible, responsible and flexible financial products.



Our Values

Customers are at the Heart of everything we do

We deliver empowering, innovative products designed around the customers' needs.

Care and Respect

We don't judge or make assumptions.

We treat people as individuals and with the utmost respect.

We listen, we empathise, we help.

Growing Together

We grow great people who are always up for the challenge and look out for one another.

We love to have fun together and celebrate our wins.

Delivering with Integrity

We always do our best.

We are responsible for our actions and not afraid to learn from our mistakes.

Our Business

money3

Money3 has a long tradition of providing lending products to promote financial inclusion and gives a fair go to consumers.

Money3 is a specialist non-bank finance provider, assisting customers who may be under-serviced or excluded by traditional automotive finance lenders, enabling these customers to obtain the same level of opportunity and access as other customers in this sector.

AFS Automotive Financial Services

Founded in 1988 and celebrating over 30 years of car loans, Automotive Financial Services is a well-recognised and respected lender for car finance, or getting a loan for a boat, bike, caravan or camper trailer. AFS has competitive interest rates and an easy online application for customers.

AFS was acquired by Solvar in January 2021.

Go Car Finance

Goes way further

Started trading in 2006 as Aqua Cars, Go Car Finance Group was acquired in March 2019. While the Group recently announced it will cease lending from August 2024, Go Car Finance has contributed to the Group's results well in excess of the initial investment.

Portfolio of Assets Financed

48,916
Cars

6,762
Utility vehicles

59
Tractors

1,208
Caravans

585
Horse Floats

1,605
Motor Bikes

268
Trailers

15
Trucks

378
Boats

32
Jet Skis

Product Offering

The Group offers a range of products to service the needs of our customer base:

Product	money3		AFS Automotive Financial Services	
Purpose	Consumer Vehicle Finance	Consumer Personal Loans	Consumer Vehicle Finance	Commercial Vehicle Finance
Maximum loan amount	Up to $100,000	Up to $35,000	Up to $130,000	
Term	24–72 months	24–60 months	12–84 months	
Interest rate	Fixed rate from 13.95%		Fixed rate from 9.69%	Fixed rate from 8.97%

Loan Profile

85% Consumer loans

9% Personal loans

6% Commercial loans

93% Secured loans

How We Create Value

Our Inputs

Our customers

Solvar offers loans to a broad range of borrower risk profiles, inclusive of those customers who may be under-serviced or excluded by traditional automotive finance lenders. These include customers, for example, who have a poor credit history and/or lower incomes.

Financial capital

Solvar is funded by local and international banks plus credit funds.

Solvar's shareholders provide the equity required to support our institutional funding warehouses.

Our platform

We have built a diverse range of distribution channels including direct to customers (website and call centre), finance brokers and dealer networks.

We have differentiated brands targeted to different market segments.

Our underwriting process supports our comprehensive credit capabilities, dealing with complexity.

Our people

We offer our customers personalised service with a human touch.

Our environment and community

We are a socially responsible business who puts our customers first.

We care about the environment and operate with responsible and sustainable practices.

We aim to reduce our carbon footprint through carbon offset initiatives.

Our Vision

Empower

We support underserved customers and provide a stepping stone to prosperity.

Accessible

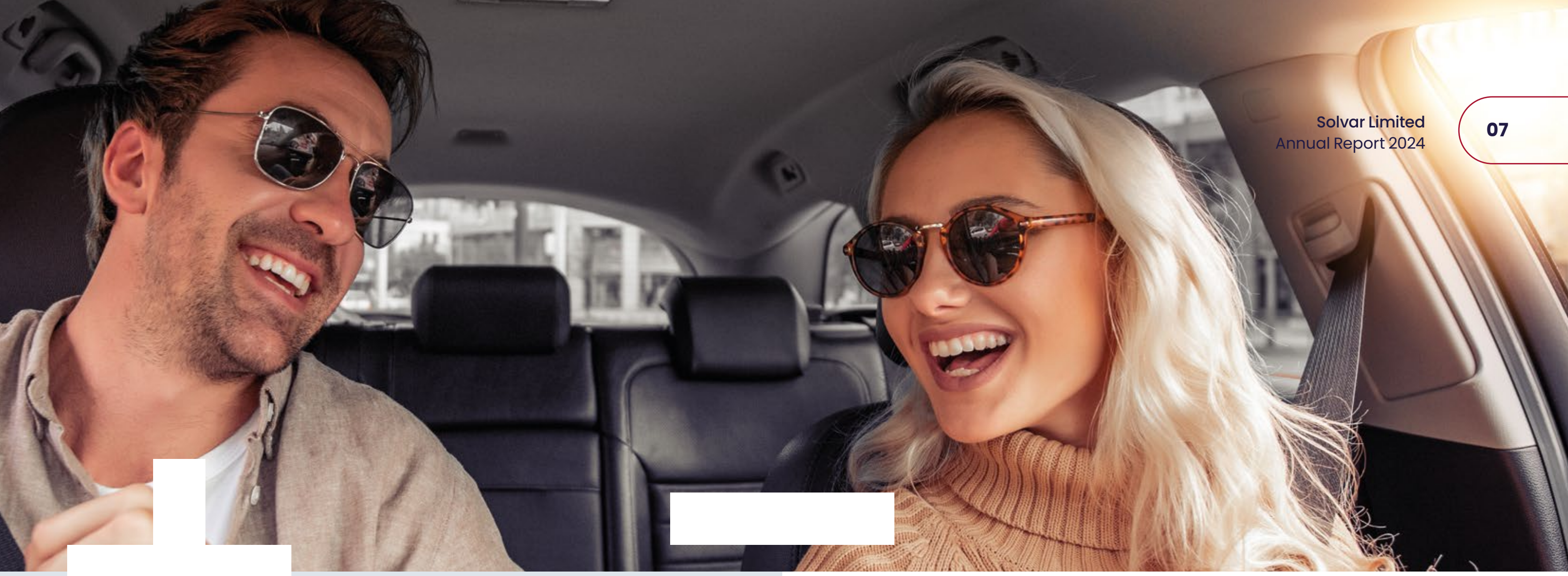
We offer easy and quick service with a personal touch.

Responsible

We are customer and community focused, and transparent and fair.

Flexible

We operate with a customer first mindset, offering flexible pricing and repayments.



Our Products

Secured lending

93% of our loans are secured against a vehicle or similar asset.

Essential assets

We help consumers finance their vehicles. For our customers, the vehicle we finance is an essential asset in their daily life (such as getting to work or taking kids to school).

Consumer and commercial

Our loans support everyday consumers and businesses.

Tailored products with transparency

We offer customers flexible pricing and repayment solutions.

Our Outcomes

Providing an opportunity for our customers to improve their credit rating.

Solvar provides customers with a pathway to financial inclusion.

Customers are able to meet their financial needs.

Customers are at the heart of our mission and our success.

Our Commitment

Solvar is committed to building a resilient and sustainable business that is focused on profitable growth, now and into the future. We outline below our commitment to customers, our people, the community, strong governance principles and practice, and the environment.

Our Customers

Customers are at the heart of our mission and our success. Our relationship with customers is built around delivering empowering and innovative products centred on their needs. We strive to always deliver with integrity, which to us means always treating our customers fairly and acting with honesty.

Solvar is committed to ensuring the well-being of customers regarding our business activities:

- We are a specialist lender focused on serving a broad range of customers, inclusive of those who may be under-serviced and/or excluded by traditional lenders;
- Providing customers with transparent, responsible and sustainable access to finance;
- Engaging with customers to remedy issues as they happen;
- Working with customers during times of hardship and stress;
- Ensuring responsible lending obligations are embedded into our policies and processes.

Solvar is continually investing in new ways to support our customers and improve outcomes for those experiencing hardship and financial vulnerability including domestic and family violence, scams, financial abuse and other challenging circumstances.

Our investment during FY24 to improve our service to customers, includes:

- the appointment of a Group head of hardship and complaints covering all business units;
- engagement with customer advocates and consumer representative bodies throughout the year to hear their feedback and understand their priorities; and
- adopting meaningful action plans to improve customer compliant handling.

Solvar’s efforts in customer support and complaint resolution throughout the year has reduced the total number of complaints referred by customers to an external dispute resolution provider by 4.5%.

We are members of the following industry and external bodies:

- Australian Finance Industry Association (AFIA) (develops industry codes of practice);
- Financial Services Federation (develops industry codes of practice for New Zealand)
- The Australian Financial Complaints Authority (AFCA), (an external dispute resolution provider);
- Finance Brokers Association of Australia (FBAA) (industry body for introducers and brokers); and
- ARCA (the peak industry body dealing with the credit reporting system).

Our People

Our people are vital to our success as they are the interface between the business and customers.

Accordingly, Solvar is committed to the health, safety and welfare of all our employees, contractors as well as visitors to our workplace and our communities. The commitment to our people is to:

- Foster a culture where our people come first, and diversity and inclusion is the norm;
- Build the capability of the team and provide opportunities for development in line with our high-performance strategy; and
- Provide a safe and healthy workplace for all our employees.

Post pandemic, we remain committed to providing employees with arrangements that allow for a genuine balance of working on site and remotely, allowing employees greater flexibility between work and their outside commitments. This commitment was demonstrated in FY24 via our employee engagement survey where around 80% agreed that Solvar supported their flexible working needs and are happy with their current flexible work arrangements. This year we improved benefits available to our people and introduced paid parental leave to support our employees starting families.

Engagement with our people is an important part of identifying how we are doing, how employees feel about working at Solvar and what we can do better. During FY24, we conducted another 'Your Say' engagement survey, a process we commenced in FY23. In addition to the comprehensive 'Your Say' engagement surveys, Solvar conducts a smaller survey called the 'Pulse' Survey, periodically between the larger surveys.

The surveys are voluntary and anonymous, and we encourage our people to provide frank and candid feedback. We aim for 100% participation and pleasingly, engagement rates remain high. For example, our most recent 'Your Say' engagement survey saw an 82% response rate.

Favourable responses were received in the diversity, equity and inclusion category highlighting the feedback to Solvar's efforts to foster an inclusive and diverse workplace. The survey responses show 96% feel our workplace provides equal opportunities for growth and development. This response is particularly pleasing as it aligns fully with our Group's vision of empowering employees by providing improved financial opportunities and inclusion regardless of their background or history.

Many of our people expressed confidence and satisfaction with their immediate managers, demonstrating the depth of talent within the organisation. While this gives us a solid foundation to build upon, it highlights areas where we can grow and enhance our succession planing initiatives. An example of how we are growing our future talent pipeline is the 'Accelerate Leadership Development Program' introduced in FY23. In FY25, Solvar will be expanding our professional development programs and opportunities for our people to grow.

The Board continues to monitor and assess our workplace culture and alignment with our principles, values and strategy. Data used in the assessment is collected via several sources:

- Feedback from line managers and performance review processes;
- Employee engagement via 'Your Say' Engagement Survey and Pulse Surveys;
- Indicators such as employee turnover and absenteeism rates; and
- Workplace Gender Equality Agency (WGEA) reporting.

Diversity and Inclusion

We believe that great ideas come from everywhere within the organisation and the best way to foster this is to make sure everyone can contribute and be heard. We are proud of this and believe that diversity, inclusion and a strong sense of belonging is key to how we work.

Our Diversity Policy aims to ensure our employees are treated equally and fairly, regardless of gender, age, ethnicity, cultural background, impairment or different abilities, sexual preference and religion.

In line with this commitment, the Group seeks to provide a workplace where:

- All employees are valued and respected for their distinctive skills, experiences and perspectives;
- Policies and procedures are in place to assist employees balance their work, family and other responsibilities effectively;
- Employees have access to opportunities based on merit;
- Our culture is free from discrimination, harassment and bullying; and
- Employment decisions are transparent, equitable and procedurally fair.

The Group's Diversity Policy has been approved by the Board and is overseen by the Remuneration & Nomination Committee. The Committee establishes transparent measurable objectives, sets targets and regularly reports on the strategies implemented.

At an executive level, we are striving to increase female participation through workplace leadership identification, leadership training, career development programs, and flexible work conditions.

During the year we celebrated International Women's Day in March 2024 with author, Jessica Holsman, who reflected on her journey and purpose of inspiring and helping others. Over 50 employees gathered to hear Jessica encourage us to embrace the power of vulnerability, take consistent positive action, and educate ourselves to harness empowerment.

Solvar celebrated International Men's Day (IMD) in November 2023, as part of our support of Movember. IMD is an opportunity to celebrate the diversity of men and boys, have a conversation about manhood, masculinity and men's issues with a focus on mental and physical health. During our International Men's Day event, the Solvar CEO and CFO shared stories of overcoming their own challenges and approaches to balancing their professional and personal lives.

This year Solvar introduced mandatory awareness training on reconciliation and cultural recognition related to First Nations' Australians. We also introduced a Respect at Work module, designed to educate employees on Solvar's expectations regarding sexual harassment and sex-based discrimination. Both modules are important at reaffirming the commitment to diversity and our core values.

Gender equality is a key part of our diversity objectives. Solvar has targets with respect to reducing the gender pay gap and to increase the number of women in management positions. Solvar reported a median total remuneration pay gap of 20.4% based on the 2022-23 data submitted to WGEA. Pleasingly, our median total remuneration pay gap improved when compared to the prior 12-month period.

At 30 June 2024, Solvar had:

- 33% female non-executive Board member participation; and
- Female workforce participation across the Group of 55%.

55%

female workforce participation across the Group

Environmental, Social, Governance

Social conscience and giving back

As a leading specialist lender, Solvar is committed to social responsibility and the positive impact we can have on the communities where we operate. Solvar's Philanthropic Committee, chaired by non-executive Director Kate Robb ensures our philanthropic activities maintain alignment with the company's mission, vision and values.

We are passionate about giving back and support partners based on key focus areas that include family and women's welfare, environment and homelessness. During FY24, Solvar donated $187,000 to partner organisations to support their work and a further $77,000 toward initiatives that reduce the Groups carbon footprint.

We also contributed via matching the contribution of employee-led donations and continued our employee volunteering program. Our employee volunteering contributions often benefit from the skills and expertise of our call-centre based teams. Such events often involve our people helping run a call centre to receive donations on behalf of our charity partners.

During FY24, we supported ABC Radio's Sammy J 24-hour radio-thon that raised money for Melbourne based charity, Secondbite. Secondbite saves food from waste and delivers it to people facing hunger and food insecurity. Our team's hard work over that campaign helped them raise $580,000.

Solvar continued supporting Big Group Hug ('BGH'). BGH supports families that are in financial crisis due to family conflict, unemployment, homelessness or seeking refuge. This year we ran a 'Winter Warmers' drive with employees donating over 400 coats, jumpers and other warm clothes for those in need.

A new organisation we commenced supporting in FY24 was Orange Sky. Orange Sky is a charity that supports the homeless in our communities. The 2021 census found that 116,000 Australians are experiencing homelessness, which is around 1 in every 200 people. The funds donated allow Orange Sky to build mobile vans that provide a platform for everyday Australians to connect through a regular free laundry and shower service.

Go Car Finance in New Zealand sponsored educational programs for Financial Mentors delivered by the Financial Services Federation.

During FY24, Solvar Contributed

~$265,000

to partner organisations to support their work, and reduce our carbon footprint

Governance and Risk Management

Solvar has strong governance and risk management frameworks in place to support our regulatory obligations as both the holder of an Australian Credit License and as an ASX listed company.

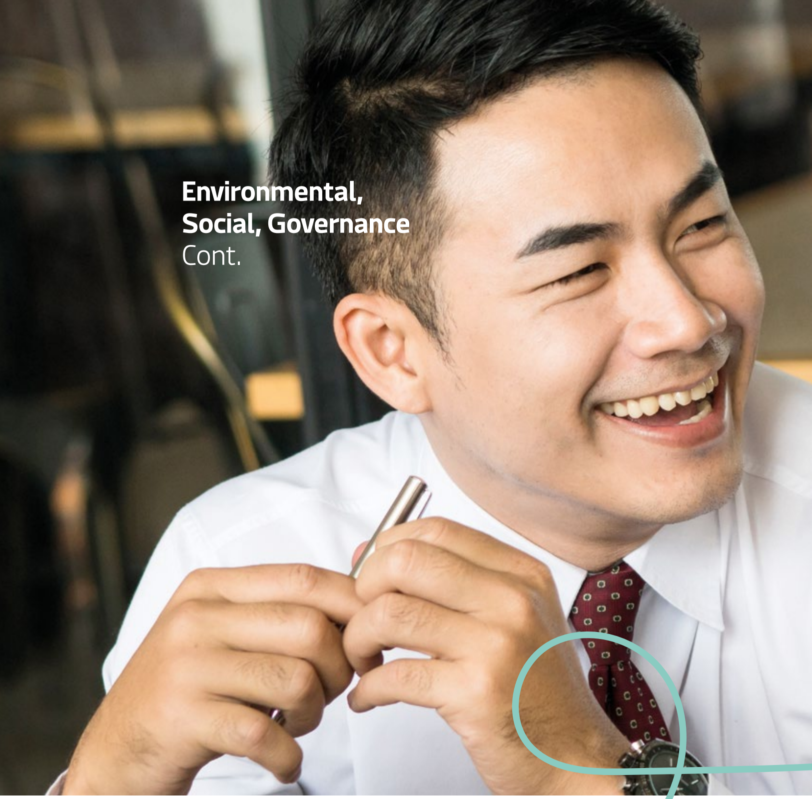
The Audit, Risk & Compliance Committee ('ARCC') consists of three independent non-executive directors, setting the governance framework and risk culture. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Group's approach to creating long-term shareholder value.

During FY24, a major focus of the ARCC was review of Group's financial hedging strategy and policy, which has been updated for FY25. The policy is designed to maximise shareholder returns and reduce the volatility of reported earnings.

The Group continues to invest at an enterprise-wide level, to enhance the risk governance and compliance operating model.

Solvar continues to emphasise employee training on risk and compliance, as a key part of our business culture. During FY24, some examples of training includes modules on:

- Anti-money laundering and terrorism financing;
- Risk management awareness;
- Responsible lending; and
- Privacy awareness.



Cyber risk

As a regulated financial services business, we are keenly aware of our responsibility to customers, particularly considering increasing threat levels and malicious actor capabilities. In Australia, data breaches reported to the OAIC (Office of the Australian Information Commissioner) now exceed 1,000 per year, with financial services the second most targeted sector behind healthcare. The protection of our customers' personal and financial data is an obligation we take very seriously.

During FY24, we continued to invest heavily to improve our overall cyber security posture including testing our defences both internally and through third parties. Our current program of work is strategically designed to maximise the return on our cyber-security investments. Our key actions this year include:

- ISO 27001 certification progress: Solvar is working to achieve ISO 27001 certification in information security management, underscoring our dedication to best-in-class practices;
- Third-Party Security Operations Centre (SOC): We have engaged a third-party SOC to provide 24x7 cyber threat detection and rapid response, ensuring round-the-clock vigilance; and
- Technology upgrade: We continue to replace legacy capabilities with scalable technology solutions to enhance resilience, agility and business growth.

Our people are critical to protecting the information that we hold but are also among the most targeted for security breaches. To counteract this, our team undergo regular cyber awareness training on topics such as social engineering and phishing prevention. During FY24, we deployed several initiatives to continue improving password security.

As part of our continuing investment, Solvar added additional senior leadership to our technology function in the newly created role of Chief Information Officer. This role is responsible for implementing Solvar's technology solutions across our entire digital infrastructure ensuring that security, efficiency and performance is optimised across our businesses.

Environment

One of the Group's strategic priorities is the commitment to a more sustainable future.

Solvar's overall impact on the environment is modest given our core business is lending and providing increased financial opportunities to our customers. But we understand the importance of reducing our environmental impact and are dedicated to making a positive contribution to the communities we serve, our people and our shareholders.

Solvar executes this commitment to climate change through our operational choices and assisting our employees and customers in their transition to a low carbon future.

As part of our focus, we continued to partner with Trace (an organisation that helps businesses reduce carbon footprint) to assist our analysis of the carbon emissions associated with our businesses and offset those emissions through certified carbon credits and tree planting projects.

The Group manages its sustainability strategy by implementing business wide campaigns to ensure environmental sustainability and the minimisation of the Group's impact on the environment. During FY23 and FY24, Solvar conducted programs that offset over 3,000 tons of Co2 emissions and planted over 3,000 trees.

During FY25 our work in sustainability will focus attention on the upcoming requirements under the Task Force on Climate Related Financial Disclosure (TCFD) guidelines. In March 2024, the Government introduced legislation on mandatory climate related financial disclosure requirements. Solvar anticipates our mandatory reporting will commence after 1 July 2026.

3,000

trees planted to offset carbon emissions

trace.

Stuart Robertson
Chairman

Chairman's Letter

Dear Shareholders,

For FY24, the Group increased revenue to $216.0 million and grew the loan book to $930.3 million having written $427.6 million in new loans during the period. The Group has written more than $2.5 billion in loans since our inception and we are proud to have assisted so many customers in being able to acquire a vehicle. Pleasingly the Australian loan book continued with its strong growth and has made a strong start to FY25. The New Zealand economic environment continues to be subdued and the Company recently announced it will be ceasing new lending in New Zealand.

Solvar's vision is to empower people through accessible, responsible and flexible financial products. The focus remains on increasing financial inclusion and opportunities and during FY24 we believe this was achieved.

The Group thinks about inclusion as providing credit to the underserviced. For example, those that because of their credit history or the lack of stable employment are unable to access credit from the traditional banking system. That focus means Solvar enables those, who would otherwise be excluded, to own a vehicle, which in turn helps improve their mobility and independence.

Navigating challenging markets

While Solvar has delivered profitable growth since inception, it is not immune to the macroeconomic environment in which it operates. Against a backdrop of sustained higher interest rates, which increases the Group's cost of funding, the primary challenge for our customers has been the cost-of-living pressure which potentially impacts the Group's loan book.

Despite this, the Group reported normalised net profit after tax of $29.0 million, at the upper end of the guidance provided. The Group declared a total of 10 cents per share related to FY24 as dividends, fully franked. With the Group's strong balance sheet, we also announced an on-market share buyback of up to $15.0 million in May 2024.

Pleasingly, bad debts were within our expectations and forecasts. This achievement is testament to the disciplined underwriting and supported by the Group's market leading customer care and collections capability.

The Group's locally based customer care teams are the front line of assisting customers through the cost-of-living pressure in a compassionate and flexible way. With strong loan book growth over recent years, the improvement in customer metrics is confirmation of the approach and the team's effort.

Solvar's difference

One question often asked is 'what makes Solvar unique'? The answer lies in the Group's two-decade track record of providing financing solutions for its customers, whilst remaining focused on profitable growth. Coupled with this, the Group has developed strong resilience and adaptability, having operated through the entire credit cycle during this period. Solvar continues to evolve its processes and products to ensure we exceed our customers' needs and expectations.

By remaining focused on our core business of providing financial solutions to those underserviced by mainstream banking channels, the Group is well placed to continue to identify opportunities and grow.

Investment and growth

The Group continues to strategically assess the business to ensure it maximises opportunities. There are three key areas that are being focused on. Firstly, enhancing risk capabilities to ensure that strong infrastructure is in place to continue to grow. Significant investment has occurred in the Group's IT security controls, given the increasing online threats; its compliance infrastructure and systems. Investing in the Group's control environment does not immediately drive bottom line profit, however, failing to do so prevents the Group having the necessary framework to ensure future ongoing sustainable profitable growth.

Secondly, the Group will continue expanding its core business in various customer segments. This will be achieved by increasing the channels it currently operates in, together with expanding our existing product range. The Group's core business provides a strong foundation to enable complementary business initiatives to incubate, such as commercial lending in the AFS business unit.

The third key focus area is to allocate capital to optimise returns. Whilst Go Car Finance was an excellent investment for the Group, Solvar recently announced that new lending will cease from August 2024 and that capital would be deployed to enable a dedicated commercial offering to commence.

These key areas are outlined in more detail in the Managing Director's comments below.

As Solvar grows, it has continued to mature its treasury and financing structures together with its overall loan book quality. This improvement has provided the Group with access to senior warehousing arrangements and mezzanine facilities. This is expected to continue to be enhanced through FY25, increasing net profit growth.

Conclusion

The Group remains focused on its core strategy of investing in opportunities that ensure future growth. The initiatives outlined above will ensure the Group remains among the leaders in its target markets.

I thank my fellow Directors and our Managing Director, Scott Baldwin, and his management team for the leadership they have provided the Group. On behalf of the Board and shareholders I also thank our employees for their ongoing commitment and dedication to Solvar.

Stuart Roberston
Chairman

19 August 2024

$930.3m

loan book

Scott Baldwin
Managing Director

Chief Executive's Letter

Dear Shareholders,

I am pleased to present the 2024 annual report. The past year is best described as one of consolidation, rebuilding and investment to improve the foundations of the business.

Over the past two decades, Solvar's strategy of delivering profitable growth has remained relatively unchanged. That strategy, and our core values has delivered benefits to customers, shareholders and the community. Providing consumers with access to transport options that may not have otherwise been available. Solvar's unique difference is offering customers personalised and flexible solutions, catering to an individual's particular circumstances and needs.

Solvar's portfolio of differentiated and trusted brands is aimed at supporting customers of all backgrounds, providing introduction partners with a spectrum of credit products to address the entire breadth of consumer needs.

For shareholders, our strategy has produced strong and sustainable risk adjusted returns over many years.

Strategy update

The past 18 months has seen the Group face a challenging set of macroeconomic and operating conditions. These were discussed by the Chair in his statement above.

The Board and management conducted a review of both the Australian and New Zealand markets and concluded that based on the current outlook, the greatest risk-adjusted opportunity for growth was to direct our capital into the Australian market and reduce the Group's exposure to New Zealand.

We also concluded to invest in the consumer and commercial operations of the business with particular focus and attention to the commercial loan product offered by the company.

New Zealand

The Group's subsidiary in New Zealand, Go Car Finance ("GCF"), acquired in 2019 has made a significant contribution to the Group and has helped drive growth since acquisition. Despite the success, GCF's recent performance has been impacted by rapidly deteriorating economic conditions in New Zealand, higher than anticipated staff turnover along with multiple headwinds in trading conditions. New vehicle sales reported in March 2024 are down approximately 30% when compared to the March sales in the prior year. Inflation and cost of living pressures are hampering consumers ability to pay loans on time and GCF funding costs have risen sharply due to a change in funding mix. The outlook and forecasts of recovery remain uncertain.

With this backdrop of challenges, the Board chose an orderly run down of the loan book in New Zealand and to re-deploy returned capital into the Australian operations.

While the collections of a loan book of this nature is expected to take several years, most loans are expected to be repaid in the coming 24 months. We expect the subsidiary will be modestly profitable during FY25.

Commercial lending

Solvar Group has operated in the commercial lending market since 2021 through the Automotive Financial Services ("AFS") business unit. The commercial loan book sits at $54.4 million (30 June 2024). Ford, Toyota and Isuzu are the top three manufacturers of vehicles currently funded by our nascent commercial lending operations.

While commercial lending is divided into many segments, Solvar intends to grow and focus on asset finance, where the target customer segment is primarily small-to-medium sized business owners. Those SMEs require finance to buy light commercial vehicles or trucks to support their operations.

FY24 performance

The Group has adopted a revised format for our financial results this year to help investors better understand performance and align with our non-bank peer group. The major changes include the profit and loss statement introducing net interest income and the balance sheet no longer decomposing the loan portfolio in current and non-current segments.

The Group achieved normalised net profit after tax of $29.0 million, after adding back $9.2 million non-cash impairment of goodwill and other intangibles associated with New Zealand, and $4.0 million (pre-tax) of legal costs associated the regulatory action brought forward by the Australian Securities and Investment Commission and Commerce Commission of New Zealand.

Despite the significant slowdown of originations in New Zealand, the Group's loan book grew by 2.2% to $930.3 million as new loan volumes in Australia offset the reduced volume coming from New Zealand.

As anticipated by the declining economic conditions in New Zealand, bad debt increased to the upper end of the Groups' target range to $41.3 million. Due to the subdued outlook, the Group adopted a cautious approach to new lending lifting credit standards and reducing those areas that have historically experienced higher levels of bad debts.

Productivity

The Group is focused on identifying and delivering productivity improvements and cost out initiatives.

Significant achievements delivered this year include:

- loans management platforms being reduced to one for each country and currency;
- websites being updated and transferred onto a single content management platform; and
- several other software platforms being consolidated or decommissioned.

The savings delivered from these initiatives have been reinvested into improving the Group's cyber security capabilities and work towards ISO 27001 certification.

Funding

The Group successfully refinanced its debt facilities in the Money3 business unit following the sale and restructure of Credit Suisse.

This meant that significant team effort, time and cost was expended during late calendar 2023 working up the best funding alternatives available to the Group. In early calendar 2024, the team moved to execute the agreed plan and Solvar announced in February 2024 a new funding facility with an extra $150 million in additional headroom on materially the same economic terms as our previous funding deal.

Revenue

$216.0m

modest growth despite challenging economic environment

The Group's new funding partner is a major international banking group and provides a solid foundation underpinning our Australian business unit's future growth prospects.

The funding of the NZ business was more complex given the many moving pieces outlined above and the fact the business had multiple funding relationships. Ultimately, part of the decision to leave the market was driven by the higher relative cost of funding in the New Zealand market.

FY25 will focus primarily on improving margins and getting the Group ready to access the securitisation markets.

Capital management

We understand dividends are important to Solvar's shareholders as well as improving earnings per share. Since listing the Group has paid cumulative dividends to shareholders of $1.21 per share, excluding the value of franking credits. Assuming a corporate tax rate of 30%, this equates to around $1.73 per share in value to shareholders or approximately twice the subscription price of 90 cents per share when the company was listed on the ASX in October 2006.

The Group announced in May 2024 an on-market share buy-back of up to $15 million to be executed over a period of 12 months. At 30 June 2024, 2.9 million shares have been purchased back at an average price of $1.05 per share.

Solvar continues to operate with a conservative balance sheet, on 30 June 2024, the Group had unrestricted cash of $87.5 million and net tangible asset of $330.1 million. This gives the Group strong financial foundations to support both organic and inorganic growth, and deal with any unexpected shocks in the future.

Conclusion

I would like to acknowledge the valuable contributions of all our team members in both Australia and New Zealand during FY24. Thank you to our shareholders and business partners for their continued support and shared long-term commitment to the continued growth and success of the business.

The Group remains in an exceptionally strong position to capitalise on the opportunities that will deliver sustainable growth and profits in years to come.

Scott Baldwin
Managing Director and Chief Executive Officer

19 August 2024

Contents

Corporate Governance Statement

The statement outlining Solvar Limited's corporate governance framework and practices in the form of a report against the Australian Securities Exchange Corporate Governance Principles and Recommendations, 4th Edition, is available on the Solvar website, www.solvar.com.au, under Corporate Governance in the Investors tab in accordance with listing rule 4.10.3.

Directors' Report

Your Directors present their report for the year ended 30 June 2024 on the consolidated entity consisting of Solvar Limited ("the Company") and the entities it controlled ("the consolidated entity"/"the Group") at the end of or during the year ended 30 June 2024.

Directors and Company Secretary

The following persons were Directors of the Company during the whole year, unless otherwise stated, and up to the date of this report:

- Stuart Robertson;
- Symon Brewis-Weston;
- Kate Robb; and
- Scott Baldwin.

Terri Bakos is the Company Secretary.

Principal Activities

The principal activities of the Group during the financial year were the provision of consumer and commercial finance specialising in the delivery of secured automotive loans as well as secured and unsecured personal loans. There have been no significant changes to the Group's principal activities during the year.

Dividends – Solvar Limited

Dividends paid to shareholders during the financial year were as follows:

	2024 Cents per share	2024 $'000	2023 Cents per share	2023 $'000
Final dividend paid during the year – fully franked at 30% tax rate	9.00	18,742	7.00	14,942
Interim dividend paid during the year – fully franked at 30% tax rate	5.00	10,499	7.50	15,825
Total Dividends Paid		**29,241**		**30,767**

Since the end of the financial year the Directors have declared the payment of a final dividend of 5.0 cents per fully paid share. Based on the current number of shares on issue, the dividend payment is expected to be $10.4m. This dividend will be paid on 11 October 2024 by the Company.

Review of Operations

The Group announced a strategic update in relation to its operations, including the decision to cease new lending in New Zealand from August 2024. This will allow the Group to further focus on growing its Australian operations and build out its commercial loan offering.

Financial year 2024 has been a year of transition as the Group reduced its exposure to the New Zealand economy while growing in Australia with a 11.2% growth in gross written loans. This has seen a transition of loans receivable out of the New Zealand market into Australia, as evident by the 2.2% overall growth in Group loans receivable.

Highlights of Operations:

- 3.2% growth in Income to $216.0m;
- 11.2% growth in Australian gross written loans to $791.1m;
- 29.9% decline in New Zealand gross written loans due to strategic repositioning to $139.2m;
- 50.6% decline in Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA"[1]) to $84.7m;
- 39.9% decline in Normalised Net Profit After Tax ("Normalised NPAT"[2]) to $29.0m; and
- 2.9m ordinary shares purchased through an "on-market" share buy-back program.

Table 1 – Reconciliation of Statutory NPAT to Normalised NPAT

	2024 $'000	2023 $'000
Statutory NPAT	**17,040**	**47,632**
Items excluded from normalised NPAT[3]		
Impairment of goodwill and other intangible assets	9,163	–
Legal and professional fees	4,000	900
Tax effect (legal and professional fees)	(1,200)	(270)
Normalised NPAT	**29,003**	**48,262**

Table 2 – Reconciliation of Statutory NPAT to Normalised EBITDA

	2024 $'000	2023 $'000
Statutory NPAT	**17,040**	**47,632**
Add backs		
Interest	54,811	41,893
Depreciation and amortisation	2,079	2,300
Tax	10,724	18,936
EBITDA	**84,654**	**110,761**
Items excluded from normalised EBITDA[4]		
Impairment of goodwill and other intangible assets	9,163	-
Legal and professional fees	4,000	900
Normalised EBITDA	**97,817**	**111,661**

Normalised NPAT and EBITDA are non-International Financial Reporting Standard ("IFRS") financial measures.

1. EBITDA is reconciled to NPAT in Table 2.
2. Normalised NPAT is reconciled to Statutory NPAT in Table 1.
3. To better reflect the underlying performance of the business, normalised NPAT excludes Impairment of goodwill and other intangible assets of Go Car Finance and legal and professional fees associated with the regulatory related legal action
4. To better reflect the underlying performance of the business, normalised EBITDA excludes Impairment of goodwill and other intangible assets of Go Car Finance and legal and professional fees associated with the regulatory related legal action.

Directors' Report continued

Business Unit Performance

The Group has three business units – Money3 ("M3"), Automotive Financial Services ("AFS") and Go Car Finance ("GCF"). M3 and AFS business units operate in Australia with broker networks and direct as primary distribution channels. GCF business unit operates in New Zealand with dealer networks as the primary distribution channel. During the year,

- M3 – achieved income growth of 6.8% to $149.4m and gross written loans growth of 10.5% to $596.9m;
- AFS – achieved income growth of 41.6% to $24.3m and gross written loans growth of 13.5% to $194.2m; and
- GCF – income decreased by 19.1% to $42.3m and gross written loans decreased by 29.9% to $139.2m.

Debt Facilities

During the year, the Group decreased its debt facility limits to $760.7m (2023: $940.4m) with unused limits of $126.6m at reporting date. The Group has warehouse facilities in each of the three business units supported by four funding partners.

Segment Performance

(a) Australia

	2024 $'000	2023 $'000	% Change
Total income	173,682	157,069	10.6%
EBITDA	87,102	93,765	(7.1%)
Gross written loans	**791,089**	**711,421**	**11.2%**
Loans receivable	**734,516**	**661,421**	**11.1%**

(b) New Zealand

	2024 $'000	2023 $'000	% Change
Total income	42,286	52,273	(19.1%)
EBITDA	10,069	23,385	(56.9%)
Gross written loans	**139,163**	**198,638**	**(29.9%)**
Loans receivable	**131,838**	**186,606**	**(29.3%)**

Significant Changes in the State of Affairs

Regulatory Action

Further to the information provided in prior periods and during half year, there are no material developments regarding ongoing legal action with Australian Securities and Investments Commission and the Commerce Commission of New Zealand.

Apart from the above, there were no other significant changes in the state of affairs of the Group other than those referred to in the review of operations and financial statements or notes thereto.

Significant Matters Subsequent to the Reporting Date

In July 2024, Solvar announced it will focus on the growth of its Australian consumer and commercial operations, including ceasing new lending in New Zealand. The decision around New Zealand was driven by challenging macroeconomic conditions, funding costs, and the Group's ability to create a superior return in its Australian operations.

Apart from the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results or the state of affairs of the Group.

Likely Developments and Expected Results of Operations

The likely developments in the Group's operations, to the extent that such matters can be commented upon, are covered in the 'Review of operations' section in this Report.

Environmental Regulation

The operations of the Group are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory law. The Directors are not aware of any breaches of any environmental regulations.

Indemnification and Insurance of Directors and Officers

The Group has indemnified the Directors and Officers for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnification of auditors

The group has not indemnified or agreed to indemnify the auditor of the Group or of any body corporate against a liability incurred as such by the auditor, during or since the financial year, except as permitted by law.

Non-Audit Services

There were no non-audit services provided by the Group auditor BDO Audit Pty Ltd during the 2024 or 2023 financial years.

Directors' Report continued

Proceedings on Behalf of the Group

Other than the items outlined under the section Regulatory Action (above), no person has applied to the Court for leave to bring proceedings to which the Group is a party, for taking responsibility on behalf of the Group for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding of Amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in some cases, to the nearest dollar.

Our Board

Stuart Robertson (Age 53), Non-Executive Director & Chair of the Board

Qualification: B.Com CA FINSIA GAICD MBA

Experience: Stuart brings experience in business advisory, investment banking, alternative investments and funds management. Stuart provides consulting services focused on deal origination and structuring primarily in the unlisted market. Stuart is also a member of the Audit Committee.

Other listed directorships: Praemium Limited (director since 2017)

Former directorships in last 3 years: None

Symon Brewis-Weston (Age 55), Non-Executive Director & Chair of the Remuneration & Nomination Committee

Qualification: B.Econ (Hons) Masters in Applied Finance

Experience: Symon brings extensive international financial services experience and a deep understanding of the consumer finance markets having previously held the senior positions in FlexiGroup Limited, Sovereign Assurance Limited, and the Commonwealth Bank of Australia. Symon is also a member of the Audit Committee.

Other listed directorships: BSP Financial Group Limited (director since 2021)

Former directorships in last 3 years: Stockco Ltd

Kate Robb (Age 53), Non-Executive Director & Chair of the Audit Committee

Qualification: B.Acc. CA GAICD

Experience: Kate brings more than 20 years of governance, internal audit, risk management and compliance experience. She has held senior management roles within a number of ASX-listed companies. In addition to this, Kate also spent seven years with PwC during which she provided governance services to a variety of listed and privately owned entities. Kate is also a member of the Remuneration & Nomination Committee.

Other listed directorships: CurveBeam AI Limited (director since 2023)

Former directorships in last 3 years: None

Scott Baldwin (Age 49), Managing Director & Chief Executive Officer

Qualification: Dip. in Finance B.Eng. (Hons) MBA GAICD

Experience: Scott has been an employee of Solvar from April 2008, a shareholder since listing in 2006, and was appointed to the Board of Directors in 2009 as an Executive Director, in 2015 he assumed the role of Managing Director and Chief Executive Officer. Scott has led the strategic transformation of Solvar into a fast-growing consumer auto finance business. Prior to joining Solvar, Scott spent over a decade in a variety of senior roles with General Electric Healthcare.

Other listed directorships: None

Former directorships in last 3 years: None

Terri Bakos, Company Secretary

Qualification: B.Acc. CA ACIS

Experience: Terri has over 20 years' experience providing company secretarial, financial accounting and compliance services to ASX listed and unlisted public companies in the technology, financial services, automotive, mining and biotech sectors.

Other listed directorships: None

Former directorships in last 3 years: None

Our Management Team

Siva Subramani (Chief Financial Officer)

Siva joined Solvar in November 2017 as the Head of Treasury function before being appointed as the Chief Financial Officer in March 2018. Prior to joining Solvar, Siva was a Director with PwC providing assurance and advisory services in the banking and capital markets sector specialising in the asset-finance sector. Siva also brings experience from India, UK, and the Middle East.

Pushkar Pendse (Chief Operating Officer)

Pushkar joined Solvar in September 2022 and has over 20 years of experience in Information Technology and Financial Services, internationally, including Australia, Japan, India, Singapore, and Malaysia. Before joining Solvar, he worked with BMW Financial Services for 15 years, across multiple countries and handled a wide variety of roles including his last position as COO for BMW Credit in Malaysia.

Tessa Georgis (Head of People and Culture)

Tessa joined Solvar in November 2021, with experience across a variety of industries including manufacturing and distribution, hospitality, tourism, education, and technology. Tessa has a track record of modernising the employee experience, driving engagement through strategic, and purpose driven people planning. Tessa brings specialisation in people transition process for M&A, capability diagnoses, talent development, creation & execution of the employee value proposition.

Directors' Report continued

Dave Morton (Head of Credit Risk and Compliance)

Dave joined Solvar in August 2022, with over 35 years of Banking and Financial Services experience, specialising in lending, business operational management, credit risk management, compliance, customer service management, project management and change management. Prior to Solvar, Dave was the Head of Credit and Operations for General Motors Finance in Australia.

Craig Harris (GM Lending – Australia)

Craig joined Solvar in May 2010, with over 25 years of experience from various industries including mining, manufacturing and financial services. Craig previously had a variety of roles including CFO and Company Secretary at listing property group Wentworth Holdings Limited. Prior to Wentworth, he spent 10 years as Group Financial Controller for a large Financial Services company Oamps Ltd.

Not all management personnel are Key Management Personnel ("KMP"). Refer to Remuneration Report for KMP disclosures.

Meetings of Directors

The number of meetings of the Board and of other Committee meetings held during the year ended 30 June 2024 and the numbers of meetings attended by each Director were:

Director	Board		Audit Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Stuart Robertson	17	17	5	5	5	4
Symon Brewis-Weston	17	17	5	5	5	5
Kate Robb	17	17	5	5	5	5
Scott Baldwin	17	17	*	*	*	*

* Not a member of the committee.

Options and Performance Rights

Share Options – Unissued Ordinary Shares

There were no unissued ordinary shares under option of Solvar Limited at the date of this report (2023: 1,000,000), details are given below:

Name	Grant Date	Expiry Date	Exercise Price	Share Options 2024	Share Options 2023
Scott Baldwin	28-Nov-18	27-Nov-23	2.50000	–	1,000,000
Total				**–**	**1,000,000**

All options expired during the year. As at the date of this report, there were no options on issue (2023: 1,000,000) held by the Directors. On exercise, options convert into one ordinary share of Solvar Limited. The options carry neither right to dividends nor voting.

Shares Issued on the Exercise of Options

There were no options exercised during the year ended 30 June 2024 under the Company's Employee Share Scheme. No further shares have been issued since that date.

Performance Rights

Performance rights of Solvar Limited on issue at the date of this report are given below:

Grant Date	Vesting Date	Expiry Dates	Performance Rights 2024	Performance Rights 2023
10-Nov-20	30-Jun-23	30-Sep-23	–	365,010
04-Oct-21	30-Jun-24	30-Sep-24	265,456	492,720
01-Dec-21	30-Jun-24	30-Sep-24	274,538	274,538
26-Aug-22	30-Jun-25	30-Sep-25	430,384	537,128
07-Dec-22	30-Jun-25	30-Sep-25	456,668	456,668
29-Aug-23	30-Jun-26	30-Sep-26	1,125,783	–
01-Dec-23	30-Jun-26	30-Sep-26	792,244	–
Total			**3,345,073**	**2,126,064**

Performance rights granted during the year are given below:

Grant Date	Equity Instrument	Quantity Granted	Vesting Date	Expiry Date
29-Aug-23	Rights	1,300,620	30-Jun-26	30-Sep-26
01-Dec-23	Rights	792,244	30-Jun-26	30-Sep-26

The above grants were made to staff including those who are part of the top five highest remunerated officers of the Group. No performance rights were granted to the directors or any of the five highest remunerated officers of the Group since the end of the financial year. Performance rights carry neither right to dividends nor voting. 174,837 of the FY24 grants were forfeited during the year.

Symon
Brewis-Weston

Dear Shareholders,

On behalf of the Board and as chair of the Remuneration and Nomination Committee (“Committee”), I present the FY24 Remuneration Report.

Executive Remuneration Outcomes for FY24

The Group’s management team delivered a solid outcome in FY24. Normalised net profit after tax was delivered within guidance and shareholders will receive 10 cents, fully franked dividend related to FY24. In May 2024, the Group announced the intention to conduct an on-market share buy-back of up to $15.0 million.

Management also made progress across several strategic and operational programs:

- Cyber security;
- Decommissioning of legacy platforms;
- Strategic update and reallocation of capital;
- Investment in risk management; and
- Improvement to depth of skills within the management team.

The strategic initiatives outlined lay the foundations of a more competitive and productive Solvar for FY25 and beyond.

The business delivered a solid result in a difficult macroeconomic environment. Statutory FY24 NPAT was negatively impacted by:

- restrictive interest rate settings;
- non-recurring costs related to the regulatory legal action; and
- elevated bad debts in New Zealand; and impairment of goodwill and other intangible items related to Go Car Finance.

The Committee has adopted a consistent approach relating to STI’s as prior years. Management STI’s are subject to minimum hurdles as well as key risk & governance criteria before an STI is made available to management. In FY23 these hurdles were not met, and management did not receive an STI.

The management team achieved the minimum financial and risk metrics to be eligible for an STI in FY24.

FY24 remuneration outcomes reflect performance across both financial and operational metrics. A key focus of the management team has been on driving productivity and competitiveness of the underlying business. The management team have achieved target financial outcomes and delivered key initiatives that will improve the robustness of the business both financially and operationally in coming years. Normalised NPAT was $29.0 million, at the upper end of guidance provided to market.

The management team will receive approximately 50% of their potential STI for FY24, while the minimum hurdles for the LTI were not achieved and there will be no LTI grant in FY24.

Full details of the remuneration outcomes for KMP are set out in section 4 below.

Non-executive Director fees remained unchanged for FY24.

The Committee and Board thank shareholders for their support and valuable feedback during FY24.

The Committee notes that the operating environment continues to increase in complexity. The time demand on Board members continues to increase. Solvar will consider adding additional experience to the Board in FY25, subject to finding suitable skills and cultural fit.

Yours sincerely,

Symon Brewis-Weston
Chairman, Remuneration and Nomination Committee

19 August 2024

Remuneration Report

The Directors of Solvar Limited ("the Company" or "Solvar") present the Remuneration Report for the Company and its controlled entities ("the Group") for the financial year ended 30 June 2024 prepared in accordance with the requirements of the *Corporations Act 2001* ("the Act") and audited as required by section 308 (3C) of the Act.

1. Key Management Personnel

The Key Management Personnel ("KMP") covered in this Remuneration Report includes Non-Executive Directors ("NED") and those executives who are deemed to have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The table below outlines the KMP at any time during the financial year who unless otherwise indicated, were KMP for the entire year.

Name	Role
Non-Executive Directors	
Stuart Robertson	Independent Non-Executive Chairman
Symon Brewis-Weston	Independent Non-Executive Director
Kate Robb	Independent Non-Executive Director
Executive Directors	
Scott Baldwin	Managing Director and Chief Executive Officer
Executives	
Siva Subramani	Chief Financial Officer
Pushkar Pendse	Chief Operating Officer

2. NED Remuneration Structure

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Non-Executive Directors of the highest calibre. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the NEDs as agreed. The current approved aggregate remuneration is $750,000 (2023: $750,000).

3. Remuneration Framework

The below sections cover the Managing Director ("MD") and executive KMP remuneration framework.

3.1 Governance

The Board has established a Remuneration and Nomination Committee that oversees the development and implementation of the remuneration framework. Our Remuneration and Nomination Committee ("the Committee") consists of independent non-executive directors. Annually, the Committee reviews and determines our remuneration policy and the structure to ensure it remains aligned to the business needs and meets our remuneration principles. The Committee regularly undertakes remuneration benchmarking for the Chief Executive Officer and executive KMP. In particular, the Committee aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Group to attract and retain key talent;
- Aligned to the Group's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

3.2 Principles and Framework

The performance of the Group depends upon the quality of its CEO and executive KMP. To prosper, the Group must attract, motivate and retain highly skilled people. The remuneration is structured in such a way that it encourages CEO and executive KMP in creating both short term and long term value for the shareholders and achieve strategic objectives of the Group.

The Group regularly benchmarks remunerations against relevant peers, being ASX listed companies of similar size, structure and industry to that of Solvar and current market employment conditions. The remuneration principles and framework are outlined below.

Reward Principles		
Attract, retain and engage high performing executives	Align performance to strategy objective execution, including both short term and long term goals	Encourage and motivate executives to maximise shareholder value

Fixed Remuneration ("FR")

The MD and other KMP may receive their fixed remuneration comprising of base salary and statutory superannuation contributions as cash or cash with non-monetary benefits such as insurance, phone allowances or as elected by the individual. There is no guaranteed increase in the employment contracts. Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee.

Fixed remuneration is measured based on the following factors:

- Scope and complexity of the role; and
- Individual capability and skill, experience, and performance.

Short Term Incentive ("STI")

STI is an incentive based on the financial, strategic and operational objectives of the Group. The STI is delivered as cash payment following the completion of the financial year. The size of the STI opportunity is 100% of the Fixed Remuneration for the MD and up to 50% of the Fixed Remuneration for all other senior executives.

FY25 Performance metrics

Metric	Measure	Weighting	Reason for Selection
Financial metrics	• New lending (NAF) • Cash collected • EBITDA • Interest Income (incl. fees and charges)	50%	Reflects measures of financial performance relative to the set Budget for the financial period set by the Board
Non-Financial metrics	• People & Culture metrics • Customer metrics • Measures for improvement in productivity • Governance • Commercial lending	50%	Reflects the individual's performance against the Group's desired qualities and outcomes

The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes.

Long Term Incentive ("LTI")

LTI is an equity based plan based on achievement of long term performance conditions measured over a three year period. The size of the LTI opportunity is 100% of the Fixed Remuneration for the MD and up to 75% of the Fixed Remuneration for all other executive KMP. MD and the executive KMP may achieve up to 150% of their LTI allocation should the Group achieve outstanding growth over the performance period. The LTI opportunity is divided by the Black-Scholes value of the equity instrument to determine the number of instruments.

LTI targets are reviewed on an annual basis by the Remuneration and Nomination Committee and includes the following performance and service conditions:

- Absolute Total Shareholder Return ("ATSR") – 50% LTI allocation;
- Earnings Per Share ("EPS") growth targets – 50% LTI allocation; and
- Remaining employed in the Group through the vesting period.

The LTI allocation for each of the performance measures may vary from time to time. For FY25 LTI Program, the LTI allocation is 50% for ATSR and 50% for EPS.

FY25 Performance metrics

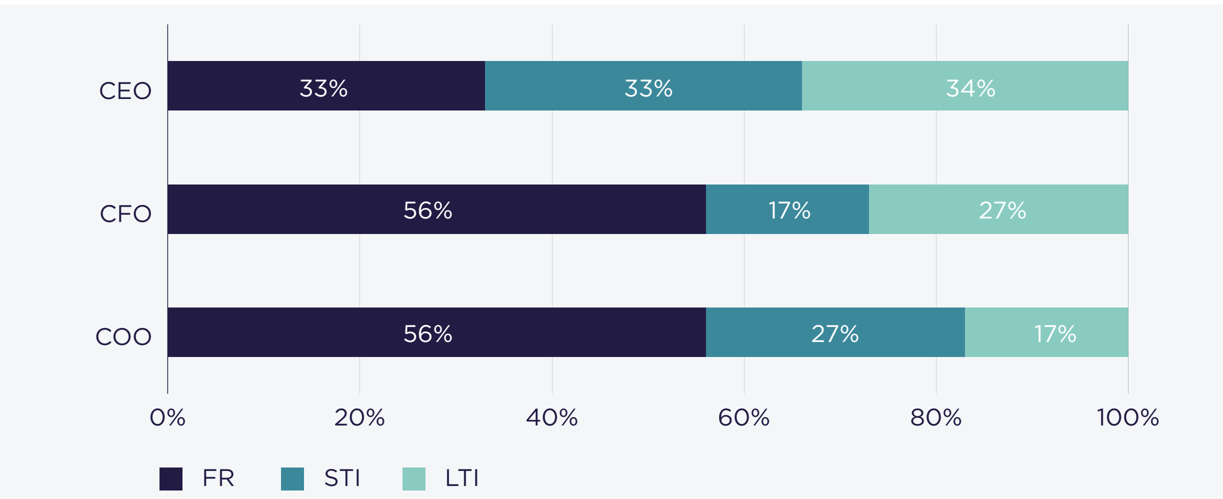
The payout is represented as a % of Target.

EPS hurdles

	Payout Ratio	
Growth Hurdles	**EPS**	**Absolute TSR**
Below 8%	Nil	Nil
8% – 10%	50%	50%
10% – 12.5%	100% (Target)	100% (Target)
Above 12.5%	150%	150%

Remuneration Mix

A significant portion of the CEO and executive KMP remuneration is linked to short term and long term goals of the Group effectively aligning the staff performance and shareholder value. The relative weightings of the components of the remuneration are given below:



Remuneration Report continued

3.3 Remuneration Delivery

The following table provides a timeline of when the remuneration is delivered.

Component	Year 1	Year 2	Year 3	Year 4
Fixed Remuneration	Performance measured Cash payment			
Short Term Incentive	Performance measured	Cash payment		
Long Term Incentive	Performance measured	Performance measured	Performance measured	Issue of shares

3.4 Contract of Employment

All executives of the Group are employed under a letter of appointment with various notice periods from 3 to 6 months required to terminate their appointment.

Key terms of these contracts for FY25 are given below:

Name	Role	Type of employment	Termination notice period
Scott Baldwin	Chief Executive Officer	Permanent	6 months
Siva Subramani	Chief Financial Officer	Permanent	6 months
Pushkar Pendse	Chief Operating Officer	Permanent	3 months

4. Group Performance and Remuneration Outcomes

4.1 Group Financial Performance

Financial performance for the past five years is indicated by the following table:

	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020[1]
Interest Income ($'000)[2]	215,992	209,342	187,878	145,103	124,034
NPAT ($'000)	17,040	47,632	51,632	39,165	24,192
Closing share price	$1.14	$1.55	$1.96	$3.35	$1.55
Price increase/(decrease) $	($0.41)	($0.41)	($1.39)	$1.80	($0.57)
Price increase/(decrease) %	(26%)	(21%)	(41%)	116%	(27%)
Earnings per share (cents)	8.13	22.55	24.40	19.85	13.17
Dividend (cents)	10.00	16.50	13.00	10.00	8.00

1 Includes discontinued operations.
2 Interest income includes fees and charges.

4.2 Details of Remuneration

Tables 4.2.1 to 4.2.3 show details of the remuneration expense recognised for the Group's executive KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

4.2.1 FY24 Remuneration expenses for KMP

	Short term employee benefits		Post-employment benefits	Long term benefits		Share based payments	Total
	Salary, fees, compensated absences $	Bonus $	Super $	Long service leave $	Termination $	$	$
2024							
NEDs							
Stuart Robertson	189,000	–	–	–	–	–	189,000
Symon Brewis-Weston	103,604	–	11,396	–	–	–	115,000
Kate Robb	103,604	–	11,396	–	–	–	115,000
NEDs Total	**396,208**	**–**	**22,792**	**–**	**–**	**–**	**419,000**
Executives							
Scott Baldwin	582,843	308,768	27,500	11,197	–	343,611	1,273,919
Siva Subramani	340,154	55,727	27,398	11,940	–	150,021	585,240
Pushkar Pendse	338,165	81,850	27,494	–	–	78,507	526,016
Executives Total	**1,261,162**	**446,345**	**82,392**	**23,137**	**–**	**572,139**	**2,385,175**
Total	**1,657,370**	**446,345**	**105,184**	**23,137**	**–**	**572,139**	**2,804,175**

Remuneration Report continued

4.2.2 FY23 Remuneration expenses for KMP

The compensation of each member of the KMP FY23 of the Group is set out below:

	Short term employee benefits		Post-employment benefits	Long term benefits		Share based payments	Total
	Salary, fees, compensated absences $	Bonus $	Super $	Long service leave $	Termination $	$	$
2023							
NEDs							
Stuart Robertson	189,000	–	–	–	–	–	189,000
Symon Brewis-Weston	104,072	–	10,928	–	–	–	115,000
Kate Robb	104,072	–	10,928	–	–	–	115,000
NEDs Total	**397,144**	**–**	**21,856**	**–**	**–**	**–**	**419,000**
Executives							
Scott Baldwin	578,919	–	27,500	17,703	–	218,672	842,794
Siva Subramani	329,327	–	25,292	9,637	–	166,250	530,506
Pushkar Pendse	241,736	–	23,867	–	–	37,500	303,103
Executives Total	**1,149,982**	**–**	**76,659**	**27,340**	**–**	**422,422**	**1,676,403**
Total	**1,547,126**	**–**	**98,515**	**27,340**	**–**	**422,422**	**2,095,403**

4.2.3 Composition of remuneration expenses for executive KMP

	2024				2023			
Name	Total	Fixed	STI	LTI	Total	Fixed	STI	LTI
Scott Baldwin	1,273,919	49%	24%	27%	842,794	74%	–	26%
Siva Subramani	585,240	65%	10%	25%	530,506	69%	–	31%
Pushkar Pendse	526,016	70%	15%	15%	303,103	88%	–	12%

4.2.4 Executive KMP remuneration received during the period

The amounts disclosed in this table reflect the actual benefits received by each executive KMP in each of the years, showing fixed remuneration, STI achieved and LTI achieved valued at the vesting date share price:

	2024				2023			
Name	Total	Fixed	STI	LTI	Total	Fixed	STI	LTI
Scott Baldwin	919,111	610,343	308,768	-	606,419	606,419	–	–
Siva Subramani	423,279	367,552	55,727	-	461,416	354,619	–	106,797
Pushkar Pendse	447,509	365,659	81,850	-	265,603	265,603	–	–
Total	**1,789,899**	**1,343,554**	**446,345**	**-**	**1,333,438**	**1,226,641**	**–**	**106,797**

The amounts disclosed in the above table are not the same as the remuneration expensed in relation to each executive KMP in accordance with the accounting standards ($2,385,175 for FY24, see Table 4.2.1 above), reflecting $572,139 in lower LTI received in FY24 and excludes $23,137 in long service leave expense. The directors believe that the remuneration received is more relevant to users as the statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the executive KMPs, and the statutory remuneration shows benefits before they are actually received by the executive KMPs. Fixed remuneration includes salaries, fees, superannuation and annual leave (both paid and accrued, included for accounting purposes). The information in this table has been audited together with the rest of the remuneration report.

4.3 FY24 Fixed Remuneration Outcomes

The fixed remuneration for the executive KMPs is given below:

Name	Role	Type of employment	Base salary including superannuation	% increase from prior year
Scott Baldwin	Chief Executive Officer	Permanent	$602,106	0.4%
Siva Subramani	Chief Financial Officer	Permanent	$353,398	5.5%
Pushkar Pendse	Chief Operating Officer	Permanent	$354,016[1]	14.1%

1 Includes $26,522 in one-off allowances in relation to Mr Pendse's relocation to New Zealand to manage the GCF business from March 2024.

4.4 FY24 STI Outcomes

The table below details the performance against key measures for and impact on FY24 STI:

Metric	Target	Weighting	Performance[1]	Weighting adjusted impact on incentive award
Financial metrics: • New lending (NAF) • Cash In • Interest income (incl. fees and charges) • Normalised EBITDA margin • Normalised NPAT	• Above $500m • Above 8.0% growth • Above 6.0% growth • Above 44.0% margin • Above $22m	50%	• 14.5% below target • 9.4% growth • 3.2% growth • 45.3% margin[1] • Achieved[1]	17% achieved
Key strategic projects	• Cyber security program • Retirement of legacy technology platform • Productivity improvements	25%	85% to 90% of strategic projects completed	21% achieved
Leadership attributes and behaviour	• Communication • Talent development • People leadership	25%	60% of metrics achieved	14% achieved

1 Normalised for Impairment of goodwill and other intangible assets of Go Car Finance and Legal and Professional fees incurred in relation to regulatory matters.

The following table outlines the percentage of target STI achieved (and forfeited) and the total STI awarded, for each Executive KMP for FY24:

	STI On Target Opportunity $	Achieved %	Forfeited %	STI Outcome
Scott Baldwin	$602,106	51.3%	48.7%	308,768
Siva Subramani	$106,020	52.6%	47.4%	55,727
Pushkar Pendse	$163,747	50.0%	50.0%	81,850

Remuneration Report continued

4.5 FY24 LTI Outcomes

4.5.1 Performance Rights Granted in FY24

Name	Equity Instrument	Grant Date	Quantity Granted	Vesting Date	Expiry Date
Scott Baldwin	Rights	01-Dec-23	792,244	30-Jun-26	30-Sep-26
Siva Subramani	Rights	29-Aug-23	396,117	30-Jun-26	30-Sep-26
Pushkar Pendse	Rights	29-Aug-23	220,186	30-Jun-26	30-Sep-26

The performance rights have been valued by reference to the normalised value of ordinary Solvar shares, adjusted for the impact of the vesting conditions, including the rights to dividends, where appropriate. In FY24, none of above the performance rights were due for vesting.

4.5.2 Performance Rights Vested in FY24

The LTI Grants were tested for achievement of vesting conditions/hurdles at each of the respective vesting dates. Based on satisfactory achievement of the hurdles, performance rights are allowed to be exercised. Upon exercise, they are converted and issued as ordinary shares to the Executive KMP.

Name	Equity Instrument	Grant Date	Vesting Date	Quantity Granted	Quantity Vested	Quantity Forfeited Post Year End
Scott Baldwin	Rights	01-Dec-21	30-Jun-24	274,538	–	274,538
Siva Subramani	Rights	04-Oct-21	30-Jun-24	104,084	–	104,084

Vesting criteria is based on EPS and TSR targets.

LTI performance for FY24 Vesting

FY24 vesting conditions were not met and the performance rights with a vesting date of 30-Jun-24 were forfeited post year end.

4.5.3 Options over ordinary shares held by KMP

Name	Balance at 1 July 2023	Options Granted	Options Exercised	Balance on Termination	Lapsed	Balance at 30 June 2024	Vested and Exerc-isable	Unvested
Scott Baldwin	1,000,000	–	–	–	1,000,000	–	–	–
Total	**1,000,000**	**–**	**–**	**–**	**1,000,000**	**–**	**–**	**–**

4.5.4 Rights held by KMP

Name	Balance at 30 June 2023	Granted	Exercised	Forfeited	Balance at 30 June 2024	Vested and Exerc-isable	Forfeited Post Year End	Unvested
Scott Baldwin	731,206	792,244	–	–	1,523,450	–	274,538	1,248,912
Siva Subramani	374,142	396,117	(69,124)	(76,880)	624,255	–	104,084	520,171
Pushkar Pendse	109,459	220,186	–	–	329,645	–	–	329,645
Total	**1,214,807**	**1,408,547**	**(69.124)**	**(76,880)**	**2,477,350**	**–**	**378,622**	**2,098,728**

5. Other Information

5.1 KMP Equity Holdings (Ordinary Shares)

Name	Balance as at 30 June 2023	On exercise of Performance Rights	Net Change Other*	Balance on Termination	Balance as at 30 June 2024
Stuart Robertson	992,024	–	132,962	–	1,124,986
Symon Brewis-Weston	46,502	–	3,231	–	49,733
Kate Robb	50,307	–	–	–	50,307
Scott Baldwin	8,510,664	–	55,243	–	8,565,907
Siva Subramani	404,177	69,124	1,042	–	474,343
Total	**10,003,674**	**69,124**	**192,478**	**–**	**10,265,276**

* Acquired/sold on market or acquired via DRP.

5.2 Loans to KMP

In FY22, Solvar entered into a 5-year Deferred Payment Arrangement ("DPA") with related entities to Scott Baldwin, Managing Director and CEO of the Group, to loan $3,270,000 for the exercise of 2,180,000 unlisted options. The allocated Shares shall be held in escrow and subject to a holding lock. The allocated shares shall only be released from escrow upon all obligations of the borrower having been satisfied under the DPA and discharged in full. The Directors have determined that the terms of the DPA are on a reasonable arm's length basis including the interest rate on the transaction. The interest rate used is the Australian Taxation Office Division 7A benchmark interest rate. The initial recognition of the loan and the related exercise of the options was treated as a noncash activity for the purposes of the Statement of Cash Flows. Monthly repayments are made in cash and the amount payable at 30 June 2024 was $1,976,566 (2023: $2,686,547). This loan is included as part of the Loans Receivable balance disclosed in Note 7. Income recognised in respect of the loan during current year was $174,980 (2023: $124,120).

5.3 Value of Options

The value of options is determined at grant date using the Black Scholes Option Pricing Model considering factors including exercise price, expected volatility and option life and is included in remuneration on a proportional basis from grant date to vesting date.

As the options vest over time, the cost is expensed in accordance with AASB 2 *Share Based Payments* over the vesting period. For the year ended 30 June 2024, the expense for KMP was Nil (2023: Nil). Inputs into the determination of the fair value of options issued to KMP are set out below:

Particulars	KMP Expiry Date 27-Nov-23
Exercise price	$2.5000
Grant date	28-Nov-18
Expiry date	27-Nov-23
Share price at grant date	$1.6950
Expected volatility	30%
Expected dividend yield	4.40%
Risk free rate	2.29%

The above table is in relation to options referred to in section 4.5.3. These options lapsed during FY24.

Remuneration Report continued

5.4 Share Option Compensation

The following table discloses terms and conditions of each grant of options provided as compensation, as well as details of options exercised during the year:

Name	Grant Date	Options Granted	Exercise Price	Vesting Date	Exercised During the Year	Lapsed During the Year	Expiry Date	Value of Unexercised Options
Scott Baldwin	28-Nov-18	2,000,000	$2.5000	27-Nov-20	–	1,000,000	27-Nov-23	–

The options will vest if an event occurs which gives rise to a change in control of the Group. Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional requirements of the allocation.

5.5 Other Transactions Related to KMP

There were no other transactions to KMP or their related parties during the financial year ended 30 June 2024 (2023: Nil) or an outstanding balance as at that date (2023: Nil).

All transactions with related parties are at arm's length on normal commercial terms and conditions at market prices.

End of Remuneration Report (Audited)

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Scott Baldwin
Director

Melbourne
19 August 2024

Auditor's Independence Declaration

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY BENJAMIN LEE TO THE DIRECTORS OF SOLVAR LIMITED

As lead auditor of Solvar Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Solvar Limited and the entities it controlled during the period.

Benjamin Lee
Director

BDO Audit Pty Ltd

Melbourne,19 August 2024

Directors' Declaration

In the Directors' opinion:

1. the financial statements and the notes set out on pages 46 to 87 are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and

   (b) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The consolidated entity disclosure statement in Page 88 is true and correct, and
4. At the date of this declaration, there are reasonable grounds to believe that the entity and the consolidated entities identified in Note 30 to the financial statements will as a consolidated entity be able to meet any liabilities to which they are, or may become subject because of the deed of cross guarantee described in Note 25 to the financial statements.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2024.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors

Scott Baldwin
Director

Melbourne
19 August 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Interest income (including fees & charges)	3	**215,992**	**209,342**
Interest expense		54,811	41,893
Net Interest Income		**161,181**	**167,449**
Expenses from operating activities:			
Bad debt expense (net of recoveries)		41,301	33,433
Movement in allowance for impairment losses		6,568	4,432
Loan origination and servicing costs	4(a)	19,928	17,663
General administration expenses	4(b)	54,372	43,040
Loss on disposal of assets and lease modification		6	13
Impairment of goodwill and other intangible assets	9	9,163	–
Depreciation and amortisation		2,079	2,300
Total expenses		**133,417**	**100,881**
Profit before tax		**27,764**	**66,568**
Income tax expense	5(a)	10,724	18,936
Profit after tax		**17,040**	**47,632**
Profit is attributable to:			
Owners of Solvar Limited		17,040	47,632
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(100)	628
Other comprehensive income/(loss) for the year, net of tax		**(100)**	**628**
Total comprehensive income for the year		**16,940**	**48,260**
Total comprehensive income for the year is attributable to:			
Owners of Solvar Limited		16,940	48,260
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	18	8.13	22.55
Diluted earnings per share (cents)	18	8.05	22.38

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
ASSETS			
Cash and cash equivalents	6	152,896	145,867
Loans receivable, net	7	816,117	804,363
Other assets	10	14,439	15,952
Tax receivable		–	514
Deferred tax assets, net	5(b)	15,469	12,588
Right-of-use assets	8(b)	1,669	2,761
Plant & equipment	8(a)	1,012	1,528
Investments in equities	1(h)	1,200	1,200
Intangible assets	9	20,178	30,723
Total assets		**1,022,980**	**1,015,496**
LIABILITIES			
Trade and other payables	11	18,463	15,949
Current tax payable		2,157	–
Borrowings	13	631,010	615,769
Employee benefit obligations	12	3,479	3,413
Lease liabilities	8(b)	1,934	3,078
Provisions		195	160
Total liabilities		**657,238**	**638,369**
Net assets		**365,742**	**377,127**
EQUITY			
Share capital	14	230,412	229,981
Reserves	15(a), (b)	2,385	2,000
Retained earnings	16	132,945	145,146
Total equity		**365,742**	**377,127**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2022		**238,848**	**128,281**	**1,789**	**368,918**
Profit after income tax expense for the year		–	47,632	–	47,632
Other comprehensive income		–	–	628	628
Total comprehensive income for the year		**–**	**47,632**	**628**	**48,260**
Transactions with owners in their capacity as owners:					
Share buybacks, net of share issues	14	(13,445)	–	–	(13,445)
Share based payment expenses, net	24	–	–	949	949
Transfer from reserves to share capital on exercise	14, 15	1,154	–	(1,154)	–
Forfeiture of employee options and rights	23	–	–	(212)	(212)
Dividends	14, 17	*3,424	(30,767)	–	(27,343)
Closing balance as at 30 June 2023		**229,981**	**145,146**	**2,000**	**377,127**
Total equity at 1 July 2023		**229,981**	**145,146**	**2,000**	**377,127**
Profit after income tax expense for the year		–	17,040	–	17,040
Other comprehensive income		–	–	(100)	(100)
Total comprehensive income for the year		**–**	**17,040**	**(100)**	**16,940**
Transactions with owners in their capacity as owners:					
Share buybacks, net of share issues	14	(3,010)	–	–	(3,010)
Share based payment expenses, net	23	–	–	970	970
Transfer from reserves to share capital on exercise	14, 15	337	–	(337)	–
Forfeiture of employee options and rights	23	–	–	(148)	(148)
Dividends	14, 17	*3,104	(29,241)	–	(26,137)
Closing balance as at 30 June 2024		**230,412**	**132,945**	**2,385**	**365,742**

* Shares issued to shareholders that elected to participate in the Dividend Reinvestment Plan.

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Interest, fees and charges from customers		216,953	209,860
Recoveries		15,880	11,862
Payments to suppliers and employees (GST Inclusive)		(68,274)	(66,795)
Interest received from banks		4,753	3,009
Finance costs		(60,292)	(43,408)
Income tax paid		(10,535)	(24,691)
Net cash provided by operating activities before changes in operating assets		**98,485**	**89,837**
Loan principal received from customers		319,206	281,073
Loan principal advanced to customers		(397,941)	(495,104)
Net cash inflows/(outflows) from operating activities	19	**19,750**	**(124,194)**
Cash flows from investing activities			
Payment for plant and equipment		(196)	(327)
Proceeds from sale of plant and equipment		11	–
Payments for investments		–	(1,200)
Net cash outflows from investing activities		**(185)**	**(1,527)**
Cash flows from financing activities			
Share buyback payments		(2,686)	(13,474)
Proceeds from borrowings		454,521	351,825
Repayment of borrowings		(437,275)	(161,018)
Repayment of lease liabilities		(943)	(903)
Dividends paid		(26,137)	(27,343)
Net cash (outflows)/inflows from financing activities		**(12,520)**	**149,087**
Net increase in cash held		**7,045**	**23,366**
Cash and cash equivalents at the beginning of the year		145,867	122,499
Effects of exchange rate changes on cash and cash equivalents		(16)	2
Cash and cash equivalents at end of the year	6	**152,896**	**145,867**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2024

Introduction

The financial report covers Solvar Limited ("Solvar" or "the Company") and its controlled entities ("the Group"). Solvar is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX). Solvar is incorporated and domiciled in Australia. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency of Solvar Limited and amounts are rounded to the nearest thousand dollars, unless otherwise indicated.

The financial report was authorised for issue by the Board of the Company at a Directors meeting on the date shown on the Declaration by the Board attached to the Financial Statements.

1. Summary of Material Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and complies with other requirements of the law, as appropriate for profit oriented entities. The financial report comprises the consolidated financial statements of the Group. The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected assets expected to be recovered in greater than 12 months, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Where necessary, comparative figures have been adjusted to conform to changes in presentation for the financial year ended 30 June 2024.

The financial statements have been prepared in accordance with Australian Accounting Standards, which are based on the Group continuing as a going concern which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless a transaction provides evidence of impairment to the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Change in Presentation of Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position

In FY24, the management has taken the decision to change the presentation of the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position to align with the wider financial services industry. All periods presented have been retrospectively re-presented. This change does not constitute a change in accounting policy and there is no impact on recognition, measurement or profit and loss in any period presented in the financial statements.

(d) New Standards Adopted by the Group

There were no new standards adopted by the Group for the year ended 30 June 2024, other than those disclosed in the FY24 interim financial report for the half year ended 31 December 2023. The adopted standards, (AASB 2021-5 *Amendments* to AASB 112 – *Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, and AASB 2021-2 *Amendments* to AASB 7, AASB 101, AASB 108, AASB 134 & AASB *Practice Statement 2 on Disclosure of Accounting Policies and Definition of Accounting Estimates*), did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) Critical Accounting Estimates, Assumptions and Judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Judgements and estimates which are material to the financial report are found in the following notes:

Note 3	Interest Income (incl. fees and charges)	Note 8(b)	Leases
Note 5	Tax	Note 9	Intangible assets
Note 7	Loans receivable	Note 20	Financial risk management

(f) Notes to the Financial Statements

The notes to the financial statements have been structured to make the financial report relevant and readable, with a focus on information that is material to the operations, financial position and performance of the Group. Additional information has also been included where it is important for understanding the Group's performance.

Notes relating to individual line items in the financial statements include accounting policy information where it is considered relevant to an understanding of these items, as well as information about critical accounting estimates and judgements. Details of the impact of new accounting policies and other accounting policy information are disclosed in Note 29.

(g) Rounding of Amounts

The Group and the Company are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

(h) Investment in Equities

The investment in equity securities relate to strategic investments in equity securities of an unlisted company. These investments are not held for trading and the Group has irrevocably elected at initial recognition, to recognise the subsequent changes in fair value of the equity securities in other comprehensive income. On disposal of these equity securities, any related balance within the fair value through other comprehensive income reserve is reclassified in to retained earnings. The carrying amount of investment is representative of its fair value at reporting date. During FY24, no dividends and gain/(losses) was recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income respectively.

2. Segment Information

The Group has identified its operating segments based on internal reports and components of Solvar that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance.

(a) Australia

This segment provides lending facilities in Australia generally based on the provision of an underlying asset as security, generally referred through a broker or distributed directly through digital channels.

(b) New Zealand

This segment provides lending facilities in New Zealand generally based on the provision of an underlying asset as security, generally referred through a dealer.

Consolidated – 2024	Australia $'000	New Zealand $'000	Unallocated[1] $'000	Total $'000
Segment revenue	173,682	42,286	24	215,992
EBITDA/Segment result	**87,102**	**10,069**	**(12,517)**	**84,654**
Depreciation and amortisation	(769)	(355)	(955)	(2,079)
Net finance costs	(45,357)	(10,824)	1,370	(54,811)
Profit before tax	**40,976**	**(1,110)**	**(12,102)**	**27,764**
Income tax expense				(10,724)
Profit after tax				**17,040**
Segment assets				
Cash and cash equivalents	101,246	9,060	42,590	152,896
Loans receivable, net	694,122	121,995	–	816,117
Other assets	9,098	8,940	35,929	53,967
Total assets	**804,466**	**139,995**	**78,519**	**1,022,980**
Segment liabilities				
Trade and other payables	5,897	6,491	6,075	18,463
Borrowings	536,540	94,470	–	631,010
Other liabilities	2,768	(544)	5,541	7,765
Total liabilities	**545,205**	**100,417**	**11,616**	**657,238**

1 Unallocated items represent transactions or balances that are not directly related to a segment (FY24 includes $9.2m of impairment of goodwill and other intangible assets).

Notes to the Financial Statements continued

Consolidated – 2023	Australia $'000	New Zealand $'000	Unallocated[1] $'000	Total $'000
Segment revenue	157,069	52,273	–	209,342
EBITDA/Segment result	**93,765**	**23,385**	**(6,389)**	**110,761**
Depreciation and amortisation	(680)	(517)	(1,103)	(2,300)
Net finance costs	(34,748)	(9,820)	2,675	(41,893)
Profit before tax	**58,337**	**13,048**	**(4,817)**	**66,568**
Income tax expense				**(18,936)**
Profit after tax				**47,632**
Segment assets				
Cash and cash equivalents	70,087	4,066	71,714	145,867
Loans receivable, net	628,285	176,078	-	804,363
Other assets	9,685	10,676	44,905	65,266
Total assets	**708,057**	**190,820**	**116,619**	**1,015,496**
Segment liabilities				
Trade and other payables	5,853	7,313	2,783	15,949
Borrowings	472,290	143,479	-	615,769
Other liabilities	2,821	1,414	2,416	6,651
Total liabilities	**480,964**	**152,206**	**5,199**	**638,369**

1 Unallocated items represent transactions or balances that are not directly related to a segment.

3. Interest income (including fees & charges)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Interest, fees and charges – loan products	214,093	207,584
Fees and charges – other products	1,899	1,758
Total interest income (including fees and charges)	**215,992**	**209,342**

Key Estimate

The deferral of loan fees and charges assumes that the loan will be repaid in line with the agreed repayments schedule. This key estimate is regularly reviewed, and it is unlikely any change in the estimate will have a material impact.

Recognition and Measurement

Income is measured at the fair value of the consideration received or receivable and recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the interest income can be reliably measured.

Interest, fees and charges include interest on loan products, application and credit fees, and other period fees including arrears, default and variation fees. Income associated with loans is deferred and recognised over the life of the loans using the effective interest rate method over the loan term. The Group recognises this income, taking into consideration the type of customer, the type of transaction and specifics of each arrangement and contract.

4. (a) Loan Origination and Servicing Costs

	Consolidated 2024 $'000	Consolidated 2023 $'000
Loan origination costs	13,761	11,851
Loan servicing costs	4,974	4,518
Advertising expenses	1,193	1,294
Total loan origination and servicing costs	**19,928**	**17,663**

4. (b) General Administration Expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee related expenses	38,271	32,005
Technology expenses	7,254	6,710
Professional fees	6,788	3,254
Other expenses	2,059	1,071
Total general administration expenses	**54,372**	**43,040**

5. (a) Income Tax Expense

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax expense		
Current tax	13,538	19,600
Deferred tax	(2,298)	212
Prior year adjustments	(516)	(876)
Income tax expense	**10,724**	**18,936**
Deferred tax expense		
Increase in deferred tax assets	(2,891)	(1,030)
Increase in deferred tax liabilities	593	1,242
Deferred tax expense/(benefit)	**(2,298)**	**212**
Income tax expense is attributable to:		
Profit from operations	10,724	18,936
	10,724	**18,936**
Reconciliation of income tax expense to prima facie tax payable		
Profit from operations before income tax expense	27,764	66,568
Tax at the Australian tax rate of 30%	8,329	19,970
Tax effect of amounts which are not deductible/(taxable)		
Impairment of goodwill and other intangible assets	2,749	–
Other non-deductible income/(non-assessable income)	37	25
Adjustments recognised in the current year in relation to tax of prior years	(516)	(876)
Adjustments recognised in the current year in relation to deferred tax of prior years	–	3
Difference in overseas tax rates	125	(186)
Income tax expense	**10,724**	**18,936**

Notes to the Financial Statements continued

5. (b) Deferred Tax Assets, net

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax balance comprises temporary differences attributable to:		
Employee entitlements	1,827	1,175
Allowance for impairment losses	14,874	12,889
Accruals, lease incentives and other provisions	1,437	990
Share issue costs	117	234
Foreign exchange loss	542	526
Share based payments	(508)	(154)
Borrowing costs	(277)	(200)
Deferred customer acquisition costs	(2,382)	(1,899)
Intangibles	(161)	(973)
Net balance disclosed as deferred tax assets	**15,469**	**12,588**

The majority of above amounts are expected to be materially recovered after 12 months of the balance date by the Group.

There were no unutilised tax losses recognised in the current financial year (2023: Nil).

Recognition and Measurement

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to off-set current tax assets and liabilities and when the deferred tax balances, they relate to are levied by the same taxation authority.

On 1 July 2010, Solvar Limited ("the head entity") and its wholly owned Australian controlled entities formed a tax consolidated group under the tax consolidation regime. Any entities subsequently acquired in Australia were added to the tax consolidation group from the acquisition date. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the inter-company charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by subsidiaries to the head entity.

6. Cash and Cash Equivalents

	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash at bank and on call*	152,896	105,867
Term deposit	–	40,000
Total cash and cash equivalents	**152,896**	**145,867**

* The deposits on call have an effective interest rate of 4.15% (2023: 4.00%).

Reconciliation to cash flow statements	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash at bank and on call	152,896	145,867
Cash and cash equivalents as per cashflows	**152,896**	**145,867**

Recognition and Measurement

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Restricted Cash

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $65.4m (2023: $67.6m) which are held by the trust manager of the debt facilities. These deposits are subject to funding related restrictions and are therefore not available for general use by the Group.

7. Loans Receivable

	Consolidated 2024 $'000	Consolidated 2023 $'000
Gross written loans	930,252	910,059
Deferred revenue	(63,898)	(62,032)
Loans receivable	**866,354**	**848,027**

Gross written loans represent cash to be received at reporting date. Deferred revenue represents interest, fees and charges accumulated on individual loans which will be recognised as income in future periods using the effective interest rate method. Gross written loans less deferred revenue represents the loans receivable calculated in accordance with the accounting policy.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Loans receivable	866,354	848,027
Allowance for impairment losses	(50,237)	(43,664)
Loans receivable, net	**816,117**	**804,363**
Loans receivable expected to be recovered		
within 12 months	252,433	251,697
greater than 12 months	563,684	552,666
Loans receivable, net	**816,117**	**804,363**

Key Estimate

Recognition of income and classification of amounts expected to be recovered within 12 months and greater than 12 months is in line with the expected repayment profile of loans. Also refer Note 20(b).

Recognition and Measurement

Loans and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loans and other receivables are initially recognised at fair value, including direct transaction costs and are subsequently measured at amortised cost using the effective interest method.

Loans and other receivables are due for settlement at various times in line with the terms of their contracts.

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for loans receivable measured at amortised cost. Loans receivable move through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

The Group collectively assesses ECLs on loans receivable where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these loans receivable, the Group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Group does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

Stage 2: Lifetime ECL – not credit impaired

The Group collectively assesses ECLs on loans receivable where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these loans receivable, the Group recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining term of the loans receivable). Like Stage 1, the Group does not conduct an individual assessment on Stage 2 loans receivable as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

Stage 3: Lifetime ECL – credit impaired

The Group identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision.

A loan receivable balance is written off when the customer is unlikely to pay their obligation and the Group determines there is no reasonable expectation of recovery. In assessing whether reasonable expectation of recovery exists, multiple factors are considered including days past due without repayment, recourse available to the Group such as realisability of security, insurance payout and other related factors.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for loans receivable since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date. This includes quantitative and qualitative information. Refer to Note 20. Loans receivable will move through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the allowance for impairment losses reverts from lifetime ECL to 12-months ECL. Loans receivable that has not deteriorated significantly since origination are considered to have a low credit risk. The allowance for impairment losses for these loans receivable is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Measurement of Expected Credit Losses (ECLs)

ECLs are derived from unbiased and probability-weighted estimates of expected loss and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at reporting date.

The Group calculates ECL using three main components, a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the total value the Group is exposed to when the loan receivable defaults. The LGD represents the unrecovered portion of the EAD considering mitigating effect of realisable value of security. For further details on how the Group calculates ECLs including the use of forward-looking information, refer to the credit quality of financial assets section in Note 20.

8. (a) Plant and Equipment

Year ended 30 June 2024	Motor Vehicles $'000	Leasehold Improve-ments $'000	Furniture & Equipment $'000	Work-in-Progress $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2023	42	8	6,053	308	6,411
Exchange differences	(1)	–	(6)	–	(7)
Additions	–	–	196	–	196
Disposals*	(27)	–	–	(308)	(335)
Balance at 30 June 2024	**14**	**8**	**6,243**	**–**	**6,265**
Accumulated depreciation					
Balance at 1 July 2023	16	6	4,861	–	4,883
Exchange differences	(1)	–	(4)	–	(5)
Depreciation expense	5	2	378	–	385
Disposals	(10)	–	–	–	(10)
Balance at 30 June 2024	**10**	**8**	**5,235**	**–**	**5,253**
Net carrying amount at 30 June 2024	**4**	**–**	**1,008**	**–**	**1,012**

* Disposal of work in progress project costs expensed during the year.

Notes to the Financial Statements continued

Year ended 30 June 2023	Motor Vehicles $'000	Leasehold Improve-ments $'000	Furniture & Equipment $'000	Work-in-Progress $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2022	51	8	5,660	384	6,103
Exchange differences	1	–	19	7	27
Additions	–	–	402	308	710
Disposals	(10)	–	(28)	(391)	(429)
Balance at 30 June 2023	**42**	**8**	**6,053**	**308**	**6,411**
Accumulated depreciation					
Balance at 1 July 2022	12	2	4,395	–	4,409
Exchange differences	1	–	12	–	13
Depreciation expense	6	4	470	–	480
Disposals	(3)	–	(16)	–	(19)
Balance at 30 June 2023	**16**	**6**	**4,861**	**–**	**4,883**
Net carrying amount at 30 June 2023	**26**	**2**	**1,192**	**308**	**1,528**

Recognition and Measurement

Plant and Equipment at Cost

Plant and equipment is recorded at cost less accumulated depreciation and cumulative impairment charges. Cost includes those costs directly attributable to bringing the assets into the location and working condition necessary for the asset to be capable of operating in the manner intended by management. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain plant and equipment, the shorter lease term.

Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of plant and equipment is as follows:

Leasehold improvements	2 to 10 years
Furniture and equipment	3 to 10 years
Motor vehicles	4 to 5 years

8. (b) Leases

This note provides information for leases where the Group is lessee.

(a) Amounts recognised in the consolidated Statement of Financial Position:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Right-of-use assets		
Buildings	1,669	2,761
Total right-of-use assets	**1,669**	**2,761**

The majority of the above amounts in both years have expected useful lives longer than 12 months after the reporting period.

Additions to the right-of-use assets during the financial year ended 30 June 2024 were Nil (2023: $1.6m).

	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease liabilities expected to be settled		
within 12 months	985	998
greater than 12 months	949	2,080
Total lease liabilities	**1,934**	**3,078**

(b) Amounts recognised in the consolidated statement of profit or loss other comprehensive income:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Depreciation charge right-of-use assets – buildings	880	945
Interest expense (included in finance cost)	178	293
Total	**1,058**	**1,238**

The total cash outflow for leases in the financial year ended 30 June 2024 is $1.1m (2023: $0.9m).

Recognition and Measurement

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

Notes to the Financial Statements continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Critical Judgements in Determining the Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of $5.0m have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not exercise a termination option). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

9. Intangible Assets

Year ended 30 June 2024	Goodwill $'000	Brand $'000	Dealer/Broker Relationship $'000	Internally Generated Software $'000	Total $'000
Cost*	19,362	278	4,030	895	24,565
Accumulated amortisation	–	–	(3,492)	(895)	(4,387)
Net book amount	**19,362**	**278**	**538**	**–**	**20,178**
Balance at 1 July 2023	27,202	1,055	2,232	234	30,723
Amortisation charge	–	–	(660)	(156)	(816)
Impairment	(7,840)	(777)	(1,034)	(78)	(9,729)
Balance at 30 June 2024	**19,362**	**278**	**538**	**–**	**20,178**

* Cost is adjusted for impairment charge.

Year ended 30 June 2023	Goodwill $'000	Brand $'000	Dealer/Broker Relationship $'000	Internally Generated Software $'000	Total $'000
Cost	27,202	1,055	5,064	973	34,294
Accumulated amortisation	–	–	(2,832)	(739)	(3,571)
Net book amount	**27,202**	**1,055**	**2,232**	**234**	**30,723**
Balance at 1 July 2022	27,202	1,055	2,940	401	31,598
Amortisation charge	–	–	(708)	(167)	(875)
Balance at 30 June 2023	**27,202**	**1,055**	**2,232**	**234**	**30,723**

The majority of the above amounts in both years have expected useful lives longer than 12 months after the reporting period.

Recognition and Measurement

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill represents the excess of the cost of acquisition over the fair value of the entity's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill and Brand are considered to be indefinite life intangible assets, considering that each of the Brands has a long history and strong brand equity in the market. Goodwill and Brand are not amortised, instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Acquired brands and dealer relationships represent separately identifiable intangible assets from goodwill and are recognised at their fair value at acquisition date. Subsequently, all definite life intangible assets are carried at cost less accumulated amortisation and impairment losses.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Dealer/broker relationships	7 to 10 years
Internally generated software	5 to 8 years

Cash Generating Units

Goodwill and Brand are allocated to the Cash Generating Units (CGUs) as given below for impairment testing purposes.

	2024 $'000	2023 $'000
M3	10,295	10,295
AFS	9,345	9,345
GCF	–	8,617
Total Goodwill and Brand	**19,640**	**28,257**

Impairment Testing and Key Assumptions

Goodwill and Brand are tested annually as to whether it has suffered impairment. The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of assumptions.

The recoverable amount of the CGU is based on several key assumptions as detailed below.

The Group tests at least annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment, and when there is an indication of impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of CGUs.

The recoverable amount was determined based on a value in use discounted cash flow ("DCF") model. The 'value in use' calculations use cash flow projections based on the FY24 financial budgets and projections over the subsequent four-year period ("Forecast Period") and applies a terminal value calculation using estimated growth rates approved by the Board for the business relevant to each CGU. The following are the key assumptions used in determining the recoverable value:

	M3	AFS
FY25 Budget income growth	3%	22%
FY25 Budget expense growth	3%	15%
Terminal value > 5 years	2%	2%
Income growth > 1 year	7%	16%
Expense growth > 1 year	5%	5%
Pre-tax discount rate applied to cash flows	14%	8%

The table below sets out the key assumptions:

Assumptions	Approach to assumptions
Income growth > 1 year	Management forecasts the revenue growth rate based on past performance and management's expectation of market development.
Expense growth > 1 year	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures.
Terminal value > 5 years	Cash flow beyond five years are extrapolated using the perpetual growth rate. This rate is determined based on long term inflation rate.

The Directors concluded that, based on these assumptions, the recoverable amount exceeds the carrying amount for M3 and AFS CGUs as such, there is no impairment of goodwill in the financial year ended 30 June 2024 (2023: Nil).

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGUs.

However, in FY24, an impairment charge of $9.2m (2023: Nil) was recognised in relation to GCF CGU due to declining profitability and weak macroeconomic conditions. Goodwill, brand, dealer relationships and internally developed software were impaired. Following impairment, the Group reassessed the depreciation policies of its plant and equipment in GCF and estimated that associated useful lives are unaffected. As of 30 June 2024, the recoverable amount of GCF was $52.4m. Also refer to Note 28 Significant Matters Subsequent to the Reporting Date.

10. Other Assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred customer acquisition costs	11,680	13,233
Prepayments	736	923
Foreign tax credits	506	357
Inventory	846	705
Other	671	734
Total other assets	**14,439**	**15,952**

	Consolidated 2024 $'000	Consolidated 2023 $'000
Other assets expected to be recovered		
within 12 months	6,629	6,443
greater than 12 months	7,810	9,509
Total other assets	**14,439**	**15,952**

Recognition and Measurement

Deferred customer acquisition costs relate to payments made to introducers or distribution channel partners in acquiring customers. These costs are amortised over the loan term using the effective rate implicit in the loan.

Inventory is stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventory and bringing it to its existing location and condition. Net realisable value is defined as the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. There was inventory of value $0.7m in transit as of 30 June 2024.

Notes to the Financial Statements continued

11. Trade and Other Payables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Trade payables	5,291	4,084
Accrued expenses	10,478	5,840
Taxes payable	685	593
Dealer payment retention	1,485	4,654
Other liabilities	524	778
Total trade and other payables (Unsecured)	**18,463**	**15,949**

	Consolidated 2024 $'000	Consolidated 2023 $'000
Trade and other payables expected to be settled		
within 12 months	18,374	13,305
greater than 12 months	89	2,644
Total trade and other payables (Unsecured)	**18,463**	**15,949**

Recognition and Measurement

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Dealer payments retention relates to risk share arrangements with dealers in New Zealand operations which are payable based on performance the underlying loan portfolio. The liability is initially recognised at fair value and subsequently measured at amortised cost in accordance with AASB 9.

12. Employee Benefit Obligations

	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee benefit obligations expected to be settled		
within 12 months	3,140	3,081
greater than 12 months	339	332
Total employee benefit obligations	**3,479**	**3,413**

Recognition and Measurement

The employee benefit obligations cover the Group's liability for long service and annual leave.

The portion of this liability expected to be settled within 12 months includes all the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances.

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the statement of financial position at the salary rates which are expected to be paid when the liability is settled. Obligations for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using Milliman corporate bond rates.

Other Employee Benefit Obligations – Defined Contribution Superannuation Benefits

Eligible employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed contribution to the employee's superannuation fund of choice or the New Zealand Inland Revenue (for NZ operations). All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled (which is expected to be within 12 months) and are presented as liabilities in the Group's statement of financial position. The defined contribution plan expense for the year was $2,485,618 (2023: $2,103,963) and is included in employee expenses.

13. Borrowings

	Consolidated 2024 $'000	Consolidated 2023 $'000
Finance facility drawn	634,144	617,019
Unamortised borrowing costs	(3,134)	(1,250)
Total borrowings*	**631,010**	**615,769**
Borrowings expected to be settled		
within 12 months	252,773	109,921
greater than 12 months	378,237	505,848
Total borrowings	**631,010**	**615,769**

* The borrowings have an average interest rate of 8.73% (2023: 7.98%).

Recognition and Measurement

Borrowings are classified as expected to be settled within 12 months unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method including the borrowing costs.

Finance Facility

In March 2024, the Company refinanced the previous debt facilities for M3 business unit with a new $450.0m warehouse funding facility with a leading global financial services group, which is a revolving facility, subject to a biannual review, and has a maturity in March 2026 with the ability to rollover for a future period. Additionally, the AFS business unit has a variable rate revolving facility led by a major bank in Australia. The limits from lenders for this facility at reporting date is $237.5m. This revolving facility is subject to an annual review and has a maturity in June 2026.

In New Zealand operations, the Group has one debt facility, with the limit aggregating to $73.2m at variable interest rates. The facility has a maturity date of June 2025. Two facilities held in previous years were repaid or cancelled.

Notes to the Financial Statements continued

Financing Facilities Available

	Consolidated 2024 $'000	Consolidated 2023 $'000
Finance facility limit	760,713	940,350
Used at reporting date	(634,144)	(617,019)
Unused at reporting date	**126,569**	**323,331**

Assets Pledged as Security

Under the terms of the financing facilities, there are general security agreements (fixed and floating charges) over all present and after acquired assets of the Trust entities. The carrying amounts of assets pledged as security for borrowings are:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash and cash equivalents	65,415	71,624
Receivables	792,941	774,250
Plant and equipment	–	410
Total assets pledged as security	**858,356**	**846,284**

Compliance with Loan Covenants

Solvar Limited has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.

14. Share Capital

	Number of Shares 2024	Number of Shares 2023	Consolidated 2024 $'000	Consolidated 2023 $'000
Fully paid ordinary shares	208,343,529	207,995,558	230,412	229,981

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Movement in Shares on Issue

Movement in the shares on issue of the Company during the financial year are summarised below:

	Consolidated 2024		Consolidated 2023	
	Number of Ordinary Shares '000	Value $'000	Number of Ordinary Shares '000	Value $'000
Balance at the beginning of the financial year	207,996	229,981	212,940	238,848
Issued during the year:				
Issue of shares – employee share scheme	173	–	574	29
Issue of shares – DRP	3,048	3,104	1,720	3,424
Share buy-back	(2,873)	(3,010)	(7,238)	(13,474)
Transfer from reserves	–	337	–	1,154
Balance at end of the financial year	**208,344**	**230,412**	**207,996**	**229,981**

Recognition and Measurement

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The Company does not have limited authorised capital and issued shares have no par value.

Dividend Reinvestment Plan

Solvar Limited has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by issue of new ordinary shares rather than being paid in cash.

Options and Performance Rights

Information relating to the Solvar Employee Share Based Compensation Plan, including details of options and performance rights issued, exercised and lapsed during the financial year and outstanding at the end of the financial year is set out in Note 23.

Share Buy-Back

In FY24, the Company purchased 2,872,970 ordinary shares through an "on-market" buy-back program (2023: 7,237,936). The buy-back and cancellation were approved by the Board of Directors. The shares were acquired at an average price of $1.05 per share, with prices ranging from $0.94 to $1.14. The total cost of $3.0m, including transaction costs, was deducted from shareholder capital. The buy-back program commenced in June 24 and program has been suspended until the release of the result for the year ended 30 June 2024. Shares bought back are cancelled in the month following the buyback.

Notes to the Financial Statements continued

15. Reserves

(a) Options and Rights Reserve

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance at the beginning of the financial year	2,627	3,044
Share based payments expensed for the year	970	949
Transferred to share capital	(337)	(1,154)
Forfeitures	(148)	(212)
Balance at the end of the financial year	**3,112**	**2,627**

The share option and rights reserve is used to recognise the grant date fair value of options and rights issued to employees and directors but not exercised.

(b) Foreign Currency Translation Reserve

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance at the beginning of the financial year	(627)	(1,255)
Translation differences	(100)	628
Balance at the end of the financial year	**(727)**	**(627)**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

16. Retained Earnings

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance at the beginning of the financial year	145,146	128,281
Net profit for the year	17,040	47,632
Dividends	(29,241)	(30,767)
Balance at the end of the financial year	**132,945**	**145,146**

17. Dividends

	Jun-24 Cents Per Share	2024 $'000	Jun-23 Cents Per Share	2023 $'000
Recognised amounts				
Final dividend paid during the year – fully franked at 30% tax rate	9.00	18,742	7.00	14,942
Interim dividend paid during the year – fully franked at 30% tax rate	5.00	10,499	7.50	15,825
Total Dividends Paid		**29,241**		**30,767**
Unrecognised amounts				
Final dividend paid during the year – fully franked at 30% tax rate	5.00	10,417	9.00	18,720

On 19 August 2024, the Directors declared a fully franked final dividend of 5.00 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2024, to be paid to shareholders on 11 October 2024. The dividend will be paid to shareholders based on the Register of Members on 4 September 2024. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $10.4m. The Group has $67.4m of franking credits at 30 June 2024 (2023: $70.5m).

18. Earnings Per Share

	Consolidated 2024 Cents	Consolidated 2023 Cents
a) Basic earnings per share attributable to the ordinary equity holders of the Company	8.13	22.55
b) Diluted earnings per share attributable to the ordinary equity holders of the Company	8.05	22.38

	Consolidated 2024 $'000	Consolidated 2023 $'000
c) Profit attributable to the ordinary equity holders of the Company	17,040	47,632

	Quantity 2024	Quantity 2023
d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	209,579,041	211,257,077
Dilutive potential ordinary shares	2,034,893	1,577,450
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	**211,613,934**	**212,834,527**

Recognition and Measurement

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Options granted to employees and directors are considered to be ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

19. Cash Flow Information

(a) Reconciliation of Operating Profit after Income Tax to Net Cash Flows used in Operating Activities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Net profit after tax	17,040	47,632
Non-cash items		
Depreciation and amortisation expense	2,079	2,300
Loss on sale of plant and equipment	6	13
Allowance for impairment losses	6,568	4,432
Amortisation of borrowing costs	1,198	1,495
Amortisation of deferred customer acquisition costs	9,226	7,754
Impairment of goodwill and other intangible assets	9,163	–
Net exchange differences	55	(647)
Share based payments	822	733
Changes in movements in assets and liabilities:		
Increase in assets		
Loans receivable	(18,325)	(163,976)
Other assets	(9,640)	(15,801)
Deferred tax assets	(2,314)	(849)
Increase/(decrease) in liabilities		
Trade and other payables	1,098	217
Current tax payable	2,672	(5,193)
Provisions and employee benefit obligations	102	(2,304)
Net cash outflows from operating activities	**19,750**	**(124,194)**

Non-cash investing and financing activities disclosed in other notes are:

- Options and shares issued to employees under the Employee Share Plan for no cash consideration (note 14).
- Dividends satisfied by the issue of shares under the dividend reinvestment plan (note 14).

(b) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash and cash equivalents	152,896	145,867
Borrowings & lease liabilities	(636,078)	(620,097)
Net debt	**(483,182)**	**(474,230)**
Cash and cash equivalents	152,896	145,867
Lease liabilities – fixed interest rates	(1,934)	(3,078)
Borrowings (Note 20(a)(ii))	(634,144)	(617,019)
Net debt	**(483,182)**	**(474,230)**

	Liabilities from financing activities				
	Borrowings $'000	Leases $'000	Subtotal $'000	Cash $'000	Total $'000
Net debt at 1 July 2022	**(425,565)**	**(2,365)**	**(427,930)**	**122,499**	**(305,431)**
Exchange differences	(647)	4	(643)	2	(641)
New leases	–	(1,620)	(1,620)	–	(1,620)
Cash flows	(190,807)	903	(189,904)	23,366	(166,538)
Net debt as at 30 June 2023	**(617,019)**	**(3,078)**	**(620,097)**	**145,867**	**(474,230)**
Exchange differences	121	4	125	(16)	109
Other changes	–	197	197	–	197
Cash flows	(17,246)	943	(16,303)	7,045	(9,258)
Net debt as at 30 June 2024	**(634,144)**	**(1,934)**	**(636,078)**	**152,896**	**(483,182)**

20. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Group's objectives, policies and processes for managing and measuring these risks. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Board ensures that the Group maintains a competent management structure capable of defining, analysing, measuring, and reporting on the effective control of risk inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and credit risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

Specific Risks

Market Risk

Credit Risk

Liquidity Risk

Financial Assets/Liabilities Used

The principal categories of financial assets/liabilities used by the Group are:

Financial assets

Cash and cash equivalents – Note 6.

Loans receivables – Note 7.

Investments in equities – Note 1(h).

Financial liabilities

Trade and other payables – Note 11.

Borrowings – Note 13.

Objectives, Policies and Processes

The risk management policies of the Group seek to mitigate the above risks and reduce volatility on the financial performance of the Group. Financial risk management is carried out centrally by the Finance Department of the Group.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing Ratio

The Board reviews the capital structure on a semi-annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Debt (long term and short term borrowings)	13	634,144	617,019
Cash and cash equivalents	6	(152,896)	(145,867)
Lease liabilities		1,934	3,078
Net debt		**483,182**	**474,230**
Total equity		365,742	377,127
Debt to equity ratio		**1.32**	**1.25**

(a) Market Risk

(i) Price Risk

The Group does not hold financial assets or liabilities that are subject to price risk.

(ii) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits held, deposits at call and borrowings. The interest income earned or paid on these balances can vary due to interest rate changes.

The Group policy is to maintain its borrowings at floating rates. Where necessary, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. The gain or loss relating to the effective portion of the interest rate swaps, hedging variable rate borrowings, is recognised in the profit or loss within finance costs at the same time as interest expense on the hedged borrowings.

The exposure of the Group's borrowings to interest rate are given below:

	2024 $'000	% of Total Loans	2023 $'000	% of Total Loans
Variable rate borrowings	441,676	69.6%	444,943	72.1%
Variable rate borrowings (fixed by interest rate swaps)	192,468	30.4%	172,076	27.9%
Total*	**634,144**	**100.0%**	**617,019**	**100.0%**

* Gross of borrowing costs.

	Impact on Post Tax Profit		Impact on Equity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Interest rates – increase by 50 bps (100 bps)	(1,684)	(3,298)	(1,684)	(3,298)
Interest rates – decrease by 50 bps (25 bps)	1,684	825	1,684	825

(iii) Foreign Exchange Risk

The Group operates in Australia and New Zealand but the exposure to foreign currency risk is not significant. The entities within the Group do not have any significant financial instruments that are denominated in a currency other than their functional currency. Translation related risks are not included in the assessment of the Group's exposure to currency risks. However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation are included in the sensitivity analysis for foreign currency risks.

	Impact on Post Tax Profit		Impact on Equity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
NZD/AUD exchange rate increase by 5%	(1,060)	(1,763)	(1,060)	(1,763)
NZD/AUD exchange rate decrease by 5%	1,060	1,763	1,060	1,763

Notes to the Financial Statements continued

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables, net of any allowance for impairment losses, as disclosed in the statement of financial position and notes to the financial report.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Except for its dealings with core customers, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

(i) Credit Quality Analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Explanation of terms: 12-month ECL, lifetime ECL and credit impaired are included in Note 7.

Loans receivable	Consolidated 2024 $'000				Consolidated 2023 $'000
	12-month ECL	Lifetime ECL – Not Credit Impaired	Lifetime ECL – Credit Impaired	Total	Total
Strong	471,211	–	–	471,211	476,756
Good	197,554	–	–	197,554	192,026
Watch list	41,097	107,080	–	148,177	139,531
Sub-standard	–	48,345	–	48,345	39,396
Credit impaired	–	–	1,067	1,067	318
Gross carrying amount, net of deferred revenue	**709,862**	**155,425**	**1,067**	**866,354**	**848,027**
Allowance for impairment	(25,472)	(23,698)	(1,067)	(50,237)	(43,664)
Carrying amount	**684,390**	**131,727**	**–**	**816,117**	**804,363**

Quality classification definitions

- 'Strong' exposures demonstrate a strong capacity to meet financial commitments, with negligible to low probability of default.
- 'Good' exposures demonstrate a good capacity to meet financial commitments with low default risk.
- 'Watch list' exposures require closer monitoring and a reasonable capacity to meet financial instruments, with moderate default risk.
- 'Sub-standard' exposures require varying degree of attention and default risk is high.
- 'Credit impaired' exposures have been assessed as impaired.

The credit quality classifications defined above encompass a range of granular internal credit rating grades.

Cash and cash equivalents

The Group held cash and cash equivalents of $152.9m at 30 June 2024 (2023: $145.9m). The cash and cash equivalents are held with financial institutions that are rated A+ to A-, based on Fitch long term credit ratings.

(ii) Collateral held and other credit enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. The nature of collateral held by the Group against loans receivable are motor vehicles and trailers. There were no significant changes in the quality of the collateral subject to normal wear and tear of the underlying vehicles. There are no financial assets where the Group has not recognised a loss allowance because of the collateral.

(iii) Amounts arising from Expected Credit Losses (ECL)

Expected credit loss is measured from the initial recognition of a financial asset. The maximum period considered when measuring ECL is the maximum contractual period over which the Group is exposed to credit risk.

Inputs, assumptions and techniques used for estimating impairment

The Group calculates ECL using three main components, a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

PD estimates are determined using statistical models based on internally compiled data on performance, default information on exposures that are segmented into homogenous portfolios, generally by product. LGD is the magnitude of the likelihood of a loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The EAD represents the exposure in the event of a default. The EAD of a financial asset is its gross carrying value less deferred revenue. There were no changes made to the estimation techniques or significant assumptions during the reporting period.

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience. Each loan receivable is assigned a credit rating at initial recognition. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition. Deterioration in credit rating is not only based on the number of payment dishonours but also considers other qualitative information about the customer such as status of employment, other sources of income and credit score from credit agencies in line with the Group's credit policies. A backstop approach based on delinquency is not used due to the nature of the customer segment the Group operates in.

Modified financial assets

The contractual terms of a loan may be modified for several reasons. The revised terms usually include extending the maturity, changes to interest rate and changes to the timing of interest and fee payments. A loan that is renegotiated is derecognised as if the existing agreement is cancelled and a new agreement is made on substantially different terms. Loan modifications that do not result in derecognition are considered to be a commercial restructure. The credit risk on these loans is considered to have increased significantly as such modifications are generally due to financial difficulties of the customer.

Forward looking economic inputs

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. The Group incorporates forward looking information in the measurement of ECL as a management overlay. The economic factors that are considered include but are not limited to, gross domestic product, unemployment, interest rates and inflation.

Notes to the Financial Statements continued

The following table shows the reconciliation from the opening to the closing balance of the loss allowance.

Expected credit losses	Consolidated 2024 $'000			
	12-month ECL	Lifetime ECL – Not Credit Impaired	Lifetime ECL – Credit Impaired	Total
Balance at 1 July 2023	**23,410**	**19,936**	**318**	**43,664**
New originations	10,737	34	–	10,771
Transfer to lifetime ECL – not credit impaired	(5,070)	5,070	–	–
Transfer to 12-month expected credit losses	459	(459)	–	–
Financial assets derecognised/written off	(3,442)	(14,245)	–	(17,687)
Net remeasurement of loss allowance	(622)	13,362	749	13,489
Loss allowance at 30 June 2024	**25,472**	**23,698**	**1,067**	**50,237**

For all trade receivables and contract assets, the Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The expected loss rates are based on the payment profiles on the receivables, the historical loss experience, uncertainty over recoverability and forward-looking information on macroeconomic factors affecting the ability to settle the receivables.

(iv) Concentrations of credit risk

The Group operates across Australia and New Zealand, providing consumer loans. The Group monitors the concentrations of exposure such as geography, loan to value ratio, and product mix.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to pay its debts as and when they fall due. The Group has borrowings, and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Company and Group at all times.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk includes the risk that the Group:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; and
- may be unable to settle or recover a financial asset at all.

To help reduce these risks where possible, the strategy is to borrow revolving debt facilities and maintain adequate cash reserves.

At 30 June 2024, the Group had current assets exceeding current liabilities by $134.5m and total assets exceeding total liabilities by $365.7m. The current assets include $87.5m of unrestricted cash balance at reporting date, enabling the Group to meet its financial obligations as they arise.

Maturity of Financial Liabilities

The Group holds the following financial instruments. Amounts presented below represent the contractual maturities of financial liabilities at their undiscounted cash flows and their carrying value at reporting date.

2024	Consolidated				
	< 1 Year $'000	1-5 Years $'000	> 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Financial liabilities:					
Borrowings*	262,105	418,422	8,533	689,060	634,144
Trade and other payables	18,374	89	–	18,463	18,463
Lease liabilities	1,093	988	–	2,081	1,934
Total financial liabilities	**281,572**	**419,499**	**8,533**	**709,604**	**654,541**

* Gross of unamortised borrowing costs of $3.1m.

2023	Consolidated				
	< 1 Year $'000	1-5 Years $'000	> 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Financial liabilities:					
Borrowings*	237,003	397,388	15,105	649,496	617,019
Trade and other payables	13,305	2,644	–	15,949	15,949
Lease liabilities	1,188	2,238	–	3,426	3,078
Total financial liabilities	**251,496**	**402,270**	**15,105**	**668,871**	**636,046**

* Gross of unamortised borrowing costs of $1.3m.

The contractual maturities in the table above reflect gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Also, affecting liquidity are cash at bank and non-interest-bearing receivables and payables. Liquidity risk associated with these financial instruments is represented by the carrying amounts as shown above.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

21. Commitments

There are no commitments as at 30 June 2024 (2023: Nil). Non-cancellable operating leases are disclosed under Note 8(b) Leases.

22. Contingent Assets and Liabilities

There are no contingent assets or liabilities as at 30 June 2024 (2023: Nil).

23. Share Based Payments

Options

Movement in the share options of the Group during the financial year are summarised below:

	2024 Number of Options	2024 Weighted Average Exercise Price $	2023 Number of Options	2023 Weighted Average Exercise Price $
Balance at the beginning of the financial year	1,000,000	2.5000	1,000,000	2.5000
Lapsed during the financial year	1,000,000	2.5000	–	–
Balance at the end of the financial year	**–**	**–**	**1,000,000**	**2.5000**
Exercisable at the end of the financial year	–	–	1,000,000	2.5000

Options on issue have the following conditions:

- The options vest in full when an event occurs which gives rise to a change in control of the Company;
- If the Company, after having granted these options, restructures its issued share capital, ASX Listing Rules will apply to the number of shares issued to the option holder on exercise of an option;
- Employee and director options will not be listed on the ASX, but application will be made for quotation of the shares resulting from the exercise of the options;
- On issue of the resulting shares, they will rank equally with ordinary shares on issue at that time; and
- Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the allocation.

Consideration received on the exercise of options is recognised as contributed equity. No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	Share Options 2024	Share Options 2023
28-Nov-18	27-Nov-23	2.5000	–	1,000,000
Weighted average remaining contractual life of options outstanding at the end of the year			–	0.41 years

Performance Rights

Movement in performance rights during the financial year are summarised below:

	2024 Number of Rights	2023 Number of Rights
Balance at the beginning of the financial year	2,126,064	1,967,375
Granted during the financial year	2,092,864	1,022,560
Exercised during the financial year	(172,810)	(557,902)
Forfeited during the financial year	(701,045)	(305,969)
Balance at the end of the financial year	**3,345,073**	**2,126,064**
Exercisable at the end of the financial year	38,192	236,877

Performance rights granted during the year were subject to the following conditions:

- The performance rights vest in full when an event occurs which give rise to a change in control of the Company;
- If the Company, after having granted these performance rights, restructures its issued share capital, ASX Listing Rules will apply to the number of shares issued to the rights holder on exercise of a right;
- Employee and director performance rights will not be listed on the ASX, but application will be made for quotation of the shares resulting from the exercise of the rights;
- On issue of the resulting shares, they will rank equally with ordinary shares on issue at that time; and
- Performance rights carry no rights to dividends and no voting rights. In accordance with the terms of the performance rights schemes, rights are automatically issued on vesting.

Performance rights outstanding at the end of the year have the following vesting dates and expiry dates:

Grant Date	Vesting Date	Expiry Dates	Performance Rights 2024	Performance Rights 2023
10-Nov-20	30-Jun-23	30-Sep-23	–	365,010
04-Oct-21	30-Jun-24	30-Sep-24	265,456	492,720
01-Dec-21	30-Jun-24	30-Sep-24	274,538	274,538
26-Aug-22	30-Jun-25	30-Sep-25	430,384	537,128
07-Dec-22	30-Jun-25	30-Sep-25	456,668	456,668
29-Aug-23	30-Jun-26	30-Sep-26	1,125,783	–
01-Dec-23	30-Jun-26	30-Sep-26	792,244	–
Total			**3,345,073**	**2,126,064**
Weighted average remaining contractual life of rights outstanding at the end of the year			1.41 years	1.30 years

The fair value of the Performance Rights has been determined in accordance with AASB 2 using the following inputs:

	Issue 22 2022	Issue 23 2022	Issue 24 2023	Issue 25 2023	Issue 26 2024	Issue 27 2024
Grant date	04-Oct-21	01-Dec-21	26-Aug-22	07-Dec-22	29-Aug-23	01-Dec-23
Vesting date	30-Jun-24	30-Jun-24	30-Jun-25	30-Jun-25	30-Jun-26	30-Jun-26
Expiry date	30-Sep-24	30-Sep-24	30-Sep-25	30-Sep-25	30-Sep-26	30-Sep-26
Share price at measurement date	3.47	3.47	1.96	1.96	1.26	1.05
Dividend yield	3.5%	3.5%	4.00%	4.00%	6.00%	6.50%

Recognition and Measurement

Options, restricted shares, and performance rights are granted under Solvar Limited's Share Option Plan for no consideration. The Board meets to determine eligibility for the granting of options, restricted shares and performance rights and to determine the quantity and terms of options, restricted shares and performance rights that will be granted. The valuation of options, restricted shares and performance rights are generally determined by an independent expert considering the terms and conditions upon which the instruments were granted. The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024 $	2023 $
Performance rights issued under employee share plan, net of forfeitures	821,785	732,804
Total	**821,785**	**732,804**

Employee Share Scheme

A scheme under which shares may be issued by the Company to employees for no cash consideration was approved. All Australian resident permanent employees (excluding executive directors, other key management personnel of the Group and the Group company secretary) who have been continuously employed by the Group for a period of at least one year are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

24. Auditor's Remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Solvar Limited, its related practices and non-related audit firms.

	Consolidated 2024 $	Consolidated 2023 $
(a) BDO Audit Pty Ltd		
Audit and review of the financial reports (inclusive of GST)	473,550	311,850
Other assurance services	15,510	14,850
(b) Network firm of BDO		
Audit and review of the financial reports (inclusive of GST)	–	102,075
Total services provided by BDO	**489,060**	**428,775**
Total remuneration of auditors	**489,060**	**428,775**

25. Deed of Cross Guarantee

Solvar Limited and its wholly owned subsidiaries in Australia are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The companies that represent a 'Closed Group' for the purposes of the instrument are described in Note 30.

(a) Consolidated Statement of Profit or Loss, Statement of Comprehensive Income and Summary of Movements in Consolidated Retained Earnings

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2024 of the Closed Group.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Interest income, fees and charges	**183,340**	**160,719**
Interest expense, net	43,986	32,075
Net Interest Income	**139,354**	**128,644**
Expenses from operating activities:		
Bad debt expense (net of recoveries)	30,712	23,863
Movement in allowance for impairment losses	7,220	2,651
Loan origination and servicing costs	12,392	10,939
General administration expenses	44,115	32,240
Impairment of assets	9,163	–
Depreciation and amortisation	1,064	1,062
Total expenses	**104,666**	**70,755**
Profit before income tax expense	**34,688**	**57,889**
Income tax expense	12,622	16,515
Profit after income tax	**22,066**	**41,374**
Total comprehensive income for the period	**22,066**	**41,374**

Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	120,289	109,682
Profit for the period	22,066	41,374
Dividends paid	(29,241)	(30,767)
Retained earnings at the end of the financial year	**113,114**	**120,289**

(b) Consolidated Balance Sheet

Set out below is a consolidated balance sheet as at 30 June 2024 of the Closed Group.

	2024 $'000	2023 $'000
ASSETS		
Cash and cash equivalents	143,834	141,802
Loans receivable, net	694,123	628,285
Other assets	9,874	9,253
Tax receivable	–	835
Deferred tax assets	12,070	10,497
Right-of-use assets	1,086	1,737
Plant & equipment	627	1,118
Investments in equities	1,200	1,200
Investments in subsidiaries	12,474	21,637
Intercompany	30,460	47,899
Intangible assets	20,178	20,332
Total assets	**925,926**	**884,595**
LIABILITIES		
Trade and other payables	11,979	8,644
Current tax payable	3,568	–
Borrowings	558,996	517,816
Employee benefit obligations	3,267	3,075
Lease liabilities	1,314	2,002
Provisions	160	160
Total liabilities	**579,284**	**531,697**
Net assets	**346,642**	**352,898**
EQUITY		
Share capital	230,412	229,982
Reserves	3,116	2,627
Retained earnings	113,114	120,289
Total equity	**346,642**	**352,898**

26. Parent Entity Financial Information

(a) Consolidated Statement of Profit or Loss and Other Comprehensive income

	2024 $'000	2023 $'000
Net profit/(loss)	(6,489)	3,704
Total comprehensive income/(loss) for the period	**(6,489)**	**3,704**

(b) Summary Financial Information

	2024 $'000	2023 $'000
ASSETS		
Cash and cash equivalents	42,590	71,714
Loans receivable, net	150	–
Other assets	1,852	1,512
Tax receivable	–	772
Deferred tax assets	11,769	10,243
Intercompany loans	212,277	202,446
Right-of-use assets	957	1,436
Plant & equipment	143	189
Investment in subsidiaries	55,689	66,807
Investments in equities	1,200	1,200
Total assets	**326,627**	**356,319**
LIABILITIES		
Trade and other payables	6,084	2,791
Current tax payable	3,568	–
Employee benefit obligations	665	613
Lease liabilities	1,158	1,653
Provisions	150	150
Total liabilities	**11,625**	**5,207**
Net assets	**315,002**	**351,112**
EQUITY		
Share capital	230,412	231,282
Reserves	3,113	2,627
Retained earnings	81,477	117,203
Total equity	**315,002**	**351,112**

(c) Guarantees Entered by the Parent Entity

Solvar Limited and its wholly owned subsidiaries in Australia are parties to a deed of cross guarantee under which each company guarantees the debts of the others as described in Note25. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the group in relation to these guarantees, as the fair value of the guarantees is immaterial.

(d) Contingent Liabilities of the Parent Entity

The parent entity has no contingent liabilities at the time of the report (2023: Nil).

(e) Contractual Commitments by the Parent Entity

The parent entity has contractual commitments for leases of $1.2m covering the period from July 2024 to June 2026 (2023: $1.7m)

(f) Accounting Policies

Accounting policies are consistent with the Group except for carrying value of investment in subsidiaries which are recognised at cost.

27. Related Party Transactions

(a) Parent and Ultimate Controlling Entity

The parent and ultimate controlling entity is Solvar Limited which is incorporated and domiciled in Australia.

(b) Key Management Personnel Remuneration

The aggregate compensation of the KMPs of the Group is set out below:

	Consolidated 2024 $	Consolidated 2023 $
Short term employee benefits	2,103,715	1,547,126
Post-employment benefits	105,184	98,515
Long term benefits	23,137	27,340
Share based payments	572,139	422,422
Total	**2,804,175**	**2,095,403**

(c) Loans to KMP

In FY22, Solvar entered into a 5-year Deferred Payment Arrangement ("DPA") with related entities to Scott Baldwin, Managing Director and CEO of the Group, to loan $3,270,000 for the exercise of 2,180,000 unlisted options. The allocated Shares shall be held in escrow and subject to a holding lock. The allocated shares shall only be released from escrow upon all obligations of the borrower having been satisfied under the DPA and discharged in full. The Directors have determined that the terms of the DPA are on a reasonable arm's length basis including the interest rate on the transaction. The interest rate used is the Australian Taxation Office Division 7A benchmark interest rate. The initial recognition of the loan and the related exercise of the options was treated as a non-cash activity for the purposes of the Statement of Cash Flows. Monthly repayments are made in cash and the amount payable at 30 June 2024 was $1,976,566 (2023: $2,686,547). This loan is included as part of the Loans Receivable balance disclosed in Note 7. Income recognised in respect of the loan during current year was $174,980 (2023: $124,120).

(d) Other Transactions Related to KMP

There were no other transactions to KMP during the current financial year or as at 30 June 2024 (2023: Nil).

All transactions with related parties are at arm's length on normal commercial terms and conditions at market prices.

28. Significant Matters Subsequent to the Reporting Date

In July 2024, the Solvar Group announced it will focus on the growth of its Australian consumer and commercial operations, including ceasing new lending in New Zealand. The decision around New Zealand was driven by challenging macroeconomic conditions, funding costs, and the Group's ability to create a superior return in its Australian operations.

Apart from the above, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Solvar, the results or the state of affairs of the Group.

29. Changes in Accounting Policies

Impact of Standards Issued but not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted by the Group. As at the date of this report there are no new accounting standards that have been issued but not yet applied that have a material effect on the results of the Group.

Notes to the Financial Statements continued

30. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in Note 1. Entities are tax residents of the country of their incorporation. The subsidiaries of the Company are:

Name	Country of Incorporation	Equity Held		Acquisition Date	Investment	
		2024 %	2023 %		2024 $'000	2023 $'000
Money3 Loans Pty Ltd[1]	Australia	100	100	01-Nov-16	–*	–*
Antein Pty Ltd[1]	Australia	100	100	01-Jul-06	–*	2,362
Bennji Pty Ltd[1,6]	Australia	100	100	16-Apr-07	–*	–*
M3 Group Services Pty Ltd[1]	Australia	100	100	13-Mar-08	–*	–*
Debt Resolutions Pty Ltd[1]	Australia	100	100	01-Jul-06	369	369
Happy.com.au Pty Ltd[1]	Australia	100	100	01-Jul-06	369	369
Tannaster Pty Ltd[1]	Australia	100	100	01-Jul-06	2,208	2,208
Money3 Warehouse Trust No. 2[1]	Australia	100	-	09-Jan-24	–*	–
Automotive Financial Services Pty Ltd[1]	Australia	100	100	04-Jan-21	14,286	14,286
AFS Auto-1 Trust[1]	Australia	100	100	04-Jan-21	–*	–*
M3 HOL Pty Ltd[1]	Australia	100	100	02-Feb-21	17,119	17,119
Money3 Warehouse Trust No. 1[1,4]	Australia	100	100	28-Oct-20	–*	–*
Finance Investment Group Limited[2,7]	New Zealand	100	100	12-Mar-19	12,474	21,637
Go Car Finance Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car Services Limited[2,5]	New Zealand	100	100	12-Mar-19	–*	–*
My On Road Plan Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car Funding Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Debt Resolutions Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car SPV Holding Limited[2]	New Zealand	100	100	8-Dec-20	–*	–*
Go Car Finance 2 Limited[2]	New Zealand	100	100	9-Dec-20	–*	–*
Go Car Finance 3 Limited[2]	New Zealand	100	100	19-Nov-21	–*	–*
Go Car Finance 4 Limited[2]	New Zealand	100	100	24-Feb-23	–*	–*
Go Car Finance 2018 Limited[2,4]	New Zealand	100	100	12-Mar-19	–*	–*
Aqua Cars Limited[2,4]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car Funding 2018 Limited[2,4]	New Zealand	100	100	12-Mar-19	–*	–*
Money3 NZ Warehouse Trust No.1[2,4]	New Zealand	100	100	21-Sep-22	–*	–*
Entities notified to ASIC for deregistration during FY24						
Australian Car Leasing Pty Ltd[1,3]	Australia	100	100	03-May-13	–*	–*
Bellavita Pty Ltd[1,3]	Australia	100	100	01-Jul-06	–*	2,314
Hallowed Holdings Pty Ltd[1,3]	Australia	100	100	01-Jul-06	–*	2,262
Nexia Pty Ltd[1,3]	Australia	100	100	01-Jul-06	–*	1,268
Pechino Pty Ltd[1,3]	Australia	100	100	01-Jul-06	–*	1,286
Tristace Pty Ltd[1,3]	Australia	100	100	01-Jul-06	–*	1,327
Total					**46,825**	**66,807**

* Investment in these entities is less than $1,000.
1. Part of a 'Closed group' of companies that are parties to a deed of cross guarantee, as described in Note 25.
2. Part of the 'extended Closed Group' of companies which are controlled by Solvar Limited but are not party to the deed of cross guarantee.
3. Entities notified to ASIC for deregistration during FY24, final deregistration pending conclusion of regulatory notice period.
4. Entities earmarked for deregistration in FY25.
5. Formerly FIG Services Limited.
6. Formerly Money3 Franchising Pty Ltd.
7. Investment at acquisition date was $21.6m impaired down to $12.5m in FY24.

Consolidated Entity Disclosure Statement

The below list relates to entities that are in the consolidated financial statements at 30 June 2024, as required by the *Corporations Act 2001* s.295(3A)(a).

Name of Entity	Body Corporate, Partnership or Trust	Percentage Share Capital Held by the Company %	Country of Incorporation	Jurisdiction of Tax Residency
Money3 Loans Pty Ltd	Body corporate	100	Australia	Australia
Bennji Pty Ltd	Body corporate	100	Australia	Australia
M3 Group Services Pty Ltd	Body corporate	100	Australia	Australia
Debt Resolutions Pty Ltd	Body corporate	100	Australia	Australia
Happy.com.au Pty Ltd	Body corporate	100	Australia	Australia
Tannaster Pty Ltd	Body corporate	100	Australia	Australia
Automotive Financial Services Pty Ltd	Body corporate	100	Australia	Australia
M3 HOL Pty Ltd	Body corporate	100	Australia	Australia
Australian Car Leasing Pty Ltd	Body corporate	100	Australia	Australia
Antein Pty Ltd	Body corporate	100	Australia	Australia
Bellavita Pty Ltd	Body corporate	100	Australia	Australia
Hallowed Holdings Pty Ltd	Body corporate	100	Australia	Australia
Nexia Pty Ltd	Body corporate	100	Australia	Australia
Pechino Pty Ltd	Body corporate	100	Australia	Australia
Tristace Pty Ltd	Body corporate	100	Australia	Australia
Money3 Warehouse Trust No. 2	Body Corporate & Trustee	100	Australia	Australia
Money3 Warehouse Trust No. 1	Body Corporate & Trustee	100	Australia	Australia
AFS Auto-1 Trust	Body Corporate & Trustee	100	Australia	Australia
Finance Investment Group Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Finance Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Services Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
My On Road Plan Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Funding Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Debt Resolutions Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car SPV Holding Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Finance 2 Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Finance 3 Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)

Consolidated Entity Disclosure Statement continued

Name of Entity	Body Corporate, Partnership or Trust	Percentage Share Capital Held by the Company %	Country of Incorporation	Jurisdiction of Tax Residency
Go Car Finance 4 Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Finance 2018 Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Aqua Cars Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Go Car Funding 2018 Limited	Body corporate	100	New Zealand	Foreign, (New Zealand)
Money3 NZ Warehouse Trust No.1	Body Corporate & Trustee	100	New Zealand	Foreign, (New Zealand)

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

(a) Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

(b) Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

(c) Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Independent Auditor's Report

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Solvar Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Solvar Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit loss provisioning

Key audit matter	How the matter was addressed in our audit
As at 30 June 2024, the Group has recognised an impairment loss allowance for Expected Credit Losses (ECL) amounting to $50.24m in accordance with AASB 9 *Financial Instruments* as disclosed in Note 7. The expected credit loss provisioning is a key audit matter due to the significant judgements used within the model and the inherent estimation uncertainty in its determination. The Group's ECL model is a probability weighted estimate of expected loss and incorporates data surrounding past events, current conditions, and considers forward looking information to reflect future external factors such as inflationary pressures and the interest rates increases on the macroeconomic environment. The Group calculates the ECL provision using the probability of default, loss given default and the exposure at default over the next 12 months and the remaining lifetime of the loans receivable.	Our procedures included, but were not limited to: • Assessing the Group's ECL model to ensure it is in accordance with AASB 9 *Financial Instruments*. • Performing a detailed analysis of Management's estimate of the impairment loss allowance and the adequacy of procedures and processes adopted by the Group. • Testing the design and implementation of controls over the ECL impairment loss allowance including the accuracy of the data input into the loan management system and ongoing monitoring of the ECL provision. • Performing a detailed analysis of loans in arrears or that are subject to special payment terms. Giving consideration to prior period history of loans in these categories subsequently going into default, and using this evidence to support the appropriateness of the impairment loss allowance at year-end. • Assessing the reasonableness of assumptions driving Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) including performing retrospective review of the key assumptions • Performing data analytic testing over the loan book evaluating the appropriateness of loan status classification underpinning the ECL model. • Evaluating the adequacy of the disclosures in the financial report.

Effective interest rate recognition

Key audit matter	How the matter was addressed in our audit
The Group reported interest income amounting to $214.09m for the year ended 30 June 2024 and net loans receivables of $816.12m as at 30 June 2024. Interest income received from loan receivables is determined using the effective interest rate ('EIR') method in accordance with AASB 9 *Financial Instruments*. The loan receivable balance is measured and presented at amortised cost using the EIR method. The Group's disclosure over the effective interest rate is disclosed in Note 3. There are complexities involved in determining the EIR on the loan portfolio and the recognition is significant to the overall financial statements due the significant number of loan contracts and the terms vary by product which the Group may incorrectly account for resulting in the incorrect recognition of revenue over the life of the loan contract.	Our procedures included, but were not limited to: • Assessing the Group's accounting policy for revenue recognition with reference to the relevant accounting standards including the appropriateness of the inclusion of fees received from customers in the determination of the EIR. • Utilising our Information Systems ('IS') Audit specialists, in conjunction with other audit procedures, to test the Group's controls over: loan initiation and approval; standard terms, fees and charges; calculation of interest, revenue and deferred revenue in respect of fees and charges; controls for recording transactions in the Group's loan systems and the general ledger; and testing for duplicate loans. • Evaluating and validating manual controls relevant to the approval and recording of loans to customers. • Testing a sample of loans to agree the interest, fees and charges revenue were calculated using the effective interest rate method. • Performing a detailed analysis of revenue and the timing of its recognition based on expectations derived from our industry knowledge and knowledge of the Group's products, fees and charges. • Reviewing the appropriateness of the disclosures in regards to interest income recognition.

Independent Auditor's Report continued

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 43 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Solvar Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Benjamin Lee
Director

Melbourne, 19 August 2024

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 29 July 2024.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of equity are:

Distribution of Shareholdings	Ordinary Shares			Unlisted Options & Performance Rights		
	Number of Holders	Number of Shares	%	Number of Holders	Number of Options & Rights	%
100,001 and Over	189	165,751,909	79.55	4	2,926,804	87.49
10,001 to 100,000	1,072	34,308,687	16.47	13	408,681	12.22
5,001 to 10,000	562	4,414,186	2.12	1	9,588	0.29
1,001 to 5,000	1,206	3,311,816	1.59	–	–	–
1 to 1,000	1,174	556,931	0.27	–	–	–
Total	**4,203**	**208,343,529**	**100**	**18**	**3,345,073**	**100**
The number of shareholders holding less than a marketable parcel of shares are	540	89,237				

(b) Twenty largest holders of quoted shares are:

	Name of Holder	Listed Ordinary Shares No. of Shares	% of Holding
1	UBS NOMINEES PTY LTD	28,368,629	13.62
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,676,709	6.56
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,558,233	6.51
4	CITICORP NOMINEES PTY LIMITED	11,401,286	5.47
5	RUBINO GROUP PTY LTD <RUBINO GROUP A/C>	9,750,000	4.68
6	BLACK BASS PTY LTD	6,138,893	2.95
7	THORNEY OPPORTUNITIES LTD	5,000,000	2.40
8	HOSKING FINANCIAL INVESTMENTS PTY LTD <HOSKING INVESTMENT	4,541,699	2.18
9	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	4,156,243	1.99
10	BALDWIN BROTHERS INVESTMENTS PTY LTD <INSPIRATION A/C>	4,055,000	1.95
11	AFICO PTY LTD	2,873,045	1.38
12	DASH GROWTH LIMITED	2,370,983	1.14
13	CRAIG HARRIS	2,353,763	1.13
14	WALLBAY PTY LTD <ABELL UNIT ACCOUNT>	1,704,029	0.82
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTHSUPER CORP A/C>	1,616,284	0.78
16	MR MICHAEL RUDD	1,504,326	0.72
17	PLATEY PTY LTD	1,500,000	0.72
18	MATOOKA PTY LTD <MAKO A/C>	1,497,999	0.72
19	SILVAN BOND PTY LTD	1,182,852	0.57
20	IDALP PTY LTD <RAY MALONE SUPER A/C>	1,180,751	0.57
	Top 20 shareholders	**118,430,724**	**56.86**

(c) Substantial Shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	No. of Shares	% Held
Thorney Opportunities Ltd (TOP), Tiga Trading Pty Ltd & associated entities	34,808,585	16.71%
Dimensional Fund Advisors & associated entities	10,937,134	5.10%

(d) Voting Rights

The voting rights attached to equity securities are set out below:

(i) Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(ii) Options and performance rights

Options and performance rights are not entitled to voting rights.

(e) On Market Buy-Back

The following securities were purchased on market during the financial year:

Ordinary Shares as part of	No. of Shares purchased	Average price paid per share
(a) the share buyback program that commenced in Jun-24	2,872,970	$1.05

Glossary

Term	Definition
AASB	Australian Accounting Standards Board
AFS	Automotive Financial Services Business Unit
ATSR	Absolute Total Shareholder Returns
CAGR	Cumulative Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
Company	Solvar Limited
COO	Chief Operating Officer
DCF	Discounted Cash Flow
DPA	Deferred Payment Arrangement
EBITDA	Earnings Before Interest, Tax And Depreciation & Amortisation
EPS	Earnings Per Share
FR	Fixed Remuneration
GCF	Go Car Finance Business Unit
Group	Solvar Limited and the entities it controlled during the financial year
IFRS	International Financial Reporting Standard
IMD	International Men's Day
KMP	Key Management Personnel
LTI	Long Term Incentive
M3	Money3 Business Unit
MD	Managing Director
NAF	Net Amount Financed
NED	Non-Executive Director
NPAT	Net Profit After Tax
OAIC	Office of the Australian Information Commissioner
STI	Short Term Incentive
TSR	Total Shareholder Returns

Corporate Information

Solvar Limited is a company incorporated and domiciled in Australia.

Company Directors

Stuart Robertson
Non-Executive Director (Chairman)

Symon Brewis-Weston
Non-Executive Director

Kate Robb
Non-Executive Director

Scott Baldwin
Managing Director

Company Secretary

Terri Bakos

Head Office

Level 1, 40 Graduate Road
Bundoora Victoria 3083

Telephone 03 7031 6035

Registered Office

Level 1, 40 Graduate Road
Bundoora Victoria 3083

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford Victoria 3067

Auditors

BDO Audit Pty Ltd

Tower 4, Level 18, 727 Collins Street
Melbourne Victoria 3008

Solicitors

Nicholson Ryan Lawyers Pty Ltd

Level 7, 420 Collins Street
Melbourne Victoria 3000

Bankers

Bendigo Bank

499 Riversdale Road
Camberwell Victoria 3124

Westpac Bank

Melbourne Head Office
150 Collins Street
Melbourne Victoria 3000

Bank of New Zealand

80 Queens Street
Auckland New Zealand 1010

Stock Exchange Listing

Solvar Limited shares are listed on the Australian Securities Exchange (ASX code SVR)

Website

www.solvar.com.au

This page has been left blank intentionally.

SOLVAR

solvar.com.au