Solvar Limited
ABN: 63 117 296 143

Appendix 4D [Rule 4.2A.3]
For the half year ended 31 December 2024
Previous corresponding period: Half year ended 31 December 2023

Results for Announcement to the Market

Key financial information				**Dec 2024 Half year $'000**	**Dec 2023 Half year $'000**
Operating income	Down	3.1%	to	108,561	112,069
Profit after tax	Up	27.9%	to	16,854	13,178

Dividend information	**Amount per security**	**Franked amount per security at 30% tax**
FY24 Final dividend	5.00 cents	5.00 cents
FY25 Interim dividend	6.00 cents	6.00 cents

Dividend dates	
Ex-dividend date	4 March 2025
Record date	5 March 2025
Payment date	3 April 2025

The Group does not have a dividend reinvestment plan (DRP) in place for the interim FY25 dividend.

	Dec 2024 Half year	**Dec 2023 Half year**
Net tangible assets per security	$1.62	$1.58

Commentary on "Results for Announcement to the Market"
Please refer to the Solvar H1 FY25 media release and the Interim Financial Report for the half year ended 31 December 2024 for further explanation of the figures presented.

Results for Announcement to the Market (cont.)

Control gained or lost over entities in the half year

During the half year ended 31 December 2024, Solvar Limited wound up a number of entities due to lack of operational activities. Solvar also established a trust entity for funding purpose in the half year. Following is the list of entities in which Solvar gained or lost control during the half year.

No.	Name of the company	Status	Effective Date
1	Australian Car Leasing Pty Ltd	Lost control	14 August 2024
2	Bellavita Pty Ltd	Lost control	14 August 2024
3	Hallowed Holdings Pty Ltd	Lost control	14 August 2024
4	Nexia Pty Ltd	Lost control	14 August 2024
5	Pechino Pty Ltd	Lost control	14 August 2024
6	Tristace Pty Ltd	Lost control	14 August 2024
7	Money3 Warehouse Trust No.1	Lost control	7 November 2024
8	Go Car Finance 2018 Limited	Lost control	25 September 2024
9	Go Car Funding 2018 Limited	Lost control	25 September 2024
10	Aqua Cars Limited	Lost control	25 September 2024
11	Antein Pty Ltd	Lost control	4 December 2024
12	Money3 Vault Series No.1	Gained control	24 December 2024

Investments in associates and joint ventures

No investments in associates and joint ventures are held by the Group.

Foreign entities, applicable accounting standards used

Not applicable as Solvar Limited is not a foreign entity.

Statement as to whether the financial statements have been reviewed

The financial statements have been reviewed. The review report is included in Interim Financial Report.

Contents

Directors' Report

Your Directors present their report for the half year ended 31 December 2024 on the consolidated entity basis consisting of Solvar Limited ("the Company") and the entities it controlled ("the consolidated entity" / "the Group") at the end of or during the half year ended 31 December 2024.

Directors and Company Secretary

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

- Stuart Robertson
- Symon Brewis-Weston
- Kate Robb (resigned on 21 November 2024)
- Craig Parker (appointed on 18 September 2024)
- Scott Baldwin

Terri Bakos is the Company Secretary.

Principal Activities

The principal activities of the Group during the half year ended 31 December 2024 ("half year") was the provision of finance through business units in Australia and New Zealand. We provide both secured and unsecured personal and automotive loans to consumers and businesses for purchase of new and used vehicles.

There have been no significant changes to the Group's principal activities during the half year, other than those disclosed in "Review of Operations" and "Significant Changes in the State of Affairs" section in this report.

Review of Operations

Group performance

	Dec 2024 Half year $'000	Dec 2023 Half year $'000	% Change Increase/ (Decrease)
Interest income (incl. fees and charges)	108,561	112,069	(3.1%)
EBITDA	51,988	48,991	6.1%
NPAT	16,854	13,178	27.9%
Gross written loans	**930,413**	**941,468**	**(1.2%)**
Loans receivable	**866,921**	**876,965**	**(1.1%)**

- 27.9% increase in Statutory Net Profit After Tax (NPAT) to $16.9m in H1 FY25 over prior comparative period (pcp). The $3.7m growth in NPAT was driven by the following pre-tax items:
  - $4.1m net increase in interest income in Australian operations contributed by 7.1% growth in loan book since December 2023;
  - $7.6m reduction in interest income in New Zealand operations due to 38.5% reduction in loan book;
  - $2.2m reduction in interest expense in New Zealand operations due to repayment of external debt;
  - $3.8m reduction in impairment allowance in New Zealand operations; and
  - $2.3m reduction in operating expenses.
- 26.9% increase in Normalised NPAT[1] to $18.5m in H1 FY25 over pcp.
- 6.1% increase in Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)[2] to $52.0m in H1 FY25 over pcp.
- During the half year, 5.7m ordinary shares were purchased through an "on-market" share buy-back program. Since the program started in May 2024, 8.6m shares were purchased. The NPAT growth and share buy-back contributed to 30.0% growth in EPS to 8.20 cents H1 FY25 over pcp.

[1]*Table 1 provides reconciliation of Statutory NPAT to Normalised NPAT*
[2]*Table 2 provides reconciliation of Statutory NPAT to EBITDA and Normalised EBITDA*

Directors' Report (cont.)

Table 1 - Reconciliation of Statutory NPAT to Normalised NPAT	Dec 2024 Half year $'000	Dec 2023 Half year $'000
Statutory NPAT	**16,854**	**13,178**
Add back:		
Legal fees	2,355	2,000
Tax effect	(707)	(600)
Normalised NPAT	**18,502**	**14,578**

Table 2 - Reconciliation of Statutory NPAT to Normalised EBITDA	Dec 2024 Half year $'000	Dec 2023 Half year $'000
Statutory NPAT	**16,854**	**13,178**
Add backs:		
Interest	26,753	29,006
Depreciation and amortisation	729	1,065
Tax	7,652	5,742
EBITDA	**51,988**	**48,991**
Add back:		
Legal fees	2,355	2,000
Normalised EBITDA	**54,343**	**50,991**

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

Segment performance

(a) Australia

	Dec 2024 Half year $'000	Dec 2023 Half year $'000	% Change
Interest income (incl. fees and charges)	92,706	88,155	5.2%
EBITDA	53,478	53,087	0.7%
Gross written loans	**824,698**	**769,706**	**7.1%**
Loans receivable	**766,621**	**714,849**	**7.2%**

Gross written loans in the Australian operations increased 7.1% to $824.6m contributing to 5.2% growth in Interest income over prior comparative period.

(b) New Zealand

	Dec 2024 Half year $'000	Dec 2023 Half year $'000	% Change
Interest income (incl. fees and charges)	15,427	23,002	(32.9%)
EBITDA	9,815	6,403	53.3%
Gross written loans	**105,715**	**171,762**	**(38.5%)**
Loans receivable	**100,300**	**162,116**	**(38.1%)**

In August 2024, Go Car Finance (GCF) ceased lending operations. As a result, the loans receivable amortised significantly during the half year and the loans receivable balance is expected to decline through the rest of the financial year. This in turn resulted in a corresponding reduction in the expected credit loss provision driving a growth in EBITDA.

Directors' Report (cont.)

Debt facilities

In New Zealand the total amount outstanding to external lenders as at 30 June 2024 was $73.0m which was subsequently paid down to $0.5m at 31 December 2024. In January 2025, the external borrowings were repaid in full. This led to a net saving of $2.2m in interest expense for the Group.

In Australia, the Group diversified its funding partners through the introduction of Mezzanine funding in September 2024. As a result, the borrowing limits increased and the unutilised facility limit in Australia as at 31 December 2024 was $132.6m.

Dividends – Solvar Limited

The directors have declared an interim dividend of 6.00 cents per share. The dividend will be paid on 3 April 2025 to those shareholders on the register at the close of business on the 5 March 2025.

Significant Changes in the State of Affairs

Lending operations

In August 2024, the Group ceased lending operations in New Zealand because of challenging macroeconomic conditions. Furthermore, the opportunity to grow Australian market share in consumer and commercial lending was deemed to be superior than could be achieved in New Zealand.

Regulatory action

Further to the update provided in the Annual General Meeting held in November 2024, On 6 February 2025, trial commenced in the proceeding initiated in 2023 by the Australian Securities and Investments Commission against Money3 Loans Pty Ltd. Trial was adjourned on the morning of 17 February 2025 after the conclusion of evidence. The parties will return for closing submissions on Thursday, 13 March 2025, which will be the final day of trial.

After closing submissions, the court will reserve judgment and deliver that judgment over the upcoming months (estimated between 3 to 6 months).

On 1 March 2024, the Commerce Commission commenced civil proceedings in the High Court of New Zealand alleging that one of Finance Investment Group Limited's subsidiaries, Go Car Finance Ltd had breached its responsible lending obligations with respect to certain loans. That proceeding has been listed for hearing on 24 August 2026. Solvar Limited has also been sued on the basis that Go Car Finance Ltd acted as its agent.

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

Subsequent to the reporting date, the external borrowing facility in New Zealand was terminated in January 2025.

Refer to note 8 in the Interim Financial Report for dividends proposed to be declared since the end of the reporting period.

No other matters or circumstances have arisen since the end of the half 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.

Directors' Report (cont.)

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 half 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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Non-Audit Services

There were no non-audit services provided by the group auditor BDO Audit Pty Ltd during the half year ended 31 December 2024 (2023: Nil).

Proceedings on behalf of the Group

Other than the items outlined under the 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, unless otherwise indicated.

Directors' Report (cont.)

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Scott Baldwin
Director
Melbourne
24 February 2025

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

As lead auditor for the review of Solvar Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Benjamin Lee
Director

BDO Audit Pty Ltd

Melbourne, 24 February 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of A.C.N. 050 110 275 Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and A.C.N. 050 110 275 Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Declaration

In the Directors' opinion:

1. the financial statements and the notes set out on pages 11 to 25 is in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance, for the half 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 Company will be able to pay its debts as and when they become due and payable.

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

Scott Baldwin
Director
Melbourne
24 February 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2024

	Note	Consolidated Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
Interest income (including fees and charges) *	3	**108,561**	**112,069**
Interest expense		26,753	29,006
Net Interest Income		**81,808**	**83,063**
Expenses			
Bad debts expense (net of recoveries)		19,271	19,809
Movement in allowance for impairment losses	5	243	4,048
Loan origination and servicing costs	4(a)	9,270	9,303
General administration expenses	4(b)	27,789	29,915
Loss on disposal of assets and lease modification		-	3
Depreciation and amortisation		729	1,065
Total expenses		**57,302**	**64,143**
Profit before income tax		**24,506**	**18,920**
Income tax expense		7,652	5,742
Profit after tax for the half year		**16,854**	**13,178**
Profit is attributable to:			
Owners of Solvar Limited		**16,854**	**13,178**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(338)	381
Other comprehensive income for the half year, net of tax		**(338)**	**381**
Total comprehensive income for the half year		**16,516**	**13,559**
Total comprehensive income for the half year is attributable to:			
Owners of Solvar Limited		**16,516**	**13,559**
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	9	8.20	6.31
Diluted earnings per share (cents)	9	8.10	6.26

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

**For the purpose of Appendix 4D, Interest income (including fees and charges) is disclosed as Operating income. For the purpose of segment information in Note 2 interest income is disclosed as segment income.*

Condensed Consolidated Statement of Financial Position

as at 31 December 2024

	Note	Consolidated Dec 2024 $'000	Consolidated Jun 2024 $'000
ASSETS			
Cash and cash equivalents*		132,117	152,896
Loans receivable, net	5	816,541	816,117
Other assets		12,956	14,439
Deferred tax assets, net		17,367	15,469
Right-of-use assets		1,205	1,669
Plant & equipment		877	1,012
Investments in equities		1,200	1,200
Intangible assets		20,101	20,178
Total assets		**1,002,364**	**1,022,980**
LIABILITIES			
Trade and other payables		18,334	18,463
Current tax payable		698	2,157
Borrowings	6	612,870	631,010
Employee benefit obligations		3,786	3,479
Lease liabilities		1,423	1,934
Provisions		194	195
Total liabilities		**637,305**	**657,238**
Net assets		**365,059**	**365,742**
EQUITY			
Share capital	7	223,239	230,412
Reserves		2,388	2,385
Retained earnings		139,432	132,945
Total equity		**365,059**	**365,742**

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

**The cash and cash equivalents disclosed above and in the statement of cash flows includes $73.1m (Jun-24: $65.4m) which are held by the trust manager of the debt facilities. These balances are subject to funding related restrictions and are therefore not available for general use by the Group.*

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2024

	Note	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2023		**229,981**	**145,146**	**2,000**	**377,127**
Profit after income tax expense for the half year		-	13,178	-	13,178
Other comprehensive income		-	-	381	381
Total comprehensive income for the half year		**-**	**13,178**	**381**	**13,559**
Transactions with owners in their capacity as owners:					
Share based payment expenses, net		-	-	510	510
Transfer from reserves to share capital on exercise		337	-	(337)	-
Forfeiture of employee options and rights		-	-	(70)	(70)
Dividends	8	*1,958	(18,742)	-	(16,784)
Closing balance as at 31 December 2023		**232,276**	**139,582**	**2,484**	**374,342**
Total equity at 1 July 2024		**230,412**	**132,945**	**2,385**	**365,742**
Profit after income tax expense for the half year			16,854		16,854
Other comprehensive income				(338)	(338)
Total comprehensive income for the half year		**-**	**16,854**	**(338)**	**16,516**
Transactions with owners in their capacity as owners:					
Share buybacks, net of share issues		(7,273)	-	-	(7,273)
Share based payment expenses, net		-	-	578	578
Transfer from reserves to share capital on exercise		100	-	(100)	-
Forfeiture of employee options and rights		-	-	(137)	(137)
Dividends	8	-	(10,367)	-	(10,367)
Closing balance as at 31 December 2024		**223,239**	**139,432**	**2,388**	**365,059**

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

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

Condensed Consolidated Statement of Cash Flows

for the Half year ended 31 December 2024

	Consolidated Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
Cash flows from operating activities		
Interest, fees and charges from customers	107,437	111,161
Recoveries	8,467	8,226
Payments to suppliers and employees (GST Inclusive)	(35,753)	(31,630)
Interest received from banks	2,316	2,350
Finance costs	(26,830)	(28,622)
Income tax paid	(10,728)	(6,293)
Net cash provided by operating activities before changes in operating assets	**44,909**	**55,192**
Loan principal received from customers	168,177	156,005
Loan principal advanced to customers	(197,263)	(215,819)
Net cash inflows / (outflows) from operating activities	**15,823**	**(4,622)**
Cash flows from investing activities		
Payment for property, plant and equipment	(57)	(125)
Proceeds from sale of property, plant and equipment	-	11
Net cash outflows from investing activities	**(57)**	**(114)**
Cash flows from financing activities		
Share buyback payments	(7,277)	-
Proceeds from borrowings	59,710	118,390
Repayment of borrowings	(78,009)	(115,260)
Repayment of lease liabilities	(505)	(485)
Dividends paid	(10,367)	(16,784)
Net cash outflows from financing activities	**(36,448)**	**(14,139)**
Net decrease in cash held	**(20,682)**	**(18,875)**
Cash and cash equivalents at the beginning of the half year	152,896	145,867
Effects of exchange rate changes on cash and cash equivalents	(97)	44
Cash and cash equivalents at end of the half year	**132,117**	**127,036**

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

Notes to the Condensed Consolidated Financial Statements

Introduction

The interim 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 condensed 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 interim 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 interim 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 interim financial report comprises the condensed consolidated financial statements of the Group. The interim financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for year ended 30 June 2024 and any public announcements made by Solvar Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, 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 half year ended 31 December 2024.

The interim 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 condensed consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2024 and the results of all subsidiaries for the half 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 de-consolidated 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.

Notes to the Condensed Consolidated Financial Statements (cont.)

(c) New standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

(d) 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.

The critical accounting estimates, assumptions and judgements applied in interim financial report, are in the same areas as those applied in the Group's last annual report for the year ended 30 June 2024.

(e) 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 13.

(f) 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.

Notes to the Condensed Consolidated Financial Statements (cont.)

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 ceased lending in August 2024 and is currently collecting the loans receivables.

Segment income statement

Consolidated Dec 2024 Half year	Note	Australia $'000	New Zealand $'000	Unallocated* $'000	Total $'000
Segment income#	**3**	**92,706**	**15,427**	**428**	**108,561**
Interest expense		(24,896)	(1,850)	(7)	(26,753)
Other expenses		(39,228)	(5,612)	(11,733)	(56,573)
Segment result		**28,582**	**7,965**	**(11,312)**	**25,235**
Depreciation and amortisation		(389)	(199)	(141)	(729)
Profit before tax		**28,193**	**7,766**	**(11,453)**	**24,506**
Income tax expense					(7,652)
Profit after tax					**16,854**

Consolidated Dec 2023 Half year	Note	Australia $'000	New Zealand $'000	Unallocated* $'000	Total $'000
Segment income#	**3**	**88,155**	**23,002**	**912**	**112,069**
Interest expense		(22,563)	(6,432)	(11)	(29,006)
Other expenses		(35,068)	(16,599)	(11,411)	(63,078)
Segment result		**30,524**	**(29)**	**(10,510)**	**19,985**
Depreciation and amortisation		(385)	(223)	(457)	**(1,065)**
Profit before tax		**30,139**	**(252)**	**(10,967)**	**18,920**
Income tax expense					(5,742)
Profit after tax					**13,178**

** Represents transactions or balances that are not directly related to a segment.*
 # Segment income represents interest income (including fees and charges).

Notes to the Condensed Consolidated Financial Statements (cont.)

Segment Information (Cont.)

Segment balance sheet

Consolidated As at Dec 2024 Half year	Australia $'000	New Zealand $'000	Unallocated* $'000	Total $'000
Segment assets				
Cash and cash equivalents	105,734	5,043	21,340	132,117
Loans receivable, net	723,716	92,825	-	816,541
All other assets	10,157	6,610	36,939	53,706
Total assets	**839,607**	**104,478**	**58,279**	**1,002,364**
Segment liabilities				
Trade and other payables	6,947	3,960	7,427	18,334
Borrowings	612,414	456	-	612,870
Other liabilities	4,313	(598)	2,386	6,101
Total liabilities	**623,674**	**3,818**	**9,813**	**637,305**

Consolidated As at Jun 2024	Australia $'000	New Zealand $'000	Unallocated* $'000	Total $'000
Segment assets				
Cash and cash equivalents	101,246	9,060	42,590	152,896
Loans receivable, net	694,122	121,995	-	816,117
All 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	558,996	72,014	-	631,010
Other liabilities	2,768	(544)	5,541	7,765
Total liabilities	**567,661**	**77,961**	**11,616**	**657,238**

** Represents transactions or balances that are not directly related to a segment.*

Notes to the Condensed Consolidated Financial Statements (cont.)

3. Interest income (including fees and charges)

	Consolidated Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
Interest, fees and charges – loan products	104,973	108,835
Fees and charges – other products	1,272	882
Bank interest income	2,316	2,352
Total interest income (including fees and charges)	**108,561**	**112,069**

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 revenue 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 Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
Loan origination costs	6,574	6,169
Loan servicing costs	2,154	2,522
Advertising expenses	542	612
Total loan origination and servicing costs	**9,270**	**9,303**

4. (b) General Administration Expenses

	Consolidated Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
Employee related expenses	18,537	21,089
Technology expenses	4,174	4,230
Professional fees	3,553	3,975
Other expenses*	1,525	621
Total general administration expenses	**27,789**	**29,915**

**for the half year ended 31 December 2024, the loss on revaluation of foreign currency monetary assets amounted to $0.6m (Dec 2023: $0.5m gain).*

Notes to the Condensed Consolidated Financial Statements (cont.)

5. Loans Receivable

	Consolidated Dec 2024 $'000	Consolidated Jun 2024 $'000
Gross written loans	930,413	930,252
Deferred revenue	(63,492)	(63,898)
Loans receivable	**866,921**	**866,354**

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 revenue 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 Dec 2024 $'000	Consolidated Jun 2024 $'000
Loans receivable	866,921	866,354
Allowance for impairment losses	(50,380)	(50,237)
Loans receivable, net	**816,541**	**816,117**
Loans receivable expected to be recovered		
within 12 months	250,210	252,433
greater than 12 months	566,331	563,684
Loans receivable, net	**816,541**	**816,117**

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.

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.

Notes to the Condensed Consolidated Financial Statements (cont.)

Loans Receivable (Cont.)

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 have 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. 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.

The reduction in allowance for impairment losses in the Statement of Profit and Loss and Other Comprehensive Income for the half year ended December 2024 in comparison to prior comparative period is driven by ceasing of lending operations in New Zealand as mentioned in the "Review of Operations" section within the Directors report.

Notes to the Condensed Consolidated Financial Statements (cont.)

6. Borrowings

	Consolidated Dec 2024 $'000	Consolidated Jun 2024 $'000
Finance facility (drawn)	615,361	634,144
Unamortised borrowing costs	(2,491)	(3,134)
Total borrowings*	**612,870**	**631,010**
Borrowings expected to be settled		
within 12 months	176,636	227,193
greater than 12 months	436,234	403,817
Total borrowings*	**612,870**	**631,010**

**The average cost of borrowings for the half year ended 31 December 2024 is 8.54% (Jun 2024: 8.73%)*

Recognition and measurement

Borrowings are classified as expected to be settled within 12 months unless the Group has the 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 revolving facility of $450.0m through warehouse funding facility with a leading global financial services group. This facility is subject to a biannual review and has a maturity in March 2026 with the ability to rollover for a future period. In September 2024, the Group diversified the funding facility and increased the total capacity of this facility to $510.0m by adding a Mezzanine funder into the facility.

Additionally, the AFS business unit has a variable rate revolving facility led by a major bank in Australia. The limits 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, at 30 June 2024, the outstanding borrowings from a major bank was $73.0m which was paid down to $0.5m by 31 December 2024. The remainder was paid off in full as of 13 January 2025. GCF does not have any external borrowings since 13 January 2025. This facility is no longer available for drawdown.

Financing facilities available

	Consolidated Dec 2024 $'000	Consolidated Jun 2024 $'000
Finance facility (limit) at reporting date	820,713	760,713
Used at reporting date	(615,361)	(634,144)
Unused at reporting date	**205,352**	**126,569**

Compliance with loan covenants

Solvar Limited has complied with the financial covenants of its borrowing facilities during the half year ended Dec 2024 and in the prior comparative period.

Notes to the Condensed Consolidated Financial Statements (cont.)

7. Share Capital

Movement in shares on issue

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

	Consolidated Dec 2024		Consolidated Jun 2024	
	Number of ordinary shares '000	Value $'000	Number of ordinary shares '000	Value $'000
Balance at the beginning of the financial year	208,344	230,412	207,996	229,981
Issued during the half year:				
Issue of shares – employee share scheme	35	4	173	-
Issue of shares – DRP	-	-	3,048	3,104
Share buy-back	(5,720)	(7,277)	(2,873)	(3,010)
Transfer from reserves	-	100	-	337
Balance at end of the Half year	**202,659**	**223,239**	**208,344**	**230,412**

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.

8. Dividends

	Dec 2024 Half year Cents per share	Dec 2024 Half year $'000	Dec 2023 Half Year Cents per share	Dec 2023 Half Year $'000
Recognised amounts				
Final dividend paid during the half year - fully franked at 30% tax rate	5.00	10,367	9.00	18,742
Unrecognised amounts				
Interim dividend - fully franked at 30% tax rate	6.00	12,159	5.00	10,499

On 24 February 2025, the Directors declared a fully franked interim dividend of 6.00 cents per share to the holders of fully paid ordinary shares in respect of the half year ended 31 December 2024, to be paid to shareholders on 3 April 2025. The dividend will be paid to shareholders based on the Register of Members on 5 March 2025. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $12.2m. The Group has $73.5m of franking credits at 31 December 2024 (2023: $68.1m).

Notes to the Condensed Consolidated Financial Statements (cont.)

9. Earnings Per Share

	Consolidated Dec 2024 Half year Cents	Consolidated Dec 2023 Half year Cents
a) Basic earnings per share attributable to the ordinary equity holders of the Company	8.20	6.31
b) Diluted earnings per share attributable to the ordinary equity holders of the Company	8.10	6.26

	Consolidated Dec 2024 Half year $'000	Consolidated Dec 2023 Half year $'000
c) Profit attributable to the ordinary equity holders of the Company	16,854	13,178
	16,854	**13,178**

	Consolidated Dec 2024 Half year (Quantity)	Consolidated Dec 2023 Half year (Quantity)
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	205,621,484	208,931,590
Dilutive potential ordinary shares	2,397,493	1,595,317
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	**208,018,977**	**210,526,907**

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 half 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.

Notes to the Condensed Consolidated Financial Statements (cont.)

10. Related Party Transactions

a) 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 non-cash activity for the purposes of the Statement of Cash Flows. Monthly repayments are made in cash and the amount payable at 31 December 2024 was $1,550,106. (30 June 2024: $1,976,566). This loan is included as part of the Loans receivable balance disclosed in Note 5. Income recognised in respect of the loan during half year was $83,641 (Dec 2023: $89,707).

b) Other transactions related to KMP

There were no other transactions with KMP during the current half year or as at 31 December 2024 (2023: Nil). All transactions with related parties are at arm's length on normal commercial terms and conditions at market prices.

11. Contingent liabilities

In May 2023, the Australian Securities and Investments Commission (ASIC) initiated legal proceeding in the Federal Court in Australia against Money3 Loans Pty Ltd (herein after referred to as "Money3" which is a wholly owned subsidiary of Solvar Limited) alleging that Money3 breached its responsible lending obligations. Money3 is defending the legal proceedings and is of the view it has appropriate processes in place in relation to responsible lending, training programs, and systems that comply with its legal obligations. It is not practical to estimate the potential effect of the claim but Money3 is of the view that it is not probable that a material liability will arise.

In March 2024, the Commerce Commission commenced civil proceedings in the High Court of New Zealand alleging that one of Finance Investment Group Limited's subsidiaries, Go Car Finance Ltd (GCF) had breached its responsible lending obligations with respect to certain loans. Solvar Limited has also been sued on the basis that Go Car Finance Ltd acted as its agent. Both GCF and Solvar Limited are defending the legal proceedings and is of the view it has appropriate processes in place in relation to responsible lending, training programs, and systems that comply with its legal obligations. It is not practical to estimate the potential effect of the claim but GCF is of the view that it is not probable that a material liability will arise.

12. Significant Matters Subsequent to the Reporting Date

Subsequent to the reporting date, the external borrowing facility in New Zealand was terminated in January 2025.

Refer to note 8 in the Interim Financial Report for dividends proposed to be declared since the end of the reporting period.

No other matters or circumstances have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the Group, the results or the state of affairs of the Group.

13. Changes in Accounting Policies

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for the half year ended 31 December 2024 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.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Solvar Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Solvar Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Benjamin Lee
Director

Melbourne, 24 February 2025