

2024 AGM – Chairman’s Address

21 November 2024

Introduction

On behalf of the Board of Solvar, welcome to our 2024 Annual General Meeting.

I’d like to start by reflecting on this year’s achievements and will conclude with comments regarding the outlook for FY25. Following my address, Scott Baldwin, Managing Director will give a short presentation on Solvar.

Solvar is a finance provider in underserved markets. We are proud that we have written in excess of \$3bn in loans since our inception, having helped many customers to acquire a vehicle, which for many people is essential for their mobility.

Throughout 2024 the Group continued its focus in three key areas;

- 1) Identifying key markets we participate in and how we can continue to take market share in those markets,
- 2) Ensuring the Group develops the necessary infrastructure to ensure the business can achieve sustained growth in the years ahead, this includes our investment into uplifting the Groups Cyber security posture which has seen the Group progress toward ISO27001 Cyber security certification, and
- 3) Continuing to broaden the Groups risk and compliance framework to ensure our products are best of breed.

We believe there are ongoing growth opportunities from expanding our existing core business across the customer segments we operate in, which comprises the non-conforming through to the Near Prime consumer segments. This is achieved through the Broker, Dealer and direct channels we currently operate.

We recently announced the launch of a dedicated commercial offering to complement our existing products, and I am pleased to advise that we have recently appointed a Head of Commercial Lending to lead the further development of our Commercial business unit focused on financing SMEs.

We continue to optimise how we allocate the Group’s capital, including the decision to cease new lending in New Zealand. Go Car Finance was an excellent investment for the Group, however we felt the current opportunity for the Group to repatriate capital and redeploy it to the establishment of the Commercial Business in Australia will lead to a superior financial result for shareholders.

Performance

From a results perspective FY24 delivered a Normalised NPAT of \$29.0m and a Statutory NPAT of \$17.0m, and the Group paid a Final Dividend of 5.0 cents fully franked, to complement the half year 5.0 cents, fully franked Interim Dividend. The Australian loan book grew by 11.2% on PCP to \$791.1m and the Australian revenue grew by 10.6% to \$173.7m.

From a Capital management perspective, the Group's on market buy-back has led to 8.1m shares being repurchased to date and we will continue to do so where it benefits the Group.

Philanthropic

In FY24, Solvar continued our unwavering commitment to our philanthropic mandate, making significant strides to contribute to projects across our four focus areas: Humanitarian and Social, Science and Education, Cultural and Arts, and Community and Environment. We directed our resources to areas of need and partnered with organisations with high impact. Our top three partners in Australia, each addressing critical causes and community needs, were Big Group Hug (supporting children, women and family welfare), Save a Child's Heart (providing cardiac care to children in developing countries) and Orange Sky (supporting people experiencing homelessness and hardship). In New Zealand, we collaborated with the Big Buddy Mentoring Trust to support youth welfare programs and Debt Fix to promote financial education.

A culture of giving was fostered across our organisation, staff engaged in drives to support ongoing activities with our philanthropic partners and Solvar matched approved staff-led fundraising initiatives. Additionally, we worked with Our Trace to meet our environmental goals, further emphasising our commitment to sustainability.

These partnerships and initiatives reflect Solvar's dedication to creating positive change in our communities (and beyond), and sets a new benchmark for 2025.

Outlook

The International Monetary Fund's World Economic Outlook is forecasting global growth to remain stable yet underwhelming, however ongoing global conflicts could lead to downward revisions. In terms of the domestic market, interest rates have remained at their current levels since November 2023. While the most recent economic data indicates inflation to have just crept within the 2-3% range that the RBA seeks, the current anticipation is that rates won't begin to ease until end of Q1 CY25.

There are no material developments regarding the ongoing legal actions with the Australian Securities and Investments Commission (ASIC) and the Commerce Commission of New Zealand. A hearing has been scheduled to commence in February 2025 for the ASIC matter.

In FY25, the Group anticipates the Australian loan book to close at ~\$850m (~8% growth over FY24) and the Group gives guidance of a normalised NPAT of \$34m for FY25.

On behalf of the Board, I would like to welcome Craig Parker, who joined our Board on 18 September 2024. Craig brings a wealth of experience in financial services and spent over 40 years at Westpac where he was responsible for Westpac's global structured finance and securitisation activities. I would also like to thank Kate Robb, who retires from the Board today. Kate has been a valued Board member for the past 5 years. As Chair of the Audit and Risk Committee Kate oversaw a significant uplift in the governance capabilities of the Company and I wish her well for her next chapter. I also thank my fellow Directors, and our Managing Director Scott Baldwin, his management team and the staff of the Solvar Group for continuing to build the Company into a leader in the industry.

Approved for release by the Chairman of Solvar Limited.

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ABOUT SOLVAR LIMITED (ASX: SVR)

Solvar is a market leading Consumer and Commercial finance company with over 20 years' experience in Australia and New Zealand, having funded over \$2 billion of vehicles and personal loans. Dominating the used-vehicle finance market and delivering a unique customer experience from loan application to the final loan payment the Group leverages technology to provide a seamless application process from a broker, online or directly to the Group.