



2023 AGM Presentation

10th November 2023

Scott Baldwin
CEO & Managing Director

Siva Subramani
CFO

Board of Directors



Stuart Robertson

Non-Executive Director & Chair of the Board

Member of Audit, Risk & Compliance Committee and Remuneration & Nomination Committee

Qualification

B. Com, ACA, FINSIA, GAICD, MBA



Kate Robb

Non-Executive Director & Chair of the Audit, Risk & Compliance Committee

Member of Audit, Risk & Compliance Committee and Remuneration & Nomination Committee

Qualification

B. Acc, ACA, GAICD



Symon Brewis-Weston

Non-Executive Director & Chair of the Remuneration & Nomination Committee

Member of Audit, Risk & Compliance Committee and Remuneration & Nomination Committee

Qualification

B. Econ (Hons), Masters in Applied Finance



Scott Baldwin

Managing Director & Chief Executive Officer

Qualification

Dip. Finance, GAICD, MBA, B.Eng. (Hons)



Terri Bakos

Company Secretary

Qualification

B. Acc, ACA, ACIS

Management Team



Siva Subramani
Chief Financial Officer



Pushkar Pendse
Chief Operating Officer



Tessa Georgis
Head of People & Culture



Craig Harris
General Manager – Money3



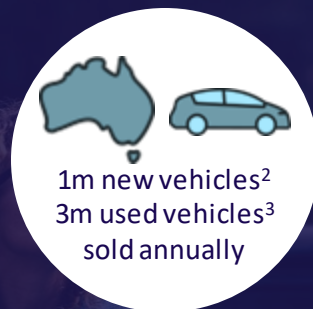
Dave Morton
Head of Credit Risk and Compliance



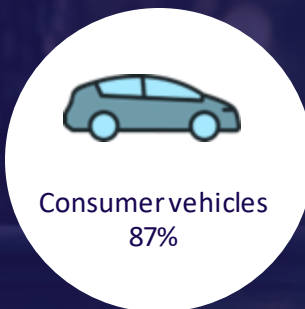
Brian Anderson
General Manager – Automotive Financial Services

The SOLVAR Group

Market Opportunity



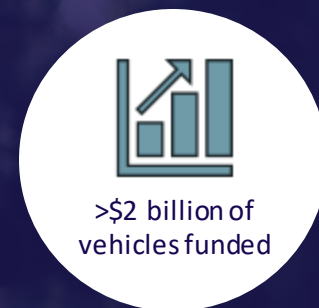
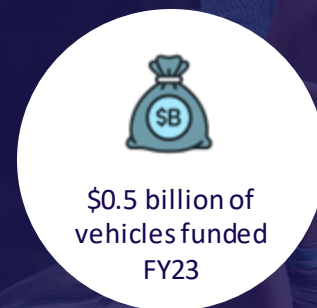
Specialist Lender



Track Record



SOLVAR



All figures at 30 June 2023, unless otherwise noted

- (1) Solvar management estimate for Australian & NZ annual lending volume.
- (2) Federal Chamber of Automotive Industries 2002 new car sales data (5 January 2023).
- (3) Carsales investor presentation dated 8 March 2023.

The SOLAR Group

Business Units



money3

Go Car Finance
Goes way further

Assets financed



50.7k



1.4k



6.3k



1.1k



0.5k

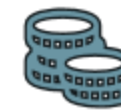


0.3k

Strategy



Collections
focus



Profitable growth




Conservative
leverage



Diversified
distribution
channels

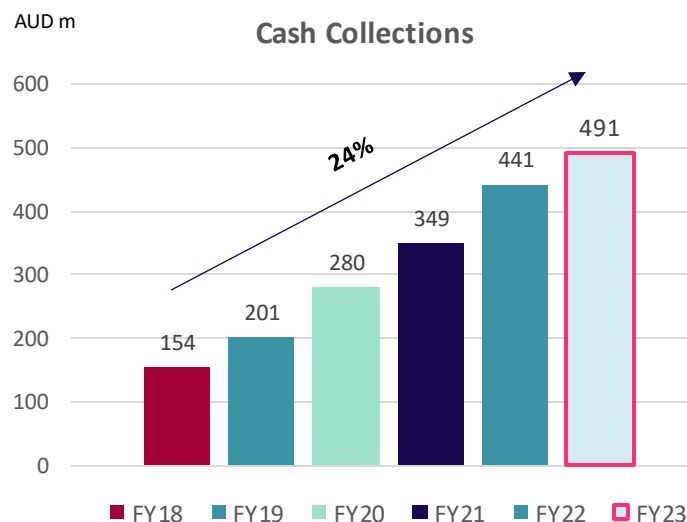
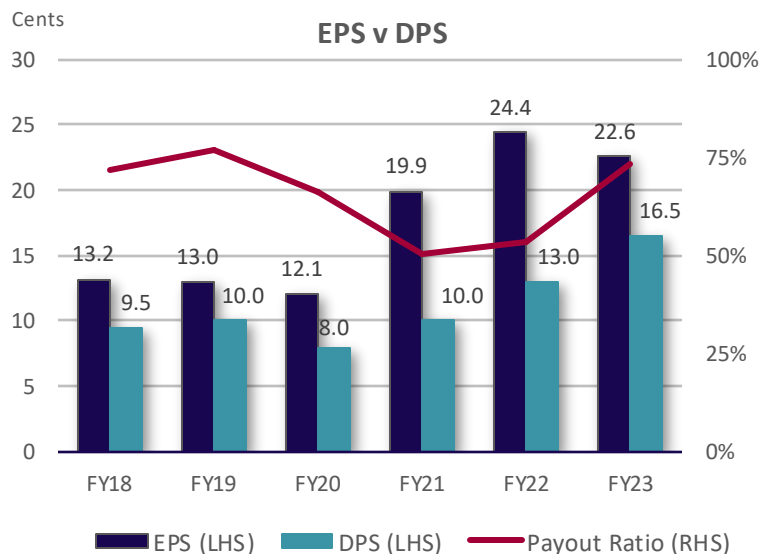
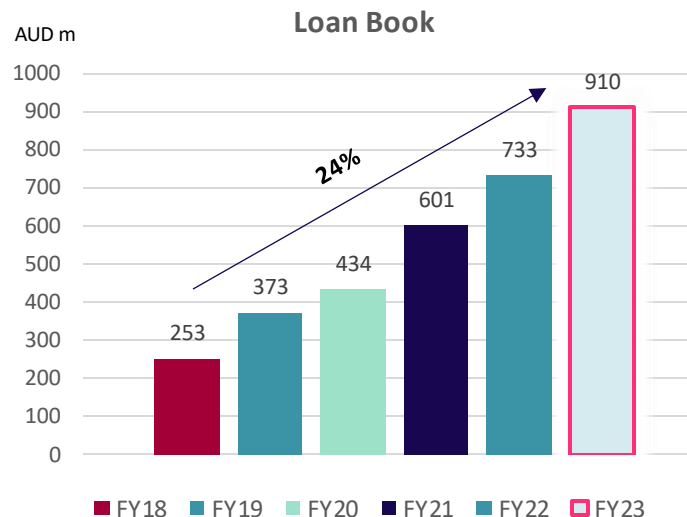
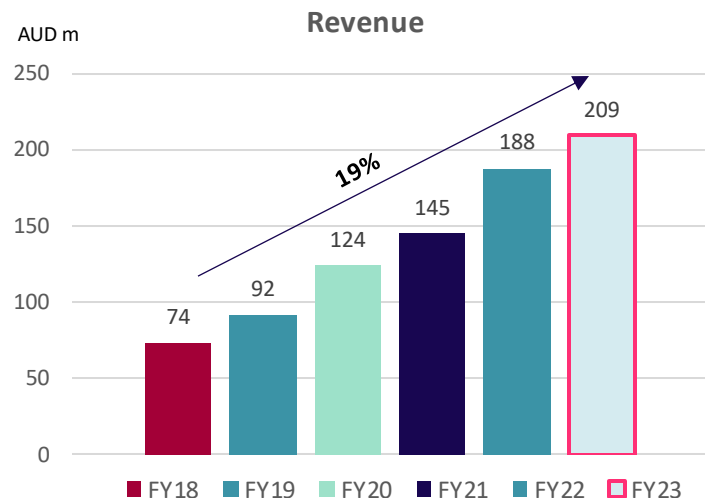
All figures at 30 June 2023, unless otherwise noted

Products

Product	money3		 AUTOMOTIVE FINANCIAL SERVICES		Go Car Finance <i>Goes way further</i>
Location	Australia				New Zealand
Purpose	Consumer Vehicle Finance	Consumer Personal loans	Consumer Vehicle Finance	Commercial Vehicle Finance	Consumer Vehicle Finance
Target loan amount	up to \$100,000*	up to \$35,000*	up to \$100,000		up to NZ\$100,000
Term	24 - 72 months	12 - 60 months	12 - 84 months		12 - 60 months
Interest rate	Fixed rate 13.95% - 24.95%		Fixed rate 9.69% - 19.79%	Fixed rate From 8.97% - 19.47%	Fixed rate 10.45% - 29.95%
Loan book	\$558.2m		\$182.1m		AU\$185.3m NZ\$199.5m


All figures at 30 September 2023 in \$AUD, unless otherwise noted

* TMD as at 31 October 2023



Historic group performance

- Loan book growth continuing to deliver revenue growth
- Stable credit quality moderating bad debts
- Strong cash collections driving revenue growth over time
- FY23 16.5c fully franked dividend per share
- Completed \$15.0m share buyback
- Net Tangible Assets \$1.62 per share (30 Sept 2023)

The background of the slide features a photograph of three men in a car. One man is sitting in the driver's seat, holding a tablet, while two others stand outside the car, looking at the screen. They are all smiling and appear to be in a positive, collaborative mood. The scene is set during sunset or sunrise, with warm lighting. A large, dark blue semi-circular graphic is overlaid on the right side of the image, containing the title text.

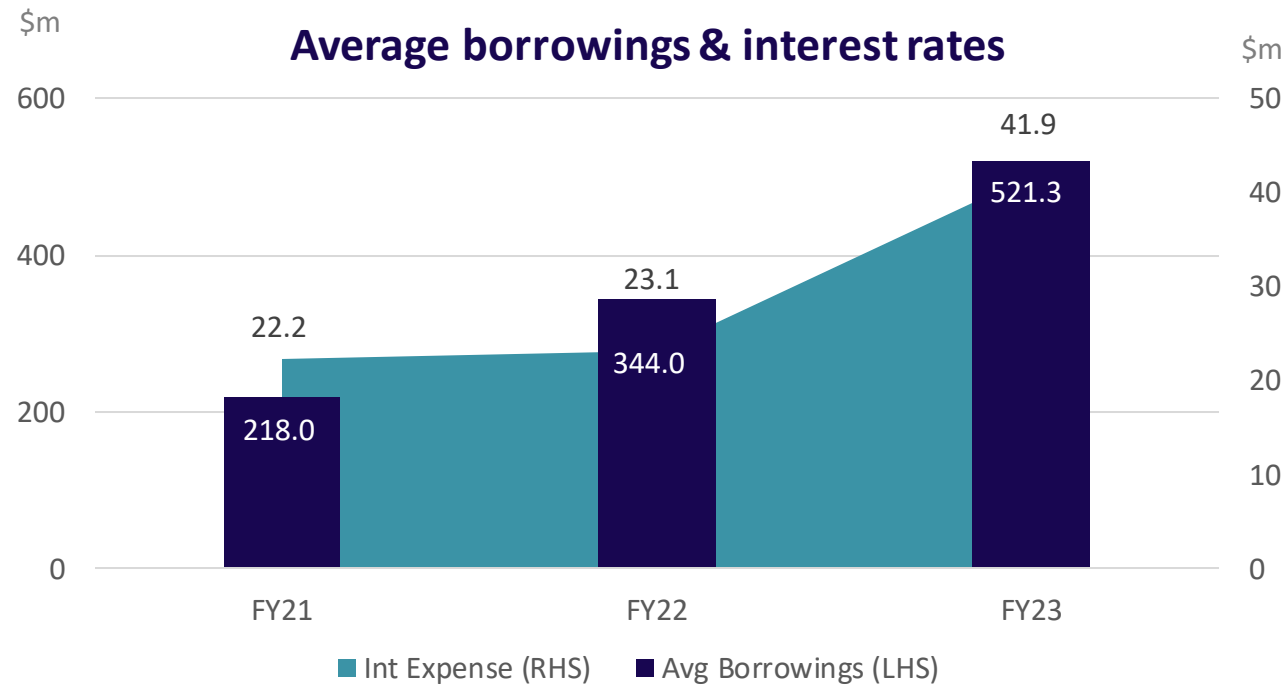
FY23 Financial Results

Group financial results <i>Amounts in \$m unless otherwise stated</i>	FY23	FY22	% change
Revenue	209.3	187.9	11.4%
Bad debts	(33.4)	(27.2)	22.8%
Movement in impairment provisions	(4.4)	(5.3)	(17.0%)
Other operating expenses	(60.7)	(56.5)	7.4%
EBITDA	110.8	99.0	11.9%
EBITDA margin	52.9%	52.7%	
Interest expense	41.9	23.1	81.4%
NPAT	47.6	51.6	(7.7%)
NPAT margin	22.7%	27.5%	
EPS	22.6 cents	24.4 cents	(7.6%)
DPS	16.5 cents	13.0 cents	26.9%

Financial results – FY23

- Strong, double digit organic revenue growth in Australia
- Revenue growth generated by both M3 and AFS business units
- New Zealand revenue flat YoY
- Bad debt increases driven by one-off NZ weather events
- Interest expense is a function of both higher borrowings and central bank rate increases

Debt facilities



	FY21	FY22	FY23
Average Interest cost %	10.2%	6.7%	8.0%
Average RBA cash rate*	0.15%	0.18%	2.98%
Average RBNZ cash rate*	0.25%	0.95%	4.21%
Average funder margin	~10.0%	~6.5%	~5.0%

Interest expense

- Funder margins improved from FY21 to FY23; anticipate flat FY24
- Our policy is to hedge low margin portfolios
- ~30.0% of borrowings are hedged by interest rate swaps (~\$635.0m in drawn debt at Q1 FY24)
- 50 bps central bank rate increase assumed in FY24 guidance
- RBA rate 4.35% (10 Nov-23)
- RBNZ rate 5.5% (10 Nov-23)
- ~68.0% loan book leverage

A young child with light brown hair and blue eyes is smiling and looking out from the side of a boat. The child is wearing a bright yellow life vest with red trim over a dark blue long-sleeved shirt. They are holding onto a blue railing. In the background, a woman with blonde hair is partially visible, also looking out. The scene is bright and sunny, with water visible in the distance. A large teal semi-circle graphic is overlaid on the right side of the image, containing the text.

Q1 FY24 Financial Results

Revenue

\$55.2m

Increase 8.2% on pcp



NPAT

\$6.2m

Decrease 52.3% on pcp



Bad Debt

4.1%*

of loan book

*annualised Q1

Loan Book

\$925.7m

Increase 22.8% on pcp



Originations

\$114.7m

Increase 1.7% on pcp



Cash Collections

\$135.4m

Increase 12.9% on pcp



Q1 Results

- Driving productivity improvement through consolidation of Australian loans management platforms
- New Zealand bad debt expense expected to trend down in 2H FY24
- Managing down loan book exposure in New Zealand due to recession and economic conditions
- Front book rate increases starting to lift gross yield on portfolio

FY24 – Outlook

Market Outlook

- Reduced competition providing opportunity to take market share in Australia
- Further increases in front book margins to improve product yield over time
- Recession in New Zealand contracting short term demand

Financial Outlook for FY24

- Loan book expected to be ~ \$1 billion
- Focus on productivity measures and system consolidation
- Bad debts within target range of 3.5% - 4.5%
- Forecast normalised NPAT of \$25 – \$30 million

Thank-you

Managing Director & CEO

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Glossary of terms

A\$ or \$ - Australian dollars

Active customer - A customer with an outstanding balance

ASIC – Australian Securities and Investment Commission

AFS – Automotive Financial Services business unit

CAGR – Cumulative Annual Growth Rate

DPS – Dividend Per Share

EPS – Earnings Per Share

EBITDA – Earnings Before Interest Tax Depreciation and Amortisation

GCF – Go Car Finance business unit

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

M3 - Money3 business unit

NPAT – Net Profit After Tax

NIM – Net Interest Margin

NAF – Net Amount Financed: The amount of credit advanced to a customer in respect to their loan

NTA – Net Tangible Assets

NZ\$ - New Zealand dollars

NZ – New Zealand

PCP – Prior Corresponding Period: A comparison of the results for the same period during the previous reported period, typically the previous financial year

TMD – Target Market Determination

RBA – Reserve Bank of Australia

RBNZ – Reserve Bank of New Zealand

RoE – Return on Equity

YoY – Year on Year comparison of performance

Disclaimer

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