Unlocking Financial Opportunities

Annual Report 2023

About Solvar Limited

Solvar Limited (formerly Money3 Corporation Limited) (ASX: SVR, “Solvar” or the “Group”), is a leading provider of automotive finance, with operations across Australia and New Zealand.

The Group specialises in the provision of finance and other related services to assist consumers with the purchase of a new or used vehicle as well as offering personal loans to consumers.

Commercial loans are offered mainly to small businesses and sole traders for the purchase of a vehicle or piece of equipment to support their business operations. The Group also provides strategic corporate customers with fleet funding facilities.

The Group operates through three core brands – “Money3” and “Automotive Financial Services” in Australia and “Go Car Finance” in New Zealand and has offices in Melbourne, Brisbane and Auckland employing over 350 finance professionals.

Customers can access our products and services through a large distribution network of brokers, dealers and directly via the Group’s websites and referral partners.

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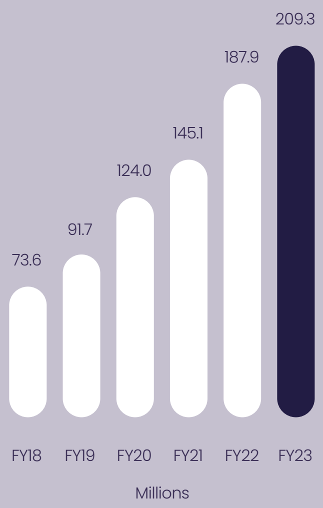
Financial Highlights

Revenue

$209.3m

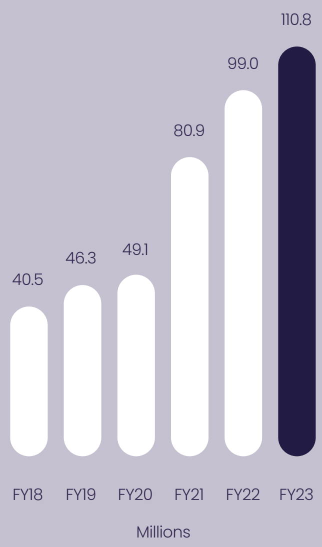
- 11.4% on PCP
- CAGR 23.2%



EBITDA

$110.8m

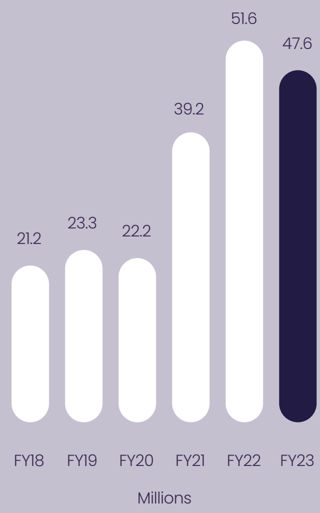
- 11.9% on PCP
- CAGR 22.3%



NPAT

$47.6m

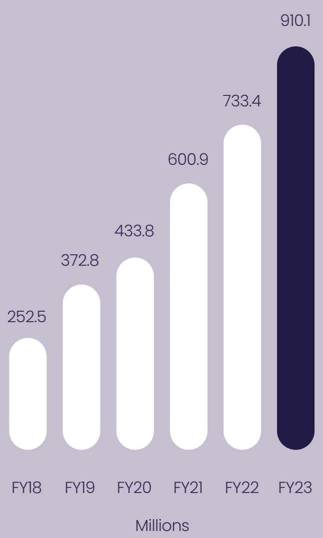
- 7.7% on PCP
- CAGR 17.6%



Loan Book

$910.1m

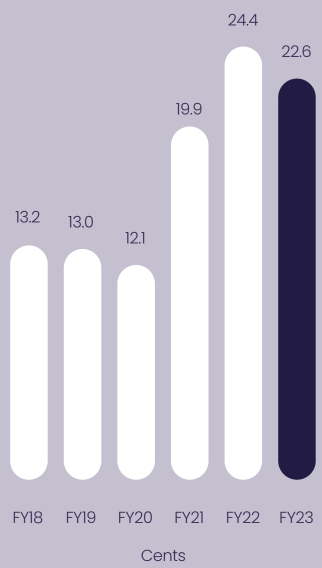
- 24.1% on PCP
- CAGR 29.2%



EPS

22.6 cents

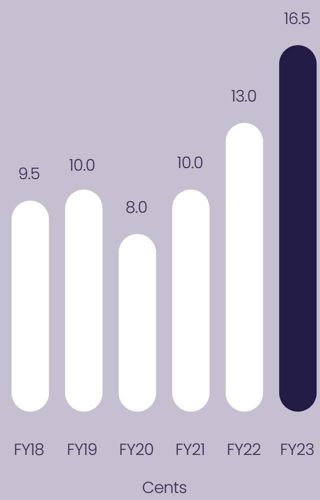
- 7.6% on PCP
- CAGR 11.3%



Dividends

16.5 cents

- 26.9% on PCP
- CAGR 11.7%



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

Product offering

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

Product	money3		AFS Automotive Financial Services		Go Car Finance Goes way further
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 $75,000	Up to $30,000	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 9.19%–19.79%	Fixed rate 8.47%–19.47%	Fixed rate 10.45%–29.95%
Loan book	$540.3m (30 June 2023) $429.1m (30 June 2022)		$171.1m (30 June 2023) $113.5m (30 June 2022)		NZ $216.2m (30 June 2023) NZ $211.5m (30 June 2022)

Assets Financed

50,697
Car

6,249
Utility vehicles

40
Tractors

1,105
Caravan

392
Horse Floats

1,418
Motor Bike

221
Trailer

10
Trucks

486
Boat

8
Jet Skis

Brands

The Group has three brands under which it provides automotive and personal finance.

money3

Go Car Finance
Goes way further

AFS AUTOMOTIVE FINANCIAL SERVICES

Distribution

The Group goes to market via three distinct distribution channels that provide flexibility to customers about how they wish to access finance.

Broker

Dealer

Direct

Our Operating Model

Solvar has over 20 years of experience and deep knowledge in providing consumers with finance for their vehicles. Our operations in Australia and New Zealand are focused on direct to consumer, broker and dealer channels. Our products are simple and transparent, and our customer centric approach prioritises flexible and tailored repayments that help our customers service their loans.

Our Commitment

The Group is committed to building a resilient and sustainable business that is focused on profitable growth, now and into the future. Here we outline our commitment to strong governance principles, our customers, our people, the community and the environment.

Customers

The Group commits to ensuring the well-being of our customers regarding our business activities:

- We are a specialist lender focused on serving customers who are often 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 ensuring the best outcomes;
- Referring customers to seek independent advice as required;
- Not knowingly supporting customers involved in unlawful or questionable activities; and
- Ensuring responsible lending principles are embedded into our policies and processes.

We care for our customers and ensure we provide them with the best solution to meet their needs, consistent with our responsible lending practices, internal policies and regulations. We follow a formal process to enquire about a customer's requirements, objectives, financial situation and then verify this information to ensure we are lending in a responsible manner.

We are members of the following industry and external bodies:

- Australian Finance Industry Association (AFIA) (develops industry codes of practice);
- The Australian Financial Complaints Authority (AFCA), (an external dispute resolution provider);
- Finance Brokers Association of Australia (FBAA) (industry body for introducers and brokers);
- Financial Services Federation (FSF) (NZ industry body promoting responsible lending); and
- Financial Services Complaints Ltd (FSCL), (external dispute resolution provider for NZ).

We care for our customers and ensure we provide them with the best solution.

The Group is committed to the health, safety and welfare of all our employees, contractors and visitors.

People

The Group is committed to the health, safety and welfare of all our employees, contractors and visitors to our workplace and our communities.

We have established a culture where health, safety and well-being of our employees and our communities is integral to how we operate.

The commitment to our people is to:

- Enable 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. The team understands this is everyone's responsibility.

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 other commitments outside of work. During FY23, most of our staff took advantage of our Flexible Work Arrangement Policy.

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 annual review process;
- Employee engagement via annual "Your Say" Engagement Survey and Pulse Surveys;
- Indicators such as staff turnover and absenteeism rates; and
- Workplace Gender Equality Agency report.

We conducted our inaugural 'Your Say' staff engagement survey in Q3FY23 with strengths and weaknesses identified to develop our plan of action. Overall, the responses from staff for FY23 indicate a high level of staff participation with over 80% response rate. Employees demonstrated a very high degree of engagement across the following areas:

1 Our Purpose

Understand how our work contributes to the goals of the business

2 Engagement

Employees would recommend Solvar as a great place to work

3 My Manager

Employees feel like they can approach their manager and trust they will listen

4 Trust and Psychological Safety

Employees are comfortable engaging in honest discussions with their manager about important topics

5 Flexible work

Employees across the group are happy with their current flexible work arrangements

We believe that diversity, inclusion and a strong sense of belonging is key to how we work

Areas identified for improvement include the development of a parental support policy, employee recognition program and additional learning and career development opportunities.

Solvar continues to invest in staff development programs to build our talent pipeline. We introduced the Accelerate Leadership Development Program to emerging and current people leaders. This program is in addition to mandatory e-learning modules for all staff that focus on topics of such as responsible lending, money laundering and privacy.

We continue to support staff physical and mental health by introducing subsidised local fitness classes for staff.

Diversity

We believe that great ideas come from everywhere in 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.

Average female workforce participation across the Group is

54%

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

- All employees are valued and respected for their distinctive skills, experiences and perspectives;
- Structures, 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 then regularly reports to the Board on the strategies implemented by Management to achieve those objectives and targets.

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

Solvar currently has 33% female non-executive Board member participation and is committed to ensuring that base line exceeding 30% participation is maintained into the future.

Average female workforce participation across the Group is 54%.

Environmental, Social, Governance

Governance and Risk Management

The Board along with the Audit, Risk & Compliance Committee ("ARCC"), consisting of three independent non-executive directors, plays a key role in setting the Governance framework and culture in the Group. 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.

The primary role of the Committee is to set, monitor and review the effectiveness of the Group's control environment in all areas of risk. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to identifying, measuring, managing, monitoring and reporting risks.

During the year the company appointed a Head of Enterprise-Wide Risk Management and Internal Audit. This role is responsible for providing independent assurance to the Board on the effectiveness of design and operation of internal controls across the Group via delivery of the internal audit plan.

This role is also responsible for the design and implementation of the risk management policy and framework and works in collaboration with other risk speciality areas within the Group including credit, compliance, security, technology and projects, in addition to operational risks more broadly.

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

Solvar operates in compliance with the following governance frameworks:

- ASX Listing Rules and corporate governance principles and guidelines;
- In Australia, we are primarily regulated by ASIC and hold an Australian Credit Licence; and
- In New Zealand, we are primarily regulated by the Commerce Commission and our entities are classified as Financial Services Providers.

Cyber security

As a regulated financial services business, we are aware of the responsibility to our customers, particularly given the recent attacks on other Australian based businesses. The protection of our customers' personal and financial data is an obligation that we take very seriously. During FY23 we expended considerable resources to improve our overall cyber security posture including testing our defences both internally and through third parties and investing in our cyber security protection capability. We have also provided continuous staff training ensuring that cyber security is considered in everything we do to protect our customers' and the company's information.

Social and Giving

The Group is focused on improving the health and well-being of communities, organisations and charities within Australia and New Zealand. The Group has a Philanthropic Committee that ensures the philanthropic activities of the Group maintain alignment with the company's mission, vision and values.

Our Philanthropic Committee engages with key partners and regional community organisations. We select partners based on our key focus areas including humanitarian, educational, cultural, social, environmental and community projects.

In FY23, we continued our commitment towards our charity partners across Australia and New Zealand. We also match the contribution of staff for staff-initiated donation programs and launched our staff volunteering program during FY23.

One of the organisations that we support in Australia is Big Group Hug ('BGH'), which support families that are in financial crisis due to family conflict, unemployment, homelessness or seeking refuge.

Our contribution to BGH has assisted them to expand operations and further support the local community. Also, our head office staff volunteered for the Double Donation Day campaign helping BGH raise over $200,000 in donations.

In New Zealand, one of the charities we support is Big Buddy. Big buddy is about building resilience and confidence in the lives of boys whose father is not around. In addition, we supported Cyclone Gabrielle relief efforts with donations to local charities in some of the hardest hit areas including Gisborne and Hawkes Bay.

Environment and Sustainability

One of the Group's strategic priorities is the commitment to playing a pivotal role in a sustainable future. 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 partnered with Trace (an organisation that helps businesses reduce their 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. We established a Sustainability Council, with the purpose of managing our sustainability strategies, setting sustainability objectives and implementing business wide campaigns to ensure environmental sustainability and the minimisation of the Group's impact on the environment.

We implemented several initiatives during FY23 including:

- We maintained our carbon neutral status, via supporting projects that help reduce emissions and produce offsets;
- Establishment of Group Sustainability charter, outlining our commitments and establishing targets; and
- Waste reduction initiatives aimed at diverting waste from landfills.

We are dedicated to making a positive contribution to the communities we serve, our people and our shareholders

$535.3m

in new loans through FY23

Chairman's Letter

Stuart Robertson

Dear Stakeholders,

I am pleased to introduce the 2023 Annual Report under our new corporate name, Solvar, which emphasises our core purpose, helping our customers solve their financial needs.

For FY23 the Solvar Group increased revenue to $209.3m and our outstanding loan book to $910.1m, having written $535.3m in new loans during the period. We're pleased that since Solvar began, we have helped many customers manage their financial requirements, having written more than $2.0b in loans since inception.

The 2023 financial year was one of profitable growth for Solvar, which is pleasing, given a challenging macroeconomic environment of high inflation and materially higher interest rates.

Profitable and Sustainable Growth

The change of name to Solvar represents the continued evolution of the business since our inception over 20 years ago. Throughout that time, our unwavering focus has been on providing simple, practical, and transparent products to the under-banked segments of our communities. Solvar has three brands under which the Group trades: Money3 and AFS in Australia and Go Car Finance in New Zealand.

The Group's philosophy of seeking profitable growth rather than pursuing growth at any price continued through the year. That philosophy remains at the core of how the Group executes its strategic priorities. Those priorities continue to focus on the fundamentals of credit quality, collections and capital management. As the economy enters the next phase of the credit cycle a disciplined approach to those fundamentals will remain at the core of what we do.

The Company's strong balance sheet, with relatively low leverage, coupled with its strong collection capabilities, will ensure Solvar's key competitive advantages in the period ahead. Solvar has a strong track record of accretive acquisitions, and the Group anticipates attractive acquisition opportunities will be available in the future.

During FY23, Solvar has sought to expand its growth into higher credit quality segments. These segments are highly contested, and competitors have written volumes at extremely tight margins. Given our strategy of pursuing profitable growth, the Group's expansion in this segment has been somewhat muted, however, we anticipate that dynamic will change in the period ahead as competitors with more highly levered balance sheets withdraw from the market.

Notwithstanding the Group's strong relative positioning to its peer group, it is not immune to the current macro environment.

Operating Environment

The macroeconomic headwinds have been widely covered in the media. The dominant influence on the Group's performance has been the relentless action of both Australia's and New Zealand's central banks attempts to subdue inflation through tightened monetary policy.

The surprise to the market was the velocity of the official interest rate increases, particularly given the comments by Australia's central bank governor in 2021 regarding forward guidance. The gentle start to interest rate rises that commenced in FY22 accelerated appreciably during FY23, which in turn, materially increased the Group's interest expense for FY23.

With the RBA pausing lifting rates for the second month in a row from their August meeting, they noted there were signs that the tightened monetary policy environment was working as intended. Off the back of this, three of the four big banks believe official rates have peaked whilst the fourth have forecast an additional increase later this year. Whilst rate increases may have peaked, no bank is predicting any rate cuts until mid to late 2024 which will lead to a continued higher interest expense through FY24 for the Group.

Auto loans are typically written with a fixed interest rate and as such, increasing interest rates are not passed on to existing borrowers. Increasing interest rates therefore reduces the Group's margins on its existing loan book. Whilst the business has worked hard to pass as much of the interest rate increases on to customers for newly written loans, margins will return to more normalised levels once the existing loans begin to roll off.

Whilst the Australian economy has been resilient, the same cannot be said for the New Zealand economy, which is now in a recession, where our Go Car Finance business operates. The Reserve Bank of New Zealand (RBNZ) has been at the forefront of global tightening, increasing the official cash rate sharply to 5.5%.

Compounding the large interest rate impact, Auckland suffered catastrophic floods in addition to tropical cyclone Gabrielle causing immense damage. The impact of these events has had an adverse impact on our results in New Zealand for FY23. We anticipate conditions to remain relatively suppressed in New Zealand through FY24, with growth commencing the following year.

The Group expects that FY24 will continue its loan book growth and revenue to continue to expand.

Looking forward to FY24, as announced earlier this month, we anticipate that our loan book will exceed $1bn for the first time in our history, and our EBITDA to be broadly consistent with FY23. FY24 NPAT will be impacted however, due to the full year cost of central banks rate rises. The Group expects profitability to expand as the yield returns to the loan book beyond FY24.

Regulatory Action

In May of this year, the Australian Securities and Investments Commission commenced civil proceedings in the Federal Court against Solvar, alleging that subsidiary Money3 breached its responsible lending obligations in respect of four loans written in 2019 and one loan written in 2021. As the matter is before the courts, we are unable to comment specifically except for noting our intent to defend the action. Solvar takes its responsible lending obligations seriously and continually looks to enhance its products and services to ensure we remain a best-in-class service provider.

In Summary

Notwithstanding the challenges faced through FY23, the Group remains focused on our core strategy of investing in opportunities that ensure future growth. We have continued to grow your business in a sustainable and profitable way, and I look forward to expanding on the opportunities we see in the coming year. I thank our Managing Director, Scott Baldwin, and his management team for the leadership they have provided to the Group as well as all our employees for their ongoing commitment and dedication to Solvar. I also thank my fellow directors and our shareholders for their continued support.

Regards,

Stuart Robertson
Chairman

30 August 2023

Managing Director's Letter

Scott Baldwin

Dear Stakeholders,

In this letter a year ago, I wrote to you as CEO & Managing Director of Money3 Corporation Limited. Today, I am writing on behalf of Solvar Limited. The Group's new name, Solvar, encapsulates our purpose to provide products to help customers solve their financial needs.

The need we help our customers solve is typically buying their primary car. The car that gets them to work, does the school run and allows families to remain connected within their communities.

Our core customers are those neglected by the traditional banks. We are a specialist lender to the underserved customers denied loans by mainstream lenders because of their credit history (or lack of one). Our products enable customers to purchase the cars they need and we also provide our customers the chance to establish or re-establish their credit profiles.

The Group comprises three operating business units: Money3 ("M3"), Automotive Financial Services ("AFS") and Go Car Finance ("GCF"). Together these businesses enable us to provide loans across the entire credit spectrum.

During the year, we continued work to unlock operating efficiencies between the three business units, with particular focus on treasury, risk, compliance and technology. These initiatives will increase staff expenses through FY24, however we do not anticipate a further uplift in future financial years.

As flagged by our Chair, FY23 has seen challenging trading conditions because of interest rate increases from central banks, cost-of-living pressure and one-off natural disasters in New Zealand. This has created headwinds for the GCF business that we are addressing by temporarily slowing new lending, focusing on our customer care teams and simplifying processes throughout FY24 to improve productivity.

‘Solvar’ encapsulates our purpose which is to provide personalised lending products to help customers solve their financial needs.

GCF has been a tremendous acquisition for us, broadening our geographic footprint, supporting the Group's financial performance through COVID-19 lockdowns and broadening distribution into franchise dealer networks. The acquisition remains a key strategic platform and since GCF has been a part of the Group, the New Zealand subsidiary has contributed in excess of $35.0m in pre-tax profit (relative to the purchase consideration of $21.6m). While FY24 will be a year to build out a stronger foundation while navigating the country's broader economic challenges, we believe we are well placed to take advantage within a market with less competition in the future.

Our Australian businesses have performed well in FY23 and are anticipated to continue their growth throughout FY24.

Investment and Growth

In recent years, the auto industry has undergone major changes as electric vehicle ('EV') purchases grow at explosive rates due to higher petrol prices, government incentives and the desire for a more sustainable future.

Rather than simply be a finance provider to the fledgling EV market, Solvar took an innovative approach to grow in this segment. The Group took a minority stake in Vyro Pty Ltd ("Vyro"), Australia's first virtual EV dealership. We are already benefiting with a growing number of EVs being funded and expect this to continue.

This year has also seen further investment in expanding the executive team with dedicated leadership of technology, operations, compliance, risk and audit.

Capital Management and Funding

The strength of our balance sheet, arguably the strongest of the local non-bank sector, is one of our key competitive advantages.

The increase in rates highlights the uncomfortable degree of leverage within some of our competitors' balance sheets. FY23 saw some peers raising equity to pay down that debt and we have noticed a distinct shift in mentality from 'growth at all costs' to 'profitable growth'.

We successfully completed a $15.0m share buyback in April 2023. In addition, the Board determined a final dividend of 9.0 cents per share (fully franked) for FY23. We announced a change to our dividend policy to signal the intention to distribute excess capital in the form of fully franked dividends in the foreseeable future. The revised dividend policy enables the Board to payout up to 90.0% of NPAT.

A critical part of our balance sheet is access to $940.4m of diverse institutional debt funding, which includes a new facility introduced in 2023 to support growth of our New Zealand business. We have over $320.0m in headroom to support future growth.

While the Group has significant access to debt funding, the group has historically hedged a portion of its exposure to movements in interest rates. This has amplified profitability in prior years during the downward part of rate cycle and minimised our external hedging costs. But the recent rapid increase in funding costs has created a temporary lag to restoring our prior profitability as the repriced front book replaces the back-book.

The central pillar of our balance sheet strength is our $78.3m in unrestricted cash. This gives us the flexibility to support organic and inorganic growth, pay shareholders and deal with any further deterioration in the operating environment.

$209.3m

Revenue Up 11.4%

$78.3m
Unrestricted Cash

Financial Review

Against the challenging macroeconomic backdrop, I am pleased to report continued growth in originations ($535.3m up 14.6%), revenue ($209.3m up 11.4%) and gross loan book ($910.1m up 24.1%). NPAT of $47.6m was in line with previous guidance provided to the market.

Increases in interest expense ($41.9m up 81.4%) was the principal driver in NPAT contraction. Bad debts were stable during FY23 at 3.7% well within the Group's target range of 3.5-4.5% of loan book and highlights the improved credit quality in the loan book.

Conclusion

I would like to thank each member of our dedicated team in both Australia and NZ for their hard work. FY23 has been a period of substantial and rapid change for the business. Overall, these changes have been handled well and we are well positioned to execute against our strategy in 2024.

Regards,

Scott Baldwin
Managing Director and Chief Executive Officer

30 August 2023

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 2023 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 2023.

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 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:

	2023 $'000	2022 $'000
Final dividend for the year ended 30 June 2022 of 7.00 cents (2021: 7.00 cents), fully franked at 30% tax rate	14,942	14,788
Interim dividend for the year ended 30 June 2023 of 7.50 cents (2022: 6.00 cents), fully franked at 30% tax rate	15,825	12,741
Total Dividends Paid	**30,767**	**27,529**

Since the end of the financial year the Directors have declared the payment of a final 2023 ordinary dividend of 9.0 cents per fully paid share. Based on the current number of shares on issue, the dividend payment is expected to be $18.7m. This dividend will be paid on 9 October 2023 by the Company.

Review of operations

	2023 $'000	2022 $'000	% Change
Revenue	209,342	187,878	11.4%
EBITDA	110,761	99,014	11.9%
NPAT	47,632	51,632	(7.7%)
Gross written loans	**910,059**	**733,370**	**24.1%**
Loans receivable	**848,027**	**683,714**	**24.0%**

The Group results for FY23 are noted below:

- 11.4% growth in Revenue to $209.3m;
- 11.9% growth in Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") to $110.8m;
- 7.7% decrease in Net Profit After Tax ("NPAT") to $47.6m; and
- 24.1% growth in Gross Written Loans over prior comparative period ("PCP") to $910.1m.

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 revenue growth of 9.9% to $139.9m and gross written loans growth of 25.9% to $540.3m;
- AFS – achieved revenue growth of 76.1% to $17.1m and gross written loans growth of 50.8% to $171.1m; and
- GCF – achieved revenue growth of 3.0% to 52.3m and gross written loans growth of 4.1% to $198.7m.

Debt facilities

During the year, the Group increased its debt facility limits to $940.4m (2022: $661.1m) with unused limits of $323.3m at reporting date. The Group has warehouse facilities in each of the three business units supported by six funding partners.

Segment performance

(a) Australia

	2023 $'000	2022 $'000	% Change
Total revenue	157,069	137,093	14.6%
EBITDA	93,765	78,195	19.9%
Gross written loans	**711,421**	**542,600**	**31.1%**
Loans receivable	**661,421**	**504,135**	**31.2%**

(b) New Zealand

	2023 $'000	2022 $'000	% Change
Total revenue	52,273	50,766	3.0%
EBITDA	23,385	28,539	(18.1%)
Gross written loans	**198,638**	**190,770**	**4.1%**
Loans receivable	**186,606**	**179,579**	**3.9%**

Significant changes in the state of affairs

Operating environment

The Group experienced solid loan book growth in FY23 and continued to execute its strategy towards improving credit quality by focusing on lower credit risk customer profiles.

The Group was impacted by macroeconomic headwinds in both Australia and New Zealand, with the rapid rise in interest rates effected by Australia's and New Zealand's central banks to curb inflationary pressures. This was further exacerbated in New Zealand with extreme weather events and a recessionary environment. As a result, NZ's Profit Before Tax reduced by 39.1% to $13.0m.

The combination of interest rate rises and the growth in borrowings resulted in the Group's interest expenses increasing by 81.1% to $41.9m (FY22: $23.1m).

Regulatory action

In one of the subsidiaries (Money3 Loans Pty Ltd), the Australian Securities and Investments Commission commenced civil proceedings in the Federal Court, alleging that Money3 Loans Pty Ltd has breached its responsible lending obligations in respect of four loans written in 2019 and one loan written in 2021. As the matter is before the courts, we are unable to comment specifically apart from noting our intent to defend the action and note that Solvar takes its responsible lending obligations seriously and continually looks to enhance its products and services to ensure we remain a best-in-class service provider. There are matters under review in relation to Go Car Finance Limited by the Commerce Commission.

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

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.

Non-Audit Services

There were no non-audit services provided by the Group auditor BDO Audit Pty Ltd during the 2023 or 2022 financial years. Details of non-audit services provided by component auditors Pitcher Partners during the prior year are disclosed in Note 24 Auditors' Remuneration.

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 52), Non-Executive Director & Chair of the Board

Qualification: B.Com ACA 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 53), 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: None

Former directorships in last 3 years: None

Kate Robb (Age 52), Non-Executive Director & Chair of the Audit Committee

Qualification: B.Acc. ACA 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: None

Former directorships in last 3 years: None

Scott Baldwin (Age 48), Managing Director & Chief Executive Officer

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

Experience: Scott has been an employee of Solvar for over 12 years, 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. ACA 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 Human Resources)

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.

Craig Harris (GM Lending – M3 business unit)

Craig joined Solvar in 2011 and bring over 25 years’ of experience from various industries including mining, manufacturing, 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.

Paul Verhoeven (CEO – GCF business unit)

Paul joined Solvar in February 2020 and bring over 30 years of experience from in financial institutions in New Zealand, Australia and Europe. Prior to joining us, Paul held Managing Director roles within the Eclipx Group, leading the FleetPartners brand for 6 years in both Australia and New Zealand and taking these businesses through to an ASX listing in 2015. Paul also headed up the Lending teams for UDC Finance over 4 years and enjoyed time as a member of the Executive Committee for the Financial Services Federation.

Brian Anderson (GM – AFS business unit)

Brian joined Solvar in January 2021 with over 30 years' experience in Consumer and Automotive Finance Industry. He has held Senior Management positions at Nissan Finance Corporation and GE Capital, including General Manager, Chief Operating Officer and National Operations Leader for GE Money Motor Solutions. In 2002 Brian was awarded the GE Capital Global Pinnacle Award for outstanding Business Achievement. He was the Queensland Chairman of the Australian Finance Industry Association Limited (AFIA) (formerly Australian Finance Conference (AFC)) 2015 to 2019.

Meetings of Directors

The number of meetings of the Board and of other Committee meetings held during the year ended 30 June 2023 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	11	11	4	4	4	4
Symon Brewis-Weston	11	10	4	4	4	4
Kate Robb	11	11	4	4	4	4
Scott Baldwin	11	11	*	*	*	*

* Not a member of the committee.

Options and Performance Rights

Share options – unissued ordinary shares

Unissued ordinary shares under option of Solvar Limited at the date of this report are given below:

Name	Grant Date	Expiry Date	Exercise Price	Share Options 2023	Share Options 2022
Scott Baldwin	28-Nov-18	27-Nov-23	2.50000	1,000,000	1,000,000
Total				**1,000,000**	**1,000,000**

As at the date of this report, there were 1,000,000 options on issue (2022: 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 2023 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:

	Vesting Date	Expiry Dates	Performance Rights 2023	Performance Rights 2022
01-Jul-19	30-Jun-22	30-Sep-22	–	150,000
10-Nov-20	30-Jun-23	30-Sep-23	365,010	474,513
01-Dec-20	30-Jun-22	30-Sep-22	–	423,780
04-Oct-21	30-Jun-24	30-Sep-24	492,720	644,544
01-Dec-21	30-Jun-24	30-Sep-24	274,538	274,538
26-Aug-22	30-Jun-25	30-Sep-25	537,128	–
07-Dec-22	30-Jun-25	30-Sep-25	456,668	–
Total			**2,126,064**	**1,967,375**

Performance rights granted during the year are given below.

Grant Date	Equity Instrument	Quantity Granted	Vesting Date	Expiry date
26-Aug-22	Rights	537,128	30-Jun-25	30-Sep-25
07-Dec-22	Rights	456,668	30-Jun-25	30-Sep-25

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.

Symon Brewis-Weston

Dear Shareholders,

On behalf of the Board and as Chair of the Remuneration & Nomination Committee ("the Committee"), I present the FY23 Remuneration Report.

The Committee has for the last several years updated the remuneration program so that it aligns with the Group's strategic priorities and shareholder returns. The Committee believes that program now operates effectively and does not envisage major changes in the foreseeable future.

Executive Remuneration outcomes for FY23

Determining the remuneration outcomes for FY23 has not been straightforward exercise.

In assessing the outcomes for key management personnel ("KMP") the Board and Committee has considered several factors including: the financial and operating achievements against the FY23 Short Term Incentive ("STI") and Long-Term Incentive ("LTI") assessment criteria, the Group's internal hurdles and shareholder returns.

Financial results for FY23 have been primarily driven by two factors already noted by our Chair. The first, central bank (both RBA and RBNZ) action to rein in inflation via significant interest rate increases and second, natural disasters in NZ. Combined, these factors have compressed margins across the Group's back books. This has dampened profits in the second half in FY23. We expect these headwinds to profitability to peak in FY24. These headwinds meant that the internal hurdles required to release STI payments were not met by the business.

Consequently, the Committee has determined the senior executives will not receive an STI for FY23.

The Committee issued LTIs to Senior Management in FY23 and these remain on foot. I note that the vesting criteria remain unchanged and are aligned very much with shareholders economic interests over the remaining vesting period (2 years). It is the Committee's intention to again issue LTIs in FY24, ensuring the interests of both management and shareholders remain aligned.

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

We have seen pressure to retain labour across all our businesses and most acutely in New Zealand. The company has responded by implementing a range of retention initiatives to ensure institutional knowledge is retained in key parts of the business. For employees outside of executive management, we have increased average salaries broadly in line with inflation to help our employees with cost-of-living pressures and to assist with our retention efforts.

Non-Executive Director Fees remained unchanged.

FY24 Remuneration Structure

The Group intends to continue with the current STI and LTI programs in the coming year. For FY24, the STI and LTI performance hurdles have been adjusted considering the key milestones in the current strategy.

The Committee believes that management has continued to manage the business well and the balance sheet strength sees it very well placed to manage a more difficult economic environment ahead.

The Board thanks shareholders for their support of the remuneration report at the 2022 Annual General Meeting which was accepted with a 95.4% vote in favour. The Board believes that the remuneration outcomes this year demonstrate the high level of alignment of outcomes for management and shareholders.

Yours Sincerely,

Symon Brewis-Weston
Chairman, Remuneration and
Nomination Committee

30 August 2023

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 2023 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[1]	
Siva Subramani	Chief Financial Officer
Pushkar Pendse	Chief Operating Officer (Joined on 8 September 2022)

1 Michael Neville, outgoing Chief Operating Officer, resigned on 5 July 2022.

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 (2022: $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 Managing Director 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 MD 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 MD 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.

FY24 Performance metrics

Metric	Weighting	Reason for selection
Financial metrics: • New lending (NAF) • Cash In • Revenue • EBITDA margin • NPAT	50%	Reflects measures of the financial performance relative to the set Budget for the financial period set by the Board
Key strategic projects • Cyber security program • Retirement of legacy technology platforms • Productivity improvements	25%	Reflects key projects approved by the Board
Leadership attributes and behaviour • Communication • Talent development • People leadership	25%	Reflects the individuals performance against the Groups desired leadership qualities and behaviours

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 60% 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:

- Composite Total Shareholder Return ("CTSR") consisting of an Absolute and Relative Total Shareholder Return – 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 FY24 LTI Program, the LTI allocation is 50% for CTSR and 50% for EPS. The base EPS for the vesting assessments for the FY24 tranche has been set to 10 cents.

FY24 Performance metrics

The payout is represented as a % of Target.

EPS hurdles

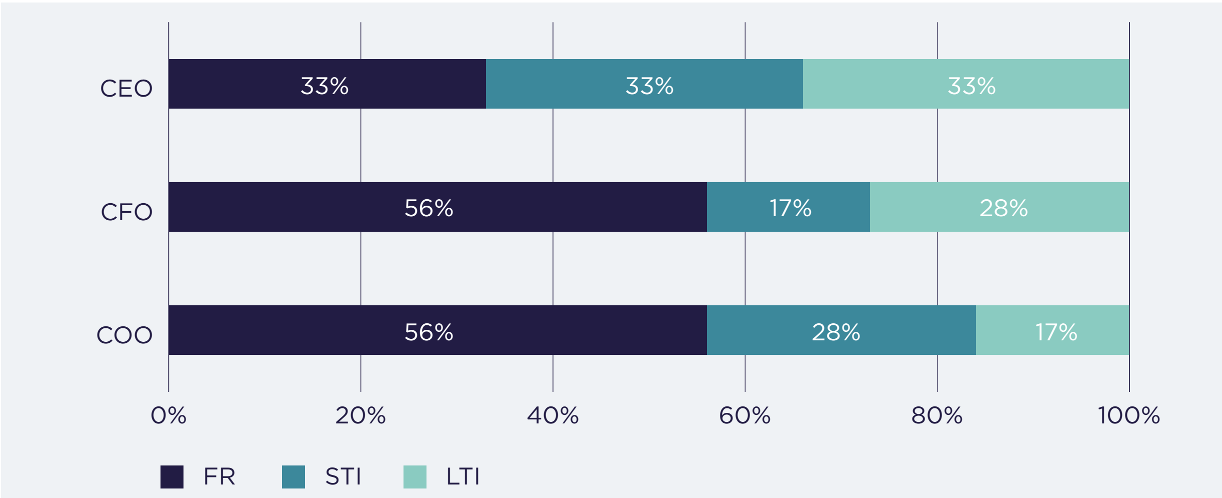
Growth hurdle	Payout as a % of Target
Below 8%	Nil
8% – 10%	50%
10% – 12.5%	100% (Target)
Above 12.5%	150%

TSR hurdles (composite)

		Absolute TSR Growth			
		< 8%	8% – 10%	10% – 12.5%	>12.5%
Relative TSR ASX 200 Financials Index (AXFI)	**< 25th percentile**	Nil	Nil	50%	75%
	25th percentile	Nil	50%	75%	100% (Target)
	50th percentile	50%	75%	100% (Target)	125%
	75th percentile	75%	100% (Target)	125%	150%

3.3 Remuneration Mix

A significant portion of the MD 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:



3.4 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

3.5 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 FY24 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 2023	30 June 2022	30 June 2021	30 June 2020*	30 June 2019 (Restated)*
Revenue ($'000)	209,342	187,878	145,103	124,034	136,382
NPAT ($'000)	47,632	51,632	39,165	24,192	28,358
Closing share price	$1.55	$1.96	$3.35	$1.55	$2.12
Price increase/(decrease) $	($0.41)	($1.39)	$1.80	($0.57)	$0.17
Price increase/(decrease) %	(21%)	(41%)	116%	(27%)	9%
Earnings per share (cents)	22.55	24.40	19.85	13.17	15.79
Dividend (cents)	16.50	13.00	10.00	8.00	10.00

* Includes discontinued operations.

4.2 Details of Remuneration

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 $	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**

The compensation of each member of the KMP FY22 of the Group is set out below:

	Short term employee benefits		Post-employment benefits	Long term benefits		Share based payments	Total
	Salary & fees $	Bonus $	Super $	Long service leave $	Termination $	$	$
2022							
NEDs							
Stuart Robertson	189,000	–	–	–	–	–	189,000
Symon Brewis-Weston	104,546	–	10,454	–	–	–	115,000
Kate Robb	104,546	–	10,454	–	–	–	115,000
NEDs Total	**398,092**	**–**	**20,908**	**–**	**–**	**–**	**419,000**
Executives							
Scott Baldwin	564,540	551,000	27,500	16,984	–	850,511	2,010,535
Siva Subramani	301,206	93,000	23,568	13,955	–	200,053	631,782
Michael Neville	246,357	42,000	22,217	–	–	150,615	461,189
Executives Total	**1,112,103**	**686,000**	**73,285**	**30,939**	**–**	**1,201,179**	**3,103,506**
Total	**1,510,195**	**686,000**	**94,193**	**30,939**	**–**	**1,201,179**	**3,522,506**

The following table shows the Executive remuneration received in each of the years, the relevant percentages for fixed remuneration, STI and LTI:

	2023				2022			
Name	Total	Fixed	STI	LTI	Total	Fixed	STI	LTI
Scott Baldwin	842,794	74%	0%	26%	2,010,535	30%	28%	42%
Siva Subramani	530,506	69%	0%	31%	631,782	53%	15%	32%
Pushkar Pendse	303,103	88%	0%	12%	461,189	–	–	–

4.3 FY23 Fixed Remuneration Outcomes

The outcome of fixed remuneration for the executive KMP is given below:

Name	Role	Type of employment	Base salary including superannuation	% increase from prior year
Scott Baldwin	Chief Executive Officer	Permanent	$600,000	3.4%
Siva Subramani	Chief Financial Officer	Permanent	$335,000	8.1%
Pushkar Pendse	Chief Operating Officer	Permanent	$310,292	–

4.4 FY23 STI Outcomes

The table below details the performance against key measures for and impact on FY23 STI:

Metric	Target	Weighting	Performance	Impact on incentive award
Financial metrics:				
• New lending (NAF)	Above 20% growth	50%	14.6% growth	100% forfeited
• Cash In	Above 12% growth		11.4% growth	
• Revenue	Above 15% growth		10.1% growth	
• EBITDA margin	Above 48% margin		52.9% margin	
• NPAT	Above 2.5% growth		7.7% decrease	
Key strategic projects	Effective completion	25%	Between 85-90%	100% forfeited
Leadership attributes and behaviour	Team culture Professional development	25%	Between 95-100%	100% forfeited

The following table outlines the percentage of target STI achieved (and forfeited) and the total STI awarded, for each Executive KMP for FY23:

	STI On Target Opportunity $	Achieved %	Forfeited %	STI Outcome
Scott Baldwin	$600,000	Nil	100%	Nil
Siva Subramani	$100,500	Nil	100%	Nil
Pushkar Pendse	$93,088	Nil	100%	Nil

4.5 FY23 LTI Outcomes

4.5.1 New Grants in FY23

Name	Equity Instrument	Grant Date	Quantity Granted	Vesting Date	Expiry Date
Scott Baldwin	Rights	07-Dec-22	456,668	30-Jun-25	30-Sep-25
Siva Subramani	Rights	26-Aug-22	124,054	30-Jun-25	30-Sep-25
Pushkar Pendse	Rights	08-Sep-22	109,459	30-Jun-25	30-Sep-25

The performance rights have been valued by reference to the underlying value of ordinary Solvar shares, adjusted for the impact of the vesting conditions, including the rights to dividends, where appropriate.
In FY23, none of above the performance rights were due for vesting.

4.5.2 Grants vested in FY23

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	Qty Vested	Qty Forfeited
Siva Subramani	Rights	01-Nov-20	30-Jun-23	146,004	69,124	76,880
Michael Neville*	Rights	01-Nov-20	30-Jun-23	109,503	54,752	54,751

* Vesting criteria is based on EPS and TSR targets. In FY23, 54,751 grants were forfeited by Michael Neville following his resignation.

LTI performance for FY23 Vesting

Name	Hurdle	Achieved	Vesting
Siva Subramani	EPS	23.7%	150%
	TSR – Relative	< 50th Percentile	Nil
	TSR – Absolute	7.1%	

4.5.3 Options over ordinary shares held by KMP

Name	Balance at 1 July 2022	Options granted	Options exercised	Balance on termination	Balance at 30 June 2023	Vested and exercisable	Unvested
Scott Baldwin	1,000,000	–	–	–	1,000,000	1,000,000	–
Total	**1,000,000**	**–**	**–**	**–**	**1,000,000**	**1,000,000**	**–**

4.5.4 Rights held by KMP

Name	Balance at 30 June 2022	Granted	Exercised	Forfeited	Balance at 30 June 2023	Vested and exercisable	Unvested
Scott Baldwin	698,318	456,668	(353,150)	(70,630)	731,206	–	731,206
Siva Subramani	250,088	124,054	–	–	374,142	69,124	305,018
Pushkar Pendse	–	109,459	–	–	109,459	–	109,459
Michael Neville	263,587	–	(104,752)	(158,835)	–	–	–
Total	**1,211,993**	**690,181**	**(457,902)**	**(229,465)**	**1,214,807**	**69,124**	**1,145,683**

5. Other information

5.1 KMP Equity Holdings (ordinary shares)

Name	Balance as at 30 June 2022	On exercise of Options	On exercise of Performance Rights	Net change other*	Balance on termination	Balance as at 30 June 2023
Stuart Robertson	922,265	–	–	69,759	–	992,024
Symon Brewis-Weston	44,899	–	–	1,603	–	46,502
Kate Robb	50,307	–	–	–	–	50,307
Scott Baldwin	8,157,514	–	353,150	–	–	8,510,664
Siva Subramani	380,502	–	–	23,675	–	404,177
Michael Neville	136,630	–	104,752	–	241,382	–
Total	**9,692,117**	**–**	**457,902**	**95,037**	**241,382**	**10,003,674**

* 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 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 2023 was $2,686,547 (2022: $2,935,540). This loan is included as part of the Loans Receivable balance disclosed in Note 6.

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 2023, the expense for KMP was Nil (2022: 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%

5.4 Share Based 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	Expiry date	Value of unexer-cised options
Scott Baldwin	28-Nov-18	2,000,000	$2.5000	27-Nov-20	–	27-Nov-23	1,000,000

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 2023 (2022: Nil) or an outstanding balance as at that date (2022: 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 45 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Scott Baldwin
Director

Melbourne
30 August 2023

Auditor's Independence Declaration

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

As lead auditor of Solvar Limited for the year ended 30 June 2023, 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, 30 August 2023

Directors' Declaration

In the Directors' opinion:

1. the financial statements and the notes set out on pages 47 to 90 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 2023 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 Company will be able to pay its debts as and when they become due and payable.
3. At the date of this declaration, there are reasonable grounds to believe that the entity and the consolidated entities identified in Note 20 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 2023.

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

On behalf of the Directors

Scott Baldwin
Director

Melbourne
30 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue	3	**209,342**	**187,878**
Expenses			
Bad debts expense (net of recoveries)		33,433	27,218
Movement in allowance for impairment losses		4,432	5,303
Loan origination and servicing costs		16,369	11,946
Employee related expenses		32,005	31,209
Professional fees		3,254	1,792
Technology expenses		6,710	6,469
Advertising expenses		1,294	1,367
Loss on disposal of assets and lease modification		13	150
Finance costs, net		41,893	23,142
Depreciation and amortisation		2,300	2,231
Other expenses		1,071	3,410
Total expenses		**142,774**	**114,237**
Profit before income tax		**66,568**	**73,641**
Income tax expense	4(a)	18,936	22,009
Profit for the year		**47,632**	**51,632**
Profit is attributable to:			
Owners of Solvar Limited		47,632	51,632
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		628	(981)
Other comprehensive income/(loss) for the year, net of tax		**628**	**(981)**
Total comprehensive income for the year		**48,260**	**50,651**
Total comprehensive income for the year is attributable to:			
Owners of Solvar Limited		48,260	50,651
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	17	22.55	24.40
Diluted earnings per share (cents)	17	22.38	24.18

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 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	145,867	122,499
Loans receivable, net	6	251,697	216,456
Current tax receivable		514	–
Other assets	9	6,443	3,886
		404,521	**342,841**
Non-current assets			
Loans receivable, net	6	552,666	428,190
Property, plant & equipment	7(a)	1,528	1,694
Right-of-use assets	7(b)	2,761	2,090
Investments in equities		1,200	–
Intangible assets	8	30,723	31,598
Deferred tax assets	4(b)	12,588	11,740
Other assets	9	9,509	4,017
		610,975	**479,329**
Total assets		**1,015,496**	**822,170**
LIABILITIES			
Current liabilities			
Trade and other payables	10	13,305	15,718
Borrowings	12	109,921	32,229
Current tax payable		–	4,720
Lease liabilities	7(b)	998	891
Employee benefit obligations	11	3,081	2,796
		127,305	**56,354**
Non-current liabilities			
Trade and other payables	10	2,644	3,804
Borrowings	12	505,848	391,240
Employee benefit obligations	11	332	220
Lease liabilities	7(b)	2,080	1,474
Provisions		160	160
		511,064	**396,898**
Total liabilities		**638,369**	**453,252**
Net assets		**377,127**	**368,918**
EQUITY			
Share capital	13	229,981	238,848
Reserves	14(a),(b)	2,000	1,789
Retained earnings	15	145,146	128,281
Total equity		**377,127**	**368,918**

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 2023

	Note	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Total equity at 1 July 2021		**229,349**	**104,178**	**2,992**	**336,519**
Profit after income tax expense for the year		–	51,632	–	51,632
Other comprehensive income		–	–	(981)	(981)
Total comprehensive income for the year		**–**	**51,632**	**(981)**	**50,651**
Transactions with owners in their capacity as owners:					
Issue of shares, net of share buybacks	13	5,665	–	–	5,665
Share based payment expenses, net	23	–	–	1,736	1,736
Transfer from reserves to share capital on exercise	13,14	1,958	–	(1,958)	–
Dividends	13,16	*1,876	(27,529)	–	(25,653)
Closing balance as at 30 June 2022		**238,848**	**128,281**	**1,789**	**368,918**

	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	13	(13,445)	–	–	(13,445)
Share based payment expenses, net	23	–	–	949	949
Transfer from reserves to share capital on exercise	13,14	1,154	–	(1,154)	–
Forfeiture of employee options and rights	23	–	–	(212)	(212)
Dividends	13,16	*3,424	(30,767)	–	(27,343)
Closing balance as at 30 June 2023		**229,981**	**145,146**	**2,000**	**377,127**

* 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 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash flows from operating activities			
Interest, fees and charges from customers		209,860	187,997
Recoveries		11,862	10,332
Payments to suppliers and employees (GST Inclusive)		(66,795)	(47,209)
Interest received from banks		3,009	60
Finance costs		(43,408)	(21,964)
Income tax paid		(24,691)	(19,711)
Net cash provided by operating activities before changes in operating assets		**89,837**	**109,505**
Loan principal advanced to customers net of repayments		(214,031)	(175,284)
Net cash outflows from operating activities	18	**(124,194)**	**(65,779)**
Cash flows from investing activities			
Payment for property, plant and equipment		(327)	(794)
Proceeds from sale of property, plant and equipment		–	18
Payments for investments/purchase of business		(1,200)	(2,329)
Net cash outflows from investing activities		**(1,527)**	**(3,105)**
Cash flows from financing activities			
Share buyback (payments)/proceeds from share issues		(13,474)	990
Proceeds from borrowings		351,825	273,021
Repayment of borrowings		(161,018)	(111,320)
Repayment of lease liabilities		(903)	(861)
Dividends paid		(27,343)	(25,653)
Net cash inflows from financing activities		**149,087**	**136,177**
Net increase/(decrease) in cash held		**23,366**	**67,293**
Cash and cash equivalents at the beginning of the year		122,499	55,220
Effects of exchange rate changes on cash and cash equivalents		2	(14)
Cash and cash equivalents at end of the year	5	**145,867**	**122,499**

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 2023

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 Significant 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 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 financial year ended 30 June 2023.

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 2023 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 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.

(c) New standards adopted by the Group

There were no new standards adopted by the Group for the year ended 30 June 2023.

(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.

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

Note 3	Revenue	Note 8	Intangible assets
Note 6	Loans receivable		

(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 29.

(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.

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 – 2023	Australia $'000	New Zealand $'000	Unallocated $'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**
Loans receivable	661,421	186,606	–	848,027

Consolidated – 2022	Australia $'000	New Zealand $'000	Unallocated $'000	Total $'000
Segment revenue	137,093	50,766	19	187,878
EBITDA/Segment result	78,195	28,539	(7,720)	99,014
Depreciation and amortisation	(644)	(518)	(1,069)	(2,231)
Net finance costs	(16,568)	(6,588)	14	(23,142)
Profit before tax	**60,983**	**21,433**	**(8,775)**	**73,641**
Income tax expense				(22,009)
Profit after tax				**51,632**
Loans receivable	504,135	179,579	–	683,714

3. Revenue

	Consolidated 2023 $'000	Consolidated 2022 $'000
Interest, fees and charges	207,584	183,102
Other income	1,758	4,776
Total revenue	**209,342**	**187,878**

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

Revenue 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.

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

4. (a) Income Tax Expense

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense		
Current tax	19,600	22,057
Deferred tax	212	(509)
Prior year adjustments	(876)	461
Income tax expense	**18,936**	**22,009**
Deferred tax expense		
Increase in deferred tax assets	(1,030)	(761)
Increase in deferred tax liabilities	1,242	252
Deferred tax expense/(benefit)	**212**	**(509)**
Income tax expense is attributable to:		
Profit from operations	18,936	22,009
	18,936	**22,009**
Reconciliation of income tax expense to prima facie tax payable		
Profit from operations before income tax expense	66,568	74,361
Tax at the Australian tax rate of 30%	19,970	22,308
Tax effect of amounts which are not deductible/(taxable)		
Share based payments	–	23
Other non-deductible income/(non-assessable income)	25	(256)
Adjustments recognised in the current year in relation to tax of prior years	(876)	461
Adjustments recognised in the current year in relation to deferred tax of prior years	3	(165)
Difference in overseas tax rates	(186)	(362)
Income tax expense	**18,936**	**22,009**

4. (b) Deferred Tax Assets, Net

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax balance comprises temporary differences attributable to:		
Employee leave benefits	1,175	1,860
Allowance for impairment losses	12,889	11,548
Accruals and lease incentives	990	577
Share issue costs	234	350
Foreign exchange loss/(gain)	526	–
Share based payments	(154)	(493)
Borrowing costs	(200)	(63)
Dealer commissions capitalised	(1,899)	(1,056)
Intangibles	(973)	(983)
Net balance disclosed as deferred tax assets	**12,588**	**11,740**

There are no unutilised tax losses in the current financial year (2022: 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 offset 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.

5. Cash and Cash Equivalents

	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash at bank and on call*	105,867	122,499
Term deposit	40,000	–
Total cash and cash equivalents	**145,867**	**122,499**

*The deposits on call have an effective interest rate of 4.00% (2022: 0.77%)

Reconciliation to cash flow statements	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash at bank and on call*	145,867	122,499
Cash and cash equivalents as per cashflows	**145,867**	**122,499**

Recognition and Measurement

For the purpose of presentation in the 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 statement of cash flows include $67.6m (2022: $58.0m) 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.

6. Loans Receivable

	Consolidated 2023 $'000	Consolidated 2022 $'000
Loans receivable	848,027	683,714
Allowance for impairment losses	(43,664)	(39,068)
Loans receivable, net	**804,363**	**644,646**
Loans receivable – Current	251,697	216,456
Loans receivable – Non-current	552,666	428,190
Loans receivable, net	**804,363**	**644,646**

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 2023 $'000	Consolidated 2022 $'000
Gross written loans	910,059	733,370
Deferred revenue	(62,032)	(49,656)
Loans receivable	**848,027**	**683,714**

Key Estimate

Recognition of income and classification of current and non-current is in line with the expected repayment profile of loans. Also refer Note 19(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 19. 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 19.

7. (a) Property, Plant and Equipment

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**

Year Ended 30 June 2022	Motor Vehicles $'000	Leasehold Improve-ments $'000	Furniture & Equipment $'000	Work-in-progress $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2021	57	8	5,534	405	6,004
Exchange differences	(2)	–	(33)	(2)	(37)
Additions	14	–	395	385	794
Disposals	(18)	–	(236)	(404)	(658)
Balance at 30 June 2022	**51**	**8**	**5,660**	**384**	**6,103**
Accumulated depreciation					
Balance at 1 July 2021	10	2	4,010	–	4,022
Exchange differences	–	–	(14)	–	(14)
Depreciation expense	6	–	500	–	506
Disposals	(4)	–	(101)	–	(105)
Balance at 30 June 2022	**12**	**2**	**4,395**	**–**	**4,409**
Net carrying amount at 30 June 2022	**39**	**6**	**1,265**	**384**	**1,694**

Recognition and Measurement

Property, Plant and Equipment at Cost

Property, 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 property, 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, fittings and equipment	3 to 10 years
Motor vehicles	4 to 5 years

7. (b) Leases

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

(a) Amounts recognised in the statement of financial position:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Right-of-use-assets		
Buildings	2,761	2,090
	2,761	**2,090**
Lease liabilities		
Current	998	891
Non-current	2,080	1,474
	3,078	**2,365**

Additions to the right-of-use assets during the financial year ended 30 June 2023 were $1.6m (2022: 1.7m).

(b) Amounts recognised in the statement of profit or loss. The statement of profit or loss shows the following amounts relating to leases:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Depreciation charge right-of-use-assets-buildings	945	835
Interest expense (included in finance cost)	293	94
	1,238	**929**

The total cash outflow for leases in the financial year ended 30 June 2023 is $0.9m (2022: $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.

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 $5.2m 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.

8. Intangible Assets

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**

Year ended 30 June 2022	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	–	–	(2,124)	(572)	(2,696)
Net book amount	**27,202**	**1,055**	**2,940**	**401**	**31,598**
Balance at 1 July 2021	27,202	1,055	3,649	568	32,474
Amortisation charge	–	–	(709)	(167)	(876)
Balance at 30 June 2022	**27,202**	**1,055**	**2,940**	**401**	**31,598**

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.

	2023 $'000	2022 $'000
M3	10,295	10,295
AFS	9,345	9,345
GCF	8,617	8,617
Total Goodwill and Brand	**28,257**	**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 of Australia and New Zealand CGUs 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	GCF
FY24 Budget revenue growth	7%	33%	-5%
FY24 Budget expense growth	30%	27%	11%
Revenue growth > 1 year	11%	30%	21%
Expense growth > 1 year	5%	5%	4%
Perpetual growth rate > 5 years	2%	2%	2%
Pre-tax discount rate applied to cash flows	15%	8%	16%

The table below sets out the key assumptions for

Assumptions	Approach to assumptions
Revenue 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.
Perpetual growth rate	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 and as such, there is no impairment of goodwill in the financial year ended 30 June 2023 (2022: 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.

9. Other Assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred customer acquisition costs	13,233	5,564
Prepayments	923	718
Foreign tax credits	357	644
Other	1,439	977
Total other assets	**15,952**	**7,903**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Other assets – Current	6,443	3,886
Other assets – Non-current	9,509	4,017
Total other assets	**15,952**	**7,903**

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.

10. Trade and Other Payables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Trade payables	4,084	3,260
Accrued expenses	5,840	6,554
Taxes payable	593	490
Derivative financial instruments	(33)	69
Commission retention	4,654	8,514
Other liabilities	811	635
Total trade and other payables (Unsecured)	**15,949**	**19,522**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Trade and other payables – Current	13,305	15,718
Trade and other payables – Non-current	2,644	3,804
Total trade and other payables (Unsecured)	**15,949**	**19,522**

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.

Commission 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.

11. Employee Benefit Obligations

	Consolidated 2023 $'000	Consolidated 2022 $'000
Employee leave obligations – Current	3,081	2,796
Employee leave obligations – Non-current	332	220
Total employee benefit obligations	**3,413**	**3,016**

Recognition and Measurement

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

The current portion of this liability 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 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 and are presented as current liabilities in the Group's statement of financial position. The defined contribution plan expense for the year was $2,103,963 (2022: $1,738,234) and is included in employee expenses.

12. Borrowings

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current		
Finance facility	111,037	33,821
Unamortised borrowing costs	(1,116)	(1,592)
	109,921	**32,229**
Non-current		
Finance facility	505,982	391,744
Unamortised borrowing costs	(134)	(504)
	505,848	**391,240**
Total borrowings	**615,769**	**423,469**

Recognition and Measurement

Borrowings are classified as current liabilities 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 November 2020, the Company entered into a variable rate $250.0m revolving facility for the Australian operations led by a large international bank. In December 2021, the limit on this facility was increased to $300.0m. Subsequently in June 2022, $64.3m mezzanine facility was introduced into this facility, aggregating the facility limits to $364.3m at reporting date. This facility has a two-year availability period ending in December 2023. Additionally, the FY22 acquisition of AFS introduced 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 2025.

In New Zealand operations, the Group has three debt facilities, with limits aggregating to $338.6m at variable interest rates. The facilities have maturity dates of August 2023, April 2024, and October 2024.

Financing Facilities Available

	Consolidated 2023 $'000	Consolidated 2022 $'000
Finance facility	940,350	661,122
Used at reporting date	(617,019)	(425,565)
Unused at reporting date	**323,331**	**235,557**

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 Group. The carrying amounts of assets pledged as security for borrowings are:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Cash and cash equivalents	4,066	2,530
Receivables	240,093	209,646
Total current assets pledged as security	**244,159**	**212,176**
Non-current assets		
Receivables	530,451	415,769
Property, plant and equipment	410	791
Intangible assets	20,428	21,303
Total non-current assets pledged as security	**551,289**	**437,863**
Total assets pledged as security	**795,448**	**650,039**

Compliance with Loan Covenants

Solvar Limited has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

13. Share Capital

	Number of Shares 2023	Number of Shares 2022	Consolidated 2023 $'000	Consolidated 2022 $'000
Fully paid ordinary shares	207,995,558	212,939,758	229,981	238,848

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 2023		Consolidated 2022	
	Number of ordinary shares '000	Value $'000	Number of ordinary shares '000	Value $'000
Balance at the beginning of the financial year	212,940	238,848	208,676	229,349
Issued during the year:				
Issue of shares – acquisition of business	–	–	450	1,407
Issue of shares – exercise of options	–	–	3,550	5,770
Issue of shares – employee share scheme	574	29	410	47
Issue of shares – DRP	1,720	3,424	677	1,876
Buyback of shares	(7,238)	(13,474)	(823)	(1,559)
Transfer from reserves	–	1,154	–	1,958
Balance at end of the financial year	**207,996**	**229,981**	**212,940**	**238,848**

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

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

Share Buy-Back

In FY23, the Company purchased 7,237,936 ordinary shares through an "on-market" buy-back program (2022: 823,237). The buy-back and cancellation were approved by the Board of Directors. The shares were acquired at an average price of $1.86 per share, with prices ranging from $1.61 to $2.30. The total cost of $13.5m, including transaction costs, was deducted from shareholder capital. The buy-back program concluded in Apr-23. Shares bought back are cancelled in the month following the buyback.

14. Reserves

(a) Options and rights reserve

	Consolidated 2023 $'000	Consolidated 2022 $'000
Balance at the beginning of the financial year	3,044	3,266
Share based payments expensed for the year	949	1,736
Transferred to share capital	(1,154)	(1,958)
Forfeitures	(212)	–
Balance at the end of the financial year	**2,627**	**3,044**

The share option 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 2023 $'000	Consolidated 2022 $'000
Balance at the beginning of the financial year	(1,255)	(274)
Translation differences	628	(981)
Balance at the end of the financial year	**(627)**	**(1,255)**

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.

15. Retained Earnings

	Consolidated 2023 $'000	Consolidated 2022 $'000
Balance at the beginning of the financial year	128,281	104,178
Net profit for the year	47,632	51,632
Dividends	(30,767)	(27,529)
Balance at the end of the financial year	**145,146**	**128,281**

16. Dividends

	2023 $'000	2022 $'000
Recognised amounts		
Final dividend for the year ended 30 June 2022 of 7.00 cents (2021: 7.00 cents), fully franked at 30% tax rate	14,942	14,788
Interim dividend for the year ended 30 June 2023 of 7.50 cents (2022: 6.00 cents), fully franked at 30% tax rate	15,825	12,741
Total Dividend Paid	**30,767**	**27,529**
Unrecognised amounts		
Final dividend of 9.00 cents (2022: 7.00 cents) fully franked at 30% tax rate	18,720	14,906

On 14 August 2023, the Directors declared a fully franked final dividend of 9.00 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2023, to be paid to shareholders on 9 October 2023. The dividend will be paid to shareholders based on the Register of Members on 4 September 2023. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $18.7m. The Group has $71.5m of franking credits at 30 June 2023 (2022: $67.7m).

17. Earnings Per Share

	Consolidated 2023 Cents	Consolidated 2022 Cents
(a) Basic earnings per share attributable to the ordinary equity holders of the Company	22.55	24.40
(b) Diluted earnings per share attributable to the ordinary equity holders of the Company	22.38	24.18

	Consolidated 2023 $'000	Consolidated 2022 $'000
(c) Profit attributable to the ordinary equity holders of the Company	47,632	51,632
	47,632	**51,632**

	2023 Quantity	2022 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	211,257,077	211,633,362
Dilutive potential ordinary shares	1,577,450	1,896,694
Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share	**212,834,527**	**213,530,056**

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.

18. Cash Flow Information

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Net profit after tax	47,632	51,632
Non-cash items		
Depreciation and amortisation expense	2,300	2,231
Loss on sale of property, plant and equipment	13	150
Allowance for impairment losses	4,432	5,303
Amortisation of borrowing costs	1,495	1,046
Net exchange differences	(647)	1,628
Net fair value adjustments	–	267
Share based payments	733	1,596
Finance charge accruals (non cash)	–	75
Changes in movements in assets and liabilities:		
(Increase)/decrease in assets		
Loans receivable	(163,976)	(133,540)
Other assets	21	(472)
Other receivables	(8,355)	5,411
Foreign tax credit receivable	287	(308)
Deferred tax assets	(849)	(439)
Increase/(decrease) in liabilities		
Lease liabilities	42	(27)
Trade and other payables	175	(3,327)
Current tax payable	(5,193)	3,045
Provisions and employee entitlements	(2,304)	(50)
Net cash outflows from operating activities	**(124,194)**	**(65,779)**

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 13).
- Dividends satisfied by the issue of shares under the dividend reinvestment plan (note 13).
- Partial settlement of a business combination through the issue of shares (note 13).

(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 2023 $'000	Consolidated 2022 $'000
Cash and cash equivalents	145,867	122,499
Borrowings & lease liabilities – current	(112,035)	(34,712)
Borrowings & lease liabilities – non-current	(508,062)	(393,218)
Net debt	**(474,230)**	**(305,431)**
Cash and cash equivalents	145,867	122,499
Lease liabilities – fixed interest rates	(3,078)	(2,365)
Borrowings (Note 19(a)(ii))	(617,019)	(425,565)
Net debt	**(474,230)**	**(305,431)**

	Liabilities from financing activities				
	Borrowings $'000	Leases $'000	Subtotal $'000	Cash $'000	Total $'000
Net debt at 1 July 2021	(262,338)	(1,873)	(264,211)	55,220	(208,991)
Exchange differences	(1,526)	362	(1,164)	(14)	(1,178)
New leases	–	(1,715)	(1,715)	–	(1,715)
Cash flows	(161,701)	861	(160,840)	67,293	(93,547)
Net debt as at 30 June 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)**

19. 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 5.

Loans receivables – Note 6.

Financial liabilities

Trade and other payables – Note 10.

Borrowings – Note 12.

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 2023 $'000	Consolidated 2022 $'000
Financial assets			
Debt (long term and short term borrowings)	12	617,019	425,565
Cash and cash equivalents	5	(145,867)	(122,499)
Lease liabilities		3,078	2,365
Net debt		**474,230**	**305,431**
Total equity		377,127	368,918
Debt to equity ratio		**125.7%**	**82.8%**

(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:

	2023 $'000	**% of total loans**	**2022 $'000**	**% of total loans**
Variable rate borrowings	444,943	72.1%	315,241	74.1%
Fixed rate borrowings	172,076	27.9%	110,324	25.9%
Total*	**617,019**	**100.0%**	**425,565**	**100.0%**

* Gross of borrowing costs.

	Impact on post tax profit		**Impact on equity**	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Interest rates – increase by 100 bps (150 bps)	(3,298)	(3,182)	(3,298)	(3,182)
Interest rates – decrease by 25 bps (25 bps)	825	530	825	530

(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**	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
NZD/AUD exchange rate increase by 5%	(1,763)	(1,362)	(1,763)	(1,362)
NZD/AUD exchange rate decrease by 5%	1,763	1,362	1,763	1,362

(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 6.

Loans receivable		**Consolidated 2023 $'000**			**Consolidated 2022 $'000**
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total	Total
Strong	476,756	–	–	476,756	397,438
Good	192,026	–	–	192,026	169,900
Watch list	51,929	87,602	–	139,531	94,264
Sub-standard	–	39,396	–	39,396	22,010
Credit impaired	–	–	318	318	102
Gross carrying amount, net of deferred revenue	**720,711**	**126,998**	**318**	**848,027**	**683,714**
Allowance for impairment	(23,410)	(19,936)	(318)	(43,664)	(39,068)
Carrying amount	**697,301**	**107,062**	**–**	**804,363**	**644,646**

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 $145.9m at 30 June 2023 (2022: $122.5m). 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.

The PD, LGD and EAD models which support these determinations are reviewed periodically to compare the loss estimates against actual loss experience. Having considered the future economic outlook and current inflationary pressures along with increase in interest rates, the Group took an additional provision of up to $4.6m (2022: $10.7m) in certain risk categories within the portfolio of loan receivables.

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

Loans receivable	Consolidated 2023 $'000			
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Balance at 1 July 2022	**21,737**	**17,229**	**102**	**39,068**
New originations	16,216	17	–	16,233
Transfer to lifetime ECL – not credit impaired	(5,898)	5,898	–	–
Transfer to 12-month expected credit losses	222	(222)	–	–
Financial assets derecognised/written off	(2,545)	(11,110)	–	(13,655)
Net remeasurement of loss allowance	(6,322)	8,124	216	2,018
Loss allowance at 30 June 2023	**23,410**	**19,936**	**318**	**43,664**

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 long term and lend short term and maintain adequate cash reserves.

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.

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	13,338	2,644	–	15,982	15,982
Lease liabilities	1,188	2,238	–	3,426	3,078
Total financial liabilities	**251,529**	**402,270**	**15,105**	**668,904**	**636,079**

* Gross of borrowing costs.

2022	Consolidated				
	< 1 year $'000	1-5 years $'000	> 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Financial liabilities:					
Borrowings*	53,725	400,009	–	453,734	425,565
Trade and other payables	15,273	4,180	–	19,453	19,453
Lease liabilities	998	2,205	–	3,203	2,365
Total financial liabilities	**69,996**	**406,394**	**–**	**476,390**	**447,383**

* Gross of borrowing costs.

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.

20. Controlled Entities

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

Name	Country of incorporation	Equity held		Acquisition date	Investment	
		2023 %	2022 %		2023 $'000	2022 $'000
Money3 Loans Pty Ltd[1]	Australia	100	100	01-Nov-16	–*	–*
Bennji Pty Ltd^^[1]	Australia	100	100	16-Apr-07	–*	–*
M3 Group Services Pty Ltd[1]	Australia	100	100	13-Mar-08	–*	–*
Australian Car Leasing Pty Ltd[1]	Australia	100	100	03-May-13	–*	–*
Antein Pty Ltd[1]	Australia	100	100	01-Jul-06	2,362	2,362
Bellavita Pty Ltd[1]	Australia	100	100	01-Jul-06	2,314	2,314
Hallowed Holdings Pty Ltd[1]	Australia	100	100	01-Jul-06	2,262	2,262
Debt Resolutions Pty Ltd[1]	Australia	100	100	01-Jul-06	369	369
Nexia Pty Ltd[1]	Australia	100	100	01-Jul-06	1,268	1,268
Pechino Pty Ltd[1]	Australia	100	100	01-Jul-06	1,286	1,286
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
Tristace Pty Ltd[1]	Australia	100	100	01-Jul-06	1,327	1,327
Money3 Warehouse Trust No. 1[1]	Australia	100	100	28-Oct-20	–*	–*
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
Finance Investment Group Limited[2]	New Zealand	100	100	12-Mar-19	21,637	21,637
Go Car Finance Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car Finance 2018 Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Go Car Services Limited^[2]	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	–*	–*
Go Car Funding 2018 Limited[2]	New Zealand	100	100	12-Mar-19	–*	–*
Aqua Cars 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	–*	–*
Money3 NZ Warehouse Trust No.1[2]	New Zealand	100	–	21-Sep-22	–*	–*
Go Car Finance 4 Limited[2]	New Zealand	100	–	24-Feb-23	–*	–*
Total					**66,807**	**66,807**

* The investment in these entities is less than $1,000.

^ Formerly FIG Services Limited.

^^ Formerly Money3 Franchising Pty Ltd.

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.

21. Commitments

There are no commitments as at 30 June 2023 (2022: Nil). Non-cancellable operating leases are disclosed under Note 7(b) Leases.

22. Contingent Assets and Liabilities

There are no contingent assets or liabilities as at 30 June 2023 (2022: Nil).

23. Share based Payments

Options

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

	2023 Number of options	2023 Weighted average exercise price $	2022 Number of options	2022 Weighted average exercise price $
Balance at the beginning of the financial year	1,000,000	2.5000	4,805,001	1.9162
Exercised during the financial year	–	–	(3,549,550)	1.7154
Forfeited during the financial year*	–	–	(255,451)	1.5000
Balance at the end of the financial year	**1,000,000**	**2.5000**	**1,000,000**	**2.5000**
Exercisable at the end of the financial year	1,000,000	2.5000	1,000,000	2.5000

* Forfeitures relate to cashless exercise of options.

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 2022	Share Options 2021
28-Nov-18	27-Nov-23	2.5000	1,000,000	1,000,000
Weighted average remaining contractual life of options outstanding at the end of the year			0.41 years	1.41 years

Performance Rights

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

	2023 Number of rights	2022 Number of rights
Balance at the beginning of the financial year	1,967,375	1,445,186
Granted during the financial year	1,022,560	919,082
Exercised during the financial year	(557,902)	(396,893)
Forfeited during the financial year	(305,969)	–
Balance at the end of the financial year	**2,126,064**	**1,967,375**
Exercisable at the end of the financial year	236,877	503,150

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.

No performance rights expired during the periods covered by the above tables.

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 2023	Performance Rights 2022
01-Jul-19	30-Jun-22	30-Sep-22	–	150,000
10-Nov-20	30-Jun-23	30-Sep-23	365,010	474,513
01-Dec-20	30-Jun-22	30-Sep-22	–	423,780
04-Oct-21	30-Jun-24	30-Sep-24	492,720	644,544
01-Dec-21	30-Jun-24	30-Sep-24	274,538	274,538
26-Aug-22	30-Jun-25	30-Sep-25	537,128	–
07-Dec-22	30-Jun-25	30-Sep-25	456,668	–
Total			**2,126,064**	**1,967,375**
Weighted average remaining contractual life of rights outstanding at the end of the year			1.30 years	1.18 years

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

	Issue 24 2023	Issue 25 2023
Grant date	26-Aug-22	07-Dec-22
Vesting date	30-Jun-25	30-Jun-25
Expiry date	30-Sep-25	30-Sep-25
Share price at measurement date	1.96	1.96
Dividend yield	4.00%	4.00%

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:

	2023 $	2022 $
Performance rights issued under employee share plan, net of forfeitures	732,804	1,736,223
Total	**732,804**	**1,736,223**

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 2023 $	Consolidated 2022 $
(a) BDO Audit Pty Ltd		
Audit and review of the financial reports (inclusive of GST)	326,700	265,320
(b) Network firm of BDO		
Audit and review of the financial reports (inclusive of GST)	102,075	94,215
Total services provided by BDO	**428,775**	**359,535**
(c) Other auditors		
Audit and review of the financial reports (inclusive of GST)	–	64,900
Other assurance services	–	4,950
Non-audit services		
Tax compliance services	–	14,484
Other	–	–
Total services provided by other auditors	**–**	**84,334**
Total remuneration of auditors	**428,775**	**443,869**

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 20.

(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 2023 of the Closed Group.

Consolidated statement of comprehensive income	2023 $'000	2022 $'000
Revenue from operations	**157,069**	**137,112**
Loan origination, servicing and employee costs	33,914	30,193
Impairment expense	26,514	25,920
Other expenses from ordinary activities	6,677	8,225
Finance costs, net	32,075	16,555
Profit before income tax	**57,889**	**56,219**
Income tax expense	16,515	17,148
Profit for the year	**41,374**	**39,071**
Total comprehensive income for the year	**41,374**	**39,071**

Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	109,682	98,138
Profit for the period	41,374	39,071
Dividends paid	(30,767)	(27,527)
Retained earnings at the end of the financial year	**120,289**	**109,682**

(b) Consolidated Balance Sheet

Set out below is a consolidated balance sheet as at 30 June 2023 of the Closed Group.

	2023 $'000	2022 $'000
ASSETS		
Current assets		
Cash and cash equivalents	141,802	119,967
Loans receivable	196,550	166,013
Current tax receivable	835	1,117
Other assets	3,884	1,429
	343,071	**288,526**
Non-current assets		
Loans receivable	431,735	307,638
Property, plant & equipment	1,118	901
Right-of-use assets	1,737	2,046
Intangible assets	20,332	20,486
Intercompany loans	47,899	35,102
Investment in subsidiaries	21,637	21,637
Investment in equities	1,200	–
Deferred tax assets	10,497	10,071
Other assets	5,369	3,555
	541,524	**401,436**
Total assets	**884,595**	**689,962**
LIABILITIES		
Current liabilities		
Trade and other payables	8,644	8,278
Borrowings	70,566	–
Lease liabilities	688	681
Employee benefit obligations	2,743	2,482
	82,641	**11,441**
Non-current liabilities		
Borrowings	447,250	325,092
Employee benefit obligations	332	220
Lease liabilities	1,314	1,474
Provisions	160	160
	449,056	**326,946**
Total liabilities	**531,697**	**338,387**
Net assets	**352,898**	**351,575**
EQUITY		
Share capital	229,982	238,849
Reserves	2,627	3,044
Retained earnings	120,289	109,682
Total equity	**352,898**	**351,575**

26. Parent Entity Financial Information

(a) Summary Financial Information

The financial position and results of Solvar Limited, the parent entity, are as follows:

	2023 $'000	2022 $'000
ASSETS		
Current assets		
Cash and cash equivalents	71,714	65,140
Current tax receivable	772	1,054
Other assets	1,809	2,053
	74,295	**68,247**
Non-current assets		
Property, plant & equipment	189	276
Right-of-use assets	1,436	1,914
Investments in subsidiaries	66,807	66,807
Investments in equities	1,200	–
Intercompany loans	201,980	204,795
Deferred tax assets	10,243	9,863
Other assets	169	169
	282,024	**283,824**
Total assets	**356,319**	**352,071**
LIABILITIES		
Current liabilities		
Trade and other payables	2,791	4,389
Lease liabilities	495	539
Employee benefit obligations	613	560
	3,899	**5,488**
Non-current liabilities		
Lease liabilities	1,158	1,474
Provisions	150	150
	1,308	**1,624**
Total liabilities	**5,207**	**7,112**
Net assets	**351,112**	**344,959**
EQUITY		
Share capital	231,282	240,149
Reserves	2,627	3,045
Retained earnings	117,203	101,765
Total equity	**351,112**	**344,959**

(b) Guarantees entered by the Parent Entity

The parent entity has not entered into guarantees for any of its subsidiaries (2022: Nil).

(c) Contingent Liabilities of the Parent Entity

The parent entity has no contingent liabilities at the time of the report (2022: Nil).

(d) Contractual Commitments by the Parent Entity

The parent entity has contractual commitments for leases of $3.1m covering the period from July 2023 to June 2026 (2022: $2.3m).

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 2023 $	Consolidated 2022 $
Short term employee benefits	1,547,126	2,196,195
Post-employment benefits	98,515	94,193
Long term benefits	27,340	30,939
Share based payments	422,422	1,201,179
Total	**2,095,403**	**3,522,506**

(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 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 2023 was $2,686,547 (2022: $2,935,540). This loan is included as part of the Loans Receivable balance disclosed in Note 6.

(d) Other Transactions related to KMP

There were no other transactions to KMP during the current financial year or as at 30 June 2023 (2022: 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

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 2023 reporting period and have not been early adopted by the Group. The following standards apply to the Group for the 30 June 2023 reporting period. 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.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non-current

Effective for annual reporting periods beginning on or after 1 January 2023, there are four main changes to the classification requirements within AASB 101 Presentation of financial statements:

1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
3. Classification is based on the right to defer settlement, and not intention (paragraph 73), and
4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

As these amendments only apply for the first time to the 30 June 2024 balance sheet (and 30 June 2023 comparative balance sheet), the company is not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of accounting policies and definition of accounting estimates

Effective for annual reporting periods beginning on or after 1 January 2023, this new amendment introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value.

Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value).

The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred tax related to assets and liabilities arising from a single transaction

Effective for annual reporting periods beginning on or after 1 January 2023, this amendments clarify that the 'initial recognition exemption' does not apply to transactions where an entity recognises an asset and a liability which give rise to equal taxable and deductible temporary differences. This could occur, for example, where lessees recognise a right-of-use asset and lease liability for lease transactions, or where an entity recognises decommissioning, restoration and other similar obligations, which form part of a related asset.

When these amendments are first adopted for the year ended 30 June 2024, they apply prospectively to all transactions that occur on or after the beginning of the earliest comparative period, i.e. from 1 July 2022.

In addition, at the beginning of the earliest comparative period, i.e. 1 July 2022, deferred tax assets (to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised) and deferred tax liabilities will be recognised for all deductible and temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and other similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The cumulative effect of initially applying these amendments will be recognised in opening balances of retained earnings on 1 July 2022.

Independent Auditor's Report

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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 2023, 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 a summary of significant accounting policies 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 2023 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.

Valuation and Recoverability of Loans Receivable

Key audit matter	*How the matter was addressed in our audit*
The Group's loans receivable requires a provision for expected credit losses ("ECL") in accordance with AASB 9 *Financial Instruments*. The valuation and recoverability of loans receivable 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 forecast of future events and economic conditions as a whole. The Group calculates the ECL provision using probability of default, loss given default and the exposure at default over the next 12 months and the remaining lifetime of the loans receivable. The ECL model also considers forward-looking information to reflect current or future external factors such as inflationary pressures and the interest rates increases on the macroeconomic environment, which could have a significant adverse effect on the recoverability of the Group's loans receivables. Refer to Note 6 of the accompanying financial statements.	Our procedures included: • 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 allowance and the adequacy of procedures and processes adopted by the Group. • 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 allowance at year-end. • Evaluating and validating controls around the aged debtors in the Group's loan software systems and the application of the business rules for recognising loans in default. • Assessing Group's impairment allowance based on expectations derived from our industry knowledge and knowledge of the Group's credit risk and understanding the variances from our initial expectations. • In response to the future economic uncertainty present, we performed a detailed review of the forward-looking information aspect of the ECL model. In evaluating the model's reasonableness, we challenged the assumptions made against our understanding of the economic environment faced by the Group to satisfy ourselves that the revised calculations are in compliance with the requirements as prescribed in AASB 9 *Financial Instruments*. • Evaluating the adequacy of the disclosures in the financial report.

BDO

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
The Group has various sources of revenue from its loan products including interest, application and credit fees and other period fees including arrears, default and variation fees. These are required to be recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* using the effective interest rate method. Revenue recognition is a key audit matter due to the significance to the overall financial statements and the complexities involved in determining the effective interest rate on the loan portfolio. Within the Group's loan portfolio, there are a 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. Refer to Note 3 of the accompanying financial statements.	Our procedures included: • Understanding the Group's revenue recognition policies and assessing whether they are in accordance with AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. • Performing a detailed analysis of deferred fees and charges to test whether they are recognised over the life of a loan using the effective interest rate method in accordance with AASB 9 *Financial Instruments*. • 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 revenue recognition.

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 2023, 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 the 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 financial report that gives a true and fair view and is free from material 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 35 to 44 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Solvar Limited, for the year ended 30 June 2023, 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, 30 August 2023

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 16 August 2023.

(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	167	162,480,740	78.12	6	2,921,201	93.45
10,001 to 100,000	1,192	36,236,416	17.42	9	166,511	5.33
5,001 to 10,000	645	4,991,705	2.40	4	38,352	1.22
1,001 to 5,000	1,401	3,753,894	1.80	–	–	–
1 to 1,000	1,147	532,803	0.26	–	–	–
Total	**4,552**	**207,995,558**	**100**	**19**	**3,126,064**	**100**
The number of shareholders holding less than a marketable parcel of shares are	–	–				

(b) Twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
	Name of Holder	No. of Shares	% of Holding
1	UBS NOMINEES PTY LTD	27,267,734	13.11
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,811,532	8.56
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,699,418	5.14
4	RUBI HOLDINGS PTY LTD	9,750,000	4.69
5	SANDHURST TRUSTEES LTD	6,819,301	3.28
6	CITICORP NOMINEES PTY LIMITED	6,549,653	3.15
7	BALDWIN BROTHERS INVESTMENTS PTY LTD	5,758,000	2.77
8	THORNEY OPPORTUNITIES LTD	5,000,000	2.4
9	BLACK BASS PTY LTD	4,662,899	2.24
10	HOSKING FINANCIAL INVESTMENTS PTY LTD	4,541,699	2.18
11	NATIONAL NOMINEES LIMITED	3,915,402	1.88
12	AFICO PTY LTD	2,720,000	1.31
13	DASH GROWTH LIMITED	2,370,983	1.14
14	CRAIG HARRIS	2,353,763	1.13
15	WALLBAY PTY LTD	1,704,029	0.82
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,673,590	0.8
17	MR MICHAEL RUDD	1,504,326	0.72
18	PLATEY PTY LTD	1,500,000	0.72
19	MATOOKA PTY LTD	1,497,999	0.72
20	BNP PARIBAS NOMS PTY LTD	1,229,962	0.59
	Top 20 shareholders	**119,330,290**	**57.35**

(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	32,587,417	15.67%

(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 employee incentive share scheme	-	-
(b) the share buyback program that ended on 28 April 2023	7,237,936	$1.86

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

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Registered Office

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Bundoora Victoria 3083

Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne Victoria 3000

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[1] shares are listed on the Australian Securities Exchange (ASX code SVR[1])

Website

www.solvar.com.au

1. Previously Money3 Corporation Limited (ASX code MNY).


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