

# Interim Financial Report

## RAC Finance Limited

For the year ended 31 December 2025



**For the better**

**RAC Finance Limited**

ABN 77 009 066 862  
Australian Credit Licence 387972

**RAC Finance Limited**

ABN 77 009 066 862

**Interim Financial Report  
for the half-year ended 31 December 2025**

**RAC Finance Limited** ABN 77 009 066 862  
**Interim financial report - 31 December 2025**

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## Directors' report

Your Directors present their report on RAC Finance Limited ("the company") for the half-year ended 31 December 2025.

### Directors

The following persons held office as Directors of RAC Finance Limited during the financial period and up to the date of this report unless otherwise stated:

Jim Walker (Chair)  
Andrew Crane  
Jacqueline Ronchi  
Timothy Shanahan  
Vicki Robinson  
Dalton Gooding (resigned 27 October 2025)  
Brendan Gore (appointed 15 December 2025)  
Alison Terry (appointed 15 December 2025)  
Guy Chalkley (appointed 26 December 2025)  
Robert Slocombe (Executive Director, Group Chief Executive Officer)

### Review of operations

The company's profit after tax for the half-year ended 31 December 2025 was \$3,453,924 (2024: \$2,977,987).

Market and economic conditions for the car loan and property development finance were stable during the half-year, with the company's focus being to maintain liquidity and a conservative credit risk profile. The company made a profit before income tax of \$4,952,286 (2024: \$4,254,267), increasing from the prior half-year mainly driven by growth in the property loan portfolio and lower funding costs.

### Events subsequent to reporting date

RAC Finance Limited declared a dividend of \$7,000,000 on 17 February 2026.

There have not been any material or unusual events or transactions between reporting date and the date of this report which are likely, in the opinion of the directors of the company, to significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

This report is made in accordance with a resolution of Directors.



Jim Walker  
Chair

Perth, W.A.  
17 February 2026

**RAC Finance Limited** ABN 77 009 066 862  
**Interim financial report - 31 December 2025**

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**RAC Finance Limited**  
**Income statement**  
**For the half-year ended 31 December 2025**

	Notes	31 December 2025 \$	31 December 2024 \$
<b>Revenue</b>			
Interest revenue		19,479,071	18,867,216
Interest expense		<u>(8,064,177)</u>	<u>(8,789,363)</u>
<b>Net interest income</b>		<b>11,414,894</b>	<b>10,077,853</b>
Other income	1	290,145	271,731
<b>Expenses</b>			
Management fees		(1,703,929)	(1,965,537)
Depreciation and amortisation expense	2	(12,337)	(22,652)
Other operating expenses		(1,123,371)	(898,633)
Advertising		(676,942)	(547,788)
Employee benefits expense	2	(2,760,554)	(2,105,355)
Credit loss expense		(71,681)	(88,427)
Expected credit loss expense movement	5(a)	(88,901)	(19,863)
Commissions and fees		(208,984)	(347,894)
Borrowing costs	2	<u>(106,054)</u>	<u>(99,168)</u>
<b>Profit before income tax</b>		<b>4,952,286</b>	<b>4,254,267</b>
Income tax expense		<u>(1,498,362)</u>	<u>(1,276,280)</u>
<b>Profit for the period</b>		<b>3,453,924</b>	<b>2,977,987</b>
Profit is attributable to:			
Owner of RAC Finance Limited		<b>3,453,924</b>	<b>2,977,987</b>

*The above income statement should be read in conjunction with the accompanying notes.*

**RAC Finance Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2025**

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Profit for the period</b>	<b>\$ 3,453,924</b>	<b>\$ 2,977,987</b>
Total comprehensive income for the period is attributable to:		
Owner of RAC Finance Limited	<u>3,453,924</u>	<u>2,977,987</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**RAC Finance Limited**  
**Balance sheet**  
**As at 31 December 2025**

	Notes	31 December 2025 \$	30 June 2025 \$
<b>ASSETS</b>			
Cash and cash equivalents	3	17,751,662	23,628,571
Other financial assets	4	2,013,957	3,028,719
Trade and other receivables		2,918	3,017
Loans and advances	5	397,354,334	401,591,787
Deferred tax assets		676,772	683,165
Property, plant and equipment		10,088	-
Intangible assets		33,339	44,853
Other assets		45,445	145,243
<b>Total assets</b>		<u>417,888,515</u>	<u>429,125,355</u>
<b>LIABILITIES</b>			
Trade and other payables		8,546,723	8,624,776
Interest bearing loans and borrowings	7	349,563,208	356,190,714
Provisions		537,089	522,294
<b>Total liabilities</b>		<u>358,647,020</u>	<u>365,337,784</u>
<b>Net assets</b>		<u>59,241,495</u>	<u>63,787,571</u>
<b>EQUITY</b>			
Contributed equity	8	30,000,000	30,000,000
Retained earnings	9	29,241,495	33,787,571
<b>Total equity</b>		<u>59,241,495</u>	<u>63,787,571</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**RAC Finance Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2025**

	Notes	Contributed Equity \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2024</b>		30,000,000	31,737,945	61,737,945
Profit for the year		-	2,977,987	2,977,987
Dividends provided for or paid	10	-	(4,000,000)	(4,000,000)
		-	(1,022,013)	(1,022,013)
<b>Balance at 31 December 2024</b>		30,000,000	30,715,932	60,715,932
	Notes	Contributed Equity \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2025</b>		30,000,000	33,787,571	63,787,571
Profit for the year		-	3,453,924	3,453,924
Dividends provided for or paid	10	-	(8,000,000)	(8,000,000)
		-	(4,546,076)	(4,546,076)
<b>Balance at 31 December 2025</b>		<b>30,000,000</b>	<b>29,241,495</b>	<b>59,241,495</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**RAC Finance Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2025**

	Notes	31 December 2025 \$	31 December 2024 \$
<b>Cash flows from operating activities</b>			
Interest and other operating income from customers		19,197,853	18,351,091
Interest received from deposits		491,207	710,242
Interest payments		(8,809,119)	(9,019,176)
Recoveries on loans previously written off		6,659	7,387
Cash payments to employees and suppliers		(5,901,266)	(6,406,615)
Customer loans advanced		(114,731,716)	(117,159,939)
Customer loan repayments received		118,705,035	121,972,280
Proceeds from borrowings		28,946,679	37,222,487
Income taxes paid		(1,211,908)	-
Repayment of borrowings		(35,574,185)	(40,302,978)
<b>Net cash inflow from operating activities</b>	3(a)	<u>1,119,239</u>	<u>5,374,779</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(10,910)	(6,103)
Proceeds/(Payments) from other financial assets		1,014,762	(4,046,093)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>1,003,852</u>	<u>(4,052,196)</u>
<b>Cash flows from financing activities</b>			
Dividends paid to parent entity	10	<u>(8,000,000)</u>	<u>(4,000,000)</u>
<b>Net cash outflow from financing activities</b>		<u>(8,000,000)</u>	<u>(4,000,000)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(5,876,909)</u>	<u>(2,677,417)</u>
Cash and cash equivalents at the beginning of the financial period		23,628,571	21,800,872
<b>Cash and cash equivalents at end of period</b>	3	<u>17,751,662</u>	<u>19,123,455</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the financial statements

### About this report

#### (a) General Information

These interim financial statements are for RAC Finance Limited ("the company") which provides financial services to members of The Royal Automobile Club of W.A. (Incorporated) and the public through a distribution network in Australia. RACWA Holdings Pty Ltd is the immediate parent of RAC Finance Limited.

The registered office of RAC Finance Limited is located at:

832 Wellington Street  
West Perth W.A. 6005

#### (b) Basis of preparation (interim report)

This condensed interim report for the half-year reporting period ended 31 December 2025 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting*.

This condensed interim report does not include all the notes of the type normally included in an annual financial report, and should be read in conjunction with the 30 June annual report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Where necessary, some prior year numbers have been reclassified to ensure consistency with current year presentation.

#### (c) Changes in accounting policy

Since 1 July 2025, the company has adopted all applicable new Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2025. The adoption of these Standards and Interpretations had no material effect on the financial position or performance of the company.

#### (d) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

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## Performance

This section provides additional information about the individual line items in the company statement of profit or loss that the directors considers most relevant in the context of the operations of the company.

### 1 Other income

	31 December 2025	31 December 2024
	\$	\$
Fees and commissions	283,486	264,344
Bad debts recovered	6,659	7,387
	<u>290,145</u>	<u>271,731</u>

### 2 Expenses

	31 December 2025	31 December 2024
	\$	\$
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Office machines and equipment	533	7,170
Motor vehicles	-	3,615
Fixtures and fittings	289	-
Total depreciation	<u>822</u>	<u>10,785</u>
<i>Amortisation</i>		
Intangibles	<u>11,515</u>	<u>11,867</u>
Total depreciation and amortisation	<u>12,337</u>	<u>22,652</u>
<i>Finance costs</i>		
Borrowing and finance charges paid / payable	<u>106,054</u>	<u>99,168</u>
<i>Employee benefits expenses</i>		
Wages and salaries	2,332,125	1,765,652
Workers' compensation costs	12,613	759
Defined contribution superannuation expense	269,957	216,157
Payroll tax	145,859	122,787
Total employee benefits expenses	<u>2,760,554</u>	<u>2,105,355</u>

## Liquidity, working capital and other operating balances

This section provides information about the working capital and other operating balances of the company and the ability of the company to convert its operating performance into cashflows.

### 3 Assets - Cash and cash equivalents

	<b>31 December 2025</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>17,751,662</b>	<b>23,628,571</b>

#### (a) Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>\$</b>	<b>\$</b>
Profit for the year	<b>3,453,924</b>	<b>2,977,987</b>
Depreciation and amortisation	<b>12,337</b>	<b>22,652</b>
Allowance for expected credit losses	<b>88,901</b>	<b>19,863</b>
Credit loss expense	<b>71,681</b>	<b>88,427</b>
Change in operating assets and liabilities:		
Increase/(decrease) in employee entitlements	<b>14,795</b>	<b>(4,340)</b>
Decrease/(increase) in other assets	<b>26,301</b>	<b>(6,751)</b>
(Decrease) in accrued interest payable	<b>(744,943)</b>	<b>(229,813)</b>
Increase/(decrease) in trade and other payables	<b>386,829</b>	<b>(623,424)</b>
Increase in amount payable to head entity under tax funding agreement	<b>280,060</b>	<b>1,205,280</b>
Decrease in loans and advances	<b>4,150,466</b>	<b>4,934,387</b>
Decrease in borrowings	<b>(6,627,505)</b>	<b>(3,080,490)</b>
Decrease in deferred tax assets	<b>6,393</b>	<b>71,001</b>
Net cash Inflow from operating activities	<b>1,119,239</b>	<b>5,374,779</b>

## Investments

This section provides information about the assets used to generate the revenues and other income of the company.

### 4 Assets - Other financial assets

	<b>31 December 2025</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>
Other financial assets	<u><b>2,013,957</b></u>	<u><b>3,028,719</b></u>

Other financial assets consist of term deposits held to their maturity within three to six months and carry an average fixed interest rate of 3.98% (30 June 2025: 4.47%). The deposits are carried at amortised cost. Due to the short term nature of the other financial assets, their carrying amount is considered to approximate their fair value.

### 5 Assets - Loans and Advances

	<b>31 December 2025</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>
Term loans	<b>398,752,586</b>	<b>402,932,350</b>
Unearned income	<b>(803,271)</b>	<b>(834,483)</b>
Allowance for expected credit losses	<b>(594,981)</b>	<b>(506,080)</b>
Net loans and advances	<u><b>397,354,334</b></u>	<u><b>401,591,787</b></u>

#### (a) Allowance for expected credit losses

	<b>31 December 2025</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>
Opening balance	<b>(506,080)</b>	<b>(381,099)</b>
Expected credit losses	<b>(88,901)</b>	<b>(124,981)</b>
	<u><b>(594,981)</b></u>	<u><b>(506,080)</b></u>

Allowance for expected credit loss has increased in the current period as a result of an increase in hardship loans.

## 6 Assets - Fair Values

The fair values and carrying values of financial assets of the company are as follows:

	31 December 2025		30 June 2025	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Cash	17,751,662	17,751,662	23,628,571	23,628,571
Other financial assets	2,013,957	2,013,957	3,028,719	3,028,719
Other receivables	2,918	2,918	3,017	3,017
Loans and advances - Real estate	109,726,820	109,726,820	105,078,060	105,054,706
Loans and advances - Consumer	287,967,571	285,090,854	297,103,070	288,825,200

The carrying amounts for cash, other financial assets and other receivables approximate fair value. The fair values of loans and advances are estimated using a discounted cash flow analysis, based on current lending rates for similar types of lending arrangements ranging from 8.96% to 10.15% (30 June 2025: 9.66% to 10.46%).

For the purpose of fair value disclosure under *AASB 13 Fair Value Measurement*, loans and advances would be categorised as a level 2 asset where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

## Capital

This section provides additional information on how the company funds the assets of the business through debt and equity (the capital structure).

### 7 Liabilities - Interest bearing loans and borrowings and fair values

	At 31 December 2025		At 30 June 2025	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Investment Notes	<b>349,563,208</b>	<b>350,443,504</b>	356,190,714	359,777,789

None of the classes are readily traded on organised markets in standardised form.

The fair values of investment notes are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements ranging from 4.00% to 4.30% (30 June 2025: 3.90% to 4.10%).

For the purposes of fair value disclosure under *AASB 13 Fair Value Measurement*, the investment notes would be categorised as a level 2 liability where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

### 8 Contributed equity

	31 December 2025	30 June 2025	31 December 2025	30 June 2025
	Shares	Shares	\$	\$
Ordinary shares				
Issued and paid up capital	<b>60,000,000</b>	60,000,000	<b>30,000,000</b>	30,000,000

### 9 Retained Earnings

Movements in retained earnings were as follows:

	Notes	31 December 2025	30 June 2025
Opening balance		\$ 33,787,571	\$ 31,737,945
Net profit for the period		3,453,924	6,049,626
Dividends paid	10	<b>(8,000,000)</b>	<b>(4,000,000)</b>
Closing balance		<b>29,241,495</b>	<b>33,787,571</b>

## **10 Dividends**

### **(a) Ordinary shares**

\$8,000,000 of dividends were paid during the half-year ended 31 December 2025 (30 June 2025: \$4,000,000).

## **Unrecognised items**

This section of the notes provides information about items that are not recognised in the financial statement, but could potentially have a significant impact on the company's financial position and performance.

## **11 Contingencies**

### **(a) Contingent liabilities**

The company had no contingent liabilities at 31 December 2025 (2024: nil).

## **12 Events subsequent to reporting date**

A \$7,000,000 dividend was declared on 17 February 2026.

At the date of this report, no other matter or circumstance has occurred subsequent to 31 December 2025 that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

**Directors' declaration**

- (a) the financial statements and notes set out on pages 2 to 15 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date, and
- (b) at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Jim Walker  
Chair

Perth, W.A.  
17 February 2026



**Shape the future  
with confidence**

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## **Auditor's independence declaration to the directors of RAC Finance Limited**

As lead auditor for the review of the half-year financial report of RAC Finance Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

J K Newton  
Partner  
17 February 2026



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## **Independent auditor's review report to the members of RAC Finance Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of RAC Finance Limited (the Company), which comprises the balance sheet as at 31 December 2025, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the half-year financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Directors' responsibilities for the half-year financial report**

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



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with confidence**

## **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'J K Newton' in a cursive style.

J K Newton  
Partner  
Perth  
17 February 2026