

MTF Finance reports full year profit of \$8 million

MTF Finance today reported a 61% increase in profit after tax for the year ended 30 September 2021. The rebound reflects the reversal of some of the proactive measures taken by MTF Finance last year to address uncertainty and forecast increase in credit risk.

Whilst lingering economic uncertainty remains, the strong sales performance, record low unemployment and our COVID-19 loan rehabilitation programme assisting affected customers means that MTF Finance is able to release some of last year's COVID-19 credit risk allowance.

Underlying profit after tax, which removes the volatility of unrealised fair value movements including the credit risk allowance, to provide a more consistent measure of company performance, held steady with last year totalling \$7.45m (2020: \$7.50m).

Commission paid to shareholder originators increased 6.2% to a record high for the company of \$45.4m.

Sales have increased by \$58.4m (12%) on the back of a strong recovery that has occurred following the initial shock of COVID-19's presence in New Zealand last year and subsequent lockdown periods.

The company's balance sheet has a capital ratio of 12.3% and continues to be in a very strong position to face any downturn in economic activity and support originators through the prolonged pandemic, and then to support future growth as new products are launched and new channels are opened.

The MTF Finance Board approved a final dividend of 2.83 cents per ordinary share (excluding treasury shares held by the Company) for payment on 30 November 2021. Total distribution relevant to the period will be 9.80 cents per share (2020: 7.11 cents per share) or \$2.0m (2020: \$1.6m). While this is an improvement from 2020, the distribution is down on the 14.51 cents per share realised in 2019. This is supported by the Board's strategic plan to reduce dividends as we reinvest in the business through a substantial upgrade of our IT systems and infrastructure over the next 2 to 3 years.

We have identified and commenced addressing technology debt critical to our ability to deliver on our digital innovation plan and improve the customer experience. This will be a huge focus of 2022 and beyond, as we reframe the platform for how we will deliver products to our originators and customers.

Our second annual result in the COVID-19 pandemic world has exceeded our expectations and is cause for some relief and quiet celebration. Whilst acknowledging that economic uncertainty still remains we have rallied to mitigate the impacts of the virus on our business and protect our originators and their customers, all while making significant progress on implementation of our strategic direction.

Customers, originators, and shareholders can always be assured that MTF Finance will continue to push itself towards continuous improvements in everything we do, in order to deliver innovation in the manner that you have come to expect from us.

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About MTF Finance

Established in 1970 as a way for motor vehicle dealers to write loans for their customers, MTF Finance is a Dunedin success story specialising in the finance of vehicles and business equipment. MTF Finance now has assets of \$761m, is wholly New Zealand owned and operated, with 48 independent franchise offices operating from Whangarei to Invercargill, as well as a solid nationwide base of vehicle dealer originators.

First listed on the NZDX in 1994, MTF Finance has a well-established brand and reputation both as a supplier of finance and as a capital markets issuer, regularly issuing medium term notes to institutional investors in New Zealand and Australia.