

HALF YEAR REPORT

FOR THE SIX MONTHS
ENDING 31 MARCH 2024





I applied for finance with them and within two hours, someone had called me and had started processing my paperwork.

Giovanni is an amazing hard-working guy, he helped me through getting the finance on my truck and my bike, he kept me up-to-date with everything. He also worked really late into the night to get the finance approved.

I HIGHLY RECOMMEND THIS COMPANY.

★★★★★ by Bryce

Our customers rate us
4.9 out of 5 on  Trustpilot

BOARD CHAIR'S OVERVIEW



The growth of MTF Finance over the past 18 months has been an outcome of a deliberate strategy set by the Board to enable the company to achieve its potential - and there is still more to come.

The multi-channel model with an increased range of products is working, giving the growth and scale the business needs to ultimately give more New Zealanders easier access to funding.

Our work to completely transform the technology systems has been talked about for a couple years now. It is encouraging to now see real momentum as milestones in the project are starting to be realised. The improvements in MTF Finance's capability will continue to speed up, allowing us to do more for our customers.

This also benefits shareholders. This year we have seen the share value increase on the back of an independent valuation, now sitting at \$3.50 per share. An endorsement of not only the current operating abilities of MTF Finance, but the future growth expected as a result of the delivery of the current strategic direction.

A new digital lending channel and digital systems will play a key role in this.

The Board continue to hold meetings throughout the country, hosting events and shareholder roadshows, to get in front of shareholders and originators to hear first-hand what is important to you, which is particularly relevant given the mix of active originating shareholders, and long-term shareholders in the business who are no longer originating. Such engagement is valuable for us and something we enjoy.

We are committed to investing in our Future Directors Programme that has now seen four shareholder directors gain experience of what it is like to be part of the governance of MTF Finance, with another two participants rostered this year.

As signalled at the AGM, the Board considers a need for review of the Constitution as some aspects are out of date and previous changes have resulted in some contradictions. A Board Committee of shareholder directors chaired by Board Deputy Chair Stu Myles was formed and together with legal advisers is carefully working through an update. We expect to bring recommended changes to shareholders through a 'special meeting' later this year. It is important that the Constitution stays relevant to protect the interests of shareholders in an ever advancing and changing world and keeps pace with statutory and regulatory changes.

On behalf of the Board, I'd like to thank shareholders for continued belief and support in the direction MTF Finance is heading.

Mark Darrow
Board Chair

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REPORT FROM THE CEO

The first half of FY24 has been characterised by the economy. Stubborn inflation has led to a continuing of tight monetary policy and combined with the higher cost of living, this has impacted most New Zealanders and their spending patterns.



Within this environment, MTF Finance has continued to focus on three key things:

1. Looking after our customers to ensure their loans remain affordable, and for new customers, making sure we make the right lending decisions
2. Secure efficient funding for future growth and development
3. Continuing to invest in core business, to ensure long-term growth, as per the agreed strategy.

We are pleased to see this focus is working. Just as pleasingly, arrears (31 days plus) remain at less than half industry averages at 0.85 percent. This is a key measure we track to ensure we are making the right lending decisions, and supporting customers when times get tough. It is also a key proof point that lending decisions being made by people that live and work in the community they serve make better decisions than many algorithms.

While many businesses are suffering the impacts of the downturn, we have experienced a 7% year on year increase in sales, to \$425m for the period, which is testament to the hard work of our dealer and franchise originators.

Our Treasury function has worked hard to secure and maintain our funding channels ensuring we have adequate headroom to fund future growth, and development. As at 31 March we had over \$280m undrawn and available. This was recognised externally by INFINZ naming them as a finalist for Excellence in Treasury earlier this month. The nomination alone is credit to a team that continues to punch above their weight and make MTF Finance proud on both a local and international stage.

In this financial year MTF Finance has also been recognised as the ODT business of the year, Business South's Marketing company of the year and winner of the KangaNews New Zealand Securitisation Deal of the Year Award.

These awards recognise the calibre and capability of our people across the network and in our national office. I am proud of the team we have built, and the strengthening culture is seen through improving engagement, increasing numbers of applicants for each role and a falling turnover rate.

While the business continues to perform well, we expect the second half of the financial year to slow as consumer spending continues to be impacted. As a business we will focus on long-term growth, quality decision making and supporting our customers. Our business model is resilient and rather than entrench and ride out the storm, we back our originators to continue to be there for their customers and support them through any challenging times.

Our business transformation project has gained significant momentum and permeates all aspects of our business. This is a critical piece of work that will ensure we have developed the necessary technology, and ancillary processes, to meet the needs of our originators and their customers. It underpins our ability to deliver on our goal of helping 100,000 customers with their financing needs by 2026.

While transformation is a large focus, we are committed to continuing to improve and expand our network offering to help more customers. As part of this, we elevated our partnership with AMI Insurance and launched a co-location initiative in February. The presence of AMI agents in our Mt Eden (Auckland) and Hornby (Christchurch) branches is part of creating greater in-store options for finance and insurance, improving the overall customer experience.

We have also introduced a mortgage advice product that is being piloted in several franchises, with more to be added in the coming months. Leveraging our successful personalised service across our network, we are pleased to be able to be there for our customers as they embark on another part of their financial journey.

I'd like to thank all shareholders and originators for their continued support and belief in the business model, and the Board for the significant work that has gone into ensuring MTF Finance is heading in the right direction.

Chris Lamers
Chief Executive Officer

PRODUCTS & PARTNERSHIPS

Getting our customers sorted all in one spot.

In early February, our partnership with AMI Insurance became more concrete with the introduction of AMI Insurance Hubs at selected MTF Finance franchise offices, creating a one-stop-shop for customers to finance and protect the things they need locally.

Co-location started with Mt Eden and Hornby franchises in February, meaning AMI representatives are on hand at those locations for customers both MTF Finance and AMI Insurance.

Instantly recognisable from the exterior co-branding, the office not only represents our successful partnership for customers but also heralds the return of AMI Insurance to the physical retail space.

"Our partnership with AMI Insurance reinforces MTF Finance's identity as a trusted financial services provider within the community", says MTF Finance CEO, Chris Lamers. "At the core of MTF Finance are our locally owned and operated branches, and we're committed to keep expanding our network to help more communities. The collaboration gives customers direct access to trusted expertise and reliability when it matters most."



MTF Finance Mt Eden office



MTF Finance Hornby office



Mortgages

Two years ago, we added unsecured and non-recourse. Recently, we have started offering home loan brokering through a small group of franchises, and the customer response has been immediate and encouraging. We have plans to launch new products to reach new customer groups and build on the unique strengths of our business.



Awards

These achievements were recognised, not just by us, but by a number of organisations. Over the year MTF Finance was awarded:

- Business of the Year by the Otago Daily Times
- Marketing Company of the Year at the Business South Awards
- And the Opala Trust (\$280m issuance) was awarded KangaNews New Zealand Securitisation Deal of the Year 2023

This recognition is important, it builds pride in our team across the network and at national office. It helps attract new talent and new originators, which is critical for the ongoing sustainability and future growth of the business.

But as they say, you're only as good as your last game, and we have been focussing on making sure the phenomenal year the business had translates into long-term growth and value for shareholders.



Otago Daily Times article, Saturday 30 December 2023

FINANCIAL SUMMARY

	6 mths to 31/03/2024	6 mths to 31/03/2023	12 mths to 30/09/2023
	\$m (Unaudited)	\$m (Unaudited)	\$m (Audited)
Operating result			
New loans	424.7	397.9	846.4
Profit after tax	2.9	6.0	11.6
Underlying profit after tax ¹	4.6	6.2	11.3
Total assets	1,193.9	972.2	1,096.8
Total paid to originators	47.5	40.5	85.5
Performance indicators			
Net interest income/average finance receivables (annualised)	2.6%	3.5%	3.2%
Expense/average total assets (annualised) ²	2.8%	2.7%	3.1%
Impaired asset expense/average finance receivables (annualised)	0.04%	0.02%	0.04%
Credit risk allowance/average finance receivables	0.40%	0.47%	0.44%
Capital percentage	9.0%	10.7%	9.87%
Shareholder value (per ordinary share)			
Adjusted net asset backing ³	\$3.36	\$3.35	\$3.40
Underlying profit after tax ⁴	\$0.17	\$0.27	\$0.45
Dividend for the year (net)	4.19c	7.10c	26.90c

	\$000 (Unaudited)	\$000 (Unaudited)	\$000 (Audited)
Profit after tax	2,945	5,991	11,555
Adjustments:			
Finance receivables at fair value	(15,849)	(7,647)	(6,300)
Adjustment to credit risk assessment	388	(134)	(88)
Interest rate swap derivatives at fair value	17,798	7,981	6,025
Total adjustments before tax	2,337	334	(363)
Tax on adjustments	(654)	(94)	102
Underlying profit after tax (UPAT)	4,628	6,231	11,294

¹ Underlying profit removes the volatility of unrealised fair value movements and adjustment to credit risk assessment, to provide a more consistent measure of company performance.

² Expense excludes bad debt.

³ Adjusted net assets comprises net assets less perpetual preference shares.

⁴ Excludes dividends paid to perpetual preference shareholders.

Really enjoyed dealing with Susannah, very friendly, very professional. Made me feel like a most valued customer. Provided all the options and best advice. Was really an awesome experience. Would highly recommend her services to everyone I know. Thank you MTF Finance, you have a customer for life ❤️.

★★★★★ by Deon

Our customers rate us
4.9 out of 5 on ★ Trustpilot

FINANCIAL PERFORMANCE

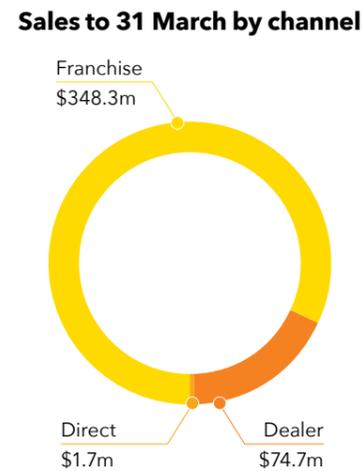
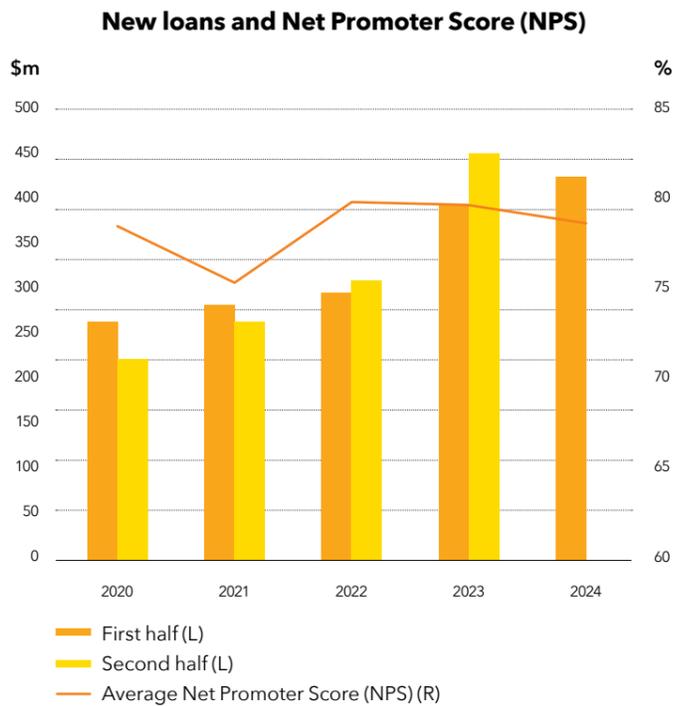
Strong sales of \$425m for the period has helped drive a 42% increase in revenue year on year, allowing for the 17% increase in originator earnings to \$47.5m (31 March 2023: \$40.5m, 30 September \$85.5m).

This performance has contributed to an increase in our growing loan book, now at \$1.1b, with market leading arrears of 0.85% (31+ days).

Underlying profit after tax, which removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance, decreased 26% to \$4.6m (31 March 2023: \$6.2m, 30 September 2023: \$11.3m).

The drop in profitability is not unexpected, due to deliberate investment in our transformation project that has escalated during the period as momentum is gained. This was budgeted and previously signalled to shareholders as a short-term necessity to future proof the business.

Increases in funding costs have also been experienced as wholesale interest rates remain high, and existing facilities run off and are either replaced or repriced at higher rates.



FINANCIAL POSITION AND LIQUIDITY

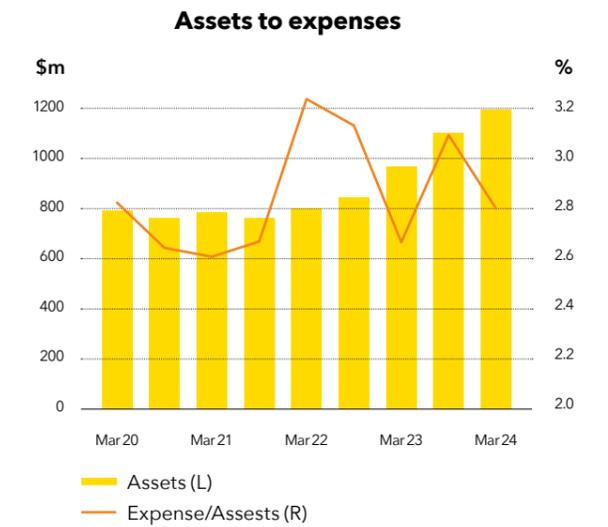
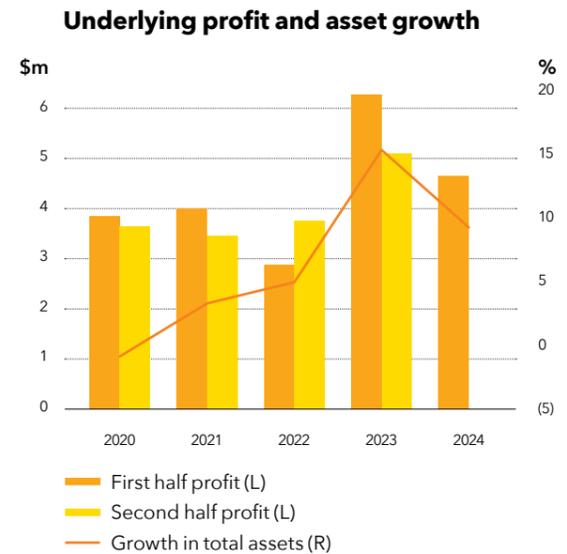
Finance receivables continue to grow, totalling \$1,086m and representing a year-on-year increase of 26% and 10% growth within the last six months alone.

The company continues to have a strong balance sheet ratio of 9% to support continuous growth, product development, transformation as well as endure any further deterioration in economic pressures.

In March we completed our eighth securitisation transaction (the MTF Navarro Trust 2024) with the issue of \$350m of asset backed securities to institutional

investors. This was our largest transaction to date and shows the continued support by long-standing, repeat investors as well as the introduction of some new investors to the programme. The success of our capital markets programme is something we take great pride in, and we intend on coming back to market with a new transaction again in 2025.

Funding facilities continue to have sufficient headroom to support both current and future growth, with \$281.4m undrawn as at 31 March.



OUR SHAREHOLDERS AND ORIGINATORS

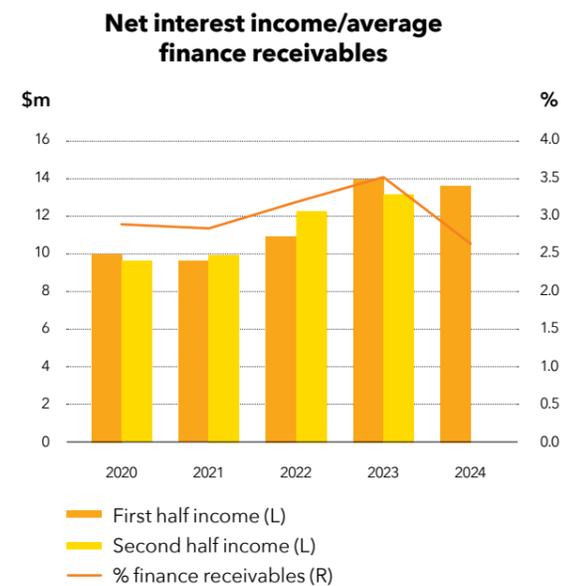
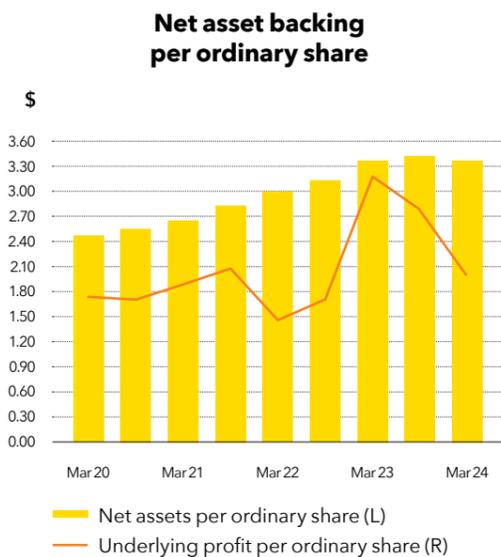
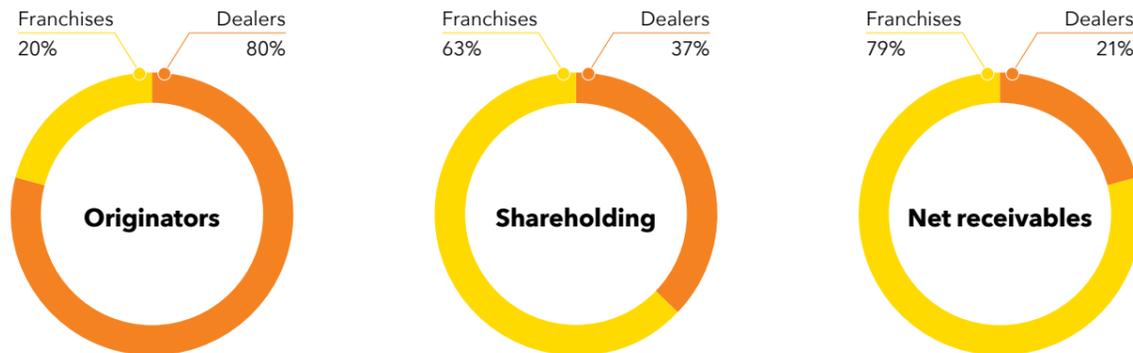
Return on ordinary equity, using underlying profit after tax (annualised), was 10.0%, down from 15.9% with the same period last year due to the factors outlined earlier.

The Board of Directors has declared an interim dividend on paid-up ordinary shares of 4.19 cents per share, amounting to \$856,967 (fully imputed), for the period 1 October 2023 to 31 March 2024. The dividend will be paid in the first week of June 2024 and reflects the current financial performance while acknowledging difficult trading conditions expected to worsen for the remainder of the financial year and into FY25.

In May 2022, MTF Finance launched a Dividend Reinvestment Plan (DRP) for ordinary shareholders with many eligible shareholders taking up the opportunity to

reinvest declared dividends (in whole or part) on current shares into additional ordinary shares of MTF Finance. This is part of a continued strategy to align our originator and shareholder interests. We encourage originating shareholders to explore the offer document explaining how the plan operates and the terms and conditions of participation that can be found on our website <https://www.mtf.co.nz/about/investors>.

Perpetual preference share dividends have continued, totalling \$1.2m (31 March 2023: \$1.0m, 30 September 2023: \$2.0m) for the period. The dividend rate is set annually at 2.40% over the one-year swap rate and was reset at 8.33% (2023: 7.05%) on 2 October 2023, for the twelve months to 30 September 2024.



Originators have received income from MTF Finance of \$47.5m for the period, up from \$40.5m in the same period last year. This is pleasing given the tightening market and softening of sales experienced by many in the industry in the current climate. The ability of the MTF Finance model to continue to provide cashflow certainty to our originator network is one of our core strengths.

Our originators play a vital role in the delivery of superior and personalised customer service, impacting the communities they reside in the pursuit of making lending about people again. This is one of MTF Finance's key assets and something we will protect as we look to expand our network and product offering, to reach more customers and ultimately have a greater influence in the New Zealand financial services market.



OUR PEOPLE

We have long known our people are the key to our performance and ability to execute our strategy. It is great to see recognition be received externally, with multiple awards being received as mentioned earlier. This is wonderful recognition for the entire team that show up each day in the pursuit of improving our business to ultimately deliver a superior experience for our customers.

The National Office has also seen increased team engagement scores and increased application numbers for vacant roles. Significant investment has been put into the culture of the organisation, to ensure, as an employer of choice, MTF Finance attracts and maintains the best talent.

The AGM was held on 21 March 2024 where both Grant Woolford and Geoff Kenny were re-appointed as shareholder directors by majority vote. This provides valuable continuity at the Board table as MTF Finance goes through this period of change.

OUTLOOK

Economists and the Reserve Bank of New Zealand are signalling that it will be 2025 before we start to see economic improvement.

It is expected this will continue to impact on spending habits and demand for vehicles, renovations and other large items that drive lending. This is where MTF Finance's broadened strategy is key, and our desire to continue to build on our suite of products to meet different customers' demands when they need them.

The regulatory environment continues to be a challenge to navigate, with the government signalling more changes to the CCCFA. While the signals of an ease of regulatory oversight are positive, we will monitor the changes closely.

History shows the resilience of the MTF Finance business model in difficult economic times, and we remain confident that, as other finance companies retrench, our long-term focus, investment in the core of the business and superior customer service will allow us to continue to out-perform the market.

Mark Darrow
Board Chair

Chris Lamers
Chief Executive Officer



Real people for real people!

The humanness of Taneel and Louise and actually anyone I've ever dealt with at MTF Finance. The website is easy to navigate and informative. I wish I'd known of you all earlier, I could have saved myself many years of anxiety.



by Tessa

Our customers rate us
4.9 out of 5 on Trustpilot

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 March 2024	Note	6 mths to 31/03/2024	6 mths to 31/03/2023	12 mths to 30/09/2023
		\$000 (Unaudited)	\$000 (Unaudited)	\$000 (Audited)
Gross interest income from finance receivables		71,868	50,875	113,298
Commission		(29,772)	(23,461)	(51,911)
Net interest income from finance receivables		42,096	27,414	61,387
Interest income from assets measured at amortised cost		3,849	1,696	5,191
Interest expense		(32,250)	(15,082)	(39,331)
Net interest income		13,695	14,028	27,247
Payment waiver		2,829	2,187	4,780
Fees		5,643	4,751	10,425
Brokerage		291	-	3,370
Net interest income and fees		22,458	20,966	45,822
Expenses				
Employee		(6,606)	(5,431)	(12,542)
Communication and processing		(4,469)	(2,981)	(9,160)
Depreciation and amortisation		(918)	(743)	(1,809)
Administration		(3,815)	(2,795)	(6,506)
Bad debt		(205)	(89)	(333)
		(16,013)	(12,039)	(30,350)
Profit before net gain (loss) from financial instruments at fair value		6,445	8,927	15,472
Net gain (loss) from financial instruments at fair value	2	(2,210)	(334)	532
Profit before tax		4,235	8,593	16,004
Tax		(1,290)	(2,602)	(4,449)
Profit after tax		2,945	5,991	11,555
Other comprehensive income		-	-	-
Total comprehensive income		\$2,945	\$5,991	\$11,555

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 March 2024	Note	Ordinary shares \$000	Retained earnings \$000	Perpetual preference shares \$000	Total equity \$000
6 months ended 31 March 2024 (Unaudited)					
Balance at 1 October 2023		20,386	48,845	38,966	108,197
Total comprehensive income for the period:					
Profit after tax		-	2,945	-	2,945
Total comprehensive income for period		-	2,945	-	2,945
Transactions with shareholders:					
Ordinary share dividends		-	(3,930)	-	(3,930)
Perpetual preference share dividends		-	(1,200)	-	(1,200)
Shares issued		1,641	-	-	1,641
Total transactions with shareholders:		1,641	(5,130)	-	(3,489)
Balance at 31 March 2024		\$22,027	\$46,660	\$38,966	\$107,653
6 months ended 31 March 2023 (Unaudited)					
Balance at 1 October 2022		19,494	41,168	38,966	99,628
Total comprehensive income for the period:					
Profit after tax		-	5,991	-	5,991
Total comprehensive income for period		-	5,991	-	5,991
Transactions with shareholders:					
Ordinary share dividends		-	(361)	-	(361)
Perpetual preference share dividends		-	(1,015)	-	(1,015)
Shares cancelled on buyback		72	95	-	167
Total transactions with shareholders:		72	(1,281)	-	(1,209)
Balance at 31 March 2023		\$19,566	\$45,878	\$38,966	\$104,410
Year ended 30 September 2023 (Audited)					
Balance at 1 October 2022		19,494	41,168	38,966	99,628
Total comprehensive income for the year:					
Profit after tax		-	11,555	-	11,555
Total comprehensive income for year		-	11,555	-	11,555
Transactions with shareholders:					
Ordinary share dividends		-	(1,744)	-	(1,744)
Perpetual preference share dividends		-	(2,030)	-	(2,030)
Shares issued from treasury shares		892	(104)	-	788
Total transactions with shareholders:		892	(3,878)	-	(2,986)
Balance at 30 September 2023		\$20,386	\$48,845	\$38,966	\$108,197

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

CONSOLIDATED BALANCE SHEET

As at 31 March 2024	Note	31/03/2024	31/03/2023	30/09/2023
		\$000	\$000	\$000
		(Unaudited)	(Unaudited)	(Audited)
Funds employed				
Ordinary shares		22,027	19,566	20,386
Retained earnings		46,660	45,878	48,845
Perpetual preference shares		38,966	38,966	38,966
Total shareholder equity		107,653	104,410	108,197
Liabilities				
Bank overdraft		487	289	-
Provision for taxation		-	1,882	1,560
Accounts payable and accrued expense		15,468	10,753	15,602
Unearned payment waiver administration fees		8,767	7,172	8,234
Committed cash advance	3	32,850	39,900	57,100
Securitisation funding	3	1,022,965	804,701	902,825
Deferred tax		-	-	-
Derivative financial instruments		2,622	-	-
Lease liability		3,074	3,084	3,249
Total liabilities		\$1,086,233	\$867,781	988,570
Total funds employed		\$1,193,886	\$972,191	\$1,096,767
Employment of funds				
Cash at bank		-	-	165
Cash in restricted bank accounts		92,556	86,280	76,273
Tax receivable		780	-	-
Accounts receivable		2,193	6,485	1,902
Finance receivables	4	1,086,093	860,462	990,451
Derivative financial instruments		-	13,219	15,175
Deferred tax		186	12	186
Property, plant and equipment		1,035	1,014	1,100
Right to use assets		2,713	2,800	2,921
Intangible assets		5,063	1,919	5,327
Goodwill		3,267	-	3,267
Total assets		\$1,193,886	\$972,191	\$1,096,767



Mark Darrow

Board Chair

23 May 2024



Melanie Templeton

Audit & Risk Committee Chair

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 31 March 2024	Note	6 mths to 31/03/2024	6 mths to 31/03/2023	6 mths to 30/09/2023
		\$000	\$000	\$000
		(Unaudited)	(Unaudited)	(Audited)
Cash flow from operating activities				
Interest income		75,696	52,571	118,441
Fee income		5,907	4,751	14,370
Interest expense		(27,623)	(11,827)	(33,286)
Other funding and securitisation costs		(3,335)	(1,815)	(4,420)
Income tax paid		(3,678)	1,247	(3,046)
Commission		(29,518)	(23,919)	(52,186)
Payment waiver		3,394	3,218	7,010
Operating expense		(16,332)	(15,169)	(23,755)
Net cash flow from operating activities before changes in operating assets and liabilities		4,511	9,057	23,128
Changes in operating assets and liabilities				
Finance receivable instalments		344,408	281,632	598,768
Increase in committed cash advance - net		(24,250)	(8,400)	8,800
Increase (decrease) in securitised facilities - net		120,237	127,160	225,560
Finance receivable advances		(424,712)	(397,907)	(846,366)
		15,683	2,485	(13,238)
Net cash flow from operating activities	5	20,194	11,542	9,890
Cash flow from investing activities				
Sale of property, plant and equipment		27	25	20
Purchase of property, plant and equipment		(152)	(248)	(555)
Purchase of intangible assets		(232)	(193)	(496)
Purchase of business		-	-	(4,804)
Net cash flow from investing activities		(357)	(416)	(5,835)
Cash flow from financing activities				
Lease payments		(174)	(143)	(295)
Trust establishment costs		(543)	(588)	(1,144)
Dividend to perpetual preference shareholders		(1,200)	(1,015)	(2,030)
Dividend to ordinary shareholders		(2,289)	(194)	(953)
Net cash flow from financing activities		(4,206)	(1,940)	(4,422)
Net increase (decrease) in cash		15,631	9,186	(367)
Cash on hand at beginning of period		76,438	76,805	76,805
Cash on hand at end of period		\$92,069	\$85,991	\$76,438
Represented by:				
Cash at bank (overdraft)		(487)	(289)	165
Cash in restricted bank accounts		92,556	86,280	76,273
		\$92,069	\$85,991	\$76,438

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of reporting

Reporting entity

The unaudited consolidated interim financial statements presented are those of Motor Trade Finance Limited (MTF Finance) and its subsidiaries (the Group). MTF Finance is the ultimate Parent of the Group.

MTF Finance is a profit-oriented entity, domiciled in New Zealand and registered under the Companies Act 1993. MTF Finance is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the consolidated interim financial statements comply with this Act.

The registered office of MTF Finance is Level 1, 98 Great King Street, Dunedin.

The principal activity of the Group consists of accepting finance receivables entered into by transacting shareholders.

The consolidated interim financial statements were approved by the Board of Directors on 23 May 2024.

Basis of preparation

The consolidated interim financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP), they comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated interim financial statements also comply with IFRS Accounting Standards.

The Group is a tier 1 for-profit entity in terms of the External Reporting Board Standard A1: Application of the Accounting Standards Framework.

Statement of compliance

The consolidated interim financial statements should be read in conjunction with the Annual Report for the year ended 30 September 2023.

The accounting policies and computation methods used in the preparation of the consolidated interim financial statements are consistent with those used as at 30 September 2023 and 31 March 2023.

These consolidated interim financial statements have not been audited. The consolidated interim financial statements comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

Note 2: Net gain (loss) from financial instruments at fair value

	31/03/2024	31/03/2023	30/09/2023
	\$000	\$000	\$000
	(Unaudited)	(Unaudited)	(Audited)
Net gain (loss) arising on financial instruments mandatorily measured at FVTPL:			
Finance receivables	15,461	7,647	6,557
Interest rate swap derivatives (unrealised gain)	(17,798)	(7,981)	(6,025)
	(\$2,337)	(\$334)	\$532

Net gain (loss) on financial instruments at FVTPL for finance receivables comprises the remaining net change in fair value of the finance receivables at FVTPL including changes in market and credit risks.

Assessment of credit impairment on financial instruments at FVTPL is included in the net gain (loss) from financial instruments at fair value and forms part of the finance receivables fair value assessment.

Note 3: Funding (secured)

	Facility expiry date	Limit	Undrawn	Drawn	Unamortised fees and expenses	Carrying amount
		\$000	\$000	\$000	\$000	\$000
31 March 2024 (Unaudited)						
Committed cash advance facility	21/12/2025	100,000	67,150	32,850	-	32,850
Securitisation:						
Senior Warehouse notes	15/11/2025	300,000	154,445	145,555	(409)	145,145
Senior Pantera notes	15/06/2029	278,500	-	134,767	(56)	134,712
Senior Opala notes	16/09/2030	277,500	-	277,500	(373)	277,127
Senior Navarro notes	15/09/2031	346,675	-	346,675	(524)	346,151
Senior Personal Loan Warehouse notes	08/09/2025	100,000	48,399	51,601	(373)	51,228
MUFG loan	15/11/2024	80,000	11,398	68,602	-	68,602
Total securitisation		1,238,942	214,242	1,024,701	(1,736)	1,022,965
Total		\$1,338,942	\$281,392	\$1,067,551	(\$1,736)	\$1,055,815

	Facility expiry date	Limit	Undrawn	Drawn	Unamortised fees and expenses	Carrying amount
		\$000	\$000	\$000	\$000	\$000
31 March 2023 (Unaudited)						
Committed cash advance facility	16/12/2023	100,000	60,100	39,900	-	39,900
Securitisation:						
Senior Warehouse notes	15/03/2024	320,000	128,957	191,043	-	191,043
Senior Pantera notes	15/06/2029	278,500	-	278,500	(229)	278,271
Senior Opala notes	16/09/2030	277,500	-	277,500	(567)	276,933
MUFG loan	15/11/2023	70,000	11,546	58,454	-	58,454
Total securitisation		946,000	140,503	805,497	(796)	804,701
Total		\$1,046,000	\$200,603	\$845,397	(\$796)	\$844,601

	Facility expiry date	Limit	Undrawn	Drawn	Unamortised fees and expenses	Carrying amount
		\$000	\$000	\$000	\$000	\$000
30 September 2023 (Audited)						
Committed cash advance facility	16/12/2023	100,000	57,900	57,100	-	57,100
Securitisation:						
Senior Warehouse notes	15/03/2024	520,000	219,073	300,927	-	300,927
Senior Pantera notes	15/06/2029	220,298	-	220,298	(122)	220,176
Senior Opala notes	16/09/2030	277,500	-	277,500	(534)	276,966
Senior Personal Loan Warehouse notes	08/09/2025	100,000	58,670	41,330	(416)	40,914
MUFG loan	15/11/2023	70,000	6,158	63,842	-	63,842
Total securitisation		1,187,798	283,901	903,897	(1,072)	902,825
Total		\$1,302,798	\$341,801	\$960,997	(\$1,072)	\$959,925

Note 4: Asset quality disclosures

	31/03/2024	31/03/2023	30/09/2023
	\$000	\$000	\$000
	(Unaudited)	(Unaudited)	(Audited)
Asset quality - finance receivables			
Current	1,045,399	847,707	977,704
1-30 days past due	36,535	25,532	26,559
31-90 days past due	6,529	4,566	4,669
More than 90 days past due	2,170	1,276	1,473
Managed transacting shareholders	44	166	91
	\$1,090,677	\$879,247	\$1,010,496
Adjustments:			
Fair value adjustment	(385)	(15,020)	(16,234)
Credit risk adjustment ¹	(3,862)	(3,601)	(3,600)
Expected credit losses	(337)	(164)	(211)
Total carrying amount	\$1,086,093	\$860,462	\$990,451
¹ Credit Risk adjustment by type			
Collective	(3,819)	(2,063)	(3,536)
Covid	-	(1,500)	-
Other	(43)	(38)	(64)
Total credit risk adjustment	\$(3,862)	\$(3,601)	\$(3,600)

Note 5: Statement of cash flow

	31/03/2024	31/03/2023	30/09/2023
	\$000	\$000	\$000
	(Unaudited)	(Unaudited)	(Audited)
Reconciliation of profit after tax to net cash flow from operating activities			
Profit after tax	2,945	5,991	11,555
Depreciation and amortisation	918	743	1,809
	3,863	6,734	13,364
Movement in other items			
(Increase) decrease in accounts receivable	(291)	(4,472)	108
(Increase) decrease in payment waiver indemnity prepayment	-	101	-
(Increase) decrease in finance receivables	(95,642)	(123,834)	(253,823)
Increase (decrease) in committed cash advance	(24,250)	(8,400)	8,800
(Increase) decrease in deferred tax	-	(483)	(657)
Increase (decrease) in provision for tax	(2,340)	4,333	4,011
Increase (decrease) in accounts payable and accrued expense	(134)	1,351	6,302
Increase (decrease) in unearned payment waiver fees	533	908	1,970
Increase (decrease) in securitised funding	120,140	126,735	222,645
(Increase) decrease in derivative financial assets	-	7,981	6,026
Increase (decrease) in derivative financial liabilities	17,797	-	-
	15,813	4,220	(4,618)
Movement in working capital items classified as investing or financing activities	518	588	1,144
Net cash surplus from operating activities	\$20,194	\$11,542	\$9,890

Note 6: Goodwill

Policy

Goodwill represents the excess of the purchase price consideration over fair value of the identifiable tangible and identifiable intangible assets, liabilities, and contingent liabilities of The Lending People Limited (TLP) subsidiary, recognised at the time of acquisition.

At 30 September 2023, assessments and judgements were made that allocated goodwill to the MTF Group cash-generating unit (CGU), as synergies expected to be realised from the integration of the business were not separately recognised.

While the business is receiving value from the technology synergies, the financial performance of the subsidiary has been below expectations. As a result, for year end management will revisit the judgements applied in the allocation of the CGU and will re-assess the goodwill asset for impairment.

Note 7: Subsequent Events

Dividend

On 23 May 2024, the directors declared an interim dividend on paid-up ordinary shares of 4.19 cents per share, amounting to \$856,967 (fully imputed), for the period 1 October 2023 to 31 March 2024. The dividend will be paid in the first week of June 2024.

DIRECTORY

Directors

Mark Darrow (Chair)
Stu Myles (Deputy Chair)
Noel Johnston
Geoffrey Kenny
Melanie Templeton
Grant Woolford

Senior Leadership Team

Chris Lamers (Chief Executive Officer)
Kyle Cameron (Chief Financial Officer & Deputy CEO)
Natasha Callister (Chief Commercial Officer)
Rowena Davenport (Head of Credit)
Hayley Guest (General Counsel, Risk and Compliance Manager)
Jane Stumbles (Head of People and Culture)
Dan Wilkinson (Chief Technology Officer)

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Trustee for securitisation programme

Trustees Executors Limited

Bankers

Bank of New Zealand
Commonwealth Bank of Australia
Mitsubishi UFJ Financial Group (MUFG)
Westpac New Zealand

Solicitors

Anderson Lloyd
Bell Gully
Dentons
Gallaway Cook Allan

Auditor

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