

MTF Finance set up to take on changing auto and personal finance market

A record sales year as a result of launching new products has helped grow MTF Finance's profit after tax by 5% for the year ended 30 September 2022.

Sales were up 10.9% year on year to a record \$607m, with the second half delivering strong momentum and September delivering a record month.

Says CEO Chris Lamers, "MTF Finance's strategy to diversify into personal lending, to reinvigorate the dealer channel, continue to support strong franchise growth and develop new partnerships to reach new markets is paying off already."

At the same time increased investment in brand has seen loan leads grow 9% and brand preference lift by 21%.

"Over 52 years MTF Finance has developed a proud history of innovation, and we will continue to invest in the business, taking a medium to long-term view on returns. Our research shows that New Zealanders are not getting what they want from traditional finance companies, and our community-based lending model meets those needs.

"We have increased the investment in growing the reach of our network of 50 locally owned and operated franchises. As well as vehicle dealers and partners through increased marketing, we are now rebuilding our technology stack to improve our customer experience and ability to scale and continue to launch new products."

The record sales translated into income growth, up 2.9% to \$97m. This has increased net interest income from 18.7% to \$23.2m.

Underlying profit after tax, which removes the volatility of fair value movements, was impacted by the planned increased investment in marketing and technology, down 11.3% to \$6.6m.

While the country is now facing a challenging and volatile economic climate, MTF Finance is well situated to continue to grow its market share in this environment.

"Our community-based model means we live and work in the same communities as our customers. As a result, we know we make better lending decisions, as supported by our market low arrears rates of less than one percent."

"The MTF Finance Board launched the new strategic direction 18 months ago, and the benefits are already flowing through the top line. We will see these flow through in profit and increased returns to originators over the medium term and set MTF Finance up for another strong 50 years."

The MTF Finance Board approved a final dividend of 1.85 cents per ordinary share for payment 7 December 2022. Total distribution relevant to the period will be 7.83 cents (2021: 9.80 cents per share) or \$1.5m (2021: \$1.9m). The Board continues to signal to shareholders of the expectation that dividends are declared at reduced levels as critical investment in the company is made in line with the strategic focus. Maintaining prudent levels of capital is also crucial to our ability to fund our new products and continues to be a driving influence on the Board's consideration of appropriate distribution.

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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 \$845m, is wholly New Zealand owned and operated, with 50 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.