

24 May 2021

MTF Finance reports half year profit of \$4.4 million

As we close off our half year result on the anniversary of New Zealand's COVID-19 lockdown, it gives us an opportunity to reflect on the year that has been and appreciate the extraordinary challenges faced as a direct result of the global pandemic.

The inability to open our doors for six weeks and the push to offer a digital lending solution for our originators and customers tested our flexibility and adaptability like never before.

Following lockdown, the business has seen month on month improvement with retail receivables climbing back to pre-COVID-19 levels, showing a resilience that our business should be proud of.

Sales for the period increased \$16.9m (6.4%) from the same period last year. This is extremely encouraging as the COVID-19 lockdown did not occur until the final week of March 2020.

Profit after tax has increased 67%, to \$4.4m from the same period last year, largely due to increased credit risk provisioning in March 2020, as the business prepared itself for forecasted deterioration in credit risk that was predicted across the industry. The credit risk adjustment, which includes a COVID-19 specific component, has reduced \$934k to \$5.3m.

Underlying profit after tax, which removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance, has seen an increase of 3.3% to \$3.98m (31 March 2020: \$3.86m, 30 September 2020: \$7.5m).

Total amounts paid to shareholder originators, including commission, fees and payment waiver, increased 4.9% to \$36.1m. Commission paid to shareholder originators has increased 4.3% to \$22.4m.

As at 31 March, expense has decreased 10.0% primarily due to the business taking proactive measures to reduce non-critical business spend to get through the initial shock COVID-19 sent through the economy. Management continues to closely monitor expense. Cost reduction included voluntary salary sacrifice from the Board, management, and staff for an extended period.

As we have done throughout our 50-year history, supporting our originators, our customers and the communities in which we operate, remains our priority. The next six months will be both challenging and exciting as MTF Finance rolls out initiatives to ensure we continue to help more New Zealanders to do more and ultimately become their preferred finance company.

For further information, contact Glen Todd on 03 474 6370, glen.todd@mtf.co.nz.