



**General Finance Limited**

**Consolidated Financial Statements**

**For the year ended 31 March 2025**

# General Finance Limited

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# General Finance Limited

## Business Profile As at 31 March 2025

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<b>Nature of Business</b>	Non-Bank Deposit Taker, and Mortgage & Insurance Premium Lending Company
<b>Business Address</b>	Level 8, 115 Queen Street Auckland CBD
<b>Postal Address</b>	PO Box 1314 Shortland Street, Auckland 1010
<b>Telephone</b>	09 526 5000
<b>IRD Number</b>	68-422-167
<b>Share Capital</b>	7,863,095 Total Ordinary Shares Value: \$14,574,234
<b>Shareholder</b>	Corporate Holdings Limited
<b>Directors</b>	Donald F Hattaway ( <i>Independent Non-Executive Chair</i> ) Gregory J Pearce ( <i>Independent Non-Executive Director</i> ) Geoffrey W Sinclair ( <i>Independent Non-Executive Director</i> ) Brent D King ( <i>Managing Director</i> )
<b>Registered Office</b>	Level 8, 115 Queen Street Auckland CBD
<b>Company Number</b>	860336
<b>Date of Incorporation</b>	13 June 1997
<b>Bankers</b>	Bank of New Zealand Limited Westpac New Zealand Limited Heartland Bank Limited
<b>Auditor</b>	Grant Thornton New Zealand Audit Limited

## General Finance Limited

### Directors' Statement For the year ended 31 March 2025

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In accordance with Section 208 and 211 of the Companies Act 1993, the Directors present the Annual Report for the Company, including the attached Consolidated Financial Statements and Independent Auditor's Report thereon.

The Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand, that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors consider that the financial statements have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgments and estimates and that all the relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The shareholders of the Company have exercised their right under Section 211(3) of the Companies Act 1993 and have agreed that this Annual Report need not include disclosure of the information specified in paragraphs (a) and (e) to (j) of Section 211(1) of the Act.

The Directors of the company authorise the financial statements set out on pages 9 to 38 for issue.

For and on behalf of the Board



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**Donald Hattaway**

Date: 23 June 2025



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**Brent King**

Date: 23 June 2025

# Independent Auditor's Report

## To the Shareholder of General Finance Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of General Finance Limited (the "Company") and its controlled subsidiaries (the "Group") on pages 9 to 38 which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of other assurance services, we have no relationship with, or interests in, the Group.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the audit matter is significant	How our audit addressed the key audit matter
<p><b>Allowance for impairment losses from loan receivables</b></p> <p>The allowance for impairment losses from loan receivables to customers amounts to \$369,227 in the consolidated financial statements as at 31 March 2025.</p> <p>The assessment of the allowance for impairment losses (expected credit losses) is complex and requires significant judgement and estimation. Key areas of judgment included the identification of loans with an increase in credit risk and assumptions used in the credit loss model, for both the 12-month and lifetime expected credit losses.</p> <p>This was a key audit matter due to the significance of the judgements and estimates applied in determining the allowance for impairment losses from loan receivables in the consolidated financial statements.</p> <p>The principles for determining the allowance for impairment losses from loan receivables are described in Note 2.1 and the review of the allowance for impairment losses is disclosed in Note 7 of the consolidated financial statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the lending processes and controls and models used to determine the allowance for impairment losses from loan receivables, including event identification, collateral valuation and how management's estimates and judgements are determined.</li> <li>• For a selection of loans issued by the Group, we inspected the loan agreement and other available information that formed part of management's loan approval process (such as credit scores and security details), and reviewed management's approval process controls, to determine whether loans were appropriately approved and that the information available supported any conclusions reached about the expected credit loss at that point.</li> <li>• We identified loans for which we believed there may be indicators of impairment. We considered management's conclusions regarding impairment for each of these loans individually.</li> <li>• For each significant identified loan with indicators of impairment, we tested whether there was adequate security against each loan advanced in order to recover the outstanding balance. Where provided, we considered the adequacy of third-party valuations, and also verified any prior ranking securities to independent sources.</li> <li>• For the collective provisioning model, we: <ul style="list-style-type: none"> <li>(a) Recalculated the provision based on the input factors identified by management as part of the expected credit loss methodology; and</li> <li>(b) Assessed the calculation of the expected credit losses model against the requirements of NZ IFRS 9 <i>Financial Instruments</i> for the recognition and measurement of 12-month and lifetime expected credit losses on financial assets; and</li> <li>(c) Assessed the judgements made by management regarding the assumptions used for the expected credit loss methodology, including challenging the appropriateness of current and future external factors.</li> </ul> </li> <li>• We assessed the appropriateness of the Group disclosures in the consolidated financial statements against the requirements of the accounting standards.</li> </ul>
<p><b>Impairment assessment of goodwill</b></p> <p>The Group is carrying a goodwill balance of \$1,799,238 in the consolidated financial statements as at 31 March 2025.</p> <p>This matter was considered to be a key audit matter as:</p> <ul style="list-style-type: none"> <li>• annual impairment tests involve complex and subjective estimation and judgement by Management on the future performance of the CGU, discount rates applied to the future cashflow forecasts and future market and economic conditions. Change in assumptions and the methodology</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the relevant CGU and assessed for reasonableness.</li> <li>• Evaluated Management's determination of the CGU based on our understanding of the nature of the Group's business and the economic environment in which the Group operates.</li> </ul>

Why the audit matter is significant	How our audit addressed the key audit matter
<p>applied may have a material impact on the measurement of the impairment of goodwill.</p> <p>Management has completed the annual impairment test for the CGU as at 31 March 2025, and the measurement of the CGU's recoverable amount includes the assessment and calculation of its 'value-in-use'.</p> <p>The principles for determining and analysing the impairment of goodwill is described in Note 2.5 and the review of the accumulated impairment is disclosed in Note 13 of the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>Challenged Management's assumptions and estimates used to determine the recoverable value of the CGU, including those relating to forecasted revenue, expenditure and discount rates applied.</li> <li>Evaluated the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations.</li> <li>Evaluated Management's process regarding the preparation and review of forecast financial statements (statement of financial position, statement of comprehensive income, and cash flow statement), including comparing forecasts to Board approved forecasts, and evaluating the historical accuracy of the Group's forecasting to actual historical performance.</li> <li>Engaged our own internal valuation experts to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied, including evaluating the key inputs and any underlying assumptions with a view to identifying Management bias.</li> <li>Performed our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions.</li> <li>Evaluated the related disclosures (including the accounting policies and accounting estimates) around goodwill, which are included in the Group's consolidated financial statements.</li> </ul>
<p><b>Accounting for the acquisition of Bridges Financial Services Limited</b></p> <p>During the financial year ended 31 March 2025, the Group completed the acquisition of 100% of the shares in in Bridges Financial Services Limited for a total consideration of \$7,831,881 million (Note 19). Management accounted for the acquisition as a business combination under NZ IFRS 3 <i>Business Combinations</i>, which required the identification and measurement at fair value of the acquired identifiable assets and liabilities, as well as the recognition of goodwill.</p> <p>The purchase price allocation process involved significant judgement and estimation by management, particularly in relation to:</p> <ul style="list-style-type: none"> <li>Identification of intangible assets such as customer relationships;</li> <li>Determination of the fair values of acquired tangible and intangible assets and assumed liabilities;</li> <li>Valuation methodologies and assumptions applied, including discount rates, useful lives, and forecasted cash flows;</li> <li>Allocation of the total consideration.</li> </ul> <p>Given the materiality of the acquisition, the complexity involved in applying the acquisition accounting requirements, and the</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Evaluated the Group's process for identifying and assessing the fair value of the acquired assets and liabilities assumed;</li> <li>Assessed the competence, capabilities, and objectivity of the external valuation experts engaged by management;</li> <li>Involved our internal valuation specialists to review the methodologies and key assumptions used in determining the fair value of identified intangible assets;</li> <li>Assessed the accuracy and relevance of the underlying data used in the valuation models, including cash flow forecasts;</li> <li>Evaluated the reasonableness of key assumptions used such as discount rates, growth rates and useful lives;</li> <li>Assessed the appropriateness of the accounting treatment under NZ IFRS 3 and reviewed the disclosures in the consolidated financial statements related to the acquisition and the purchase price allocation performed.</li> </ul> <p>We also considered whether the disclosures made in Note 19 of the consolidated financial statements regarding the acquisition and purchase price allocation appropriately reflect the nature of the transaction and the significant judgements involved.</p>

Why the audit matter is significant	How our audit addressed the key audit matter
significant judgements applied by management, we considered this matter to be a key audit matter.	

### Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Business Profile and the Directors' Statement but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

### Restriction on use of our report

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state to the Company's shareholder those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholder, for our audit work, for this report or for the opinion we have formed.

### Grant Thornton New Zealand Audit Limited



**Ryan Campbell**

**Auckland**

**24 June 2025**



## General Finance Limited

### Consolidated Statement of Comprehensive Income For the year ended 31 March 2025

	Notes	2025 \$	2024 \$
Interest income	9	17,934,533	13,399,355
Interest expense		<u>(11,648,225)</u>	<u>(8,096,442)</u>
Net interest income		<u>6,286,308</u>	<u>5,302,913</u>
Fee and commission income	9	4,252,324	3,327,444
Fee and commission expense		<u>(1,028,654)</u>	<u>(862,307)</u>
Net fee and commission income		<u>3,223,670</u>	<u>2,465,137</u>
Other revenue		<u>60,975</u>	<u>3,190</u>
<b>Net revenue</b>		<u>9,570,953</u>	<u>7,771,240</u>
Increase in allowance for expected credit losses		(428,615)	(59,087)
Personnel expenses		(1,687,048)	(1,566,454)
Depreciation and amortisation expense	13, 14	(75,198)	(23,825)
Occupancy expenses		(105,213)	(78,930)
Loss on sale of asset		(50,000)	-
Other operating expenses	12	<u>(2,925,532)</u>	<u>(2,221,493)</u>
<b>Total Operating Expenses</b>		<u>(5,271,606)</u>	<u>(3,949,789)</u>
<b>Profit before income tax</b>		4,299,347	3,821,451
Income tax expense	16	<u>(1,124,728)</u>	<u>(938,360)</u>
<b>Net profit attributable to the shareholder of the Company</b>		<b>3,174,619</b>	<b>2,883,091</b>
<b>Other comprehensive income</b>			
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to the shareholder of the Company</b>		<u><b>3,174,619</b></u>	<u><b>2,883,091</b></u>

The accompanying notes form part of and should be read in conjunction with the Consolidated Financial Statements.

## General Finance Limited

### Consolidated Statement of Changes in Equity For the year ended 31 March 2025

	Share Capital	Retained Earnings	Total
<b>Balance at 1 April 2023</b>	<b><u>12,574,234</u></b>	<b><u>3,414,088</u></b>	<b><u>15,988,322</u></b>
Profit for the year	-	2,883,091	2,883,091
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	<b><u>2,883,091</u></b>	<b><u>2,883,091</u></b>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions of equity	-	-	-
<b>Balance at 31 March 2024</b>	<b><u>12,574,234</u></b>	<b><u>6,297,179</u></b>	<b><u>18,871,413</u></b>
Profit for the year	-	3,174,619	3,174,619
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	<b><u>3,174,619</u></b>	<b><u>3,174,619</u></b>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions of equity	2,000,000	-	2,000,000
Dividend declared	-	(1,000,000)	(1,000,000)
<b>Balance at 31 March 2025</b>	<b><u>14,574,234</u></b>	<b><u>8,471,798</u></b>	<b><u>23,046,032</u></b>

The accompanying notes form part of and should be read in conjunction with the Consolidated Financial Statements.

# General Finance Limited

## Consolidated Statement of Financial Position As at 31 March 2025

	Notes	2025 \$	2024 \$
Share capital	15	14,574,234	12,574,234
Retained earnings		8,471,798	6,297,179
<b>Total equity</b>		<b><u>23,046,032</u></b>	<b><u>18,871,413</u></b>
<b>Assets</b>			
Cash and cash equivalents	5	32,752,812	9,857,545
Other current assets		195,947	237,600
Related party receivables	18	79,979	3,522
Bank deposits	5	25,042,836	12,714,591
Loan receivables	6	151,135,995	132,220,775
Intangible assets	13	2,570,944	192,012
Property, plant and equipment	14	1,826	4,718
Deferred tax asset	16	143,476	166,200
<b>Total assets</b>		<b><u>211,923,815</u></b>	<b><u>155,396,963</u></b>
<b>Liabilities</b>			
Accounts payable and accruals		3,544,648	965,325
Related party payables	18	6,936	2,319
Term deposits	10	184,680,424	135,118,547
Deferred tax liability	16	216,078	-
Income tax payable	16	429,697	439,359
<b>Total liabilities</b>		<b><u>188,877,783</u></b>	<b><u>136,525,550</u></b>
<b>Net assets</b>		<b><u>23,046,032</u></b>	<b><u>18,871,413</u></b>

Authorised for issue on behalf of the Board:



**Donald Hattaway**

Date: 23 June 2025



**Brent King**

Date: 23 June 2025

# General Finance Limited

## Consolidated Statement of Cash Flows For the year ended 31 March 2025

	Notes	2025 \$	2024 \$
<b>Cash flows from / (applied to) operating activities</b>			
Cash was provided from / (applied to)			
Interest received		19,004,464	13,549,454
Loan fees, commission and other income		3,761,233	3,151,652
Payments to suppliers and employees		(6,351,739)	(4,813,056)
Interest paid		(10,548,821)	(7,377,799)
Income tax paid		(1,139,354)	(1,445,017)
Net cash flows from operating activities before changes in operating assets and liabilities		4,725,783	3,065,234
Term deposit (net receipts)		48,432,344	24,485,708
Loan receivables (net advances)		(11,483,318)	(23,127,890)
Net cash inflow from operating activities	17	41,674,809	4,423,052
<b>Cash flows to investing activities</b>			
Cash was provided from / (applied to)			
Purchase of subsidiary	19	(7,401,297)	-
Investments in bank deposits		(12,328,245)	(3,790,031)
Sale of property plant and equipment		400,000	-
Investments in property, plant and equipment		(450,000)	(5,873)
Investment in intangible assets		-	(213,346)
Net cash outflow to investing activities		(19,779,542)	(4,009,250)
<b>Cash flows from financing activities</b>			
Cash was provided from / (applied to)			
Shares issued		2,000,000	-
Dividends paid		(1,000,000)	-
Net cash inflow from financing activities		1,000,000	-
<b>Net cash and cash equivalents movement for year</b>		<u>22,895,267</u>	<u>413,802</u>
<b>Opening cash and cash equivalents balance</b>		9,857,545	9,443,743
<b>Closing cash and cash equivalents balance</b>	5	<u><b>32,752,812</b></u>	<u><b>9,857,545</b></u>

# General Finance Limited

## Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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### 1 Reporting and Accounting Basis

#### 1.1 Reporting Entity

The consolidated financial statements presented here are for the entity General Finance Limited and subsidiary company Bridges Financial Services Limited, together forming the consolidated results of General Finance Limited.

General Finance Limited (the "Company") is a Non-Bank Deposit Taker, mortgage lending and insurance premium funding company incorporated in New Zealand. The Company's ultimate parent company is General Capital Limited, a NZX listed entity.

The Company, a profit-oriented entity, is a limited liability company registered under the Companies Act 1993. The address of its registered office is Level 8, 115 Queen Street, Auckland CBD, New Zealand.

#### 1.2 Reporting Framework

The financial statements have been prepared in accordance with the Companies Act 1993. In accordance with the provisions of the Financial Reporting Act 2013 and the Financial Market Conducts Act 2013, the Company is an FMC Reporting Entity.

These financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to for-profit tier 1 entities. They comply with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business, in accordance with historical cost concepts, as modified by the revaluation of certain assets and liabilities as identified in the accounting policies below.

The presentation and functional currency used by the Company is New Zealand dollars. In presenting amounts in the financial statements these amounts have been rounded to the nearest dollar.

#### 1.3 Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of profit and financial position, have been applied:

##### **Interest revenue and expense recognition**

Interest income and interest expense are recognised in profit or loss using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or liability and allocates the interest income and directly related fees (including loan origination fees) and transaction costs (including commission expenses) that are an integral component of the effective interest rate over the expected life of the financial asset or liability.

##### **Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in expenses except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

##### **Financial instruments**

###### Initial recognition

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Company's financial assets measured at amortised cost include cash and cash equivalents, bank deposits, trade receivables, loan receivables, and other receivables. The Company has no assets measured at FVTPL or FVTOCI.

#### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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#### Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjusts the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

#### Impairment of financial assets

The Company recognises a loss allowance for ECLs on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company recognises lifetime ECLs for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate (also refer note 2.1).

Due to the nature of loan receivables from insurance premium lending, the Company can get a refund from the insurance company for the loan balance in the event of client default. Furthermore, there is no historical credit loss from insurance premium lending. Accordingly, the notes below relate only to mortgage lending.

For loan receivables (excluding insurance premium funding), the Company applies a three-stage test to measuring ECLs. Assets may migrate through the following stages based on their change in credit quality.

- |                |  |
|----------------|--|
| <b>Stage 1</b> | 12-month ECL (past due 30 days or less)<br>Where there has been no evidence of a significant increase in credit risk since initial recognition, ECLs that result from possible default events within 12 months are recognised. |
| <b>Stage 2</b> | Lifetime ECL not credit impaired (between 30 and 90 days past due)<br>Where there has been a significant increase in credit risk, ECLs that result from all possible default events over the life of the loan are recognised.  |
| <b>Stage 3</b> | Lifetime ECL credit impaired (greater than 90 days past due)<br>Where loans are in default or otherwise credit impaired, ECLs that result from all possible default events over the life of the loan are recognised.           |

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers its historical loss experience and adjusts this for current observable data. This data includes any payment defaults by the borrower, known or expected defaults by the borrower on similar obligations (other loans), uninsured deterioration of the security property and any changes in the borrowers' circumstances which could impact on their ability to repay either interest or principal amounts on their due date. The Company also considers changes or forecast changes to macroeconomic factors including property prices, unemployment, interest rates, gross domestic product and inflation.

The nature of the Company's loan receivables (excluding insurance premium funding) is property lending with a predominant focus on the underlying security value of the loan receivable (i.e. the residential property value) in the credit assessment. The loans are predominantly advanced on twelve-month terms but range between three-month and four-year terms. Credit risk information is updated and monitored regularly. Loan receivables are subject to ongoing scrutiny, as a key component of credit risk management, with reporting of summarised credit risk information to the Company's directors on at least a monthly basis.

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise, for instance when the Company is made aware of a property sale and purchase agreement or refinancing agreement which provides sufficient evidence that all of the borrower's obligations including default interest will be met.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### (ii) Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate, for instance when the Company is made aware of a property sale and purchase agreement or refinancing agreement which provides sufficient evidence that all of the borrower's obligations including default interest will be met.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) an increase in loan to valuation ratio caused by either declining property security values or increases in the loan balance;
- b) significant financial difficulty of the borrower; and
- c) a breach of contract, such as a default (see (ii) above).

#### (iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, for example an unsecured financial asset whereby the borrower has no realistic ability to meet their financial obligations to the Company. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### v) Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information including macroeconomic factors as described above. Given the vast majority of the Company's mortgage loan book is all secured over property, the single most significant factor for loss given default is the value of the security property, time to realise security, any known or expected uninsured deterioration of the property, or any forecast reduction in property values.

In regard to premium funding, there is a risk the borrowers might default on their loan repayments leading to financial losses. We may manage this risk by requiring an upfront payment, a shorter lending term than the period of the insurance cover and stringent credit monitoring enabling us to cancel the insurance in event of default by the borrower resulting in a refund of insurance to mitigate any losses.

As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.



## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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The ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Company's lending criteria which prohibits lending when the loan to valuation ratio (LVR) exceeds 75%. This means in general that the Company expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

If the Company has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income.

#### **Financial liabilities**

##### Classification of financial liabilities

Financial liabilities are measured at amortised cost.

At initial recognition financial liabilities are measured at fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

The Company's financial liabilities measured at amortised cost include trade payables, other payables, and term deposits. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Goods and services tax (GST)**

The Company is involved in exempt activities for Goods and Services Tax purposes. Accordingly, it is not required to account for GST on its revenues. Expenditure items are stated inclusive of GST where applicable. Receivables and Payables are stated inclusive of GST where applicable.

#### **Cash and cash equivalents**

Cash and cash equivalents include demand deposits with an original term of less than or equal to 3 months which are considered highly liquid investments that are readily convertible into cash and used by the Company as part of day-to-day cash management.

#### **Statement of cash flows**

The Statement of Cash Flows has been prepared using the direct method modified by the netting of certain cash flows, to provide more meaningful disclosure.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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The advances to and repayments received from borrowers in relation to loan receivables are considered operating activities and are reported on a net basis in the Statement of Cash Flows.

Proceeds from deposits issued and repayments to deposit investors are considered operating activities and are also reported on a net basis in the Statement of Cash Flows.

#### 1.4 Standards, amendments and interpretations to Standards that are not yet effective and adopted

NZ IFRS 18 was issued in May 2024 and will apply to reporting periods commencing 1 January 2027. Most of the presentation and disclosure requirements will largely remain unchanged together with other disclosures carried forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- (i) a defined structure for the statement of comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances.
- (ii) disclosure of management-defined performance measures in a single note together with reconciliation requirements.
- (iii) additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Other new standards, amendments to standards and interpretations are issued but not yet effective. None of these are expected to have a significant effect on the financial statements of the Company.

#### 1.5 Business Combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

If the Company acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

#### 1.6 Intangible Assets

Intangible assets comprise goodwill and customer relationships. Goodwill is a indefinite life intangible asset subject to annual impairment testing. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the respective operating segment. Refer to notes 2.5, 13 and 19. Customer relationships are recognised in the statement of financial position at cost less accumulated amortisation and impairment losses. Direct costs associated with the purchase are capitalised to the cost. Customer relationship cost is amortised on a straight-line basis (five years).

## 2. Significant Accounting Estimates and Judgments

There are a number of significant material accounting treatments which include complex or subjective material accounting judgments and estimates that may affect the reported amounts of assets in these financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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An explanation of the judgments and estimates made by the Company in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are set out below.

#### 2.1 Allowance for Expected Credit Losses

Expected credit losses ('ECL') are measured as an allowance equal to 12-month ECL, or lifetime ECL for assets with a significant increase in credit risk or in default or otherwise credit impaired. In assessing whether the credit risk of an asset has increased significantly, the Company considers its historical loss experience and adjusts this for current observable data. This data includes any payment defaults by the borrower, known or expected defaults by the borrower on similar obligations (other loans), uninsured deterioration of the security property and any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date. The Company also considers changes or forecast changes to macroeconomic factors including property prices, unemployment, interest rates, gross domestic product and inflation.

#### Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Expected credit losses:

- 1) Based on the history of the Company's loan book over the last three years, the average annual write-offs as a percentage of the average loan receivable balance over the same period was 0.20%.
- 2) The Company has concluded that adopting a more conservative estimate of 0.25% (March 2024: 0.25%) of the gross loan balance is a more prudent and appropriate measure for anticipating potential losses over the next 12 months, compared to a less conservative estimate of 0.20%. This approach aligns with the Company's risk management strategy and ensures a more robust provisioning for expected credit losses.
- 3) Lifetime ECL's for loans with a significant increase in credit risk and for loans in default have been calculated based on the Company's expectations for discounted net cash flows from the respective loan receivables over the expected remaining life of the loans.
- 4) There are no expected credit losses relating to the subsidiary Bridges Financial Services Limited (BFSL) as there is no expected credit exposure in the event of non-payment.

#### 2.2 Fair Value

##### Fair value of assets

The fair value of the Company's loan receivables and other assets is considered to closely approximate their carrying value. As loan receivables are not traded in an active market, fair values are estimated by discounting the future contractual cash flows using interest rates applicable for an instrument with similar terms and conditions.

##### Fair value of liabilities

The fair value of the Company's deposits and of other liabilities is considered to closely approximate their carrying value.

**Notes to and forming part of the Consolidated financial statements  
For the year ended 31 March 2025**

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**2.3 Impairment analysis of goodwill and other intangible assets**

The carrying value of indefinite life intangible assets (Goodwill) is assessed at least annually to ensure that it is not impaired. With regard to Goodwill, performing this analysis requires management to estimate future cash flows to be generated by the cash-generating unit, which entails making judgements, including the expected rate of growth of revenues and expenditures, assets and liabilities, and the resulting cashflows. Judgements also need to be made about the appropriate discount rate to apply when valuing future cash flows.

When conducting the impairment analysis of goodwill and other indefinite-life intangible assets, the Company has considered all reasonably known and available information.

Expected impact on cash-generating units

1. Finance (Insurance Premium Funding) CGU\* - The forecasted cash flows used in the impairment analysis factor in the above-stated events. The Company performed an impairment test as at 31 March 2025 which has resulted in no impairment to the CGU\*.

**3. Risk Management Policies**

The Company manages risk through an approval, delegation and limits structure. Regular reviews of the policies, systems and risk reports are conducted within the Company.

The Company has a Risk Management Programme pursuant to the requirements of the Non-bank Deposit Takers Act 2013. The Risk Management Programme identifies risks to be managed and describes the processes to measure, monitor and control those risks.

\* *Credit risk*, applicable to loan receivables and bank deposits, is the risk of potential loss arising from the under-performance by the counterparty to an instrument or facility. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements. Credit risk is controlled through a combination of approvals, limits, reviews and monitoring procedures which are carried out on a regular basis, the frequency of which is dependent on the level of risk. The Directors oversee credit policy and asset quality.

Loan receivables are subject to regular scrutiny, as a key component of credit risk management. This includes a review of the borrower's repayment history and any interest arrears; any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date; and any movement in the security value.

\* *Interest rate risk* management focuses on two principal factors; mismatches between the repricing dates of interest-bearing assets and liabilities; and the investment of capital and other non-interest bearing liabilities in interest bearing assets. Management's objective is to produce a strong and stable net interest income over time.

On 31 March 2025 total bank deposits (including cash and cash equivalents) attracted a weighted average interest rate of 4.22% (March 2024: 5.84%). A 1% increase / (decrease) in the weighted average interest rate would increase / (decrease) annual interest income by \$557,956 (March 2024: \$225,721) based on the total bank deposits (including cash and cash equivalents) held at the reporting date. All term deposits (excluding the ones classified as cash and cash equivalents) have fixed interest rates for their terms, as do loan receivables, so the Company is not exposed to interest rate risk on these items. All term deposits classified as cash and cash equivalents have variable interest rates. A 1% increase / (decrease) would increase/(decrease) annual interest income by \$0 (March 2024: \$0).

\* *Liquidity risk* is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period. The Trust Deed requires us to have a liquidity cover ratio of at least 1.25 times which is measured based on the total expected cash position from loans and deposits expected to mature over the next three-month period. The Company closely monitors and forecasts its liquidity and ensures that sufficient funds are available to meet the repayment requirements for deposits as they fall due, by both holding cash on hand and by collections of loan receivables.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

\* *Indirect price risk* relates to the risk arising from the link between the Company's mortgage securities and the property market, which may vary from time to time. The Company assesses the risk of loss in fair value from the effect of hypothetical changes in property values. The Company's weighted average loan to asset ratio is not to exceed 75% (first mortgages) or 65% (second mortgages) of market value.

For the mortgage lending loans, as at 31 March 2025, the weighted average loan to value ratio was 57.61% (March 2024: 55.60%). Based on sensitivity testing of the loan portfolio at 31 March 2025 the Company estimates it has a \$213,737 (31 March 2024: \$Nil) exposure on secured mortgages to a property downturn of up to 25% (including the cost of realisation) from most recent valuations. A total of \$369,277 (March 2024: \$472,500) has been provided for expected credit losses in the financial statements (refer note 6).

#### 4. Management of Capital

The Company's capital includes share capital and retained earnings as disclosed in the Statement of Changes in Equity.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In accordance with its Trust Deed, and the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, and the Non-Bank Deposit Takers Act 2013, the Company has a minimum capital ratio requirement of 8% of capital against risk weighted assets which it is required to maintain.

The Company has complied with this ratio requirement during the year. As at 31 March 2025, the capital ratio of the Company was 17.82% (2024: 22.26%).

The Company maintains an appropriate buffer above these ratios and reports these to its Board of Directors monthly.

#### 5. Cash and Cash Equivalents and Bank Deposits

	2025 \$	2024 \$
Bank call deposits <sup>1</sup>	32,752,812	9,857,545
<b>Total cash and cash equivalents</b>	<b>32,752,812</b>	<b>9,857,545</b>
Bank term deposits <sup>2</sup> – Current Portion <sup>3</sup>	25,042,836	12,714,591
<b>Total bank deposits</b>	<b>25,042,836</b>	<b>12,714,591</b>

Interest Rates: <sup>1</sup>Bank call deposits: 0.00% - 3.85% per annum (March 2024: 0.00% - 5.70% per annum).

<sup>2</sup>Bank term deposits: 4.30% - 6.20% per annum (March 2024: 6.10% - 6.50% per annum).

<sup>3</sup>Current Portion of Bank term deposits are contractually repayable within 12 months.

#### 6. Loan Receivables

	2025 \$	2024 \$
First mortgage advances	147,690,833	134,140,905
Unsecured advances (insurance premium funding)	6,291,426	-
	153,982,259	134,140,905
Less deferred fee income and expenditure	(2,477,037)	(1,447,630)
Less impairment allowance	(369,227)	(472,500)
<b>Net carrying value</b>	<b>151,135,995</b>	<b>132,220,775</b>
Current portion	107,126,403	94,992,079
Non-current portion	44,009,592	37,228,696
	<b>151,135,995</b>	<b>132,220,775</b>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

Primary Loan Security – First Mortgage	2025 \$	2025 %	2024 \$	2024 %
Residential housing	133,081,841	86.4%	117,504,757	87.6%
Residential bare land	11,496,060	7.5%	14,911,604	11.1%
Residential development property	1,270,098	0.8%	-	-
Commercial property <sup>1</sup>	1,725,027	1.1%	1,724,544	1.3%
Other Security	117,807	0.1%	-	-
Unsecured (insurance premium funding)	6,291,426	4.1%	-	-
	<b><u>153,982,259</u></b>	<b><u>100.0%</u></b>	<b><u>134,140,905</u></b>	<b><u>100.0%</u></b>

<sup>1</sup>The Company's lending policy allows for a maximum of 30% of total lending to be secured over commercial properties. At the year ended 31 March 2025 the company had 1.1% of commercial lending (2024: 1.3%).

Loan receivables represent loans at commercial interest rates. Current loan receivables are contractually repayable within 12 months. Non-current loan receivables are contractually repayable between 12 months to 36 months from the reporting date.

At year end there was \$2,739,657 outstanding loan commitments (loans approved and accepted not yet drawn) including future capitalised interest (March 2024: \$2,052,306).

Interest Rates	General Finance Limited		Bridges Financial Services Limited	
	2025	2024	2025	2024
Interest rate - Minimum	8.45%	9.25%	0.00%	N/A
Interest rate - Maximum	11.75%	11.50%	20.00%	N/A
Effective interest rate - Minimum	9.62%	10.25%	0.00%	N/A
Effective interest rate – Maximum	26.37%	24.11%	51.89%	N/A

For General Finance loans that are in default, additional interest of up to 10% is charged.

The core lending activity of the Company is providing, through a broker network, short term and bridging finance secured by mortgage over property. The majority of loans are entered into with a maturity date within 12 months, with a proposal that repayment will be funded by the sale of the secured property or through refinancing by the borrower. The Company's lending policy allows for a maximum "loan to security value" of 75% (excluding fees and charges) on advances, unless approved by the full board of the company. There are no loans with loan to valuation ratio above 75% at the reporting date (March 2024: none).

The company also provides insurance premium funding through its subsidiary BFSL. Although this type of lending has no security, there is no expected credit exposure on this type of funding as in the event of a client default, the Company is guaranteed a refund of the remaining balance of the loan from the insurance company.

Sometimes loan repayments do not occur on the contractual maturity date and the term of the loan is extended i.e. rollover occurs. Before a loan is rolled over, the Company's standard credit checking and approval processes are re-applied. The current "loan to security value" position will be re-assessed and updated valuations are obtained where the Directors consider this appropriate. Loan application fees are charged and evidence is obtained of the borrower's agreement to the contractual terms and conditions of the extended loan.

At reporting date, 32.8% (March 2024: 30.8%) of loans by number and 32.2% (March 2024: 32.6%) by value represent loans that have been rolled over and are into their second or subsequent credit periods.

Where loans have been rolled over, their classification in these financial statements as current or non-current, or as past due, is based on payment due dates as per the terms of the extended contract, and not as per the original or preceding contract.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

Borrower payment terms are profiled as follows:

	2025 \$	2024 \$
Principal and interest paid monthly	6,863,365	1,144,796
Interest only paid monthly	145,680,018	132,683,098
Interest capitalised	1,438,876	313,011
Total loan receivables	<b><u>153,982,259</u></b>	<b><u>134,140,905</u></b>

Loan fees (for all loans) and interest (for capitalised interest loans) are capitalised to the loan balances when charged and recognised over the life of the loans using the effective interest method. The associated cash is received when the loans are repaid (or partially repaid). Income recognised during the financial year from amounts capitalised to loan receivables were as follows:

	2025 \$	2024 \$
Interest income (capitalised interest loans only)	74,711	13,246
Loan fees	<u>3,491,802</u>	<u>2,853,522</u>
Total	<b><u>3,566,513</u></b>	<b><u>2,866,768</u></b>

#### Reconciliation of gross loan receivable balance movements through ECL stages:

	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
<b>Balance as at 31 March 2023</b>	<b>101,028,471</b>	<b>5,415,857</b>	<b>4,061,846</b>	<b>110,506,174</b>
New loan advances	111,138,454	-	-	111,138,454
Repayments	(78,255,053)	(5,053,005)	(3,832,813)	(87,140,871)
Loan balances written off	-	(362,852)	-	(362,852)
Transfer to lifetime not credit impaired	(7,780,334)	7,780,334	-	-
Transfer to lifetime credit impaired	(573,671)	-	573,671	-
<b>Balance as at 31 March 2024</b>	<b>125,557,867</b>	<b>7,780,334</b>	<b>802,704</b>	<b>134,140,905</b>
Insurance premium funding acquired <sup>1</sup>	8,586,846	-	-	8,586,846
New loan advances	119,785,519	-	-	119,785,519
Repayments	(102,581,415)	(5,146,893)	(270,815)	(107,999,123)
Loan balances written off	-	-	(531,888)	(531,888)
Transfer to lifetime not credit impaired	(5,434,119)	5,434,119	-	-
Transfer to lifetime credit impaired	(1,745,053)	(1,014,264)	2,759,317	-
<b>Balance as at 31 March 2025</b>	<b><u>144,169,645</u></b>	<b><u>7,053,296</u></b>	<b><u>2,759,318</u></b>	<b><u>153,982,259</u></b>

<sup>1</sup> Loan acquired from BFSL through business acquisition. There is no ECL applied on these loans due to no expected credit losses.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### Reconciliation of movements in impairment allowance by stage:

	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
<b>Balance as at 31 March 2023</b>	<b>252,570</b>	<b>413,540</b>	<b>110,155</b>	<b>776,265</b>
Movement due to new loan advances	277,846	-	-	277,846
Movement due to loan repayments	(195,637)	(12,633)	(9,582)	(217,852)
Loan balances written off (collectively assessed)	-	(907)	-	(907)
Loan balances written off (individually assessed)	-	(362,852)	-	(362,852)
Transfer to lifetime not credit impaired	(19,451)	19,451	-	-
Transfer to lifetime credit impaired (collectively assessed)	(1,434)	-	1,434	-
Transfer to lifetime credit impaired (individually assessed)	-	(37,148)	37,148	-
<b>Balance as at 31 March 2024</b>	<b>313,894</b>	<b>19,451</b>	<b>139,155</b>	<b>472,500</b>
Movement due to new loan advances	287,546	-	-	287,546
Movement due to loan repayments	(238,797)	(12,867)	(677)	(252,341)
Loan balances written off (collectively assessed)	-	-	(1,330)	(1,330)
Loan balances written off (individually assessed)	-	-	(137,148)	(137,148)
Transfer to lifetime not credit impaired	(13,585)	13,585	-	-
Transfer to lifetime credit impaired (collectively assessed)	(4,363)	(2,536)	6,899	-
Transfer to lifetime credit impaired (individually assessed)	-	-	-	-
<b>Balance as at 31 March 2025</b>	<b>344,695</b>	<b>17,633</b>	<b>6,899</b>	<b>369,227</b>

In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Company's lending criteria which prohibits lending when the loan to valuation ratio (LVR) exceeds 75%. This means in general that the Company expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

The LVR of loans with a significant increase in credit risk or in default was in a range of 27.0% - 74.0% as at 31 March 2025 (March 2024: in a range of 50.5% - 70.6%), based on the security property valuation at origination.

#### 7. Lending Industry Segments and Concentration of Credit

Credit exposures are concentrated in the property sector, particularly in the North Island and the Auckland Market. As at 31 March 2025, advances by General Finance in the North Island residential property sector represented 89.5% (March 2024: 88.7%) of its total exposure, with 69.8% (March 2024: 70.0%) being in the Auckland market. The geographical profile of loan receivables is analysed further as follows:



## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### Credit risk concentration

	2025	2024
Northland	3,994,155	6,146,498
Auckland	107,415,966	93,905,052
Waikato	10,228,880	3,268,816
Bay of Plenty	1,849,500	1,440,507
Wellington	5,270,736	6,172,735
Other North Island	9,075,605	8,082,401
Canterbury	10,782,014	10,931,866
Otago	1,144,299	2,017,465
Marlborough	2,315,994	2,175,565
Southland	15,569	-
West Coast	125,964	-
Other NZ	1,763,577	-
<b>Total</b>	<b><u>153,982,259</u></b>	<b><u>134,140,905</u></b>

As at 31 March 2025 the Company's loan advances are secured as follows: first mortgages 95.9% (March 2024: 100%), unsecured loans 4.1% (March 2024: none).

The Company is also exposed to credit risk from deposits held with banks. As at reporting date, the Company's cash and cash equivalents and bank deposits are held in the below banks representing a percentage of the total equity:

Percentage of Equity	2025	2024
Westpac New Zealand	0.1%	8.3%
Bank of New Zealand	52.2%	19.2%
Heartland Bank	67.3%	59.1%
Forsyth Barr – custodial account with ANZ Bank New Zealand	126.4%	33.0%
ASB	4.9%	-

Bank of New Zealand, Westpac New Zealand, ASB Bank and ANZ Bank New Zealand all have AA- credit ratings from Standard & Poor's and A+ credit ratings from Fitch. Heartland Bank has a rating of BBB with Fitch.

The maximum credit exposure of the Company, assuming a zero value for collateral is \$214,597,543 (March 2024: \$158,768,869). This includes loan receivables of \$153,982,259 (March 2024: \$134,140,905), undrawn loan commitments of \$2,739,657 (March 2024: \$2,052,306), related party receivables of \$79,979 (March 2024: \$3,522) and bank deposits of \$57,795,648 (March 2024: \$22,572,136). Of this exposure, 70.1% is covered by collateral over properties (March 2024: 85.8%) and 26.9% is deposited with registered New Zealand banks (March 2024: 14.2%).

The Company has no foreign exchange exposure.

As at 31 March 2025 the Company had the following concentration of credit exposures on loan advances as a percentage of equity.

Equity Percentage	2025 No of Exposures	2025 Average Value \$	2024 No of Exposures	2024 Average Value \$
0% to 5%	1,774	32,490	76	520,149
5% to 10%	29	1,666,349	37	1,404,793
10% to 15%	5	2,721,924	8	2,181,342
15% to 20%	7	4,215,853	2	2,925,558
20% to 25%	1	4,900,663	2	4,451,443
25% to 30%	0	-	2	-
<b>Total no. of exposures</b>	<b><u>1,816</u></b>		<b><u>127</u></b>	

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

The concentration of the credit exposure to the six largest exposures is 17.2% (March 2024: 18.8%) of the total loan portfolio. The Company has elected to disclose the largest six exposures as this is considered to provide a meaningful indication of concentration of credit risk. An exposure is calculated as the total of all loan exposures to a single borrower or group of linked borrowers.

#### 8. Asset Quality

The provision for expected credit losses is detailed and explained in note 7. Gross past due loan receivables total \$10,553,568 (March 2024: \$10,353,445) which equates to 6.9% (March 2024: 7.7%) of total loan receivables.

As shown in the aging analysis of past-due loans below, the balance comprises:

<b>Stage 1</b>	<i>12-month ECL</i> Gross loans receivable totalling \$740,954 (March 2024: \$1,770,407) were past due and the Company has concluded there has not been a significant increase in credit risk.
<b>Stage 2</b>	<i>Lifetime ECL not credit impaired</i> Gross loans receivable totalling \$7,053,296 (March 2024: \$7,780,334) were past due by between 30 and 90 days and the Company has concluded there has been a significant increase in credit risk.
<b>Stage 3</b>	<i>Lifetime ECL credit impaired</i> Gross loans receivable totalling \$2,759,318 (March 2024: \$802,704) were past due by greater than 90 days and the Company has concluded there has been a significant increase in credit risk.

Aging analysis of past-due loans	2025 \$	2024 \$
Up to 30 Days	740,954	1,770,407
31 - 60 Days	2,158,505	7,275,651
61 - 90 Days	4,894,792	504,683
91 - 120 Days	1,024,527	-
120+ Days	1,734,791	802,704
<b>Total</b>	<b>10,553,569</b>	<b>10,353,445</b>

#### 9. Interest Income

	2025 \$	2024 \$
Loan receivables	16,120,290	11,978,642
Other interest income	1,814,243	1,420,713
<b>Total interest income</b>	<b>17,934,533</b>	<b>13,399,355</b>
Fee and commission income	4,252,324	3,327,444
<b>Total income using effective interest method</b>	<b>22,186,857</b>	<b>16,726,799</b>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 10. Term Deposits

	2025 \$	2024 \$
Gross term deposit liability	184,724,612	135,192,864
Less deferred commission expenditure	(44,188)	(74,317)
Net carrying value	<u>184,680,424</u>	<u>135,118,547</u>
Contractual repayment terms:		
On call	532,593	178,813
Within 12 months	137,855,211	88,839,334
Greater than 12 months	46,292,620	46,100,400
	<u>184,680,424</u>	<u>135,118,547</u>

Repayment Terms:	On call up to 5 years
Interest Rate:	3.65% - 8.30% and 0.15% on call (March 2024: 3.65% - 8.30% and 0.15% on call)
Effective Interest Rate:	3.65% - 8.30% and 0.15% on call (March 2024: 3.65% - 8.30% and 0.15% on call)
Security:	First ranking security interest over the assets and undertakings of General Finance Limited in favour of the Trustee (subject only to any prior security interests permitted by the Trust Deed and preferential claims given priority by operation of law).

The Company has a total of 1,266 depositors as at 31 March 2025 (March 2024: 1,003). As at reporting date, the largest deposit the Company has is \$1,300,000 (March 2024: \$1,286,211) which represents 0.70% (March 2024: 0.95%) of total deposits. As at reporting date the largest aggregate deposits under a single deposit holder totalled \$2,800,000 (March 2024: \$2,850,000) which represents 1.52% (March 2024: 2.11%) of total deposits and have a weighted average maturity date of 12.30 months from reporting date (March 2024: 7.99 months from reporting date).

Further analysis of gross deposit funding is as follows:

#### a) Concentration of funding

	2025 \$	2024 \$
Northland	5,380,998	4,631,033
Auckland	66,587,414	53,614,586
Waikato	14,009,966	13,529,906
Bay of Plenty	19,030,507	11,861,471
Wellington	13,685,831	18,440,430
Other North Island	27,755,288	8,872,147
South Island	28,474,990	19,715,023
Overseas	9,799,618	4,528,268
Total gross deposit stock liability	<u>184,724,612</u>	<u>135,192,864</u>

#### b) Contractual maturity of funding

	2025 \$	2024 \$
Maturing in 0 - 6 months	75,415,742	40,974,805
Maturing in 6 - 12 months	62,985,908	48,060,194
Maturing in 12 - 24 months	36,489,835	35,221,462
Maturing after 24 months	9,833,127	10,936,403
Total gross term deposit liability	<u>184,724,612</u>	<u>135,192,864</u>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### c) Profile of deposit holders

	2025	2025	2024	2024
		\$		\$
Deposits over \$200,000	256	120,783,910	178	85,140,202
Deposits \$100,000 - \$200,000	230	31,980,397	170	23,478,598
Deposits \$50,000 - \$100,000	281	20,361,479	223	16,598,086
Deposits \$20,000 - \$50,000	273	9,283,778	236	7,948,537
Deposits \$10,000 - \$20,000	121	1,703,411	109	1,546,022
Deposits under \$10,000	105	611,637	87	481,419
Total gross term deposit liability	<u>1,266</u>	<u>184,724,612</u>	<u>1,003</u>	<u>135,192,864</u>

#### 11. Liquidity Profile

The following tables set out the undiscounted contractual cash flows, and the undiscounted expected cash flows, of the Company's financial assets and liabilities.

March 2025	Contractual Cash Flows				
	Total	0 – 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
<i>Amortised cost</i>					
Cash and cash equivalents	32,752,812	32,752,812	-	-	-
Bank deposits	25,474,722	22,938,700	2,536,022	-	-
Other receivables	109,032	109,032	-	-	-
Loan receivables	<u>167,023,182</u>	<u>55,927,037</u>	<u>62,766,907</u>	<u>40,878,526</u>	<u>7,450,712</u>
<b>Totals</b>	<u>225,359,748</u>	<u>111,727,581</u>	<u>65,302,929</u>	<u>40,878,526</u>	<u>7,450,712</u>
<b>Financial liabilities</b>					
<i>Amortised cost</i>					
Other payables	3,981,281	3,981,281	-	-	-
Term deposit	<u>194,509,201</u>	<u>79,013,661</u>	<u>66,372,828</u>	<u>38,040,865</u>	<u>11,081,847</u>
<b>Totals</b>	<u>198,490,482</u>	<u>82,994,942</u>	<u>66,372,828</u>	<u>38,040,865</u>	<u>11,081,847</u>
<b>Net cashflow</b>	<u>26,869,267</u>	<u>28,732,639</u>	<u>(1,069,899)</u>	<u>2,837,661</u>	<u>(3,631,135)</u>

# General Finance Limited

## Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

March 2024	Total	0 – 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
<i>Amortised cost</i>					
Cash and cash equivalents	9,857,545	9,857,545	-	-	-
Bank deposits	13,165,370	5,998,667	7,166,703	-	-
Other receivables	18,671	18,671	-	-	-
Loan receivables	145,576,153	68,609,818	35,628,786	33,543,389	7,794,160
<b>Totals</b>	<b><u>168,617,739</u></b>	<b><u>84,484,701</u></b>	<b><u>42,795,489</u></b>	<b><u>33,543,389</u></b>	<b><u>7,794,160</u></b>
<b>Financial liabilities</b>					
<i>Amortised cost</i>					
Other payables	1,313,876	1,313,876	-	-	-
Term deposit	145,372,958	43,902,980	50,943,680	38,076,355	12,449,943
<b>Totals</b>	<b><u>146,686,834</u></b>	<b><u>45,216,856</u></b>	<b><u>50,943,680</u></b>	<b><u>38,076,355</u></b>	<b><u>12,449,943</u></b>
<b>Net cashflow</b>	<b><u>21,930,905</u></b>	<b><u>39,267,845</u></b>	<b><u>(8,148,191)</u></b>	<b><u>(4,532,966)</u></b>	<b><u>(4,655,783)</u></b>

### Expected Cash Flows

March 2025	Total	0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
<i>Amortised cost</i>					
Cash and cash equivalents	33,355,198	33,355,198	-	-	-
Bank deposits	25,474,722	22,938,700	2,536,022	-	-
Other receivables	109,032	109,032	-	-	-
Loan receivables	186,678,752	35,866,527	40,542,868	82,367,271	27,902,086
<b>Totals</b>	<b><u>245,617,704</u></b>	<b><u>92,269,457</u></b>	<b><u>43,078,890</u></b>	<b><u>82,367,271</u></b>	<b><u>27,902,086</u></b>
<b>Financial liabilities</b>					
<i>Amortised cost</i>					
Other payables	15,498,538	7,440,426	8,058,112	-	-
Term deposit	204,329,043	34,310,502	29,821,166	66,698,902	73,498,473
<b>Totals</b>	<b><u>219,827,581</u></b>	<b><u>41,750,928</u></b>	<b><u>37,879,278</u></b>	<b><u>66,698,902</u></b>	<b><u>73,498,473</u></b>
<b>Net cashflow</b>	<b><u>25,790,123</u></b>	<b><u>50,518,529</u></b>	<b><u>5,199,612</u></b>	<b><u>15,668,369</u></b>	<b><u>(45,596,387)</u></b>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

March 2024	Total	Expected Cash Flows			
		0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
<i>Amortised cost</i>					
Cash and cash equivalents	10,115,843	10,115,843	-	-	-
Bank deposits	13,165,370	5,998,667	7,166,703	-	-
Other receivables	18,671	18,671	-	-	-
Loan receivables	152,474,660	37,772,535	21,226,360	68,903,951	24,571,814
<b>Totals</b>	<b>175,774,544</b>	<b>53,905,716</b>	<b>28,393,063</b>	<b>68,903,951</b>	<b>24,571,814</b>
<b>Financial liabilities</b>					
<i>Amortised cost</i>					
Other payables	1,313,876	1,313,876	-	-	-
Term deposit	154,835,296	19,692,023	22,797,682	45,216,718	67,128,873
<b>Totals</b>	<b>156,149,172</b>	<b>21,005,899</b>	<b>22,797,682</b>	<b>45,216,718</b>	<b>67,128,873</b>
<b>Net cashflow</b>	<b>19,625,372</b>	<b>32,899,817</b>	<b>5,595,381</b>	<b>23,687,233</b>	<b>(42,557,059)</b>

The table above shows management's expected maturities of existing financial assets and liabilities. In determining the expected cash flow, the following assumptions have been made based on management's best estimate having regard to past experience, current market conditions and the future outlook including the post pandemic economic environment, high inflation and interest rates, uncertainty in the property market and post natural disaster environment estimated impacts:

- 60% term deposit reinvestment rate for March 2025 (March 2024: 60%).
- Cash and cash equivalents are expected to earn interest for the first six months at 3.68% per annum.
- Term deposit reinvestments are made for a weighted average 18-month term at 5.85% per annum (March 2024: 18-month term at 7.57% per annum).
- 50% of General Finance loans (March 2024: 50%) not past due repay on existing contractual maturity date, with the balance rolled over at their existing interest rates and repaid after a further 12 months.
- 80% of the Bridges Financial Services loans (March 2024: N/A) will be renewed for a further 12 months on existing contractual maturity date.

## 12. Other Operating Expenses

	2025 \$	2024 \$
Auditors Remuneration		
Audit of financial statements		
- Audit of financial statements (Grant Thornton New Zealand Audit Ltd)	214,497	148,654
- Review quarterly trustee certificates (Grant Thornton New Zealand Audit Ltd)	3,075	3,075
<b>Total Fees Paid to the Auditors</b>	<b>217,572</b>	<b>151,729</b>
Directors fees	132,918	143,330
Directors – Consulting fees	7,680	110,026
Management Fees	699,300	540,000
Other Operating Expenses	1,868,062	1,276,408
<b>Total Other Operating Expenses</b>	<b>2,925,532</b>	<b>2,221,493</b>

The above items forming part of Other Operating Expenses are GST exclusive. The prior year financial statements disclosure reported audit fees and management fees as GST inclusive, these have been restated to be shown exclusive of GST.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 13. Intangible Assets

	Customer Relationships <sup>1</sup> \$	Goodwill <sup>2</sup> \$	Total \$
<b>Cost</b>			
At 31 March 2024	<u>213,347</u>	<u>-</u>	<u>213,347</u>
Additions	<u>652,000</u>	<u>1,799,238</u>	<u>2,451,238</u>
At 31 March 2025	<u>865,347</u>	<u>1,799,238</u>	<u>2,664,585</u>
<b>Accumulated amortisation</b>			
At 31 March 2024	<u>(21,335)</u>	<u>-</u>	<u>(21,335)</u>
Amortisation charge for the year	<u>(72,306)</u>	<u>-</u>	<u>(72,306)</u>
At 31 March 2025	<u>(93,641)</u>	<u>-</u>	<u>(93,641)</u>
<b>Net book value</b>			
At 31 March 2024	<u>192,012</u>	<u>-</u>	<u>192,012</u>
At 31 March 2025	<u>771,706</u>	<u>1,799,238</u>	<u>2,570,944</u>

<sup>1</sup> In September 2024, General Finance Limited (GFL) purchased the customer relationships and not the systems or processes that Equity Investment Advisers Limited uses. The purchase was primarily for the purpose of allowing direct engagement with the depositors and hence the protection of the depositor book. The transaction has been treated as a purchase of an intangible asset rather than a business combination. The amount capitalised includes the price paid for acquiring the depositor book and associated acquisition costs. The asset will be amortised over a five-year period.

<sup>2</sup> In November 2024, GFL purchased 100% share of Bridges Financial Services Limited, resulting in the recognition of Customer Relationships and Goodwill (refer to note 19 for further acquisition related disclosures).

#### Cash Generating Unit (CGU)

The aggregate carrying amount of goodwill is outlined above. Goodwill primarily relates to growth expectations, and expected future profitability of the CGU (BFSL). The Company has assessed that there is no foreseeable limit to the period of time over which goodwill is expected to generate net cash inflows for the Company and as such has been assessed as having an indefinite useful life and has been tested for impairment at least annually.

The recoverable amount of the CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated long term growth rates stated below. The growth rate does not exceed the long term average for the products, industries or country in which the CGU operates. The key assumptions, long term growth rate and discount rate used in the value in use calculations are as follows.

Pre-tax free cash flows to the firm (FCFF) has been forecasted based on expected revenue and expenditure growth in the insurance premium funding business for the CGU BFSL. Interest from premium funding is forecasted to remain flat over the next year due to the uncertain economic environment and then grow from the year ended 31 March 2027 onwards due to economic recovery.

The key "base" assumptions used in the calculation of value-in-use for Finance (Insurance Premium Funding) CGU\* are:

- 1) Net Revenue Expectations through the forecast period
- 2) Expenditure Expectations through the forecast period
- 3) Pre-tax Discount rates
- 4) Terminal Growth rates used to extrapolate cash flows beyond the forecast period

The table below sets out the key assumptions for Finance (Insurance Premium Funding) CGU\*:

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 31 March 2025 Assumptions

	Net Revenue	Expenditure	Working Capital Movements	Pre-Tax FCFF
Actual 31 March 2025 Year	413,097	(120,264)	22,948	315,782
Forecast 2026	902,749	(183,347)	173,351	892,752
Forecast 2027	932,832	(192,433)	(162,765)	577,634
Forecast 2028	979,172	(201,981)	(206,817)	570,374
Forecast 2029	1,025,835	(212,007)	(220,898)	592,930
Forecast 2030	1,075,054	(222,535)	(232,332)	620,188
Terminal Growth Beyond Year Five	2.0%			
Pre-Tax Discount Rate	22.4%			

#### Net Revenue

Net Revenue is calculated as interest income less interest expense paid to the parent company.

Forecast Revenue consists of:

- 1) Interest Premiums Revenue: the Company is anticipating that Interest from premium funding will remain flat over the next year due to the unpredictable state of the economy and then growth from the year ended 31 March 2027 onwards, as economy is assumed to start picking up.
- 2) Contract Admin Fee Revenue: This Fee revenue is forecasted to grow inline with the interest premiums revenue.
- 3) Other Income/Commissions Revenue - incidental ad hoc income based on historic trends.

It is assumed that all projects will be in the form of cash.

#### Expenditure

The Company is expecting expenditure will stay in line with the revenue trends. The referral expense is the main expenditure which is driven by the amount of premium funding. Inflationary factor has been allocated to expenditures at 2.5% for the Forecast 2026; 5.0% for Forecast 2027, 2028, 2029 and 2030.

#### Pre-tax discount rate

The discount rates represent the current market assessment of the risks specific to the CGU. The discount rate calculation is based on the industry segment the CGU is engaged in, and is derived from its weighted average cost of capital. The weighted average cost of capital takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors using the capital asset pricing model allowing for unsystemic risk adjustments. The cost of debt is derived from weighted average interest rate paid by the finance segment as at 31 March 2025. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated based on publicly available market data at the time of testing. Adjustments to the discount rate are made in order to reflect a pre-tax discount rate.

The specific risk premium includes adjustments to the basic Capital Asset Pricing Model inputs to arrive at a risk adjusted cost of equity. These adjustments include current market factors (other than systemic risks) and asset specific risks. In arriving at specific risk premium management have considered factors such as:

- 1) Small Size Risk
- 2) Key Personnel Dependency Risk
- 3) Limited product line Risk
- 4) Geographical/Concentration Risk
- 5) Forecast Risk

The uncertainty in the cash flows for future periods has been built into the discount rate.



## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### Terminal growth beyond year five

Cash flows beyond the five year period are extrapolated using the estimated long term growth rate of 2.0% which is Westpac forecast rate. This is also consistent with the mid point of the Reserve Bank of New Zealand medium term Consumer Price Index Policy Target range (1% to 3%), with a focus on keeping future average inflation near the 2% target midpoint. The growth rate does not exceed the long term average for the products, industries or country in which the CGUs\* operate.

#### Sensitivity to changes in key assumptions

The most sensitive assumptions in the calculation of value-in-use for the CGU is Revenue Growth; Expenses Growth; Discount rate and long term growth rate. The sensitivity test of the amount by which the key assumptions would need to change, with all other assumptions remaining constant, for the recoverable amount to equal the carrying amount is not relevant, given that the base assumption is break even position. The following summarises the impairment or headroom that would have resulted had the noted changes to the "base" assumptions been made, with all other assumptions remaining constant:

	Headroom/(Impairment) \$
Net Revenue Growth + 10% above base	1,835,357
Net Revenue Growth – 10% below base	488,755
Expenditure Growth + 10% above base	884,787
Expenditure Growth – 10% below base	1,439,325
Pre-tax Discount Rate Growth + 1% above base	1,033,958
Pre-tax Discount Rate Growth - 1% below base	1,303,442
Terminal Growth Rate Growth + 1% above base	1,231,793
Terminal Growth Rate Growth - 1% above base	1,098,834

#### 14. Property, Plant and Equipment

	Office Equipment \$	Carpark \$
<b>Cost</b>		
At 1 April 2023	10,878	-
Additions	5,872	-
At 31 March 2024	16,750	-
Additions	-	450,000
Disposal	-	(450,000)
At 31 March 2025	16,750	-
<b>Accumulated depreciation</b>		
At 1 April 2023	(9,542)	-
Depreciation charge for the year	(2,490)	-
At 31 March 2024	(12,032)	-
Depreciation charge for the year	(2,892)	-
At 31 March 2025	(14,924)	-
<b>Net book value</b>		
At 31 March 2024	4,718	-
At 31 March 2025	1,826	-

Office equipment held by the Company includes computer equipment and other office equipment. Office equipment is depreciated on a straight-line basis at depreciation rates between 30% and 40% per annum.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 15. Share Capital

	Number of ordinary shares	Value \$
Opening balance as at 1 April 2023	7,288,382	12,574,234
Issue of ordinary shares	-	-
Balance as at 31 March 2024	<u>7,288,382</u>	<u>12,574,234</u>
Issue of ordinary shares	574,713	2,000,000
Balance as at 31 March 2025	<u>7,863,095</u>	<u>14,574,234</u>

All ordinary shares are fully paid, have no par value and rank equally in all respects. An ordinary share confers on the holder the right to one vote on a poll.

#### 16. Income Tax

	2025 \$	2024 \$
<b>Profit reconciliation</b>		
Operating surplus before income tax	4,299,347	3,821,451
Temporary differences / permanent differences	73,001	66,731
Tax loss offset from related parties ( <i>refer below</i> )	(355,465)	(536,896)
Imputation credits attached to dividends received	-	-
Taxable income	<u>4,016,883</u>	<u>3,351,286</u>
Prima facie tax – 28% (2024: 28%)	<u>1,124,728</u>	<u>938,360</u>
	<u>1,124,728</u>	<u>938,360</u>
Current tax	1,129,692	858,638
Deferred tax	(4,964)	79,722
Income tax expense	<u>1,124,728</u>	<u>938,360</u>
Opening income tax payable	439,359	1,025,738
Current tax @ 28%	1,129,692	858,638
Resident withholding tax paid	-	-
Tax payments	<u>(1,139,354)</u>	<u>(1,445,017)</u>
Income tax payable	<u>429,697</u>	<u>439,359</u>

#### Tax loss offset from related parties

Losses totalling \$355,465 (March 2024: \$536,896) have been offset against the Company's taxable profits by related companies General Capital Limited and Investment Research Group Limited.

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### Imputation credits

As at reporting date imputation credits totalled \$2,200,738 (March 2024: \$1,450,274). Subject to the provisions of the Income Tax Act 2007, the benefit of these credits may be passed to the shareholder as imputed tax paid on future dividends.

Movements through the Imputation Credit account were as follows:

	2025 \$	2024 \$
Balance at beginning of year	1,450,274	5,257
Income tax payments	1,139,354	1,445,017
Imputation credits attached to taxable bonus issue	(388,889)	-
Balance at end of year	<u>2,200,739</u>	<u>1,450,274</u>

#### Deferred tax reconciliation

	2025 \$	2024 \$
Balance at beginning of year	166,200	245,922
Increase / (decrease) in accrued expenses	6,194	5,331
Increase / (decrease) in impairment loss provision	(28,917)	(85,053)
Increase / (decrease) in lease liabilities	-	-
(Increase) / decrease in right of use assets	-	-
(Increase) / decrease in customer relationship	(216,078)	-
Balance at end of year	<u>(72,601)</u>	<u>166,200</u>

Deferred tax attributed to:

Deferred tax assets:

Accrued expenses	40,093	33,899
Impairment loss provision	103,384	132,301
Net deferred tax assets	<u>143,477</u>	<u>166,200</u>

Deferred tax liabilities:

Customer relationship	(216,078)	-
Net deferred tax liabilities	<u>(216,078)</u>	<u>-</u>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 17. Reconciliation of Net Profit after Tax with Cash Inflow from Operating Activities

	2025 \$	2024 \$
<b>Reported Profit after Tax</b>	<b>3,174,619</b>	<b>2,883,091</b>
<b>Add/(deduct) non-cash items</b>		
Movement in allowance for expected losses (loan receivables)	428,615	59,087
Depreciation and amortisation	64,539	23,825
Deferred tax movement	66,900	79,722
Loss on sale of car parks	50,000	-
	<u>610,054</u>	<u>162,634</u>
<b>Movements in other working capital items</b>		
(Increase) / Decrease in loan receivables (net advances)	(11,471,475)	(23,127,890)
Increase / (Decrease) in term deposits (net receipts)	48,432,344	24,485,709
(Increase) / Decrease in accrued interest on loan receivables	75,720	51,067
(Increase) / Decrease in capitalised loan fees	(396,058)	(982,490)
(Increase) / Decrease in capitalised interest	(88,391)	23,908
(Increase) / Decrease in other current assets	141,426	23,554
(Increase) / Decrease in related party receivable	(76,458)	9,087
(Increase) / Decrease in prepaid commission	30,129	28,164
Increase / (Decrease) in income tax payable	(70,868)	(586,379)
Increase / (Decrease) in deferred income	954,281	627,151
Increase / (Decrease) in interest payable	1,099,404	718,642
Increase / (Decrease) in related party payable	3,117	(134,614)
Increase / (Decrease) in accounts payable and accruals	(743,035)	241,419
	<u>37,890,136</u>	<u>1,377,328</u>
<b>Total movement – inflow / (outflow)</b>	<b>38,500,190</b>	<b>1,539,962</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b><u>41,674,809</u></b>	<b><u>4,423,053</u></b>

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

#### 18. Related Party Transactions and Balances

Directors, Directors of subsidiaries and closely related persons or entities are considered related parties of the Company.

Key Personnel includes Directors, Legal Counsel, and the Chief Financial Officer.

Related party balances at year end:	2025 \$	2024 \$
<i>Included in related party payables:</i>		
Members of the same group	1,572	889
Key Personnel	<u>5,364</u>	<u>1,430</u>
	<b><u>6,936</u></b>	<b><u>2,319</u></b>

<i>Included in related party receivables:</i>		
Members of the same group	79,979	3,522
Key Personnel	<u>-</u>	<u>-</u>
	<b><u>79,979</u></b>	<b><u>3,522</u></b>

Term deposits held by related parties <sup>1</sup>	<b><u>734,904</u></b>	<b><u>1,300,724</u></b>
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Loan Receivable owed by related parties	<b><u>1,120,176</u></b>	<b><u>312,288</u></b>
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<sup>1</sup>Includes term deposits held by Key Personnel, Non-executive Directors, Directors of the ultimate parent company, their families and their controlled entities.

#### Related party transactions during the year:

Related Party	Type	Transaction	2025	2024
Key Personnel <sup>1</sup>	Expense	Short-term Remuneration	837,749	950,520
	Expense	Expense recharges	172,848	37,113
	Expense	Brokerage	1,580	72,108
	Expense	Interest expense on term deposits <sup>2</sup>	81,109	101,682
	Intangible Assets	Client Relationship	-	200,000
	Contra Expense	Expense recharges	5,177	17,038
	Revenue	Interest and Fee income	86,131	15,034
General Capital Limited – Ultimate Parent	Expense	Expense recharges	1,166,619	670,720
	Other Current Assets	Prepayments recharged	156,552	245,348
	Contra Expense	Expense recharges	4,148	220,345
Investment Research Group Limited	Expenses	Expense recharges	92,583	1,975
	Contra Expense	Expense recharges	94,704	44,285
	Other Assets	Asset Sale	400,000	-

<sup>1</sup>Key Personnel includes Directors, Legal Counsel and the Chief Financial Officer (including Directors' consulting fees).

<sup>2</sup>Includes term deposits held by Key Personnel, Directors of the ultimate parent company, their families and their controlled entities.

#### Other related party transactions

Related party exposures owed by the Company are limited to 10% of regulatory capital under its trust deed. This limit has not been exceeded by the Company. (Year ended 31 March 2024: not exceeded.)

## General Finance Limited

### Notes to and forming part of the Consolidated financial statements For the year ended 31 March 2025

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#### 19. Acquisition of Bridges Financial Services Limited

On 1 November 2024, General Finance Limited acquired 100% of the shares in Bridges Financial Services Limited (BFSL). The acquisition of BFSL was made to diversify the lending products offered by the Company. The details of the business combination are as follows:

<b>Fair Value of Consideration Transferred</b>	<b>\$</b>
Amount settled in cash	2,877,850
Settlement of original shareholder loan	4,954,031
<b>Total</b>	<b>7,831,881</b>
Trade and Other Receivables	8,586,846
Cash and Cash Equivalents	469,261
Customer Relationship	652,000
<b>Total Current Assets</b>	<b>9,708,107</b>
Accounts Payables	3,310,562
Other Payables	182,342
Deferred Tax	182,560
<b>Total Current Liabilities</b>	<b>3,675,464</b>
<b>Identifiable Net Assets</b>	<b>6,032,643</b>
<b>Goodwill on Acquisition (Note 13)</b>	<b>1,799,238</b>

#### BFSL's contribution to the Company results

BFSL contributed \$506,895 of revenue (gross) and \$103,873 of profit after tax to the consolidated results of the Company for the five months from November 2024 to 31 March 2025. If BFSL had been acquired on 1 April 2024, BFSL's contribution to the consolidated revenue (gross) of the Company would have been \$1,248,540.

#### 20. Post Balance Date Events

There have been no material post balance date events that would materially impact the Company's financial statements.