



General Finance Limited
Interim Condensed Financial Statements
For the six months ended
30 September 2024

General Finance Limited

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General Finance Limited

Business Profile As at 30 September 2024

Nature of Business Non-Bank Deposit Taker and Mortgage Lending Company

Business Address Level 8, 115 Queen Street
Auckland CBD

Postal Address PO Box 1314
Shortland Street, Auckland 1010

Telephone 09 526 5000

IRD Number 68-422-167

Share Capital 7,288,382 Ordinary Shares

Shareholder Corporate Holdings Limited
Total Shares

Ordinary
7,288,382
7,288,382

Directors Donald F Hattaway (*Independent Non-Executive Chair*)
Gregory J Pearce (*Independent Non-Executive Director*)
Brent D King (*Managing Director*)
Geoffrey W Sinclair (*Independent Non-Executive Director, appointed on 1 August 2024*)

Registered Office Level 8, 115 Queen Street
Auckland CBD

Company Number 860336

Date of Incorporation 13 June 1997

Bankers Bank of New Zealand Limited
Westpac New Zealand Limited
Heartland Bank

Auditor Grant Thornton New Zealand Audit Limited

General Finance Limited

Interim Condensed Statement of Comprehensive Income For the six months ended 30 September 2024

	6 Months ended 30-Sep 2024 \$	6 Months ended 30-Sep 2023 \$
Interest income	8,459,221	6,134,723
Interest expense	<u>(5,398,636)</u>	<u>(3,594,408)</u>
Net interest income	3,060,585	2,540,315
Fee and commission income	2,202,312	1,427,927
Fee and commission expense	<u>(518,810)</u>	<u>(372,795)</u>
Net fee and commission income	1,683,502	1,055,132
Other revenue	<u>820</u>	<u>2,345</u>
Net revenue	4,744,907	3,597,792
Decrease / (increase) in allowance for expected credit losses	(233,415)	11,977
Personnel expenses	(834,307)	(687,408)
Depreciation and amortisation expense	(22,781)	(968)
Occupancy expenses	(52,547)	(44,417)
Other expenses	<u>(1,295,974)</u>	<u>(1,174,713)</u>
Total operating expenses	(2,439,024)	(1,895,529)
Profit before income tax	2,305,883	1,702,263
Income tax expense	<u>(658,253)</u>	<u>(477,131)</u>
Net profit attributable to the shareholder of the Company	<u>1,647,630</u>	<u>1,225,132</u>
Other comprehensive income	-	-
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income attributable to the shareholder of the Company	<u>1,647,630</u>	<u>1,225,132</u>

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

General Finance Limited

Interim Condensed Statement of Changes in Equity For the six months ended 30 September 2024

	Share Capital	Retained Earnings	Total
Balance at 1 April 2023	<u>12,574,234</u>	<u>3,414,088</u>	<u>15,988,322</u>
Profit for the period	-	1,225,132	1,225,132
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>-</u>	<u>1,225,132</u>	<u>1,225,132</u>
Balance at 30 September 2023	<u>12,574,234</u>	<u>4,639,220</u>	<u>17,213,454</u>
Balance at 1 April 2024	<u>12,574,234</u>	<u>6,297,179</u>	<u>18,871,413</u>
Profit for the period	-	1,647,630	1,647,630
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>-</u>	<u>1,647,630</u>	<u>1,647,630</u>
Balance at 30 September 2024	<u>12,574,234</u>	<u>7,944,809</u>	<u>20,519,043</u>

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

General Finance Limited

Interim Condensed Statement of Financial Position As at 30 September 2024

	Note	30-Sep 2024 \$	31-Mar 2024 \$	30-Sep 2023 \$
Share capital		12,574,234	12,574,234	12,574,234
Retained earnings		7,944,809	6,297,179	4,639,220
Total equity		<u>20,519,043</u>	<u>18,871,413</u>	<u>17,213,454</u>
Assets				
Cash and cash equivalents	4	24,284,945	9,857,545	16,176,704
Other current assets		204,018	237,600	258,267
Related party receivables	10	16,008	3,522	35,589
Bank deposits	4	13,823,933	12,714,591	12,070,454
Loan receivables	5	140,954,483	132,220,775	104,305,967
Property, plant and equipment		3,272	4,718	8,280
Intangible assets		170,677	192,012	206,000
Deferred tax asset		219,296	166,200	156,496
Total assets		<u>179,676,632</u>	<u>155,396,963</u>	<u>133,217,757</u>
Liabilities				
Accounts payable and accruals		793,871	965,325	858,558
Related party payables	10	3,112	2,319	269,979
Term deposits	6	158,139,119	135,118,547	114,737,488
Income tax payable		221,487	439,359	138,278
Total liabilities		<u>159,157,589</u>	<u>136,525,550</u>	<u>116,004,303</u>
Net assets		<u>20,519,043</u>	<u>18,871,413</u>	<u>17,213,454</u>

Authorised for issue on behalf of the Board:



Director

Date: 21 November 2024



Director

Date: 21 November 2024

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

General Finance Limited

Interim Condensed Statement of Cash Flows For the six months ended 30 September 2024

	6 months ended Sep 2024	6 months ended Sep 2023
	\$	\$
Cash flows from operating activities		
Interest received	9,104,604	6,474,185
Bad debts recovered	820	2,345
Loan fees, commission and other income	1,680,243	1,662,657
Payments to suppliers and employees	(2,756,996)	(2,353,790)
Interest paid	(4,601,557)	(3,154,218)
Income tax paid	(929,220)	(1,275,165)
Net cash flows from operating activities before changes in operating assets and liabilities	2,497,894	1,356,014
Term deposits (net receipts)	22,206,266	4,427,467
Loan receivables (net advances) / net repayments	(9,167,418)	4,109,287
Net cash flows from operating activities	15,536,742	9,892,768
Cash flows from investing activities		
Purchases of property, plant and equipment	-	(7,913)
Purchases of intangible assets	-	(6,000)
Investments in bank deposits	(1,109,342)	(3,145,894)
Net cash flows applied to investing activities	(1,109,342)	(3,159,807)
Net cash and cash equivalents movement for the period	14,427,400	6,732,961
Opening cash and cash equivalents balance	9,857,545	9,443,743
Closing cash and cash equivalents balance	24,284,945	16,176,704

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

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

1.0 Reporting and Accounting Basis

1.1 Reporting Entity

The interim condensed financial statements presented here are for the entity General Finance Limited.

General Finance Limited (the "Company") is a finance and mortgage lending company incorporated in New Zealand. The Company's ultimate parent company is General Capital Limited, an 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, General Capital House, 115 Queen Street, Auckland CBD, New Zealand.

1.2 Reporting Framework

The interim condensed financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Regulations 2014 and New Zealand Generally Accepted Accounting Practice (NZ GAAP). 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 interim condensed financial statements comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and should be read in conjunction with the financial statements for the year ended 31 March 2024.

These interim condensed financial statements have been prepared on a going concern basis 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 the New Zealand Dollar. In presenting amounts in the interim condensed financial statements these amounts have been rounded to the nearest dollar.

1.3 Specific Accounting Policies

The accounting policies by the Company are consistent with those applied in the previous full year financial statements and methods of computation.

2. Significant accounting estimates and judgments

There are a number of significant accounting treatments which include complex or subjective 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.

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.

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

2.1 Allowance for expected credit losses

Significant increase in credit risk

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.

The ECL is calculated on an individual loan basis through a combination of the assessed lifetime credit default and probability default (referred to as expected loss factor) to the loan balance. The expected loss factor is determined from the Company historical loss experience data.

Historical loss experience data is reviewed by management and adjustments made to reflect current and forward looking economic and credit conditions. In addition, management recognised that a certain level of imprecision exists in any model used to generate risk grading and provisioning levels. As such an adjustment is applied for model risk.

Management regularly reviews and adjusts its ECL estimates, judgements, assumptions, and methodologies as data becomes available. Changes in these estimates, judgements, assumptions, and methodologies could have a direct impact on the level of credit provision and credit impairment charge recorded in the financial statements (refer Note 5 Loan Receivables).

The weighted average LVR of the loan book was 55.8% (March 2024: 55.6%), based on loan security valuations on origination of the loan.

According to a sensitivity analysis performed on the property security valuations underlying the Company's loan receivables as at 30 September 2024:

- 1) A 25% drop in residential property values would result in losses of Nil (March 2024: Nil).
- 2) A 25% drop in commercial property values would result in no loan losses (March 2024: Nil).

The above sensitivity analysis factors in the expected selling costs of the property as well as the legal fees during the recovery process. The sensitivity analysis does not factor in potential increases in underlying security value since the origination of the loan.

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 0.08% (March 2024: 0.10%). This would be an appropriate basis for 12-month expected credit losses in normal economic conditions.

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

- 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 0.08%. 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.

3. Management of Capital

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

The Company's policy is to maintain a strong capital base 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 minimum capital ratio requirement reduced from 15% on 16 September 2019 when the Company published its first credit rating.

The Company has complied with this ratio requirement during the period. As at 30 September 2024, the capital ratio of the Company was 21.71% (as at 31 March 2024: 22.26%).

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

4. Cash and Cash Equivalents and Bank Deposits

	30-Sep 2024 \$	31-Mar 2024 \$
Bank call deposits ¹	<u>24,284,945</u>	<u>9,857,545</u>
Total cash and cash equivalents	<u>24,284,945</u>	<u>9,857,545</u>
Bank term deposits current portion ²	13,318,824	12,714,591
Bank term deposits non-current portion ³	<u>505,109</u>	<u>-</u>
Total bank deposits	<u>13,823,933</u>	<u>12,714,591</u>

Current portion of bank term deposits are contractually repayable within 12 months. Non-current portion of bank term deposits are contractually repayable within 14 months.

¹Bank call deposits interest rates: 0.00% - 5.35% per annum (March 2024: 0.00% - 5.70%).

²Bank term deposits current portion interest rates: 5.75% - 6.50% per annum (March 2024: 6.10% - 6.50%).

³Bank term deposits non-current portion interest rate: 6.00% per annum (March 2024: Nil).

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

5. Loan receivables

	30-Sep 2024	31-Mar 2024
	\$	\$
Advances secured by first mortgage	143,822,218	134,140,905
Less deferred fee income and expenditure	(1,465,128)	(1,447,630)
Less impairment allowance	(671,413)	(472,500)
Less unearned interest	(731,194)	-
Net carrying value	<u>140,954,483</u>	<u>132,220,775</u>
Current portion	85,242,880	94,992,079
Non-current portion	<u>55,711,603</u>	<u>37,228,696</u>
	<u>140,954,483</u>	<u>132,220,775</u>
Primary Loan Security		
Residential housing	126,276,516	117,504,757
Residential bare land	15,821,413	14,911,604
Commercial property ¹	<u>1,724,289</u>	<u>1,724,544</u>
	<u>143,822,218</u>	<u>134,140,905</u>

¹The Company's credit risk policy allows for a maximum of 30% of total lending to be secured over commercial properties and individual commercial loans are to be limited to 7.5% of total tangible assets. For the half year ended 30 September 2024 the company had 1.2% of commercial lending (March 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 24 months from the balance date.

As at 30 September 2024, there was \$389,302 outstanding loan commitments (loans approved and accepted not yet drawn) including future capitalised interest (March 2024: \$2,052,306).

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

Reconciliation of gross loan receivable balance movements through ECL stages:

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 31 March 2023	101,028,471	5,415,857	4,061,846	110,506,174
New loan advanced and accrued	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	-
Balance as at 31 March 2024	125,557,867	7,780,334	802,704	134,140,905
New loan advanced and accrued	59,086,634	-	34,503	59,121,137
Repayments	(45,473,239)	(3,358,561)	(573,521)	(49,405,321)
Loan balances written off	-	-	(34,503)	(34,503)
Transfer to lifetime not credit impaired	(2,108,193)	2,108,193	-	-
Transfer to lifetime credit impaired	(2,125,856)	(2,814,485)	4,940,341	-
Balance as at 30 September 2024	134,937,213	3,715,481	5,169,524	143,822,218

Reconciliation of movements in impairment allowance by stage:

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
Impairment allowance as at 31 March 2023	252,570	413,540	110,155	776,265
New loan advances and accrued	277,846	-	-	277,846
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	-
Impairment allowance as at 31 March 2024	313,894	19,451	139,155	472,500
New loan advances and accrued	147,717	-	86	147,803
Repayments	(113,683)	(8,396)	(1,434)	(123,513)
Loan balances written off (collectively assessed)	-	-	(86)	(86)
Loan balances written off (individually assessed)	-	-	(34,503)	(34,503)
Transfer to lifetime not credit impaired	(5,270)	5,270	-	-
Transfer to lifetime credit impaired (collectively assessed)	(5,315)	(7,036)	12,351	-
Transfer to lifetime credit impaired (individually assessed)	-	-	209,212	209,212
Impairment allowance as at 30 September 2024	337,343	9,289	324,781	671,413

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 36.3% - 71.8% as at 30 September 2024 (March 2024: 50.5% - 70.6%), based on the security property valuation at origination. The lifetime ECL Credit Impaired loans are made up of three loans. Full recovery is expected from all loans.

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

6. Term Deposits

	30-Sep 2024 \$	31-Mar 2024 \$
Gross term deposit liability	158,196,209	135,192,864
Less deferred commission expenditure	<u>(57,090)</u>	<u>(74,317)</u>
Net carrying value	<u>158,139,119</u>	<u>135,118,547</u>
Contractual repayment terms:		
On call	14,906	178,813
Within 12 months	111,279,478	88,839,334
Greater than 12 months	<u>46,844,735</u>	<u>46,100,400</u>
	<u>158,139,119</u>	<u>135,118,547</u>

Reconciliation of movement in term deposits

	6 months ended 30-Sep 2024 \$	12 months ended 31-Mar 2024 \$
Balance of term deposits at beginning of period	135,192,864	109,988,514
Additions	29,379,460	41,127,059
Withdrawals	(8,383,586)	(18,917,090)
Compound interest reinvested	<u>2,007,471</u>	<u>2,994,381</u>
Balance of term deposits at end of period	<u>158,196,209</u>	<u>135,192,864</u>

7. Unrecognised Assets and Liabilities

The Company has not entered into any contractual arrangements which would lead to off balance sheet assets or liabilities (March 2024: Nil).

8. Capital Commitments

There were no material commitments for capital expenditure outstanding at reporting date (March 2024: Nil).

9. Contingencies

There were no material contingent assets or liabilities at reporting date (March 2024: Nil).

General Finance Limited

Selected notes to and forming part of the interim condensed financial statements For the six months ended 30 September 2024

10. Related Party Transactions and Balances

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

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

Related party balances as at 30 September:	30-Sep 2024 \$	31-Mar 2024 \$
<i>Included in related party payables:</i>		
Members of the same group	941	889
Key Management Personnel	<u>2,171</u>	<u>1,430</u>
	<u>3,112</u>	<u>2,319</u>
<i>Included in related party receivables:</i>		
Members of the same group	16,008	3,522
Key Management Personnel	<u>-</u>	<u>-</u>
	<u>16,008</u>	<u>3,522</u>
Term deposits held by related parties ¹	<u>1,203,895</u>	<u>1,300,724</u>
Loan Receivable owed by related parties	<u>1,131,250</u>	<u>312,288</u>

¹Includes 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 period:

Related Party	Type	Transaction	30-Sep 2024	30-Sep 2023
Key Management Personnel ¹	Expense	Short-term Remuneration	456,893	523,565
	Expense	Expense recharges	17,415	4,568
	Expense	Brokerage	1,580	72,108
	Expense	Interest expense on term deposits ²	46,070	70,879
	Intangible Assets	Client Relationship	-	200,000
	Other Current Assets	Prepayments recharged	69,799	17,949
	Contra Expense	Expense recharges	6,157	9,476
	Revenue	Interest and Fee income	39,591	-
General Capital Limited – Ultimate Parent	Expense	Expense recharges	367,117	373,162
	Other Current Assets	Prepayments recharged	37,015	-
	Contra Other Current Assets	Prepayments Recharge	54,579	126,846
	Contra Expense	Expense Recharge	-	-
Investment Research Group Limited	Expenses	Expense recharges	3,337	-
	Contra Expense	Expense recharges	12,027	20,147

¹Key Management Personnel includes Directors, Legal Counsel and the Chief Financial Officer (including Directors consulting fees).

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

General Finance Limited

Notes to and forming part of the financial statements For the six months ended 30 September 2024

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. (March 2024: not exceeded.)

11. Post Reporting Date Events

Acquisition of Bridges Financial Services Limited (BFSL)

On 1 November 2024, General Finance Limited (the “Company”) completed the acquisition of Bridges Financial Services Limited (BFSL), a New Zealand-based insurance premium funding business, by acquiring 100% of the voting equity interest, for a total consideration of \$7,776,296. The acquisition aligns with the Company’s strategic growth plans to expand its financial services offerings.

Details of the Acquisition

The acquisition was finalised after the reporting period, and therefore, the financial effects of the acquisition are not reflected in these interim financial statements. The financial and operational results of BFSL will be consolidated into the Company’s financial statements from 1 November 2024.

Basis of Accounting for the Acquisition

The acquisition is accounted for in accordance with NZ IFRS 3 Business Combinations, where the Company is the acquirer and BFSL is the acquiree. Under NZ IFRS 3, the identifiable assets acquired, liabilities assumed, and any non-controlling interest in BFSL will be measured at their fair values on the acquisition date.

As of the reporting date, the Company is in the process of finalising the purchase price allocation (PPA). A provisional assessment of the fair values of BFSL’s identifiable assets and liabilities is as follows:

Identifiable Assets: \$9,848,833

Liabilities Assumed: \$9,258,568

Goodwill: \$2,230,000

The final fair value assessment of the identifiable assets acquired and liabilities assumed, along with any resulting goodwill or gain on acquisition, will be completed within the measurement period, which is not expected to exceed twelve months from the acquisition date.

Disclosure of Key Terms

As required under NZ IAS 34 Interim Financial Reporting, the following significant details of the acquisition have been disclosed to provide clarity on changes to the Company’s financial position after the reporting date:

Purchase Consideration: \$7,776,296 (including settlement of shareholder loan of \$4,956,031)

Purpose of Acquisition: To expand the Company’s footprint into the insurance premium funding sector.

Impact on Financial Position: The Company anticipates an increase in its assets and liabilities as a result of the acquisition. The financial impact will be fully disclosed in the Company’s next annual financial statements.

The Company adheres to NZ IAS 1 Presentation of Financial Statements, ensuring that sufficient information is provided to allow users to understand the impact of significant events occurring after the reporting date. The acquisition of BFSL represents a major strategic investment for the Company, which will result in a material change in the Company’s financial position and operations.

Dividend Payment and Equity Issue to the Parent Company

On 21 November 2024, the Board of Directors of the Company approved a \$1 million dividend payment to its immediate parent company, Corporate Holdings Limited (CHL). This dividend payment is concurrent with a \$2 million equity inflow from CHL through the issuance of 574,713 new shares in the Company. These transactions will result in a net increase of \$1 million in the Company’s equity. The proposed dividend and share issue were subject to the solvency requirements of the Companies Act 1993, which the Board has assessed and confirmed were satisfied upon the execution of the transactions. The solvency test considers the Company’s post-transaction liquidity and net asset position, which remain sufficient to meet all financial and regulatory obligations, including maintaining a capital adequacy ratio well above the regulatory minimum.

Independent Auditor's Report

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To the Shareholder of General Finance Limited

Report on the Audit of the Interim Condensed Financial Statements

Opinion

We have audited the interim condensed financial statements of General Finance Limited (the 'Company') on pages 4 to 15, which comprise the interim condensed statement of financial position as at 30 September 2024, and the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the six month period then ended, and selected notes to the interim condensed financial statements, including material accounting policy information.

In our opinion, the accompanying interim condensed financial statements present fairly, in all material respects, the interim financial position of General Finance Limited as at 30 September 2024, and its interim financial performance and interim cash flows for the six month period then ended, in accordance with the New Zealand equivalents to International Accounting Standard 34 *Interim Financial Reporting* ('NZ IAS 34') and International Accounting Standard 34 *Interim Financial Reporting* ('IAS 34').

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 Interim Condensed Financial Statements* section of our report. We are independent of the Company 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 Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the interim condensed financial statements of the current period. These matters were addressed in the context of our audit of the interim condensed 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>Allowance for impairment losses from loan receivables</p> <p>The allowance for impairment losses from loan receivables to customers amounts to \$671,413 in the interim condensed financial statements as at 30 September 2024.</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 interim condensed 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 5 of the interim condensed financial statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> • 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. • For a selection of loans issued by the Company, 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. • 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. • For each significant identified loan with indicators of impairment, we tested whether there was adequate security against each advance in order to recover the outstanding balance. Where provided, we considered adequacy of third-party valuations, and also verified any prior ranking securities to independent sources. • For the collective provisioning model, we: <ul style="list-style-type: none"> (a) Recalculated the provision based on the input factors identified by management as part of the expected credit loss methodology; and (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 (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. • We assessed the appropriateness of the Company disclosures in the financial reports against the requirements of the accounting standards.

Directors' responsibilities for the Interim Condensed Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the interim condensed financial statements in accordance with NZ IAS 34 and IAS 34, and for such internal control as the Directors determine is necessary to enable the preparation of interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed financial statements, the directors are responsible on behalf of the Company for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Interim Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim condensed 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 interim condensed financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

Restriction on use of our report

This report on the interim condensed financial statements 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 the Company's shareholder for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Ryan Campbell

Partner

Auckland

21 November 2024