

Managing Director's Address to General Capital Ltd.'s ASM 28/9/2022

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Thank you, Chairman.

Good afternoon, everyone. Thank you for taking the time to attend our shareholder meeting and our 25th birthday celebration for General Finance today.

We released our Annual Report to 31st March on the 30th June 2022.

I am sure you have had a chance to read it.

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Key Points

- Deposits up 52% to \$88.0m
- Loans up 49% to \$80m
- Cash up 128% to 16.7m
- Total Assets up 51% to 102.0m
- Revenue up 64% to \$8.0m
- Group NPBT up 1,540 % to \$1.3m

All indicators were very strong.

The key feature is that we have had an excellent profit, whilst managing the pressures of covid and growing General Finance's total Assets from \$64m to \$102m.

We have of course, met all of our Regulatory obligations.

We were helped a lot by the bounce out of covid. The Western world had simply pumped so much cash into the system all assets had price pressure. This created the upwards pressure on Land and building values.

4 Year Trend

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We had always projected growth in our business.

We have moved our assets from \$954k in 31/3/2018 to \$103m in 31/3/2022

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You will see that in the quarter to 30/6/22 General Finance has grown a further 8.6% to \$111.8m.

I advise that we have continued to grow in the quarter to 30 Sept. This has been a little slower, it seemed that the talk and expectations of interest rate increases "flattened" the investment market a little. We are expecting growth of 4% to 7% in General Finance's assets.

Note

The quarterly results for General Finance are uploaded to the Disclose Register each quarter. The results for General Capital are only released to NZX 6-monthly.

How much more can we grow with the current Capital?

I have been asked that many times.

We have a Capital Ratio minimum of 8%. If we fall below 10%, we are on watch.

We are currently on a ratio of approximately 18%. That effectively means that we can grow 40% bigger without requiring more capital. The Directors and management have set an internal limit of 14%. This is our own limit given the uncertain times we are in. We can change that at any time, and we are not required to give notice.

This allows us to handle the unexpected. In summary we can grow 40% but we will limit ourselves by using a higher (more conservative) ratio.

This is the reason we have taken the steps discussed earlier in the meeting to allow the directors to do this.

Credit Rating

I am pleased to announce that Equifax has completed its credit rating to 31/3/2022 and has UPGRADED its rating to a Positive outlook.

The Board of General Finance accepted the rating this morning.

This is fantastic news for us. After a tough lock down period, we have come through with flying colours the rating agency has upgraded the outlook.

Equifax deem this to be “near prime with a low to moderate risk of failure “

I am sure that this will give investors even more confidence when considering an investment in General Finance.

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Community Contribution

We have made community Contributions this year. These have included 2 Donations to a foodbank,

Sponsorship of the North Harbour Veterans Golf Tournament, Sponsorship of 5 Synthony events around the country plus smaller sponsorships of sports club.

When we have been able to, we have made donations to the community.

Outlook

We are very reluctant to make any predictions of profitability.

This business can turn quickly as financial markets are dependent on each other and the contagious effect can be lightning fast.

However, based on the numbers we have before us we are currently expecting a net profit after tax for the 6 months to 30/9/2022 to be in the \$900k to \$1.05m range.

This would be an increase of over 250% on last year's figure for the same period

We expect group assets to be approximately \$125m an increase of approximately 50% on the same period last year.

We are very pleased that we are currently able to significantly increase profits and Assets.

We will update you as matters develop.

Ladies and gentlemen.

If you pass the placement resolution today which we are soon to consider we may be able to develop our business further.

We are very committed to building this business further.

Currently we have opportunities to build the business further and we are keen to see if we can raise this additional capital.

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Opportunity

I understand that the Government is planning to bring in new regulations in the Deposit taker sector.

The deposit taker bill had its first reading in Parliament last week.

We are monitoring this.

We have thoughts, ambitions, and plans.

This could be very positive for us, or it could be negative or little change.

If it changes only a little it could allow us to push through with our growth plans.

If it changes and results in a significant regulatory burden, then making profits will be more difficult.

If it changes and allows us to become a licensed bank, that could be fantastic.

Australia, Singapore, and the UK have all gone this way, mainly to create more competition in the sector.

We do not know which way this will go.

We are consulting with others in the industry plus with specialist advisers.

Please do not read anything into this except things may change and opportunities will present themselves.

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The Future.

Assets

6 months to 30/09/2022 Guidance

Loan Receivables (Net)	\$100m - \$104m
Total Assets	\$120m - \$125m
Term Deposit Liabilities	\$105m - \$110m
Total Liabilities	\$106m - \$111m
Total Equity	\$14.0m
Revenue	\$5.0m - \$5.5m
Net Profit After Tax	\$900k - \$1.05m

Outlook to 30 September 2022:

- We expect September to be a record 6 monthly profit for the group due to continued growth in the balance sheet.

We will advise as matters develop.

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Ladies and gentlemen.

- We have had very good 2022
- We have started 2023 better
- We are well placed for the future.

Please note

The best is yet to come!!

Thank you all for all your support for General Capital and for listening to me today.

Brent king