



## Results announcement



Results for announcement to the market	
Name of issuer	General Capital Limited
Reporting Period	12 months to 31 March 2023
Previous Reporting Period	12 months to 31 March 2022
Currency	New Zealand Dollars (\$)

	Amount (000s)	Percentage change
Revenue from continuing operations	\$13,709	+71%
Total Revenue	\$13,709	+71%
Net profit/(loss) from continuing operations	\$2,258	+68%
Total net profit/(loss)	\$2,258	+68%

Interim/Final Dividend	
Amount per Quoted Equity Security	It is not proposed to pay dividends.
Imputed amount per Quoted Equity Security	Not applicable
Record Date	Not applicable
Dividend Payment Date	Not applicable

	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.0594	\$0.0493

A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to Directors' Report
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Authority for this announcement	
Name of person authorised to make this announcement	Victor Pliev Chief Financial Officer
Contact person for this announcement	Brent King Managing Director
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Date of release through MAP	29/05/2023

## Directors' Report

The Directors of General Capital Limited ("the Company") are pleased to present a very strong result for the year ended 31 March 2023. This has been an outstanding year. The General Capital Group ("Group") revenue was 71% higher than the previous year which resulted in net profit after tax of \$2,258,243 for the year ended 31 March 2023, the strongest result since the Group was listed in 2018. This is also after a Goodwill Impairment of \$537,141 recognised in the year. The Group's total assets increased a further 32% since March 2022. The Group completed a capital raise of \$8,677,755. General Finance Limited Credit Rating was upgraded twice during the year from BB- with stable outlook to BB stable.

### 1.0 Financial Performance

	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Variance	% Change
Revenue	\$13,709,253	\$8,018,249	\$5,691,004	+71%
Net profit / (loss) after tax	\$2,258,243	\$1,340,663	\$917,580	+68%
Earnings / (loss) per share*	0.98 cps	0.78 cps	0.2 cps	+26%

\* Calculated as Net Profit after income tax expense divided by the weighted average number of ordinary shares

	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Variance	% Change
Total assets	\$136,087,859	\$102,904,694	\$33,183,165	+32%
Total liabilities	\$111,835,089	\$89,372,001	\$22,463,088	+25%
Total equity	\$24,252,770	\$13,532,693	\$10,720,077	+79%
Net tangible assets (NTA) per share*	5.94 cps	4.93 cps	1.01 cps	+20%
Net assets (NA) per share**	6.67 cps	6.36 cps	0.31 cps	+5%

\* Calculated as Net Assets less deferred tax, goodwill and other intangible assets divided by the total shares on issue as at balance date.

\*\* Calculated as Net Assets divided by the total shares on issue as at balance date.

The General Capital Group Net Profit after tax was \$2,258,243 for the year ended 31 March 2023. The segment breakdown is as follows:

	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Var	% Change
Finance Segment	\$3,245,321	\$1,536,879	\$1,708,442	+111%
Research and Advisory Segment	(\$473,627)	\$177,643	(\$651,270)	-367%
Corporate and Other Segment	\$2,109,515	(\$332,807)	\$2,442,322	734%
Group Eliminations	(\$2,622,966)	(\$41,052)	(\$2,581,914)	-6289%
<b>Group</b>	<b>\$2,258,243</b>	<b>\$1,340,663</b>	<b>\$917,580</b>	<b>68%</b>

Refer to the attached financial information for detailed segmental results.

# Directors' Report (continued)

## 2.0 Segment Performance and Outlook

### Finance Segment

The Finance Segment has performed very well this year. Secured term deposits grew by 25% between 31 March 2022 and 31 March 2023. The growth in term deposit funding allowed for an increase in the loan book by 36% while still retaining strong liquidity and cash available as at 31 March 2023. The growth in loan book, combined with an increase in the net interest margin across the year, resulted in the 88% increase in net revenue and the segment achieving a record profit.

### Research and Advisory Segment

The Research and Advisory Segment has been successful in completing 4 debt structuring and brokerage engagements during the year ended 31 March 2023 in line with the previous year's forecast. The anticipated brokerage works from the mandate signed in April 2022 did not eventuate. This, together with the current economic environment, has contributed towards the downwards reforecast of the future works of the segment. The goodwill allocated to the Research and Advisory Cash Generating Unit ("CGU") was tested for impairment in the year ended 31 March 2023. This resulted in an impairment of \$537,141 which caused the segment to incur a loss. It is important to note that this impairment is a non-cash expense.

### Corporate and Other Segment

The Corporate and Other Segment comprises the overheads of running the listed parent company. The following were significant items in the segment for the year ended 31 March 2023.

On 19 December 2022 General Finance Limited issued a Taxable Bonus Issue to its parent Corporate Holdings Limited for the net value of \$2,474,234 - this has been eliminated on the Group level.

On 17 February 2023 the Company issued 150,917,479 shares raising \$8,677,755. To date \$3,000,000 has been utilised for the growth of the finance segment.

Refer to the attached financial information for detailed segmental results.

## 3.0 General Finance Credit Rating

General Finance has a credit rating from Equifax Australasia Credit Rating Pty Ltd ("Equifax"). Equifax gives ratings from AAA through to C (excluding ratings attaching to entities in default). Equifax has issued General Finance a credit rating upgrade twice during the year from BB- Stable outlook to BB- positive outlook and BB stable outlook. According to Equifax's criteria, this rating is classified as "Near Prime". General Finance is very pleased with this rating as a number of participants in the financial services sector have been downgraded due to the impacts of Pandemic, rising interest rates and reducing property values. This is a strong endorsement of General Finance's performance.

## 4.0 Dividend Policy

The Company's policy is currently not to pay dividends and accordingly no dividends have been declared for the period. Our dividend policy is reviewed annually. Our focus has been on retaining capital to fund growth. We will consider this again at the next full year announcement.

## **Directors' Report (continued)**

### **5.0 Audit**

The attached financial information is in the process of being audited by Grant Thornton New Zealand Audit Limited. The Group's Annual Report for the year ended 31 March 2023 is in the process of being completed and audited.

### **6.0 Summary**

It has been a strong year for the Group and we have continued to focus on profitable trends and growth.

The Directors thank General Capital's shareholders and General Finance's secured term deposit investors for their support and staff for their significant contributions, particularly during this difficult period dominated by the impacts of economic instability and the post pandemic economy.

**GENERAL CAPITAL LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 \$	2022 \$
Interest income		10,618,423	5,574,439
Interest expense		(5,223,799)	(2,976,011)
Net interest income		<u>5,394,624</u>	<u>2,598,428</u>
Fee and commission income		2,980,148	1,894,291
Fee and commission expense		(781,120)	(500,302)
Net fee and commission income		<u>2,199,028</u>	<u>1,393,989</u>
Revenue from contracts with customers		65,626	512,588
Cost of sales		(4,006)	(57,290)
Gross profit from contracts with customers		<u>61,620</u>	<u>455,298</u>
Other income		45,056	36,931
<b>Net revenue</b>		<u>7,700,328</u>	<u>4,484,646</u>
Increase in allowance for expected credit losses		(573,970)	(66,266)
Personnel expenses		(1,218,362)	(1,010,670)
Depreciation		(125,797)	(150,996)
Amortisation and impairment of intangible assets		(537,779)	(5,230)
Other operating expenses		(1,900,329)	(1,362,869)
		<u>(4,356,237)</u>	<u>(2,596,031)</u>
<b>Profit before income tax expense</b>		3,344,091	1,888,615
Income tax (expense) / benefit		(1,085,848)	(547,952)
<b>Net profit after income tax expense</b>		<u>2,258,243</u>	<u>1,340,663</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(73,713)	(144,144)
Income tax on these items		-	-
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<u>(73,713)</u>	<u>(144,144)</u>
<b>Total comprehensive income</b>		<u>2,184,530</u>	<u>1,196,519</u>
<b>Earnings per share (cents per share)</b>		0.98	0.78
<b>Diluted earnings per share (cents per share)</b>		0.98	0.78

**GENERAL CAPITAL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Equity</b>			
Share capital		21,561,120	13,025,575
Accumulated (losses) / earnings		3,011,160	752,916
Reserves		(319,510)	(245,798)
<b>Total equity</b>		<b>24,252,770</b>	<b>13,532,693</b>
<b>Assets</b>			
Cash and cash equivalents		14,072,194	16,661,570
Accounts receivables		46,213	17,350
Related party receivables		725	-
Other current assets		347,467	229,725
Bank deposits		9,937,974	2,450,000
Loan receivables		108,771,965	80,027,661
Property, plant and equipment		33,732	29,431
Right of use assets		-	146,750
Investments		214,730	288,442
Deferred tax asset		313,454	135,049
Intangible assets and goodwill		2,349,405	2,918,716
<b>Total assets</b>		<b>136,087,859</b>	<b>102,904,694</b>
<b>Liabilities</b>			
Accounts payable and other payables		816,766	613,770
Related party payables		117,410	13,191
Term deposits		109,886,032	88,047,219
Lease liability		-	174,364
Income tax payable		1,014,881	523,457
<b>Total liabilities</b>		<b>111,835,089</b>	<b>89,372,001</b>
<b>Net assets</b>		<b>24,252,770</b>	<b>13,532,693</b>
<b>Net tangible assets (NTA) per share (cents per share)</b>		<b>5.94</b>	<b>4.93</b>
<b>Net assets (NA) per share (cents per share)</b>		<b>6.67</b>	<b>6.36</b>

**GENERAL CAPITAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital	Reserves	Accumulated (losses) / earnings	Total equity
Note	\$	\$	\$	\$
<b>Balance at 1 April 2021</b>	<b>10,249,211</b>	<b>(129,267)</b>	<b>(594,651)</b>	<b>9,525,293</b>
Profit for the year	-	-	1,340,663	1,340,663
Other comprehensive income for the year	-	(144,144)	-	(144,144)
<b>Total comprehensive income for the year</b>	-	(144,144)	1,340,663	1,196,519
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs	2,776,364	-	-	2,776,364
Share based payments	-	(6,903)	6,903	-
Issue of warrants to directors and senior managers	-	34,516	-	34,516
<b>Total transactions with owners in their capacity as owners</b>	<b>2,776,364</b>	<b>27,613</b>	<b>6,903</b>	<b>2,810,880</b>
<b>Balance at 31 March 2022</b>	<b>13,025,575</b>	<b>(245,798)</b>	<b>752,916</b>	<b>13,532,693</b>
Profit for the year	-	-	2,258,243	2,258,243
Other comprehensive income for the year	-	(73,713)	-	(73,713)
<b>Total comprehensive income for the year</b>	-	(73,713)	2,258,243	2,184,530
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs	8,535,545	-	-	8,535,545
<b>Total transactions with owners in their capacity as owners</b>	<b>8,535,545</b>	<b>-</b>	<b>-</b>	<b>8,535,545</b>
<b>Balance at 31 March 2023</b>	<b>21,561,120</b>	<b>(319,510)</b>	<b>3,011,160</b>	<b>24,252,770</b>

**GENERAL CAPITAL LIMITED**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 \$	2022 \$
<b>Cash flow from operating activities</b>			
Interest received		10,647,402	5,629,044
Receipts from customers		2,457,853	2,049,602
Other income		4,755	5,690
Payments to suppliers and employees		(3,753,310)	(2,849,016)
Interest paid		(5,898,226)	(2,710,853)
Income tax paid		(772,829)	(88,198)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<u>2,685,645</u>	<u>2,036,269</u>
Term deposits (net receipts)		22,534,413	29,953,748
Finance receivables (net advances)		(28,665,673)	(25,995,057)
<b>Net cash (used in) / provided by operating activities</b>		<u>(3,445,615)</u>	<u>5,994,960</u>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of bonds		-	194,018
Purchase of property, plant and equipment		(11,960)	(20,169)
Investment in bank deposits		(7,487,974)	550,000
Investment in equities		-	20,800
<b>Net cash (used in) / provided by investing activities</b>		<u>(7,499,934)</u>	<u>744,649</u>
<b>Cash flow from financing activities</b>			
Issue of ordinary shares		8,535,545	2,776,364
Lease payments		(179,372)	(146,670)
<b>Net cash provided by financing activities</b>		<u>8,356,173</u>	<u>2,629,694</u>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the reporting period		16,661,570	7,292,267
Net (decrease) / increase in cash and cash equivalents held during the reporting period		<u>(2,589,376)</u>	<u>9,369,303</u>
<b>Cash and cash equivalents at end of the reporting period</b>		<u><u>14,072,194</u></u>	<u><u>16,661,570</u></u>

## SEGMENT REPORTING

Management has determined the operating segments based on the components of the Group that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance.

Three reportable segments have been identified as follows:

- **Finance:** Deposit taking and short term property mortgage lending.
- **Research and Advisory:** Provides investment advisory services and produces and sells investment research and publications.
- **Corporate and Other:** Corporate function and investment activities.

Year ended 31 Mar 2023	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Revenue - interest income	10,580,049	6,573	37,757	10,624,379	(5,956)	10,618,423
Revenue - fee income (finance receivables)	2,980,148	-	-	2,980,148	-	2,980,148
<i>Revenue from contracts with customers</i>						
- Advisory fee revenue	-	134,256	-	134,256	(69,266)	64,990
- Yearbook and research	-	636	-	636	-	636
Other income	23,456	-	502,506	525,962	(480,906)	45,056
Dividend income	-	-	2,474,234	2,474,234	(2,474,234)	-
<b>Total revenue</b>	<b>13,583,653</b>	<b>141,465</b>	<b>3,014,497</b>	<b>16,739,615</b>	<b>(3,030,362)</b>	<b>13,709,253</b>
Interest expense	(5,224,192)	-	(5,563)	(5,229,755)	5,956	(5,223,799)
Fee and commission expense	(781,120)	-	-	(781,120)	-	(781,120)
Cost of sales	-	(10,932)	-	(10,932)	6,926	(4,006)
<b>Net revenue</b>	<b>7,578,341</b>	<b>130,533</b>	<b>3,008,934</b>	<b>10,717,808</b>	<b>(3,017,480)</b>	<b>7,700,328</b>
Increase in allowance for expected credit losses	(573,970)	-	-	(573,970)	-	(573,970)
Personnel expenses	(1,032,028)	-	(186,334)	(1,218,362)	-	(1,218,362)
Depreciation and amortisation	(93,683)	-	(32,752)	(126,435)	-	(126,435)
Impairment Expense - intangible assets	-	(537,141)	-	(537,141)	-	(537,141)
Other expenses	(1,526,579)	(67,019)	(681,626)	(2,275,224)	374,895	(1,900,329)
Income tax (expense) / benefit	(1,106,760)	-	1,293	(1,105,467)	19,619	(1,085,848)
<b>Net profit / (loss) after tax</b>	<b>3,245,321</b>	<b>(473,627)</b>	<b>2,109,515</b>	<b>4,881,209</b>	<b>(2,622,966)</b>	<b>2,258,243</b>
<b>Total Assets</b>	<b>129,256,532</b>	<b>854,324</b>	<b>6,097,813</b>	<b>136,208,669</b>	<b>(120,810)</b>	<b>136,087,859</b>
<b>Total Liabilities</b>	<b>111,697,481</b>	<b>19,105</b>	<b>203,208</b>	<b>111,919,794</b>	<b>(84,705)</b>	<b>111,835,089</b>

Acquisition of property, plant and equipment, intangible assets, and other non-current assets (excluding non-current finance receivables):

Year ended 31 Mar 2023	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Other	-	-	10,476	10,476	-	10,476
	-	-	10,476	10,476	-	10,476

**SEGMENT REPORTING (CONTINUED)**

Year ended 31 Mar 2022	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Revenue - interest income	5,608,931	2	1	5,608,934	(34,495)	5,574,439
Revenue - fee income (finance receivables)	1,894,291	-	-	1,894,291	-	1,894,291
<i>Revenue from contracts with customers</i>						
- Advisory fee revenue	-	394,900	-	394,900	112,769	507,669
- Yearbook and research	-	4,919	-	4,919	-	4,919
Other income	5,690	2,875	281,854	290,419	(253,488)	36,931
Total revenue	7,508,912	402,696	281,855	8,193,463	(175,214)	8,018,249
Interest expense	(2,970,937)	-	(5,074)	(2,976,011)	-	(2,976,011)
Fee and commission expense	(500,302)	-	-	(500,302)	-	(500,302)
Cost of sales	-	(46,301)	-	(46,301)	(10,989)	(57,290)
Net revenue	4,037,673	356,395	276,781	4,670,849	(186,203)	4,484,646
Increase in allowance for expected credit losses	(66,266)	-	-	(66,266)	-	(66,266)
Personnel expenses	(811,571)	(73,018)	(126,081)	(1,010,670)	-	(1,010,670)
Depreciation and amortisation	(98,435)	-	(57,791)	(156,226)	-	(156,226)
Other expenses	(998,934)	(103,076)	(429,576)	(1,531,586)	168,717	(1,362,869)
Income tax (expense) / benefit	(525,588)	(2,658)	3,860	(524,386)	(23,566)	(547,952)
Net profit / (loss) after tax	1,536,879	177,643	(332,807)	1,381,715	(41,052)	1,340,663
Total Assets	100,708,611	1,354,605	1,086,776	103,149,992	(245,298)	102,904,694
Total Liabilities	89,394,880	49,493	172,926	89,617,299	(245,298)	89,372,001

Acquisition of property, plant and equipment, intangible assets, and other non-current assets (excluding non-current finance receivables):

Year ended 31 Mar 2022	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Acquired through settlement of transactions / balances	-	109,426	-	109,426	-	109,426
Other	-	-	46,088	46,088	-	46,088
Transfers / reallocations between segments	-	(109,426)	109,426	-	-	-
	-	-	155,514	155,514	-	155,514