

## ASX ANNOUNCEMENT

31 January 2023

### Thorn Group Limited (ASX:TGA)

### Quarterly Activities Report for period ended 31 December 2022

**Sydney, 31 January 2023:** Thorn Group Limited (ASX:TGA) (**Thorn**) submits its cash flow report for the quarter ended 31 December 2022 and presents the following update on key business activities, and material events after that period.

#### Principal activities

Thorn is a diversified financial services organisation that provides financing to fuel the growth of small to medium businesses.

#### Key areas of activity during the quarter ending 31 December 2022

- Thornmoney asset finance originations of \$28.7 million and invoice finance drawdowns of \$16.3 million for the quarter.
- Thornmoney asset finance has originated approximately \$116.0 million since relaunch in December 2021 to end of the quarter.
- Thorn Business Finance Net Receivables of \$126.5 million.
- The capital return of \$41.7 million and the consolidation of Thorn shares (10 for 1) were implemented on 14 October 2022.
- Thorn released its audited half-yearly results and accounts for the period ended 30 September 2022, on 30 November 2022.
- The separation of the former Consumer Finance business and transitional services arrangements with Credit Corp Group Limited concluded on 21 December 2022.

#### Commentary on the Appendix 4C Cash Flow report

- Thorn recorded a negative cash flow of \$12.7 million from its operating activities for the quarter. This includes the cash outflow of \$28.7 million for the acquisition of equipment and other assets during the quarter for future income earning asset finance leases. This is in addition to invoice financing drawdowns of \$16.3 million.
- Thornmoney originations continue to be funded by the warehouse facility, subject to eligibility criteria and portfolio parameters.

- The cash balance during the quarter decreased from \$86.7 million to \$33.2 million as at 31 December 2022. The capital return of \$41.7 million was paid during the quarter. The cash balance includes both free cash and the tied cash in the warehouse facility. Free cash at the end of the quarter was \$26.5 million.
- An interest bearing loan of \$5.0 million was advanced during the quarter to a related party, Somers Limited. The terms of the loan have been re-negotiated to extend the term of the loan to 31 March 2023 and vary the interest rate. Other related party payments of \$0.1 million have been made during the quarter comprising of non-executive directors' fees for Thorn board members.
- A further \$0.3 million was invested, in acquiring securities in ASX listed companies, during the quarter.

### Next Two Quarters Activity

- Thorn, including the business finance division Thornmoney, is continuing to implement its business finance strategy as a diversified small business focussed financial services organisation.
- Thorn believes that, in the present market conditions, there may be attractive investment opportunities in the fintech market segment. Thorn will continue to consider potential investment opportunities that are judged as being in the best interest of shareholders, including making lower-risk loans (typically secured against quality assets) and occasionally taking equity positions in fintech companies.

This release has been authorised by the Board of Directors.

End of Release.

For further information, please contact:

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#### **ABOUT THORN GROUP LIMITED (ASX: TGA, [www.thorn.com.au](http://www.thorn.com.au))**

Thorn is a diversified financial services company providing funding solutions for small to medium businesses. Thornmoney is a provider of working capital and business asset lending solutions, working in partnership with Australian brokers and accountants. Thorn has been listed on ASX since 2006.

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#### **Thorn Group Limited**

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Thorn Group Limited

**ABN**

54 072 507 147

**Quarter ended ("current quarter")**

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	39,670	101,717
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(50)	(189)
(d) leased assets	-	(102)
(e) staff costs	(2,703)	(9,272)
(f) administration and corporate costs	(2,545)	(7,780)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	245	542
1.5 Interest and other costs of finance paid	(2,270)	(4,358)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) *	(45,013)	(125,372)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(12,666)</b>	<b>(44,814)</b>

\* Includes new Asset Finance originations of \$28.7m and Invoice Finance drawdowns of \$16.3m.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

	(d) investments*	(282)	(4,409)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses**	-	2,300
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities***	(5,000)	(5,000)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,282)</b>	<b>(7,109)</b>

\* Acquiring securities in ASX listed companies.

\*\* Deferred payment relating to sale of consumer finance business.

\*\*\* An interest bearing loan of \$5.0 million to a related party, Somers Limited.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	6,200	85,629
3.6	Repayment of borrowings	-	(33,281)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(11,831)
3.9	Other (provide details if material) *	(41,716)	(42,120)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(35,516)</b>	<b>(1,603)</b>

\* On 14 October 2022, a capital return to eligible shareholders of \$0.12 per ordinary share (totalling \$41.7m) was paid, and the consolidation of Thorn shares (10 for 1) was implemented.

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	86,699	86,760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,666)	(44,814)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,282)	(7,109)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(35,516)	(1,603)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>33,235</b>	<b>33,235</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	33,235	86,699
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>33,235</b>	<b>86,699</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1*	100
6.2	Aggregate amount of payments to related parties and their associates included in item 2**	5,000

\*Payments of usual fees to directors

\*\*Loan to related party, Somers Ltd

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	200,000	112,940
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	200,000	112,940
7.5 <b>Unused financing facilities available at quarter end</b>		87,060
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The loan facility is a securitised warehouse facility used to fund asset finance leasing originations.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(12,666)
8.2 Cash and cash equivalents at quarter end (item 4.6)	33,235
8.3 Unused finance facilities available at quarter end (item 7.5)	87,060
8.4 Total available funding (item 8.2 + item 8.3)	120,295
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	9
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
The estimated quarters of funding available is calculated as 9 quarters.	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable. Refer to 8.5 above, i.e. estimated 9 quarters of funding available.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable. Refer to 8.5 above.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Not applicable. Refer to 8.5 above.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: By the Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.