

Chief Executive Officer - Speech for 2022 Annual General Meeting

Overview of Thorn Group: Slide 2

Thank you Warren and good morning shareholders.

Over the last three years we have made a series of difficult decisions to stabilise, transform and create value for your company.

This has been while navigating our way through the COVID-19 pandemic, as well as regulatory and shareholder actions.

We developed a new business model in which we created an online consumer business under the Radio Rentals' brand and then sold it at a premium price.

At the same time, we launched the lynchpin of our new operating model, Thornmoney – a new digital lending business catering for the expanding needs of the SME market in Australia.

Overview of FY 21-22 Results: Slide 3

The completion of the sale of the Consumer Finance division followed its transformation to a digital model. The pre-purchase NPAT of \$7.7 million, enabled us to achieve a sale of \$44 million. A premium price, with an additional \$2.3 million payment negotiated.

This has resulted in a profit on the sale of \$11.7 million. A business unit that was struggling to generate value in 2019.

We have transformed our business lending division to a new digitally led SME-focussed model and re-opened our \$200 million securitised and rated warehouse.

The achievements over the last year have seen us revive Thorn's cash position. At the end of March, cash was \$68 million with an additional \$18.7 million within the warehouse.

During the end of the year, a significant portion of the cash outflows supported the launch of our new SME business and the special dividend paid to shareholders in February 2022.

At the end of March 2022, Thorn posted a \$32.3 NPAT.

Over the last two years, Thorn has paid approximately \$50 million in dividends back to shareholders. And today, we have announced a further special dividend of \$10.4 million and subject to regulatory and shareholder approvals, a capital return of \$41.7 million and share consolidation in Quarter 3.

When combined, the total return to shareholders since October 2020 will exceed \$100 million.

Business Finance Journey: Slide 4

After an extended period of amortisation of our business finance warehouse, due to Covid, we have now re-entered the SME finance segment. This is with a "digital first" business model under the Thornmoney brand.

Our business finance division provides digital solutions for asset and invoice financing - markets worth over \$100 billion in Australia, and we are gaining traction with both new and existing customers.

Coupled with improved collections procedures, the division provides real funding alternatives for small to medium sized businesses.

The products and business model, at its core, has been built off extensive analysis of the Thorn legacy Equipment Finance back book.

This performance and data insights enabled us to leverage around 10 years of prior experience. In essence what differentiates us from the current crop of start-ups.

We were able to pinpoint what segments worked and which distribution channels provided us the opportunity to extract the most value.

The result, is what fundamentally shapes up the Thornmoney value proposition today.

Along with re-calibrating the division's collections and recoveries functions, we have developed a "broker first" mind set, to ensure brokers can provide their clients with fast, convenient and efficient services.

Our finance solutions have been rolled out recently, and we are seeing month on month growth and receiving positive feedback from both customers and sales channel partners

Our improved operational processes, market positioning and technology solutions have enabled us to re-open our warehouse, establishing Thornmoney's capital light business model.

Since launching our new asset finance product, we continue to see positive growth, as at the end of March Thornmoney made up just over 20% of our book: Slide 5

Our new approach has seen asset finance originations rapidly move to \$12 million at balance date. This positioned us in a positive light to our ratings agency and funders. It demonstrates our new capability, sales channel integration, asset types and quality of credit.

80% of our customers are new to our business through our growing broker channel, and importantly, the majority of the financed asset types are categorised as Primary assets

The growth in our asset finance business is seen in stark relief in this pie chart, where within four months, its share of our total receivables was close to 20% in March 2022, but has now grown to have an equal share within our equipment finance portfolio.

Such is the power of our "digital first" approach.

We forecast the remaining of the year to stabilise, as we evolve our automated processes and set up for scalable growth.

Our platform The Broker's Hub – Transparency and Integration: Slide 6

This slide shows our broker portal, which features a very clear digital leading application process for both asset finance and invoice finance.

Perhaps the most significant evolution to our product suite has come from our tech-driven approach to providing business finance solutions.

We distribute our products through Brokers, so we have developed a bespoke Broker Portal for them with the goal of providing transparency, clarity and integration between all Thornmoney systems.

This is their hub, a one-stop shop where they can manage their clients from prospect all the way to in-life. Our Brokers shape the portal and its continuous development into the future.

From here, they are able to commence an application for one of our business finance solutions. Application processes feature various integrations to both internal and external systems.

This provides two major benefits – our customer's journey is seamless, and our on-boarding team is automatically given access to critical data so that we can process the application to settlement, leveraging various integrations so that we can make the right decisions, efficiently and consistently.

Our resulting impact to the SME's in the Australian market; Slide 7

Our customers are already reaping the benefits of our digital portal and their positive feedback has been recorded on Trust Pilot, one of the world's leading independent review platforms.

We are well positioned following the successful launch of Thornmoney in a broker first model, with our warehouse, supporting our capital light model.

We are developing our value proposition off the back of new, scalable technology. This allows us to improve our customer service, as well as expand our product range and sales channels across Australia.

The evolution of our new model will continue in the new financial year and is running concurrently with the planned capital returns to our shareholders.

In closing I would like to thank our Board for the strong support, counsel and advice provided to management during these challenging times.

To my fellow team members and all of our staff, thank you as always for your hard work and dedication.

With that said, I will hand you over to Luis Orp, our CFO who will provide an update on the Company's financial performance.



FULL YEAR

Results Presentation

2021-22

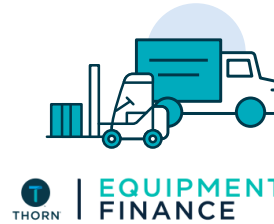
Warren McLeland Chairman
Pete Lirantzis CEO
Luis Orp CFO

Overview of Thorn Group

FY 2021 - 2022



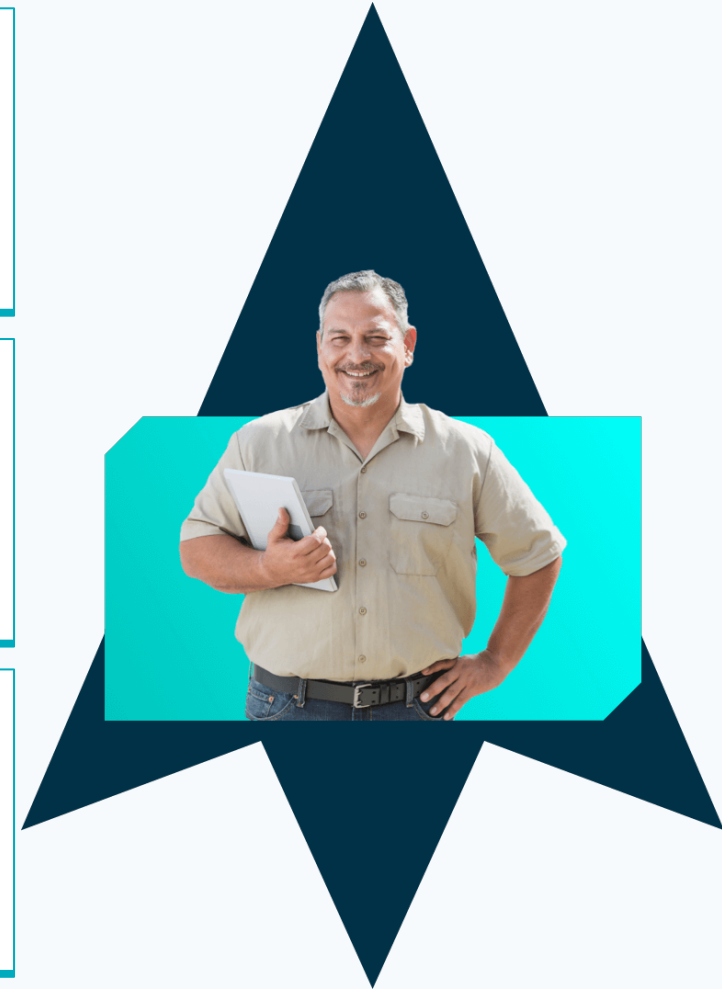
Thorn operated across the regulated consumer and commercial markets



Consumer business model transformed to online and sold in December 2021



Launched Thornmoney. Our new multi product digital lending proposition for Australian SME's



Overview of FY 21-22 Results



Transformed RR and sold for \$44 million

- Closed stores **May 2020**
- Launched new digital platform, with **drop-ship partnerships**
- Before the sale on 20 December 2021, the Consumer Finance division recorded a profit after tax of **\$7.7m**.
- Radio Rentals was sold for **\$44m**. We have negotiated a further \$2.3 payment for the deferred transitional arrangements.
- The profit on sale was reduced by the costs of sale and provisioning to record a net gain on sale of **\$11.7m**.



New digital SME business launched

- Launched the **thornmoney** brand through an innovative **invoice finance product** and a **revamped asset finance offering**
- Built with a mix of **Fintech solutions** and **proprietary technology**, providing SME's access to capital based on real-time data
- Gained confidence from funders and re-opened the warehouse **\$200m**
- Moving forward, the new offering is aimed at attracting customers that will result in an **improved portfolio credit profile**.
- **In FY 23**, we will **continue** to build capability and market presence in these two products.



Focused on cash

- At the year-end, free cash was **\$68.1m** and cash in the warehouse was **\$18.7m**.
- Delivered strong collections cash flows. Fulfilled all principal and interest payments to warehouse funders
- A significant proportion of the cash outflow occurred in the second half of the year as a result of the asset finance product re-launch, requiring funding of the **\$21.3m** originations.
- All this in addition to the **\$23.8m** payment of special dividend in February 2022



Performance and shareholder returns

- Net Profit After Tax of **\$32.3m**
- Jul '22 final dividend of **1¢** per share payment of **\$3.4m**
- Feb '22 Special dividend of **7¢** per share payment of **\$23.8m**
- Jul '21 final 2021 dividend of **1¢** per share payment of **\$3.4m**
- Nov '20 Special dividend of **7.5¢** per share payment of **\$24.2m**
- Over 2 years **~\$50million in dividend payments**
- Share price increased from **18.0¢** on 31/3/21 to **27.5¢** on 31/3/22

Business Finance Journey

1



Heavily impacted by the pandemic, resulted in the amortisation of warehouse in **March 2020**. Successfully supported SMEs through COVID, and met all required principal and interest payments to funders

2



Rapidly re-modelled our Service and Collections capability. Worked closely with customers to successfully manage through COVID and lockdowns.

3



Critically analysed our historical performance, business model and market leading indicators to developed our new Business Finance strategy,

4



Resulted in new Asset and Invoice finance digital solutions. Currently in market with a roadmap of evolving technology and lending product capabilities

5



Since launching in December 2021, we have seen month on month growth and positive feedback from our customers and sales channels. Building the confidence amongst our funders

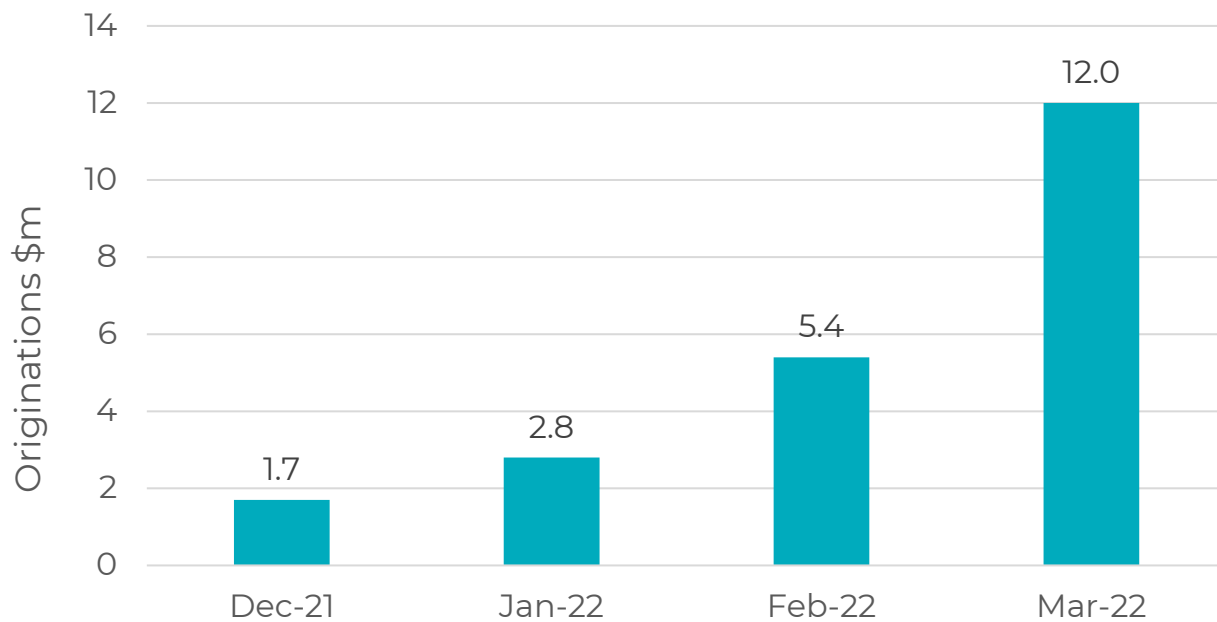
6



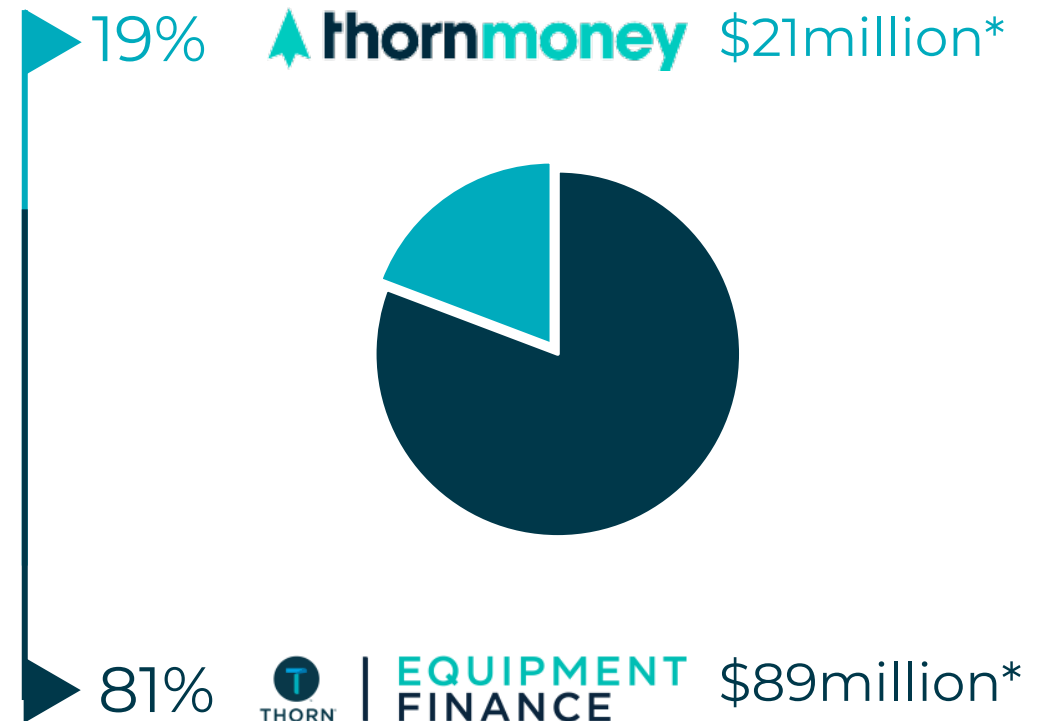
With a renewed confidence from our funders in our new strategy, operational capability, demonstrated growth and credit quality, we re-opened our securitised and rated warehouse facility

Since launching our new asset finance product, we continue to see positive growth. As at the end of March, Thornmoney made up ~20% of our book

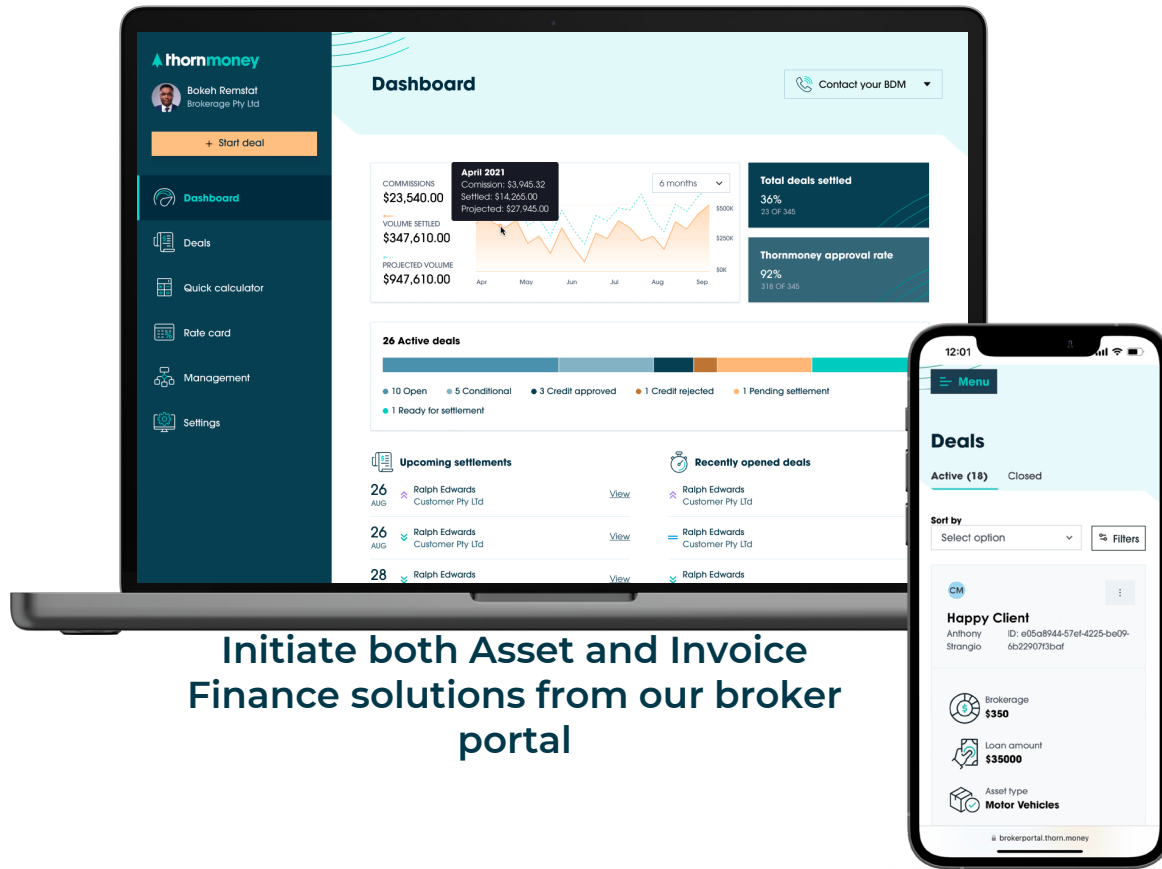
Thornmoney Originations (\$m)



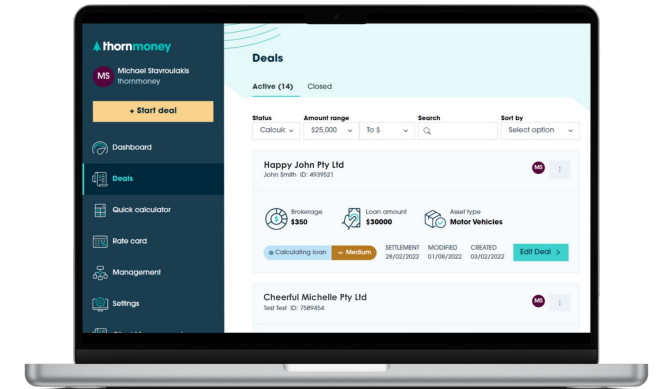
Book Receivables (\$m) - March 2022



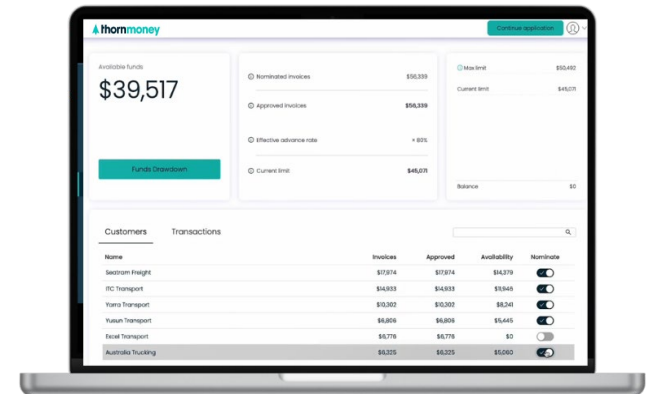
Our Platform – The Brokers' Hub – Transparency and Integration



Initiate both Asset and Invoice Finance solutions from our broker portal



Apply for asset finance



Apply for invoice finance

Our resulting impact to SME's in the Australian market



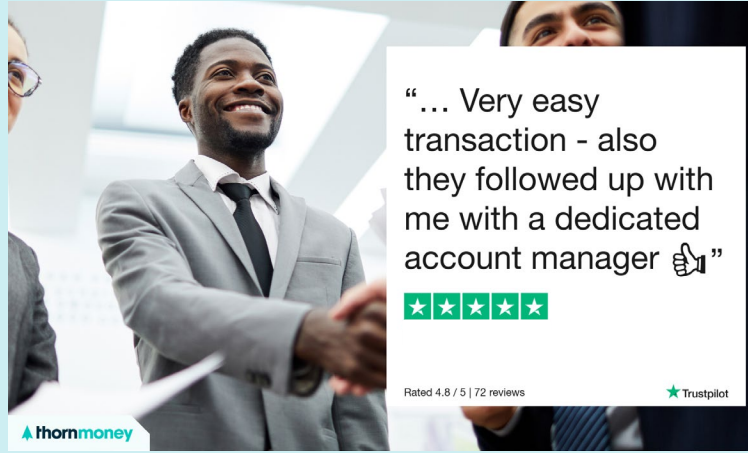
"Hi, I was so surprised on how quick they settled the deal. Brian & Janet"

★★★★★

Rated 4.8 / 5 | 72 reviews

Trustpilot

thornmoney



"... Very easy transaction - also they followed up with me with a dedicated account manager 👍"

★★★★★

Rated 4.8 / 5 | 72 reviews

Trustpilot

thornmoney



"LONG AWAITED DREAM MADE POSSIBLE BY THORN MONEY - MY LONG AWAITED DREAM CAME TRUE WITH THORN MONEY TO OWN MY TRUCK AND TO HAVE MY OWN FAMILY BUSINESS.I HAVE BEEN A TRUCK DRIVER FOR THE PAST 26 YEARS AND OWNING A TRUCK WAS MY BIGGEST DREAM WHICH WAS MADE POSSIBLE BY THORN MONEY.I AM VERY GRATEFUL FOR THIS OPPORTUNITY GIVEN BY THORN MONEY THANK YOU."

★★★★★

Rated 4.8 / 5 | 72 reviews

Trustpilot

thornmoney

"Hassle free and very professional."

★★★★★

Rated 4.8 / 5 | 74 reviews

Trustpilot

"Quick easy and hassle free."

★★★★★

Rated 4.8 / 5 | 74 reviews

Trustpilot

"Legit ¹⁰⁰ - Awesome company to work with, have made purchasing a vehicle for my small business so much ..."

★★★★★

Rated 4.8 / 5 | 74 reviews

Trustpilot

"Excellent service. Fast response and friendly staff"

★★★★★

Rated 4.8 / 5 | 74 reviews

Trustpilot

Financial Results

Consolidated results

		Mar 22	Mar 21	% Change
Revenue - Continuing operations	\$m	17.3	33.4	(48.2)
EBIT – Continuing operations	\$m	18.2	6.2	193.5
NPAT – Discontinued operation	\$m	19.5	12.8	52.3
NPAT	\$m	32.3	8.4	284.5
EPS	cents	9.5	2.6	265.4
Free cash	\$m	68.1	68.3	(0.3)
Receivables ¹	\$m	88.6	196.6	(54.9)
Borrowings	\$m	60.6	166.3	(63.6)

- Revenue as expected considerably lower following the sale of Consumer Finance² and originations in Business Finance only commencing in December 2021
- Focus on cost reduction and collections has seen a significant improvement in net profit after tax (NPAT)
- Consumer Finance (Radio Rentals) was sold to Credit Corp Group in December 2021, netting a gain on sale of \$11.7m. NPAT was \$7.7m pre-sale
- Earnings per share (EPS) has seen a significant improvement following the sale of Consumer Finance and in line with NPAT

Notes:

1. Receivables on a net basis, i.e. net of unearned interest and net of provisioning for credit losses.
2. The Consumer Finance business refers to the Consumer Leasing segment.

Financials Results– Business Finance

Key Metrics		Mar-2022	Mar-2021	% Change
Originations	\$m	21.7	5.2	317.3
Receivables net of provisions	\$m	87.7	147.5	(40.3)
Revenue	\$m	17.3	33.4	(48.2)
EBIT (pre significant items)	\$m	25.7	12.7	102.4

Credit Quality		Mar-2022	Mar-2021	% Change
Arrears at period end (30+ days)	%	7.4	8.6	14
Average arrears (30+ days) across the period ¹	%	9.2	23.2	60
Net write-offs ²	\$m	2.4	12.5	81
Net write-offs as a % of average receivables ³	%	1.6	4.8	67
Impairment expense ²	\$m	(19.9)	12.5	260

- Continued focus on collections in particular the COVID-19 impacted contracts
- Average 30+ day arrears improved considerably on the prior year as the impact of COVID-19 declined
- The COVID-19 provision is \$14.7m as at March 2022

Notes:

1. Calculated as average monthly arrears balance across the 12 month period of delinquent accounts expressed as a % of total monthly billings.
2. Net write-offs stated here are the net write-offs processed in the period. The impairment expense line represents that plus changes in the provision for credit losses.
3. Net write-offs for 12 month period expressed as % of average gross receivables.

Balance sheet

		31-Mar-2022		31-Mar-2021	
		excl. Trust	incl. Trust	excl. Trust	incl. Trust
Cash at bank	\$m	68.1	86.8	68.3	88.0
Receivables	\$m	24.5	88.6	55.0	196.6
Investment in unrated notes	\$m	-	-	-	-
Inventories and other assets	\$m	6.4	6.4	3.1	3.1
Other investments	\$m	-	-	1.0	1.0
Total assets	\$m	99.0	181.8	127.4	288.7
Borrowings	\$m	-	60.6	-	166.3
Other liabilities	\$m	18.0	18.4	23.6	27.3
Total liabilities	\$m	18.0	79.0	23.6	193.6
Total equity	\$m	81.0	102.8	103.8	95.1

- Business focused on managing the impacts of COVID-19 on customers and maximising free cash flow
- Materially lower originations across the Consumer Finance (pre-sale) and Business Finance divisions have resulted in a substantial reduction in receivables
- Warehouse borrowings reduced to \$60.6m as payments accelerated under amortisation

Receivables

			Mar 22	Mar 21	% change
Consumer Finance	\$m	Gross book incl. billed amounts		77.3	n/a
	\$m	Provision for credit losses		(29.3)	n/a
	\$m	Net balance		48.0	n/a
		Provision as a % of gross		37.9%	n/a
Business Finance	\$m	Gross book incl. billed amounts	110.0	192.5	(42.9)
	\$m	Provision for credit losses	(22.0)	(45.0)	(51.0)
	\$m	Net balance	88.0	147.5	(40.3)
		Provision as a % of gross	20.0%	23.4%	(3.4)
Other	\$m	Other	0.6	1.1	(45.5)
Receivables	\$m	Total	88.6	196.6	(54.9)

- Business Finance receivables gross book reduced 42.9% to \$110.4 million
- Originations only commencing in December 2021
- Provisions for credit losses as a percentage of receivables have declined for Business Finance as collections have improved

Disclaimer

This presentation has been prepared by Thorn Group Limited ("Thorn").

This presentation is not a financial product or investment advice or recommendation, offer or invitation by any person or to any person to sell or purchase securities in Thorn in any jurisdiction. This presentation contains general information only and does not take into account the investment objectives, financial situation and particular needs of individual investors. Investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified financial adviser having regard to their objectives, financial situation and needs before taking any action.

No representation or warranty, express or implied, is made as to the accuracy, completeness, reliability or adequacy of any statements, estimates, opinions or other information, or the reasonableness of any assumption or other statement, contained in this presentation. Nor is any representation or warranty (express or implied) given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, prospective statements or returns contained in this presentation. Such forecasts, prospective statements or returns are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Thorn.

To the maximum extent permitted by law, Thorn and its related bodies corporate, directors, officers, employees, advisers and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation. An investment in Thorn securities is subject to investment and other known and unknown risks, some of which are beyond the control of Thorn. Thorn does not guarantee any particular rate of return or the performance of Thorn securities.

The distribution of this presentation including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions.