

2022 Annual General Meeting – Chairman’s Address**19 August 2022**

In accordance with ASX Listing Rule 3.13.3, Thorn Group Limited (ASX: TGA) (**Thorn**) attaches the Chairman’s address to be delivered at Thorn’s 2022 Annual General Meeting.

The Chief Executive Officer’s speech and presentations slides have also been released to ASX.

The Annual General Meeting materials will be available on Thorn’s website www.thorn.com.au.

This release has been authorised by the Company Secretary.

End of release.

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ABOUT THORN GROUP LIMITED (ASX: TGA, www.thorn.com.au)

Thorn is a diversified financial services company providing funding solutions for everyday Australian 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, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.

CHAIRMAN'S ADDRESS
THORN GROUP LIMITED ANNUAL GENERAL MEETING 2022
19 AUGUST 2022

Good morning everyone and welcome to Thorn's 2022 Annual General Meeting.

My name is Warren McLeland and I am privileged to Chair the Board of your company.

We are convening our meeting today on land which the Gadigal people of the Eora Nation are the traditional custodians and I pay my respects to the Elders, past, present and emerging.

I am advised by our Company Secretary for our meeting today, that a quorum is present and formally declare the meeting open.

I am joined by your Board, Paul Oneile, Deputy Chairman and Dr Allan Sullivan. Also present is Thorn's Chief Executive Officer Pete Lirantzis, Chief Financial Officer Luis Orp, our Company Secretary, General Counsel & General Manager Risk & Compliance, Alexandra Rose.

Importantly, Mark Nicholaeff, our Audit Partner from UHY Haines Norton is also present. Mark and Luis are available to address any question you may have on the financial accounts and financial results.

Today's meeting is being held online via the Computershare AGM platform. This allows shareholders, proxies and guests to attend the meeting virtually. All attendees can watch a live webcast and listen to the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes.

The Notice of Meeting has been sent to all shareholders and lodged with the ASX on 15 July 2021. It has been made available on Thorn's website since that date. I will take the Notice of Meeting as read.

I refer to the minutes of the last Annual General Meeting held on 20 August 2021. The minutes are with the Company Secretary and available for inspection upon request.

Copies of my Chairman's Address and CEO Speech which you are about to hear have been released to ASX and will be available on Thorn's website.

It is almost three years since I and my two non-executive colleagues, Paul Oneile and Allan Sullivan were appointed to the Board of your company.

During this period, the changes to Thorn are nothing short of immense. We inherited a poorly managed company that was floundering its way into a digitally based and rapidly changing environment, with, in our opinion, possessing only a small chance of achieving success without essentially restarting the business from scratch.

The diversity, depth and scale of the challenges were extraordinary. Included for example were fundamental and major regulatory issues, such as a class action and an enforceable undertaking from ASIC. These two absorbed an enormous amount of time by the Directors, the CEO and our Company Secretary and Senior Enterprise Risk Management executive.

That investment in time and commitment was extended to an array of business problems across the ambit of functions and activities in the Company and represented a mainstream of activity across Thorn effective for the last three years. That situation is finally now well and truly behind us.

Our CEO, Pete Lirantzis will highlight some of the more pertinent changes, but to simply demonstrate the scale of change, staff numbers have decreased from approximately 650 to around 45. The core historical business, Radio Rentals was “cleaned up”, digitised and sold at a premium price. To put that in perspective, shortly before we joined the Board, Radio Rentals was put on the block for sale and failed to secure a bid.

Our second business, Thorn Equipment Finance (TEF) was hammered by the onset of Covid 19 and was essentially forced into inactivity by the suspension of our warehouse financing facility, given the poor performance of the underlying assets and therefore was inadequate to satisfy covenant requirements with respect to debt servicing. The asset book was shown to be quite poor in quality, overweight in Covid impacted sectors such as accommodation, food services and health & fitness centres, resulting in the need to provide around \$80 million in provisions for future losses and write offs.

Despite our problems during this period, we managed to return in excess of \$50 million to shareholders by way of fully franked dividends. We have been consistently proactive in capital management using buy back schemes to provide opportunities to our small and even larger shareholders to cash in shareholdings. We currently have an on-market buy back scheme for up to 5% of the Company’s capital which has a 12 month duration. To date, this opportunity has not been taken up by a significant number of shareholders, even though the Thorn share price has slowly and steadily risen and remained stable and firm since the bear market inequities has become the feature in markets.

With the restructuring completed in Q4 2021, we began accelerating our negotiations with our funders, Westpac and Challenger to have our warehouse facility re-opened for our small business financing activity. We simultaneously focused on overhauling and re engineering our business model. The culmination of this work produced the launch of Thorn’s new business finance business in December 2021 named thornmoney.

Thornmoney is completely digital in end to end process management, operating under a new business strategy, possesses new automated financial controls (new general ledger and reporting system), new credit policies targeting higher quality customer base and equally important, has a new management team led by Pete Lirantzis.

We achieved a reopening of our \$200 million warehouse facility only two weeks ago, permitting us to finally re energise new business development with a specific focus on the broker segment for origination of transactions.

Pete will take you through Thorn’s performance in detail, but I’ll start by outlining a few key financial highlights from the year.

Thorn earned a profit of \$32.3 million in FY22, compared with a net profit of \$8.4 million in FY21. During the year, Thorn shareholders received a special dividend of \$0.07 cash per share paid in February (totalling \$27.2 million) and a final dividend of \$0.01 cash per share paid in July (totalling \$3.4 million). Both dividends were fully franked.

We have accumulated a significant cash position in three years and subject to regulatory and shareholder approvals, intend over time to distribute the majority of surplus cash to shareholders.

To this end, today we have announced a return of capital to shareholders, comprising of a fully franked special dividend of \$10.4 million payable on 8 September and, subject to regulatory and shareholder approvals, an imminent substantial further amount via a capital return and share consolidation.

Collectively, shareholders have already received a total return of capital of \$52.6 million for the last two financial years. When combined with the capital management initiatives announced today, the total return since October 2020 is expected to exceed \$100 million.

Your Directors expect to engage with shareholders imminently with our plans in respect of these capital management initiatives, subject of course to final regulatory and shareholder approvals.

As previously communicated to shareholders, the Board intended to consider investment opportunities in the fintech segment of the market as a potential method of inorganically growing and expanding the foot print of Thornmoney. The objective has been to make a series of low-risk loans (normally secured against quality assets), and occasionally take equity positions in emerging fintech companies. Given the major and abrupt changes in the economic outlook in Q1 2022, especially the re-emergence of inflation globally and the dramatic impact in world-wide capital, commodity and currency markets from the Russian invasion of Ukraine, we have put a hold on our plans.

Most certainly, our target market for investment activities has been hit particularly hard with so many small entities running short on cash and capital and urgently seeking new sources of money. Our view is the emergence of a drying up in availability of loan and equity capital will create more opportunities for us in the coming 12 to 18 months and at much cheaper price, so we have decided to remain transactionally inactive in the fintech market segment in the short term.

The balance of our cash is being retained in the business to support our growth ambitions for thornmoney and to ensure there is a measure of buffer for corporate stability, fiscal and sustainability reasons, in part as is increasingly required by financiers and indeed regulators.

Unequivocally we accept that thornmoney remains commercially subscale in operational size and scope. We are constantly reassessing our operational expenses to 'right size' our cost base. We are undertaking another reset at present to ensure we are aligning ourselves with prevailing market conditions.

Accordingly, while embracing present market conditions with its growing number of small business financing opportunities, we are prudently cautious in our allocation of funds to grow our revenue base. Credit quality remains supreme.

Near term, we expect our target markets will face increasing challenges over the next nine months but from the second half of the next calendar (July to December 2023), we expect a gradual return of business confidence and subsequent new investment growth.

I express gratitude to my Board colleagues for their dedication and hard work and for the diverse

perspectives they bring to all our meetings and discussions. Consistently adding value is quite rare but Thorn has that quality in spades.

On behalf of my fellow Directors, I take pleasure in congratulating Thorn's Executive leadership team led by Pete Lirantzis and all our loyal employees for their outstanding efforts during another difficult year. Shareholders, that concludes my remarks.

I now ask Pete Lirantzis to review the results in more substance and elaborate how we are positioned for the remainder of FY23.