

ASX ANNOUNCEMENT**31 May 2021****Thorn Group Limited announces profit in 2020/21, and begins the journey of investment into its new Strategy**

- Net Profit After Tax of \$8.4 million for the 2020/21 financial year, compared with previous loss of (\$81.1 million).
- Final Dividend of 1 cent per ordinary share, following the Special Dividend of 7.5 cents paid in November 2020, with Thorn's Dividend Reinvestment Plan (**DRP**) offered to eligible shareholders.
- New strategy being implemented in consumer and business finance sectors.

Thorn Group Limited (ASX:TGA) (**Thorn**) has posted Net Profit After Tax of \$8.4 million for the year ending 31 March 2021, compared with a loss of \$81.1 million in the previous corresponding period.

Taking into account Thorn's cash balance and capital requirements, the Directors have declared a fully franked final dividend of \$0.01 cash per ordinary share (**Dividend**). The Dividend will total approximately \$3.375 million, which comprises approximately 40% of Thorn's net profit for the year. The Dividend will be paid to shareholders on 21 July 2021.

CEO of Thorn, Mr Pete Lirantzis, said "Over the last year our new management team has navigated our way through the COVID-19 pandemic, grown the business's cash position, improved collections and started the rollout of the strategy through the implementation of a new business model.

"We have started a journey to remediate and recalibrate Thorn's operations; to transform our traditional retail bricks and mortar consumer model into a digital "pure play" operation and to re-enter the business finance segment with a "digital first" business model. We have a roadmap of investments in both businesses to ensure Thorn is set up for long term growth", he added.

The last financial year was marked by the permanent closure of all Radio Rentals stores, the launch of a new digital Radio Rentals operating model, the discontinuation of equipment finance originations, improvement of the internal collections capability and processes, reducing head office costs, establishing remote working protocols and dealing with a range of risks and regulatory issues; all of this in the midst of a COVID-19 pandemic.

Consumer finance revenue from continuing operations decreased 56 per cent from \$162.4 million to \$70.7 million, with net receivables down from \$109.7 million to \$48.0 million, in line with the run-down of the legacy book.

Mr Lirantzis said "Our new consumer strategy will involve significant investment and is not without risk. However we believe the new digital operating model, which is being created, will increase, expand and enhance our engagement with our retail customers, thereby providing an expanded product range via

multiple suppliers, automated credit decisions at the e-shopping cart, and new lending options. These actions will provide real funding options for everyday Australians to access all-encompassing household essentials.

“Meanwhile Thorn Business Finance will be offering a “digital first” debtor solution to the millions of small to medium sized businesses across Australia through integrated accounting and finance software platforms”, concluded Mr Lirantzis.

Thorn today, with its significant cash balance and a refreshed and new management team, is well positioned to embark on the deployment of the digitally driven consumer and business finance strategies. The Board and management look forward to keeping shareholders informed of progress with this exciting journey for all customers, employees and shareholders.

Dividend

The key dates with respect to the payment of the Dividend are as follows:

ASX Announcement date	Monday, 31 May 2021
Ex Date (Thorn shares trade 'ex' entitlement to the Dividend)	10:00am on Friday, 2 July 2021
Record date for the Dividend: time and date for determining entitlements to the Dividend	7:00pm on Monday, 5 July 2021
Last date for elections under the DRP	4:00pm on Tuesday, 6 July 2021
Period for calculation of Market Price	Wednesday, 7 July 2021 – Tuesday, 13 July 2021
Payment of the Dividend	Wednesday, 21 July 2021
Last date for Thorn to issue securities under the DRP and apply for quotation of the issued securities on the ASX	Wednesday, 28 July 2021

Dividend Reinvestment Plan (DRP)

Thorn's DRP will apply to the Dividend. Since the DRP came into effect in 2012, Thorn's shareholders have been offered the opportunity to participate in the DRP each time Thorn has declared a final dividend. Continuing that practice, Thorn is pleased to apply the DRP to the Dividend and provide its shareholders with the opportunity to elect to receive shares or cash dividends in respect of all or part of their shareholding.

All of Thorn's new shareholders are provided with instructions about how to complete the DRP election as part of their welcome packs. Thorn has requested that Computershare email a copy of this announcement to all shareholders with email addresses on file and physically post a copy to all shareholders. Thorn shareholders with email addresses on file should also expect to receive a reminder email at least 7 days prior to the last date for elections under the DRP.

Currently, Thorn shareholders who are residents in, or whose address on the share register is situated in, Australia, New Zealand and Bermuda are eligible to participate in the DRP. The directors may determine that the offer will also be made to shareholders in other countries in accordance with the terms of the DRP. Eligible shareholders who elect to participate in the DRP will receive Thorn shares issued at a discount of 2.5% to the volume weighted average price per Thorn share traded over the five day trading period ending on Tuesday, 13 July 2021. The cut-off date for elections under the DRP is 4:00pm on Tuesday, 6 July 2021.

Shareholders that wish to participate in the DRP and have not yet made an election to do so will need to advise Computershare, by 4:00pm on 6 July 2021, by completing the election online at www.computershare.com.au/easyupdate/tga and entering relevant shareholder information, including shareholder number. Please note that an election to participate in the DRP will override any instruction regarding payments into a shareholder's nominated account. Shareholders can check what election arrangements they have made online at www.investorcentre.com/au.

Shareholders who have previously elected to participate in the DRP, but who no longer wish to participate, may withdraw from participation in the DRP by advising Computershare, by 4:00pm on 6 July 2021, by one of the means stated in the previous paragraph.

Shareholders who do not wish to participate in the DRP (and who have not elected to participate) do not need to do anything and will receive the Dividend on 21 July 2021 in accordance with current payment arrangements.

Before electing to participate in the DRP, Thorn recommends shareholders seek financial advice and read the full terms and conditions as set out in the DRP. A copy of the terms and conditions of the DRP is available on Thorn's website at www.thorn.com.au/site/about-us/corporate-governance.

If you have any questions about the Dividend or the DRP, please contact Thorn's share registry, Computershare Investor Services Pty Limited on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia). Please have your shareholder information available.

DRP Control Implications

As at today's date, 542 Thorn shareholders (being approximately 14% of total shareholders) have opted to participate in the DRP, representing 50.39% of Thorn's share capital. The potential number of total shares that may be issued under the DRP is estimated at approximately 2.35% of the number of shares Thorn presently has on issue. However, the actual issue price of the reinvested shares under the DRP will not be known until at least 14 July 2021, after the conclusion of the period for calculation of the Market Price.

Thorn's largest two shareholders, Somers Limited (**Somers**) and Forager Funds Management Pty Ltd (**Forager**), hold disclosed voting power of approximately 33.66% and 11.75% of Thorn's issued shares respectively. Given that the Dividend has only been announced today, it is not known at this stage

whether either or both of these shareholders will participate in the DRP (or the extent to which Thorn's other shareholders will do so).

The table below illustrates two potential scenarios regarding the control implications arising from Somers' and Forager's participation in the DRP, based on the existing state of elections to participate in the DRP and assuming a Market Price of \$0.22 per Thorn share. The scenarios are indicative only and may vary depending on a range of factors, including but not limited to the actual Market Price and the level of participation of Thorn shareholders in the DRP.

Scenario	Effect on control in Thorn
Somers and Forager both elect to participate in the DRP	<ul style="list-style-type: none">• Somers' voting power would increase to 34.24% (0.60% increase); and• Forager's voting power would increase to 11.95% (0.20% increase).
Somers participates and Forager does not participate in the DRP	<ul style="list-style-type: none">• Somers' voting power would increase to 34.42% (0.76% increase); and• Forager's voting power would decrease to 11.48% (-0.27% decrease).

Thorn will announce its audited full year results by 30 June 2021.

Thorn continues its previously announced position of not providing profit guidance.

This release has been authorised by the Board of Directors.

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

Thorn is a diversified financial services company providing financial solutions to consumers and businesses. Thorn's consumer leasing business, Radio Rentals (RR Rentlo Reinvented in South Australia), is a leader in the household goods consumer leasing market, operating since 1937. Thorn Business Finance is a provider of leasing and other financial services to small and medium enterprises. Thorn has been listed on the ASX since 2006, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.