
CHAIR AGM ADDRESS**19 August 2020**

Good morning ladies and gentlemen, my name is Warren McLeland, your company's present Chairperson. I have pleasure in introducing my colleagues present with me at Chullora. My three Non-Executive Director colleagues are Kent Bird, Allan Sullivan and Paul Oneile. Also joining me as representatives of management, our new Chief Executive Officer, Pete Lirantzis, Peter Forsberg our Chief Financial Officer, our Company Secretary and General Counsel, Alexandra Rose who is also responsible for Risk and Compliance. We also have joining us Marcus Laithwaite and Nicholas Coroneos, representing our auditors PwC, and Thorn's External Legal Adviser David Crompton.

Financial Year 2020 proved to be immensely challenging. Your Board has been meeting weekly, has introduced major restructuring in an effort to resize the company in line with an aim of bringing the corporation well into the 21st century. This has forced us to be brutal. Since we assumed responsibility as Directors we have implemented a reduction in staff of 300 employees, closed all Radio Rental Stores across Australia and reset the group's financial position in light of the dramatic changes which continue in very difficult economic conditions created by the coronavirus. As a consequence of the cumulative effects of all changes, Thorn announced a loss of \$81.1 million for the 2019-2020 Financial Year.

The disappointing result was affected by a series of significant but 'one off' events, including a charge of \$26 million for the settlement for the class action, the write-off of a substantial number of debts in the Business Finance division (\$12 million), as well as provisions related to our Radio Rentals business (\$4 million), and Covid provisioning of \$36 million.

In addition, Financial Year 2020 saw a successful equity capital raising, the resignation of the prior board of directors – and its replacement including my subsequent election to be your chairman - and essentially a new senior management team headed by Pete Lirantzis.

As shareholders would expect, the new financial year has continues to be adversely affected by the pandemic. Your Board has incessantly focussed on developing a new business strategy for FY 2021 and beyond and has regularly engaged with the major shareholders to obtain their perspectives. A variety of opinions have been received from a number of shareholders and we acknowledge the contributions shareholders generally have made. Their opinions have been beneficial for your Board and CEO.

Whilst I am unable to provide any reliable estimate of timing, we are hoping to be in a position to place before shareholders as early as possible, plans for further major restructuring of the group for your consideration. Contemporaneously, the new Thorn management team in conjunction with your Board utilised the last six months not just dramatically reshaping the company but simultaneously slashing all expenses, introducing new policies and procedures for credit and collections in particular but implementing a comprehensive series of cutting edge decisions in automation, digital advances in all

functions, big data management and as a flow on the use of Artificial Intelligence. Products and Services are being offered to more carefully targeted sub sets of customers producing higher quality customer experience and satisfaction than achieved in the previous 5 years. Pete Lirantzis will selectively outline in more detail the impact this approach has on the business.

The Thorn of today is already a far more streamlined organisation well placed to immediately implement whatever restructuring plan shareholders accept as the way forward for your company.

I thank all employees, my director colleagues, our management team and shareholders for their support during what has proven to be unprecedented economic times. We have an enthusiastic, loyal and dedicated team of people who have given their awe all year.

I wish all those employees who disappointingly, we required to leave Thorn, the best of good fortune in the future.

I now ask Pete Lirantzis as CEO to provide more details of our achievements for the year to 31 March 2020.