

## ASX ANNOUNCEMENT

31 July 2023

### Thorn Group Limited (ASX:TGA)

### Quarterly Activities Report for period ended 30 June 2023

**Sydney, 31 July 2023:** Thorn Group Limited (ASX:TGA) (**Thorn**) submits its cash flow report for the quarter ended 30 June 2023 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 30 June 2023

- Thornmoney asset finance originations of \$15.6 million and invoice finance drawdowns of \$20.3 million for the quarter.
- As at 30 June 2023, Thorn business finance (**Thornmoney**) had net receivables of \$132.8 million outstanding.
- On 20 June 2023, Thorn announced it had entered into the Transaction Documents with Resimac Asset Finance Pty Ltd (**RAF**), a wholly-owned subsidiary of Resimac Group Limited, in relation to a proposed sale of the majority of Thorn Australia Pty Ltd (**TAPL**) and Thornmoney Pty Ltd (**Thornmoney**) originated Asset Finance portfolio (**Proposed Transaction**). Thorn expects to receive estimated \$15.7 million cash proceeds from the Proposed Transaction. The Proposed Transaction will be conditional on, among other things, Thorn shareholders approving the Asset Sale for the purposes of ASX Listing Rule 10.1 (Disposal of substantial assets to related party), ASX Listing Rule 11.2. (Disposal of main undertaking) and obtaining third party approvals including from the noteholders of the Thorn Warehouse Facility.
- On 27 June 2023, Thorn's white labelled CFI portfolio (loans originated by CFI Rentals Pty Ltd as Thorn's white label partner and sold to Thorn Warehouse Facility) was sold to CFI Group Pty Ltd for \$3.0 million (**CFI Sale**). The transaction completed on that date.

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

- Thorn recorded a positive cash flow of \$1.4 million from its operating activities for the quarter. This includes the cash outflow of \$15.6 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 finance drawdowns of \$20.3 million.

- Thornmoney asset finance originations continue to be funded by the Thorn Warehouse Facility, subject to eligibility criteria and portfolio parameters.
- The cash balance during the quarter increased from \$28.8 million to \$38.0 million as at 30 June 2023. The cash balance includes free cash, the tied cash in the warehouse facility and the CFI Sale proceeds. Free cash at the end of the quarter was \$24.3 million. As at 28 July 2023, free cash totalled \$27.3 million.
- An interest-bearing loan of \$5.0 million was further extended during the quarter to a related party, Somers Limited. The term of the loan has been negotiated to be extended to 30 September 2023, with the applicable interest rate of 12% per annum. Accrued interest for the quarter of \$151,000 was received.
- Other related party payments of \$100,000 have been made during the quarter comprising of non-executive directors' fees for Thorn board members.

### Next Two Quarters Activity

- Thorn's annual general meeting (**AGM**) is scheduled for Thursday, 31 August 2023. Further details, including the resolutions, will be provided in the Notice of Meeting and explanatory memorandum.
- Thorn will be focusing on further opportunities, including new strategic investments in the non-banking financial services and wealth management sectors that align with Thorn's core business strategy as a diversified small business focused financial services organisation.

This release has been authorised by the Board of Directors.

End of Release.

For further information, please contact:

#### **Pete Lirantzis**

Chief Executive Officer

0411 012 035

[Investor.Relations@thorn.com.au](mailto:Investor.Relations@thorn.com.au)

#### **Alexandra Rose**

General Counsel & Company Secretary

+61 (02) 9174 6442

[Company.Secretary@thorn.com.au](mailto:Company.Secretary@thorn.com.au)

#### **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**

PO BOX R1780 ROYAL EXCHANGE NSW 1225

ABN 54 072 507 147

T: 1300 244 032

E: [investor.relations@thorn.com.au](mailto:investor.relations@thorn.com.au)

W: [thorn.com.au](http://thorn.com.au)

## 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")**

30 Jun 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	41,918	41,918
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(23)	(23)
(d) leased assets	-	-
(e) staff costs	(1,721)	(1,721)
(f) administration and corporate costs	(1,090)	(1,090)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	446	446
1.5 Interest and other costs of finance paid	(2,148)	(2,148)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) *	(35,947)	(35,947)
<b>1.9 Net cash from / (used in) operating activities **</b>	<b>1,435</b>	<b>1,435</b>

\* Total originations and drawdowns are \$35.9 million for the quarter, including new Asset Finance originations of \$15.6 million and Invoice Finance drawdowns of \$20.3 million.

\*\* Net cash used in operating activities has reduced due to tightened credit control resulting in reduced originations from previous quarters.

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(89)	(89)
	(d) investments*	(5,000)	(5,000)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses**	2,961	2,961
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
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>(2,128)</b>	<b>(2,128)</b>

\*On 22 May 2023, Thorn acquired an additional 62,500,000 shares in ASX listed company, Moneyme Limited, for a cost of \$5.0 million.

\*\* On 27 Jun 2023, Thorn's white labelled CFI portfolio was sold to CFI Group for \$3.0 million.

<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	9,890	9,890
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>9,890</b>	<b>9,890</b>

<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	28,800	28,800
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,435	1,435
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,128)	(2,128)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,890	9,890
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>37,997</b>	<b>37,997</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	37,997	28,800
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>37,997</b>	<b>28,800</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	
* Payments of usual fees to directors		
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	139,780
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	200,000	139,780
7.5 <b>Unused financing facilities available at quarter end</b>		60,220
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.	<div style="border: 1px solid black; padding: 5px;"> <p>The loan facility is a securitised warehouse facility used to fund asset finance leasing originations.</p> </div>	

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)	1,435
8.2 Cash and cash equivalents at quarter end (item 4.6)	37,997
8.3 Unused finance facilities available at quarter end (item 7.5)	60,220
8.4 Total available funding (item 8.2 + item 8.3)	98,217
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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>	
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?	
<p>Answer: Not applicable. Refer to 8.5 above.</p>	
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?	
<p>Answer: Not applicable. Refer to 8.5 above.</p>	
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?	
<p>Answer: Not applicable. Refer to 8.5 above.</p>	
<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 July 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.