Thorn Group Limited

ABN 54 072 507 147

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 30 SEPTEMBER 2023

This half-year information is the information required under ASX Listing Rule 4.2A and should be read in conjunction with the most recent financial report of Thorn Group Limited

Contents

Appendix 4D Half Year Report under ASX Listing Rule 4.2A.3

Current period: 1 April 2023 to 30 September 2023
Previous corresponding period: 1 April 2022 to 30 September 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Six months ended	30 Sep 2023 $'000	30 Sep 2022 $'000s	% Change*
Revenue from ordinary activities – Continuing operations	1,963	3,169	down 38.1%
Profit/(loss) from continuing operations, net of tax	(2,482)	(488)	Nm
Profit from discontinued operations, net of tax	10,571	1,044	Nm
Reported statutory profit after tax	8,089	556	Nm

*Nm = not meaningful

An explanation of the above figures, a commentary on the financial performance and position, and other Appendix 4D disclosures can be found in the attached condensed consolidated financial statements for the six months ended 30 September 2023. This information should also be read in conjunction with the 2023 Annual Financial Report of Thorn Group Limited.

No interim ordinary dividend was declared in respect of the half-year ended 30 September 2023.

DIVIDENDS OR DISTRIBUTION PAYMENTS*	Amount per ordinary share	Franked amount per ordinary share
2023 final dividend	N/A	N/A
Capital return	26 cents	
Special dividend	19 cents	19 cents

On 13 September 2023, eligible shareholders of the Company received the return of share capital of 26 cents per ordinary share (totalling approximately $9.1 million) and a fully franked Special Dividend of 19 cents per ordinary share (totalling approximately $6.6 million) on 22 September 2023.

The Company's Dividend Reinvestment Plan did not apply to the Capital Return or the Special Dividend.

NET TANGIBLE ASSETS	30 September 2023	30 September 2022*
Net tangible assets per ordinary share	$1.22	$1.47

**Adjusted to reflect FY23 10:1 share consolidation, approved by shareholders on 30 September 2022 and completed on 14 October 2022.*

Further Information

Refer to the attached financial report for all other disclosures in respect of the Appendix 4D.

THORN
GROUP LTD

Condensed Consolidated Financial Statements

for the six months ended 30 September 2023

ACN 072 507 147

CONTENTS

The directors present their report together with the condensed consolidated financial statements of Thorn Group Limited (the 'Company') and its controlled entities (together referred to as 'Thorn', the 'Group', or the 'consolidated entity') for the six months ended 30 September 2023 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Non-Executive
Warren McLeland
Paul Oneile
Allan Sullivan

OPERATING AND FINANCIAL REVIEW

Thorn is a diversified financial services organisation that provides financing to fuel the growth of small to medium businesses. During the period, Thorn completed the sale of its main undertaking (being the majority of its Asset Finance portfolio) to Resimac Group Limited, herein and after referred as Resimac ("Asset Finance Portfolio Sale"). On 26 September 2023, Thorn also entered into an additional agreement with Optipay Business Finance to sell qualifying Invoice Finance Customers at "par". These divestments have led to a substantial reduction in Thorn's business operations.

On 25 August 2023, Thorn received a binding and conditional proposal from Somers Limited (the 'Bidder') to acquire 100% of the issued share capital of Thorn that the Bidder does not already own (the 'Scheme'). Following the conclusion of the due diligence process, Thorn entered into the Scheme Implementation Deed with the Bidder on 21 September 2023. The Scheme was subject to shareholders approval at the General Meeting and the Scheme Meeting scheduled on 27 November 2023.

On 27 November 2023, Thorn shareholders passed resolutions to approve the Scheme Consideration Resolutions and the Scheme of Arrangement. Following shareholder approvals, the Supreme Court of New South Wales made orders on 30 November 2023 approving the Scheme. The outcome of the Second Court Hearing was announced to ASX on 30 November 2023. Subject to the lodgement of the Court's orders with ASIC on 1 December 2023, the Scheme will become legally effective on 1 December 2023 and Thorn shares will be suspended on the ASX effective from close of trading on 1 December 2023. Eligible Thorn Shareholders will be paid the Scheme Consideration ($1.17 per Thorn share) on 11 December 2023 (Scheme Implementation Date).

Revenue from continuing operations experienced a decline, decreasing from $3.2m to $2.0m, while the total net profit after tax ("NPAT") increased from $0.6m to $8.1m, primarily driven by the Asset Finance Portfolio Sale.

Financial performance – (Management view including corporate expense re-allocations)

$m	Segment revenue		Segment EBIT to NPAT	
Half year ended 30 September	**2023**	**2022**	**2023**	**2022**
Business Finance	0.8	2.6	(0.2)	1.6
Corporate	1.2	0.6	(1.0)	(1.1)
Sub-total – continuing operations	**2.0**	**3.2**	**(1.2)**	**0.5**
Fair value gains on derivative			-	-
Net interest expense			-	-
Profit/(Loss) before tax			**(1.2)**	**0.5**
Tax expense			-	-
Profit /(Loss) after tax from continuing operations			**(1.2)**	**0.5**
Profit from discontinued operations after tax			9.3	0.1
Net profit after tax			**8.1**	**0.6**

Business Finance

Asset Finance originations were $20.3m for the six months ended 30 September 2023 (pcp: $65.6m). The majority of the Asset Finance portfolio was sold to Resimac on 1 September 2023, including the sale of Thorn's Class G Notes in the Warehouse Trust ("Warehouse Trust").

Invoice Finance, providing a line of credit backed by the SME's invoices, amounted to $40.2m in drawdowns for this period (pcp: $14.7m).

Operating expenses for continued operations, excluding impairment expenses, decreased significantly due to strategic spending reductions, leading to decrease in EBIT and a loss of $0.2m (pcp: profit of $1.6m).

Corporate

The Corporate EBIT slightly increased from a loss $1.1m to a loss $1.0m, driven by cost cutting activities.

Tax expense

While the financial statements show a profit for the half year, the Group's taxable position shows a net tax loss, in addition to the tax losses brought forward from prior years. The Group has not recognised any deferred tax benefits arising from these losses. Recognition depends on the likelihood of sufficient future taxable profits arising in future years, and on the continuing ability of Group to satisfy all legislative requirements to carry forward and recoup the losses. The directors consider that there is a continuing risk that Thorn may not make sufficient future taxable profits, and the Court approval of the Scheme of Arrangement on 30 November 2023 puts the ability to satisfy the legislative requirements for loss recoupment at risk.

Discontinued Operations

During the reporting period, the Group executed asset divestments within the Business Finance division. On 27 June 2023, the CashflowIt ("CFI") loan receivables portfolio was divested through a sale to CFI Group Pty Ltd. Following shareholder approval, on 1 September 2023, the Sale and Purchase Deed with Resimac (executed on 20 June 2023) completed with the transfer of the majority of the Asset Finance portfolio to Resimac. The sale comprised the sale of Thorn's residual interests and Class G Notes (15,000 at $1,000 per note) in the Warehouse Trust, combined with the sales of certain On-Balance Sheet loans at an average discount to face value of approximately 35%. For details of remaining Asset Finance Receivables, see note 8. These strategic transactions resulted in cash proceeds of $3.0m and $16.7m, respectively. At the date of the sale, a provision was booked for warranties and indemnities.

On 26 September 2023, Thorn entered into an agreement with Optipay Business Finance to sell qualifying Invoice Finance Customers at "par". Sale was completed on 17 October 2023, leading to the presentation of a portion of Invoice finance portfolio as discontinued operations for the reporting period.

The discontinued operations segment recorded a profit after tax of $9.3m (management view including corporate expense re-allocations).

Financial position

The balance sheet is presented below in two versions; first excluding the Warehouse Trust borrowings for the asset finance receivables together with those associated receivables and cash in the Warehouse Trust (non-recourse funding for the Warehouse) ("excl. Trust"), and second including the Warehouse Trust which is as per the statutory accounts format ("incl. Trust").

Summarised financial position	**30 September 2023**		**31 March 2023**		**30 September 2022**	
$m	**excl. Trust**	**incl. Trust (iii)**	**excl. Trust**	**incl. Trust**	**excl. Trust**	**incl. Trust**
Cash at bank	37.0		17.4	28.8	73.0	86.7
Receivables	3.9		45.3	141.5	27.8	115.8
Prepayments and other assets	0.9		2.3	2.3	2.7	2.7
Derivative financial instruments	-		-	-	-	1.2
Assets classified held for sale	2.3		-	-	-	-
Investments	6.9		2.7	2.7	2.9	2.9
Total Assets	**51.0**		**67.7**	**175.3**	**106.4**	**209.3**
Borrowings	-		-	114.9	-	106.7
Other liabilities	8.6		8.9	9.4	11.4	11.4
Total Liabilities	**8.6**		**8.9**	**124.3**	**11.4**	**118.1**
Total Equity	**42.4**		**58.8**	**51.0**	**95.0**	**91.2**
Gearing (net debt/equity) (i)	nm		nm	191.7%	nm	36.9%
Return on Equity (ii)				1.7%		0.6%

(i) Gearing is calculated as net debt less free cash divided by closing equity. If there is more free cash than corporate debt, then the number is not meaningful ("nm").
(ii) ROE is calculated as NPAT divided by the average of opening and closing equity.
(iii) On 1 September 2023, the Warehouse Trust was sold.

Cash at bank

The cash amount comprises the Group's unrestricted cash balance, and following the Asset Finance Portfolio Sale, there are no encumbered funds in the Warehouse Trust. As of 30 September 2023, the cash balance was $37.0m, including the proceeds from asset sales in the Business Finance division in September 2023. This amount was net of dividend payments of $6.6m and a capital return of $9.1m made in September 2023.

Receivables

The receivables comprise a $2.5m interest-bearing loan to a related party and the remaining Business Finance receivables following the Asset Finance Portfolio Sales.

Asset Finance receivables are presented at their gross amount less unearned interest, along with a provision for expected credit losses. Over the reporting period, receivables decreased to $2.6m (March 2023: $149.7m) due to the asset sales. As a result, the provision decreased to ($2.1m) (March 2023: ($16.6m)). Total new Asset Finance originations amounted to $20.3m during the period.

Invoice Finance receivables, backed by SME invoices, have a balance of $3.2m as of 30 September 2023 (March 2023: $3.4m). As a result of the sale of the bulk of the Invoice Finance receivables on 17 October 2023, $2.3m has been classified as assets held for sale on the balance sheet.

The net receivables balance reduced to $3.9m (March 2023: $141.4m).

In the table above, the columns which exclude the Warehouse (headed excl. Trust) do not include the Asset Finance receivables and related provisions held in the Warehouse Trust.

Investments

During the period, the Group acquired shares in ASX listed companies for a total cost of $5.1m.

Other liabilities

The other liabilities for the Group reduced by $0.8m to $8.6m (March 2023: $9.4m) driven by the Asset Finance Portfolio Sale, with the balance attributable to reduced payables, offset by an additional warranty provision associated with sale of assets and employee-related liabilities.

Funding

The Group had the following debt facility limits:

$m	September 2023	March 2023
Securitised Warehouse Facility	-	200.0

Warehouse Trust facility

With the completion of the Sale and Purchase Deed on 1 September 2023 between Thorn and Resimac, Resimac purchased the residual interest and Class G Notes (15,000 at $1,000 per note) in the Warehouse Trust. With the transfer of the Class G Notes, Resimac replaced Thorn as the sole unit holder and servicer of the Warehouse Trust. Thorn's ownership and ability to draw down under the Warehouse Trust ceased.

Dividends

On 22 September 2023, Thorn paid a special dividend of $0.19 per share, totalling $6.6m.

RISKS

Risk management is an integral part of Thorn's business model. The Board operates with risk management as a key focus and has implemented a 'tone from the top' approach. The material business risks for the Group and Thorn's future business model are expected to change significantly following implementation of the Scheme of Arrangement (and transfer of ownership to the Bidder, Somers Limited).

Information technology systems may fail and cause disruptions

If Thorn is unable to protect against service interruptions, data corruption, cyber based attacks or network security breaches (which may be out of Thorn's control), its operations could be disrupted, despite the IT security program that is in place.

Thorn believes it has sufficient IT security controls in place, including encryption; data loss prevention; and role-based access controls. However, if Thorn's information technology systems suffer severe damage, disruption or shutdown and Thorn does not effectively resolve these issues in a timely manner, Thorn's operations may be materially and adversely affected and Thorn may experience delays in various services and reporting financial results.

If Thorn is unable to prevent security breaches, it may suffer financial and reputational damage or penalties because of the unauthorised disclosure of confidential information.

Litigation and legal disputes

Thorn is subject to the usual business risk that litigation or disputes may arise from time to time in the ordinary course of its business activities. The outcome of any such litigation cannot be predicted with certainty and adverse litigation outcomes could negatively impact Thorn's business, financial condition and/or reputation.

Regulatory risk and government policy

Changes in relevant taxation, interest rates and other legal, legislative and administrative regimes and government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of Thorn and the market price of its securities.

REGULATORY MATTERS

The Group is regulated by the Australian Securities & Investments Commission and is a member of an external dispute resolution scheme, the Australian Financial Complaints Authority ("AFCA"). Changes in laws or regulations in a market in which the Group operates could impact the business. The Group continually monitors the regulatory and compliance environment to ensure that the business is abreast of all potential changes.

SUBSEQUENT EVENTS

Sale of Invoice Finance portfolio

Qualifying customers invoices comprising the majority of Thorn's Invoice Finance portfolio, included as assets classified as held for sale on balance sheet, were sold to Optipay Business Finance, and the sale was completed on 17 October 2023.

On 30 September 2023, $2.3m Invoice Finance portfolio qualified for the sale at par. On sale date the qualifying asset portfolio had grown to $3.3m and was sold at par.

Strategic investments

During October 2023, Thorn acquired an additional 1,083,251 shares in ASX listed company, BNK Banking Corporation Limited, for a cost of $0.4m.

Outcome of the Scheme Meeting and General Meeting

On 27 November 2023, Thorn shareholders passed resolutions to approve the Scheme Consideration Resolutions and the Scheme of Arrangement. On 30 November 2023, the Supreme Court of New South Wales made orders approving the Scheme. The outcome of the Second Court Hearing was announced to ASX on 30 November 2023. Subject to the lodgement of the Court's orders with ASIC on 1 December 2023, the Scheme will become legally effective on 1 December 2023 and Thorn shares will be suspended on the ASX effective from close of trading on 1 December 2023. Eligible Thorn Shareholders will be paid the Scheme Consideration ($1.17 per Thorn share) on the Scheme Implementation Date, which is expected to be 11 December 2023.

Post Scheme Implementation

Following Scheme Implementation, all of the ordinary shares in Thorn that Somers does not already own, will be transferred to Somers. Somers will be able to appoint new non-executive directors and management. Somers will cause Thorn to apply for termination of the official quotation of Thorn shares on ASX and to have itself removed from the official list of ASX. It is expected that this will occur on 12 December 2023.

CONTINGENT LIABILITIES

In March 2023, Thorn and Thorn Australia Pty Ltd ("TAPL") were served with a cross claim in Federal Court of Australia proceedings in which the Commonwealth Attorney-General's Department (under the Fair Entitlements Guarantee scheme) is claiming damages, together with interest and legal costs, from Receivers who, on behalf of a secured creditor who appointed the Receivers to do so, recovered assets from a third party. That secured creditor was previously, but in February 2018 ceased to be, a subsidiary of Thorn. Those Receivers have claimed indemnity from the secured creditor who appointed the Receivers to that role. By the cross claim against Thorn and TAPL, that secured creditor has claimed contractual indemnities, from Thorn and TAPL, against any liability that secured creditor is found to have to the Receivers plus interest and legal costs.

In August 2023, those Receivers served TAPL with a further cross claim by those Receivers claiming against TAPL contractual indemnity against essentially the same liabilities as the Receivers already claim against the secured creditor and against which the secured creditor previously claimed indemnity from Thorn and TAPL as described above. None of these cross claims quantifies the amount it claims. Thorn and TAPL are defending each of those cross claims. Refer to note 17.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration, as required by section 307C of the Corporations Act 2001, is included on page 7.

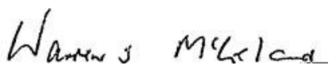
ROUNDING

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and directors' report. Amounts, therefore, have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar in the financial statements and directors' report.

Dated at Sydney

30 November 2023

Signed in accordance with a resolution of the directors.



Warren McLeland

Chairman

UHY Haines Norton
Chartered Accountants

Level 9 | 1 York Street | Sydney | NSW | 2000
GPO Box 4137 | Sydney | NSW | 2001
t: +61 2 9256 6600 | f: +61 2 9256 6611
sydney@uhyhnsyd.com.au
www.uhyhnsydney.com.au

Auditor's Independence Declaration

As lead auditor for the review of Thorn Group Limited for the half year ended 30 September 2023, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Thorn Group Limited and the entities it controlled during the financial period.

UHY Haines Norton

Mark Nicholaeff

Partner

Sydney

Dated: 30 November 2023

UHY Haines Norton

Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

for the six months ended 30 September 2023

$'000 AUD	Notes	30 September 2023	30 September 2022*
Continuing operations			
Interest revenue		1,263	2,482
Other income		700	687
Revenue		**1,963**	**3,169**
Employee benefit expense		(2,920)	(3,554)
Impairment losses on loans and receivables		34	691
Marketing expenses		(1)	(28)
Property expenses		(104)	(210)
Communication & IT expenses		(294)	(571)
General Insurance		(469)	(1,092)
Legal expenses		(1,061)	(379)
Other expenses	14	371	1,535
Impairment of intangibles & property, plant and equipment		-	(49)
Total operating expenses		**(4,444)**	**(3,657)**
Earnings before interest and tax ("EBIT")		**(2,481)**	**(488)**
Finance expenses		(1)	-
Profit/(Loss) before tax		**(2,482)**	**(488)**
Income tax		-	-
Profit/(Loss) after tax from continuing operations		**(2,482)**	**(488)**
Discontinued operation			
Profit from discontinued operations, net of tax	13	10,571	1,044
Profit after tax for the year		**8,089**	**556**
Other comprehensive income/(loss) (OCI) – reclassification adjustments			
Cash flow hedge reclassification adjustments	11	-	1,369
Other comprehensive income/(loss) (OCI) – items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through OCI	12	(956)	(1,249)
Income tax		-	-
Other comprehensive income/(loss) for the year		**(956)**	**120**
Total comprehensive income		**7,133**	**676**
Earnings per share- Continuing Operations			
Basic earnings per share (cents)		(7.1)	(1.4)
Diluted earnings per share (cents)		(7.1)	(1.4)
Earnings per share- Discontinued Operations			
Basic earnings per share (cents)		30.4	3.0
Diluted earnings per share (cents)		30.4	3.0
Earnings per share			
Basic earnings per share (cents)		23.3	1.6
Diluted earnings per share (cents)		23.3	1.6

** Restated to redirect the results of discontinued business, into one line above Profit after tax for the year. For details see note 13.*

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income or loss is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2023

$'000 AUD	Note	30 September 2023	31 March 2023
Assets			
Cash and cash equivalents	6	36,963	28,800
Trade and other receivables	8	3,809	46,775
Prepayments and other assets	21	959	2,240
Assets classified as held for sale	16	2,311	-
Right of use asset	9	-	-
Income tax receivable		-	-
Total current assets		**44,042**	**77,815**
Trade and other receivables	8	109	94,708
Derivative financial instruments	11	-	12
Deferred tax assets		-	-
Financial assets at fair value through other comprehensive income	7	6,875	2,744
Total non-current assets		**6,984**	**97,464**
Total assets		**51,026**	**175,279**
Liabilities			
Trade and other payables		3,692	4,949
Loans and borrowings	10	-	-
Employee benefits	18	3,035	2,936
Provisions	17	1,856	1,512
Total current liabilities		**8,583**	**9,397**
Loans and borrowings	10	-	114,890
Employee benefits	18	-	19
Provisions	17	-	-
Total non-current liabilities		**-**	**114,909**
Total liabilities		**8,583**	**124,306**
Net assets		**42,443**	**50,973**
Equity			
Issued capital	12	108,760	117,818
Reserves	12	(2,633)	(1,677)
Retained earnings		(63,684)	(65,168)
Total equity		**42,443**	**50,973**

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2023

$'000 AUD	Note	Share capital	Reserves	Retained earnings	Total Equity
Balance at 1 April 2023		**117,818**	**(1,677)**	**(65,168)**	**50,973**
Total comprehensive income					
Net profit for the period		-	-	8,089	8,089
Other comprehensive income		-	(956)	-	(956)
Total comprehensive income		-	**(956)**	**8,089**	**7,133**
Transactions with owners of the company					
Share capital return	12	(9,038)	-	-	(9,038)
Transactions cost	12	(20)	-	-	(20)
Dividends to shareholders	12	-	-	(6,605)	(6,605)
Total transactions with owners of the company		**(9,058)**	-	**(6,605)**	**(15,663)**
Balance at 30 September 2023		**108,760**	**(2,633)**	**(63,684)**	**42,443**

$'000 AUD	Note	Share capital	Reserves	Retained earnings	Total Equity
Balance at 1 April 2022		**158,049**	**5,605**	**(60,858)**	**102,796**
Total comprehensive income					
Net profit for the period		-	-	556	556
Release of retained earnings from reserves		-	(6,974)	6,974	-
Other comprehensive income		-	120	-	120
Total comprehensive income		-	**(6,854)**	**7,530**	**676**
Transactions with owners of the company					
Minimum holding share buy-back		(405)	-	-	(405)
Issue of shares under dividend reinvestment plan		1,990	-	-	1,990
Dividends to shareholders	12	-	-	(13,821)	(13,821)
Total transactions with owners of the company		**1,585**	-	**(13,821)**	**(12,236)**
Balance at 30 September 2022		**159,634**	**(1,249)**	**(67,149)**	**91,236**

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the six months ended 30 September 2023

$'000 AUD		30 September 2023	30 September 2022
Continuing Operations			
Cash flows from operating activities			
Cash receipts from customers (excluding interest)		4,895	20,892
Interest revenue received		443	2,175
Cash paid to suppliers and employees		(2,999)	(4,348)
Asset Finance originations and Invoice Finance drawdowns/transfers		(4,229)	(29,733)
Cash generated / (used) from operating activities		**(1,890)**	**(11,014)**
Net borrowing costs		-	-
Income tax refund		-	-
Net cash generated / (used) from operating activities		**(1,890)**	**(11,014)**
Cash flows from investing activities			
Loan returned from related parties with interest		5,239	-
Loans to related parties		(2,500)	-
(Acquisition)/sale of equity investments		(5,084)	(4,127)
Net cash generated/ (used) from investing activities		**(2,345)**	**(4,127)**
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Redemption of borrowings		-	-
Proceeds from issues of shares		-	1,990
Payment for share buy back		-	(405)
Return of Capital		(9,058)	-
Dividends paid		(6,605)	(13,821)
Net cash (used) / generated from financing activities		**(15,663)**	**(12,236)**
Net decrease in cash and cash equivalents- continuing operations		(19,898)	(27,377)
Net increase in cash and cash equivalents from discontinued operations	13	28,061	27,316
Cash and cash equivalents at 1 April		28,800	86,760
Cash and cash equivalents at 30 September		**36,963**	**86,699**

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Thorn Group Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements of the Group for the year ended 31 March 2023 are on the Company's website www.thorn.com.au.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 March 2023.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 November 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period. A number of new or amended standards became effective for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of these amended standards.

3.1 FUTURE ACCOUNTING STANDARDS NOT YET EFFECTIVE

There are certain accounting standards for future reporting periods that are not yet effective. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, however these will continue to be assessed closer to the effective dates.

3.2 RECLASSIFICATION OF COMPARATIVE FINANCIAL INFORMATION

The Group has completed the sale of the majority of assets from the Asset Finance division in the 2024 half year. The comparative information in the statement of profit or loss and other comprehensive income and statement of cash flow has been reclassified to present the items belonging to Asset Finance as a single line item (discontinued operations). Refer to note 13 for details on adjustments to these statements.

3.3 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

During the reporting period, the Group executed asset divestments within the Business Finance division. On 27 June 2023, the CashflowIt ("CFI") loan receivables portfolio was divested through a sale to CFI Group Pty Ltd. Following shareholder approval, on 1 September 2023, the Sale and Purchase Deed with Resimac (executed on 20 June 2023) completed with the transfer of the majority of the Asset Finance portfolio to Resimac. The sale comprised the sale of Thorn's residual interests and Class G Notes (15,000 at $1,000 per note) in the Warehouse Trust, combined with the sales of certain On-Balance Sheet loans at an average discount to face value of approximately 35%. For details of remaining Asset Finance Receivables, see note 8. These strategic transactions resulted in cash proceeds of $3.0m and $16.7m, respectively. Refer to note 13.

3.4 ESTIMATES

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 31 March 2023 except for the ECL and overlay provisions that have been revised. Refer to note 8 for details.

While the financial statements show a profit for the half year, the Group's taxable position shows a net tax loss, in addition to the tax losses brought forward from prior years. The Group has not recognised any deferred tax benefits arising from these losses. Recognition depends on the likelihood of sufficient future taxable profits arising in future years, and on the continuing ability of Group to satisfy all legislative requirements to carry forward and recoup the losses. The directors consider that there is a continuing risk that Thorn may not make sufficient future taxable profits, and the Court approval of the Scheme of Arrangement on 30 November 2023 puts the ability to satisfy the legislative requirements for loss recoupment at risk.

3.5 BASIS OF PREPARATION

The directors have prepared the condensed consolidated interim financial statements on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

4. FINANCIAL INSTRUMENTS

The value of the Company's and consolidated entity's financial assets and liabilities are recorded at amortised cost, except for derivative financial instruments and investments, which are held at fair value as at the reporting date and are considered to approximate their carrying amounts.

5. SEGMENT REPORTING

The Board and CEO (together, the chief operating decision-makers) monitor the operational performance of the Business Finance division, encompassing both Asset Finance and Invoice Finance.

On 1 September 2023, the Group concluded the sale of the majority of the Asset Finance portfolio (Warehouse Trust component) within the Business Finance division to Resimac. The Asset Finance Portfolio Sale was classified as a discontinued operations, resulting in restated 2023 comparatives in the Consolidated Statement of Profit or Loss & Other Comprehensive Income to reflect the impact of the assets sold. Similarly, the majority of Invoice Finance is also classified into discontinued operations after the sale agreement signed on 26 September 2023.

Segment performance is evaluated based on operating profit or loss. Income tax expense is not allocated to operating segments, as this type of activity is managed on a group basis. Segment reporting is for internal management reporting only. The statement of profit and loss and comprehensive income complies with AASB 5 and as such excludes corporate reallocation of expenses from profit and loss from discontinued operations. The segment tables below include the corporate reallocation expenses as a key component of management reporting.

30 September 2023 **$'000 AUD**	**Asset & Invoice Finance Portfolios (Discontinued Operations)**	**Remaining Business Finance**	**Corporate**	**Consolidated**
Interest revenue	6,283	493	770	7,546
Other	1,502	280	420	2,202
Total segment revenue	**7,785**	**773**	**1,190**	**9,748**
Operating expenses	(1,825)	(865)	(3,579)	(6,269)
Corporate re-allocation of expenses	(1,246)	(94)	1,340	-
EBITDA	**4,714**	**(186)**	**(1,049)**	**3,479**
Depreciation and amortisation	-	-	-	-
Impairment	(89)	-	-	(89)
EBIT	**4,625**	**(186)**	**(1,049)**	**3,390**
Fair value gains on derivative	806	-	-	806
Finance expense	(3,993)	-	(1)	(3,994)
Profit from discontinued operations	7,887	-	-	7,887
Profit/(loss) before tax	**9,325**	**(186)**	**(1,050)**	**8,089**
Segment assets	-	3,470	47,556	51,026
Segment liabilities	-	-	(8,583)	(8,583)

30 September 2022 $'000 AUD	Asset & Invoice Finance Portfolios (Discontinued Operations)	Remaining Business Finance	Corporate	Consolidated
Interest revenue	3,837	2,277	205	6,319
Other	145	316	371	832
Total segment revenue	**3,982**	**2,593**	**576**	**7,151**
Operating expenses	(2,527)	(429)	(3,179)	(6,135)
Corporate re-allocation of expenses	(918)	(539)	1,457	-
EBITDA	**537**	**1,625**	**(1,146)**	**1,016**
Depreciation and amortisation	-	-	-	-
Impairment	(217)	(25)	(24)	(266)
EBIT	**320**	**1,600**	**(1,170)**	**750**
Fair value gains on derivative	88	-	-	88
Finance expense	(2,573)	-	-	(2,573)
Profit from discontinued operations*	2,291	-	-	2,291
Profit/(loss) before tax	**126**	**1,600**	**(1,170)**	**556**
Segment assets	100,769	33,829	74,719	209,317
Segment liabilities	(107,042)	(5,217)	(5,822)	(118,081)

** During the 2023 half-year, Thorn received an additional deferred cash consideration of $2.3m for the sale of Consumer finance assets from Credit Corp Group.*

Reconciliations of reportable segment to IFRS measures

$'000 AUD	30 September 2023	30 September 2022
Revenue		
Total revenue for reportable segments	9,748	7,151
Elimination of discontinued operations	(7,785)	(3,982)
Consolidated Revenue	**1,963**	**3,169**
Profit before tax		
Total profit before tax for reportable segments	8,089	556
Elimination of discontinued operations	(9,325)	(126)
Consolidated profit/(loss) before tax from continuing operations	**(1,236)**	**430**

Reconciliations of corporate allocation expenses

30 September 2023 $'000 AUD	Business Finance
Employee benefit expense	(30)
Property expenses	(9)
Communication & IT expenses	-
Legal fees	(9)
Other expenses	(46)
Total corporate expenses re-allocated	**(94)**

30 September 2022 $'000 AUD	Business Finance
Employee benefit expense	(44)
Property expenses	(253)
Communication & IT expenses	(12)
Legal fees	(6)
Other expenses	(224)
Total corporate expenses re-allocated	**(539)**

6. CASH AND CASH EQUIVALENTS

$'000 AUD	30 September 2023	31 March 2023
Cash and cash equivalents	**36,963**	**28,800**

The cash amount comprises the Group's unrestricted cash balance, and following the Asset Finance Portfolio Sale, there are no encumbered funds in the Warehouse Trust (March 2023: $11.4m). As of 30 September 2023, the cash balance was $37.0m, including the proceeds from asset sales in the Business Finance division in September 2023. This amount was net of dividend payments of $6.6m and a capital return of $9.1m made in September 2023.

7. INVESTMENT

$'000 AUD	30 September 2023	31 March 2023
Investments in ASX listed companies	**6,875**	**2,744**

During the reporting period, the Group acquired shares in ASX listed companies for a total cost of $5.1m. Refer to Note 12 for fair value movement to reserves.

8. TRADE AND OTHER RECEIVABLES

$'000 AUD	30 September 2023	31 March 2023
Current		
Trade receivables	287	891
Finance lease receivables	4	4,635
Loan receivables	3,518	41,249
	3,809	**46,775**
Non-current		
Finance lease receivables	1	1,578
Loan receivables	108	93,130
	109	**94,708**
Total trade and other receivables	**3,918**	**141,483**

Trade receivables and loan receivables are stated at their amortised cost less provision for impairment losses. Finance lease receivables are recognised at the present value of the minimum lease payments less impairment losses. The present value is calculated by discounting the minimum lease payments due at the interest rate implicit in the lease.

Credit risk

Credit risk is the risk of loss that arises when a customer or third party fails to pay an amount owing to the Company and is the most significant risk to the Group. The maximum exposure to credit risk is represented by the carrying amount of receivables and loans. The Group provides business finance to SMEs pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any individual, company, or other entity. The Group is subject to a higher level of credit risk due to the credit-constrained nature of many of the Company's customers.

The Group maintains a provision for receivable losses. The process for establishing the provision for losses is critical to the Group's results of operations and financial condition.

Credit risk typically grows in line with the growth of the loan and lease receivables in all segments.

Expected credit loss measurement

Under AASB 9, a three-stage approach is applied to measuring expected credit losses ('ECL') based on credit migration between the stages as follows:

Stage 1: At initial recognition, a provision equivalent to 12 months ECL is recognised.
Stage 2: Where there has been a significant increase in credit risk since initial recognition, a provision equivalent to full lifetime ECL is required; and
Stage 3: Lifetime ECL is recognised for loans where there is objective evidence of impairment.

ECL are probability-weighted and determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Individual economic circumstances provision

Having disposed of a large proportion of the Asset Finance lease receivable contracts via the CFI transaction, Resimac Warehouse and Resimac On-Balance Sheet transactions, Thorn no longer considers the previous basis of the provisioning to be appropriate due to its large portfolio application nature, the previous basis for provision included the following:

1. IFRS 9 Base model
2. COVID / Economic Overlay
3. Model Seasoning
4. Credit Contracts & Risk Reserve

With a smaller group of contracts (circa 100) a more specific provisioning basis has been introduced.

Thorn has introduced a review of the economic circumstances of each remaining finance receivable loan within the portfolio of loans (circa 100 contracts). The economic circumstances review was conducted on an individual contract by contract basis. The review looks at such factors such as; why the loan was not eligible for inclusion in the Warehouse Trust prior to the Trust's sales; status of the underlying equipment; the changing circumstances of the borrower post qualifying for credit; the status of the borrowers underlying business were appropriate; when the last payments had been received and the aging of any outstanding balances (if any) amongst a number of economic conditions and markers that have been identified as being relevant to the underlying individual collectability of each loan and borrower.

Macroeconomic conditions provision

In assessing the collectability of loans into the future the business has conducted a macroeconomic review of conditions that impact the collectability of loans and how changes in these conditions can affect the collectability of loans into the future. Moreover, the business has sought to consider which types of loans are most susceptible to changes in economic conditions both as a portfolio and individual loans. As such additional provisions have been raised where either the portfolio or individual loans show evidence of impairment based on macroeconomic conditions and changes in the nature of those loans. These provisions have mostly been applied to consumer solar loans and remaining Invoice Finance loans where they show impairment based on Macroeconomic conditions either as a portfolio or individual loans.

Impairment losses

Asset Finance lease receivables

$'000 AUD	Gross September 2023	Impairment	Gross March 2023	Impairment
Stage 1	75	(35)	7,234	(1,168)
Stage 2	16	(7)	301	(154)
Stage 3[1]	50	(50)	116	(116)
TOTAL	**141**	**(92)**	**7,651**	**(1,438)**

[1] A number of portfolio level provisions have been allocated to the different stages based on the percentage of the receivables book which is in the specific stage. This has resulted in the above presentation.

Asset Finance loan receivables and remaining consumer solar loans

$'000 AUD	Gross September 2023	Impairment	Gross March 2023	Impairment
Stage 1	1,248	(808)	138,024	(11,809)
Stage 2	476	(476)	2,921	(2,246)
Stage 3	715	(715)	1,068	(1,068)
TOTAL	**2,439**	**(1,999)**	**142,013**	**(15,123)**

Trade receivables balance of $0.3m is not provisioned in the tables above.

At 30 September 2023, the contractual amount outstanding on receivables that were written off in the financial year and that are subject to enforcement activity is $1.0m.

Thorn has provided a guarantee to the trustee of the Warehouse Trust, against a group of affected trust receivables. The value of the receivables as at 30 September 2023 is $3.5m. Thorn has deemed the risk of an outflow of economic resources to be extremely remote and, as such, has estimated the guarantee to have a zero fair value. Although the Warehouse Trust has been transitioned to Resimac as part of the Asset Finance Portfolio Sale, the guarantee to the trustee of the Warehouse Trust remains on foot.

The remaining Invoice finance receivables of $0.9m which are not classified as assets held for sale as at 30 September 2023, are secured by the SME's accounts receivable, allowing them to generate cash promptly. The facility available is based on a percentage of invoices identified as security. The loan is not dissimilar to a working capital loan where the facility is drawn and repaid multiple times as the business' liquidity rises and falls. Thorn utilises an invoice financing platform which access live SME's financials keeping ahead of potentials risk of default securing the recoverability of the loan facility. In addition, Thorn manages the loan in-line with a robust credit collection policy. Thorn has assessed that and provided an impairment provision of $0.2m (March 2023: Nil impairment provision) against the remaining Invoice Finance loan receivables as at 30 September 2023.

Related party interest-bearing loan of $2.5m (March 2023: $5.0m), which is secured by the borrower's current and future shareholding in Thorn and is repayable on 31 December 2023, has been assessed to require no loss impairment (March 2023: Nil impairment provision).

9. INTANGIBLE ASSETS

$'000 AUD	Goodwill	Right of use assets	Software	Total
30 September 2023				
Opening net carrying amount	-	-	-	-
Additions	-	-	89	89
Amortisation charges for the year	-	-	-	-
Impairment charges for the year	-	-	(89)	(89)
Closing net book amount	**-**	**-**	-	-
At 30 September 2023				
Cost	5,054	-	816	5,870
Disposals	(5,054)	-	(816)	(5,870)
Amortisation and impairment	-	-	-	-
Net book amount	**-**	**-**	**-**	**-**

Disposals

During the year, the Group carried out an assessment of the intangible assets remaining after the sale of the Asset Finance portfolio in September 2023. The obsolete intangible assets including goodwill, which were fully impaired/amortised, are now disposed as a result of the sale.

$'000 AUD	Goodwill	Right of use assets	Software	Total
31 March 2023				
Opening net carrying amount	-	-	-	-
Additions	-		583	583
Amortisation charges for the year	-	-	-	-
Impairment charges for the year	-	-	(583)	(583)
Closing net book amount	-	-	-	-
At 31 March 2023				
Cost	5,054	277	17,836	23,167
Disposals	-	(277)	(17,109)	(17,386)
Amortisation and impairment	(5,054)	-	(727)	(5,781)
Net book amount	-	-	-	-

10. LOANS AND BORROWING

$'000 AUD	30 September 2023	31 March 2023
Current liabilities		
Secured loans	-	-
Non- Current liabilities		
Secured loans	-	114,890
	-	**114,890**

Limits and drawings are set out below.

$'000 AUD	30 September 2023	31 March 2023
Securitised warehouse facility limit	-	200,000
Utilised	-	(114,890)
Secured loan facilities not utilised at reporting date	**-**	**85,110**

Warehouse Trust facility

As part of the Asset Sale transaction completed on 1 September 2023, Resimac purchased the residual interest and class G Notes (15,000 at $1,000 per note) in the Warehouse Trust. With the transfer of the class G Notes, Resimac replaced Thorn as the sole unit holder and servicer of the Warehouse Trust. Thorn's ownership and ability to draw down under the Warehouse Trust ceased. As a result of the sale, Thorn deconsolidated the Warehouse entity, and thus this is no longer a subsidiary as at 1 September 2023. Refer to note 13.

Corporate facilities

The Group has no open corporate debt facility.

The Group retains access to bank guarantees and credit card facilities with a total limit of $0.6m (March 2023: $1.1m) as part of its ongoing transactional banking arrangements. At 30 September 2023, the amount utilised was $0.1m (March 2023: $0.2m) and the Group has cash collateralised the total facilities.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into interest rate swaps to fix the interest rate on the warehouse funding balance up to the point of Warehouse Trust sale and therefore remove the fixed/floating interest rate mismatch between the Group's receivables and the

Group's funding balance. Historically these arrangements were designated as cash flow hedges under AASB 139 (which the Group had opted to retain as is currently permitted). The instrument is an amortising swap whose cash flow profile is modelled on the expected repayment profile of the receivables (which mirrors the funding balance) and is regularly reset. As such the swap is expected to be effective.

Derivatives designated as cash flow hedges are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The ineffective portion of designated hedge derivatives is recognised in the statement of profit or loss and other comprehensive income as fair value gains or losses on derivatives.

In December 2021, the Group made an assessment that the interest rate swap had fallen outside the prescribed 80-125% range of effectiveness as per AASB 139. This was attributable to the Warehouse Trust being in amortisation, leading to the funding balance decreasing at a faster rate than the expected repayment of the Warehouse Trust receivables. The swap remained ineffective for the period from December 2021 through to July 2022. In August 2022 with the restructuring of the Warehouse Trust, the swap was reset and redesignated to hedge the Warehouse receivables balance. Due to the redesignation of the swap, the previous hedge was derecognised, and the cash flow hedge balance was recognised to profit and loss. The reset swap had not been designated as a cash flow hedge at 30 September 2022 and the fair value movements of the derivative were recognised in the statement of profit or loss until the date of sale.

On 1 September 2023, Thorn's interests in the Warehouse Trust was sold to Resimac as part of the Asset Finance Portfolio Sale, and the derivative was included in the sale, consequently being reflected in discontinued operations.

The impact of the derivatives on the statement of profit or loss and other comprehensive income are as per below table.

$'000 AUD	30 September 2023	30 September 2022
Discontinued Operations		
FVPL loss on cash flow hedge derecognised from reserves	-	(1,369)
FVPL gain on ineffective hedge	-	774
FVPL gain on undesignated swap	806	683
Interest expense	(218)	(463)
	588	**(375)**

The fair value of derivatives is classified as level 2 instruments as they are not traded in an active market and are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

$'000 AUD	30 September 2023	31 March 2023
Interest rate swap asset	-	12

12. CAPITAL AND RESERVES

Number of shares	30 September 2023	31 March 2023
On issue at the beginning of year	34,764,019	340,192,714
Issue of new shares under dividend reinvestment plan	-	9,044,579
Repurchase of shares through buy-back scheme	-	(1,603,828)
Consolidation of shares	-	(312,869,446)
	34,764,019	**34,764,019**

A capital return of $9.1m was paid to eligible shareholders on 13 September 2023 at $0.26 per share.

Dividends

	Cents per share	Amount $'000 AUDs	Franking %	Date of payment
30 September 2023				
Final 2023	-	-	n/a	n/a
Interim 2024	-	-	n/a	n/a
Special dividend	19.0	6,605	30%	22 September 2023
Total amount	**19.0**	**6,605**		
30 September 2022				
Final 2022	1.0	3,392	30%	25 July 2022
Interim 2023	-	-	n/a	n/a
Special dividend	3.0	10,429	30%	8 September 2022
Total amount	**4.0**	**13,821**		

Other reserves

The fair value investment reserve represents the value of quoted prices in active markets.

$'000 AUD	30 September 2023	31 March 2023
Fair value investment reserve	(2,633)	(1,677)
	(2,633)	**(1,677)**

13. DISCONTINUED OPERATIONS

During the reporting period, the Group executed asset divestments within the Business Finance division. On 27 June 2023, the CashflowIt ("CFI") loan receivables portfolio was divested through a sale to CFI Group Pty Ltd. Following shareholder approval, on 1 September 2023, the Sale and Purchase Deed with Resimac (executed on 20 June 2023) completed with the transfer of the majority of the Asset Finance portfolio to Resimac. The sale comprised the sale of Thorn's residual interests and Class G Notes (15,000 at $1,000 per note) in the Warehouse Trust, combined with the sales of certain On-Balance Sheet loans at an average discount to face value of approximately 35%. For details of remaining Asset Finance Receivables, see note 8. These strategic transactions resulted in cash proceeds of $3.0m and $16.7m, respectively. At the date of sale, a provision of $0.4m was booked for warranties and indemnities.

Following the sale of the assets to Resimac (including the 10 residual units in the Thorn Warehouse Trust No. 1) on 1 September 2023, Thorn no longer has the ability to control and influence the Trust or special purpose entity. Therefore, the subsidiary entity is no longer consolidated in Thorn's financial statements and the total number of subsidiaries in Thorn Group decreased from 6 to 5 during the period.

On 26 September 2023, Thorn entered into an agreement with Optipay Business Finance to sell qualifying Invoice Finance Customers at "par". The sale was completed on 17 October 2023, leading to the presentation of a portion of Invoice finance portfolio as discontinued operations for the reporting period.

(a) Result of discontinued operations

$'000 AUD	30 September 2023	30 September 2022
Revenue	7,785	3,982
Expenses	(5,101)	(5,229)
Results from operating activities	**2,684**	**(1,247)**
Income tax		-
Results from operating activities, net of tax	**2,684**	**(1,247)**

Net gain/(loss) on sale of discontinued operations	7,887	2,291*
Income tax on sale of discontinued operations	-	-
Profit from discontinued operations, net of tax	**10,571**	**1,044**

** During the 2023 half-year, Thorn received an additional deferred cash consideration of $2.3m for the sale of Consumer finance assets from Credit Corp Group.*

(b) Cash flow from /(used in) discontinued operations

$'000 AUD	30 September 2023	30 September 2022
Net cash from/(used in) operating activities	6,181	(20,867)
Net cash from investing activities	11,990	2,034
Net cash from financing activities	9,890	46,149
Net cash flows for the year	**28,061**	**27,316**

(c) Effect of disposal on the financial position of the Group excluding assets held for sale

CashflowIt (CFI) portfolio sale

$'000 AUD	26 June 2023
Trade and other receivables	3,111
Net assets and liabilities	**3,111**
Consideration received, satisfied in cash	2,961
Net cash inflows	**2,961**

Asset Finance portfolio sale

$'000 AUD	1 September 2023
Cash and cash equivalents	6,773
Trade and other receivables	125,950
Derivative financial instruments	822
Trade and other payables	(795)
Loans and borrowings	(124,780)
Net assets and liabilities	**7,970**
Consideration received, satisfied in cash	16,688
Net cash inflows	**16,688**

14. OTHER EXPENSES

Included in Other expenses is a $0.4m credit arising from the reduction in provisions and accruals related to legacy businesses.

15. RELATED PARTY

Transactions with related party entities

The following table details the total amount of transactions that have been entered into with related parties during the period.

$'000 AUD	30 September 2023	30 September 2022
General Provincial Company Ltd	-	369

The transactions relate to insurance premiums for Civil Liability, Professional Indemnity and Directors and Officers Liability insurance.

Related Party Loan

The interest-bearing loan of $5.0m extended to a related party, Somers Limited, on 7 October 2022, was fully repaid inclusive of accrued interest of $87,923 on 23 August 2023.

On 7 September 2023, Somers Limited entered into a separate interest-bearing loan of $2.5m with TAPL, with the applicable interest rate at 12% per annum and repayable by 31 December 2023. Interest of $19,801, compounded daily, was accrued up to 30 September and was paid in October. The loan is secured by the borrower's present and future interest in shares on issue by Thorn Group Limited and held by the borrower and any custodian or sub custodian on behalf of the borrower.

Somers has a shareholding in the Company of 49.146% (reported in the Explanatory Booklet registered with ASIC on 24 October 2023 and as announced on the ASX website).

$'000 AUD	30 September 2023	31 March 2023
Somers Limited	2,520	5,000

16. ASSETS CLASSIFIED AS HELD FOR SALE

$'000 AUD	30 September 2023	31 March 2023
Assets classified as held for sale	2,311	-

Invoice Finance receivables, backed by SME invoices, have a balance of $3.2m as of 30 September 2023 (March 2023: $3.4m). On 30 September 2023, $2.3m Invoice Finance portfolio qualified for the sale at par. On sale date the qualifying asset portfolio had grown to $3.3m and was sold at par. Consequently, these receivables were classified as assets held for sale and the transaction was completed on 17 October 2023. Please refer to note 19.

17. PROVISIONS AND CONTINGENT LIABILITIES

30 September 2023 $'000 AUD	Make good	Regulatory and Other	Total
Opening balance	-	1,512	1,512
Provisions made during the year	-	374	374
Provisions used during the year	-	(30)	(30)
Provisions released during the year	-	-	-
	-	**1,856**	**1,856**
Current	-	1,856	1,856
Non-current	-	-	-
	-	**1,856**	**1,856**

31 March 2023 $'000 AUD	Make good	Regulatory and Other	Total
Opening balance	45	4,045	4,090
Provisions made during the year	-	150	150
Provisions used during the year	(45)	(283)	(328)
Provisions released during the year	-	(2,400)	(2,400)
	-	**1,512**	**1,512**
Current	-	1,512	1,512
Non-current	-	-	-
	-	**1,512**	**1,512**

Make good on leased premises

Make good provisions represent expected costs of returning leased office, showroom or warehouse premises to the condition specified in the individual lease contracts upon termination of the lease.

Regulatory and Other provision

This a general provision which covers a number of potential obligations, including indemnities and warranties in connection with the sale of the Consumer Finance business, costs associated with the business restructure following the sale transaction, potential customer remediation, penalties and administration costs and legal matters. Similarly, an additional $0.4m provision was created at sale date of the Asset Finance portfolio sale to Resimac for any potential future claims.

Contingent liabilities

Overview

Contingent liabilities are disclosed when the possibility of a future settlement of economic benefits is considered to be less than probable but more likely than remote. If the expected settlement of the liability becomes probable, a provision is recognised.

A contingent liability is disclosed where a legal or constructive obligation is possible, but not probable; or where the obligation is probable, but the financial impact of the event is unable to be reliably estimated. From time to time the Group may incur obligations or suffer financial loss arising from litigation or contracts entered into in the normal course of business, including guarantees issued for performance obligations of controlled entities in the Group. Legal proceedings threatened against Thorn may also, if filed, result in Thorn incurring obligations or suffering financial loss. A contingent liability exists in relation to actual and likely potential legal proceedings. Where it is determined that the disclosure of information in relation to a contingent liability can be expected to adversely prejudice the position of the Group (or its insurers) in a dispute, accounting standards allow Thorn to not disclose such information. It is Thorn’s policy that such information is not disclosed in this note.

Litigation

In March 2023, Thorn and Thorn Australia Pty Ltd (“TAPL”) were served with a cross claim in Federal Court of Australia proceedings in which the Commonwealth Attorney-General’s Department (under the Fair Entitlements Guarantee scheme) is claiming damages, together with interest and legal costs, from Receivers who, on behalf of a secured creditor who appointed the Receivers to do so, recovered assets from a third party. That secured creditor was previously, but in February 2018 ceased to be, a subsidiary of Thorn. Those Receivers have claimed indemnity from the secured creditor who appointed the Receivers to that role. By the cross claim against Thorn and TAPL, that secured creditor has claimed contractual indemnities, from Thorn and TAPL, against any liability that secured creditor is found to have to the Receivers plus interest and legal costs.

In August 2023, those Receivers served TAPL with a further cross claim by those Receivers claiming against TAPL contractual indemnity against essentially the same liabilities as the Receivers already claim against the secured creditor and against which the secured creditor previously claimed indemnity from Thorn and TAPL as described above. None of these cross claims quantifies the amount it claims. Thorn and TAPL are defending each of those cross claims.

Critical Accounting Estimates and Judgments

The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome. Provisions are reviewed on a regular basis and adjusted for management’s best estimates, however significant judgement is required to estimate likely outcomes and future cash flows. The judgemental nature of these items means that future amounts settled may be different from those provided for.

18. EMPLOYEE BENEFIT LIABILITIES

Within the employee benefit liabilities is a provision of $1.4m for redundancies.

19. SUBSEQUENT EVENTS

Sale of Invoice Finance portfolio

Qualifying customers invoices comprising the majority of Thorn's Invoice Finance portfolio, included as assets classified as held for sale on balance sheet, were sold to Optipay Business Finance, and the sale was completed on 17 October 2023.

On 30 September 2023, $2.3m Invoice Finance portfolio qualified for the sale at par. On sale date the qualifying asset portfolio had grown to $3.3m and was sold at par.

Strategic investments

During October 2023, Thorn acquired an additional 1,083,251 shares in an ASX listed company, BNK Banking Corporation Limited, for a cost of $0.4m.

Outcome of the Scheme Meeting and General Meeting

On 27 November 2023, Thorn shareholders passed resolutions to approve the Scheme Consideration Resolutions and the Scheme of Arrangement. Following shareholder approvals, the Supreme Court of New South Wales made orders on 30 November 2023 approving the Scheme. The outcome of the Second Court Hearing was announced to ASX on 30 November 2023. Subject to the lodgement of the Court's orders with ASIC on 1 December 2023, the Scheme will become legally effective on 1 December 2023 and Thorn shares will be suspended on the ASX effective from close of trading on 1 December 2023. Eligible Thorn Shareholders will be paid the Scheme Consideration ($1.17 per Thorn share) on the Scheme Implementation Date, which is expected to be 11 December 2023.

Post Scheme Implementation

Following Scheme Implementation, all of the ordinary shares in Thorn that Somers Limited (Somers) does not already own, will be transferred to Somers. Somers will be able to appoint new non-executive directors and management. Somers will cause Thorn to apply for termination of the official quotation of Thorn shares on ASX and to have itself removed from the official list of ASX. It is expected that this will occur on 12 December 2023.

DIRECTORS' DECLARATION

for the six months ended 30 September 2023

Directors' Declaration

In the opinion of the directors of Thorn Group Limited:

1. the financial statements and notes set out on pages 8 to 24 are in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the Group's financial position as at 30 September 2023 and of its performance for the six-month period ended on that date; and
   (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295 of the Corporations Act 2001.

Dated at Sydney

30 November 2023

Signed in accordance with a resolution of the directors.

Warren McLeland
Chairman

UHY Haines Norton
Chartered Accountants

Level 9 | 1 York Street | Sydney | NSW | 2000
GPO Box 4137 | Sydney | NSW | 2001
t: +61 2 9256 6600 | f: +61 2 9256 6611
sydney@uhyhnsyd.com.au
www.uhyhnsydney.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Thorn Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thorn Group Limited ("the Company"), and the entities it controlled during the half year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 30 September 2023, the condensed consolidated statement of profit or loss and other comprehensive income or loss, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flow for the half-year ended on that date, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Thorn Group Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 30 September 2023 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 September 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

M Nicholaeff

UHY Haines Norton

Mark Nicholaeff
Partner

UHY Haines Norton
Chartered Accountants

Sydney
Date: 30 November 2023