

ASX & MEDIA RELEASE**23 January 2018****THORN AGREES SETTLEMENT WITH ASIC**

- Thorn Group Limited's (ASX:TGA) settlement relates to historic breaches of responsible lending practices.
- Provisions already made in Thorn's accounts, covering remediation and the penalty.
- Civil penalty of \$2 million will be payable, subject to the final decision of the Federal Court of Australia.
- Thorn has significantly improved its consumer leasing division's operations.

Thorn's wholly owned subsidiary, Thorn Australia Pty Ltd 008 454 439 (**TAPL**), has reached a settlement with the Australian Securities and Investments Commission (**ASIC**) in respect of historic breaches of its responsible lending obligations in its consumer leasing division.

TAPL has offered, and ASIC has accepted, an Enforceable Undertaking (**EU**). In accordance with the EU, TAPL will remediate certain fees and expenses paid by consumers who entered into relevant leases from the period 1 January 2012 to 1 May 2015. The total remediation will be approximately \$6.1 million.

TAPL's ongoing process of repaying excess credits to certain customers has been incorporated into the EU. The repayments have been substantially completed and have been independently reviewed.

As part of the settlement, TAPL will admit to certain contraventions of its responsible lending obligations and pay a civil penalty of \$2 million, an amount which is subject to the final decision of the Federal Court of Australia. It is expected the matter will be heard during the first half of 2018.

Thorn made provision for both the civil penalty and the remediation in its prior year accounts.

In response to changing market and customer demands, legislative changes and the ASIC investigation, Thorn has made significant changes to the way it conducts its consumer leasing operations, raising it to a higher governance standard. The changes implemented include:

- A new online credit application and assessment system, designed to ensure Thorn meets customer needs within strict responsible lending guidelines,
- Reduced pricing below pricing caps proposed by the Federal Government,
- A new plain English contract, to be introduced in the first half of 2018,
- An upgraded hardship policy,
- A revised claims management policy, and
- a revised internal dispute resolution process.

Thorn considers these changes place its consumer leasing division at the forefront of the direction required of the industry and the new legislative changes proposed by the Federal Government.

Acting CEO of the Thorn Group, Mr Peter Forsberg said, “I am pleased we have reached this resolution with ASIC and the changes we have made to the consumer leasing division put it on a sound footing to meet the needs of its customers and satisfy its responsible lending obligations.”

“Thorn’s consumer leasing business is the largest in Australia and it is now positioned to strengthen its offering in this segment. Consumer leasing is an important part of the financial system, as research shows that 3 million Australians are excluded from the financial mainstream,” Mr Forsberg said.

Thorn’s own independent market research among its consumer leasing customers shows that nearly 75 per cent of customers say Radio Rentals is the only way for them to access essential household goods and that 92 per cent rate Radio Rentals as affordable.

End of release.

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

Thorn Group is a consumer leasing and business finance company. Thorn’s foundation consumer leasing business, Radio Rentals (RR Rentlo Reinvented in South Australia), is a leader in the household goods rental market, operating since 1937 and with over 90 outlets nationally. Thorn Business Finance is a provider of leasing and debt finance to businesses. Thorn employs in excess of 800 people, has been listed on the ASX since 2006, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.