

ASX ANNOUNCEMENT

24 October 2023

Explanatory Booklet registered with ASIC

Thorn Group Limited (ASX:TGA) (**Thorn** or the **Company**) is pleased to confirm that the Australian Securities and Investments Commission (**ASIC**) has today registered the Explanatory Booklet for:

- the proposed Scheme of Arrangement between Thorn and its shareholders under which Somers Limited (**Somers**) has proposed to acquire 100% of the ordinary shares Thorn in which it does not currently own (**Scheme**); and
- resolutions at a general meeting of Thorn shareholders (other than Somers) (**General Meeting**) seeking approval for certain interdependent financial assistance and related party transaction resolutions (**Scheme Consideration Resolutions**).

A copy of the Explanatory Booklet containing information about the Scheme, the Independent Expert's report, the notice convening the meeting of Thorn shareholders to consider, and if thought fit, approve the Scheme (**Scheme Meeting**) and the notice convening the General Meeting of Thorn Shareholders to vote on the Scheme Consideration Resolutions accompanies this announcement.

Despatch of Explanatory Booklet

The Explanatory Booklet will be available for viewing and downloading at <https://www.thorn.com.au/site/investor-information/asx-announcements>.

The Explanatory Booklet will be sent to all Thorn shareholders on or before 25 October 2023.

Thorn shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Explanatory Booklet and how to lodge their Proxy Forms for the General Meeting and the Scheme Meeting.

Thorn shareholders who have elected to receive communications in hard copy will be sent a printed copy of the Explanatory Booklet together with Proxy Forms for the meetings.

Thorn shareholders who wish to receive a printed copy of the Explanatory Booklet may request one by calling the Thorn Shareholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday between 8.30am and 5.30pm (AEDT).

Independent expert's report

The Explanatory Booklet includes an independent expert's report prepared by Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**). Grant Thornton has concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interest of Thorn shareholders who are not associated with Somers. Grant Thornton's conclusion should be read in conjunction with the full independent expert's report and the Explanatory Booklet.

Independent Director's Recommendation

As announced on 25 August 2023, Thorn formed an Independent Committee (**IC**) to consider the Scheme, comprised of Mr Paul Oneile (independent non-executive director) (**Independent Director**) acting as Chair, Mr Pete Lirantzis (Chief Executive Officer) and Ms Alexandra Rose (General Counsel & Company Secretary).

The Independent Director recommends that Thorn Shareholders vote in favour of the Scheme and the Scheme Consideration Resolutions, in the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Thorn shareholders. Subject to these same conditions, the Independent Director, intends to vote all of the Thorn shares held or controlled by him in favour of the Scheme and the Scheme Consideration Resolutions.

This release has been authorised by the Company Secretary.

End of Release.

For further information, please contact:

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ABOUT THORN GROUP LIMITED (ASX: TGA, 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.

Thorn Group Limited

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Thorn Group Limited ACN 072 507 147 (**Thorn**)

Explanatory Booklet

For the scheme of arrangement between Thorn Group Limited (**Thorn**) and its shareholders, in relation to the proposed acquisition of your Thorn Shares by Somers Limited (**Bidder**).

AND for resolutions at the General Meeting of Thorn seeking approval for the Scheme Consideration Resolutions relating to the provision of the Loan by Thorn to the Bidder in order to fund the proposed acquisition of your Thorn Shares by the Bidder.

The notices convening each of the General Meeting and the Scheme Meeting are included in this Explanatory Booklet. A proxy form for the General Meeting and the Scheme Meeting accompanies this Explanatory Booklet. Both of the General Meeting and the Scheme Meeting will be conducted as hybrid meetings on Monday, 27 November 2023. Full details of how to participate in the General Meeting and the Scheme Meeting is set out in this Explanatory Booklet.

**YOUR VOTE IS IMPORTANT IN DETERMINING
WHETHER THE SCHEME PROCEEDS.
THE INDEPENDENT DIRECTOR RECOMMENDS THAT
YOU
VOTE IN FAVOUR
OF THE SCHEME AND THE SCHEME
CONSIDERATION RESOLUTIONS*.**

**** IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTEREST OF THORN SHAREHOLDERS.***

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.

If you are in any doubt as to how to deal with this Explanatory Booklet, please consult your legal, financial, taxation or other professional adviser. If after reading this Explanatory Booklet you have any questions about the Scheme, please contact the Shareholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you have recently sold all of your Thorn Shares, please disregard this and all enclosed documents.

Mr McLeland and Dr Sullivan do not make a recommendation on whether or not Thorn Shareholders should vote on the Scheme or the Scheme Consideration Resolutions for the reasons set out on page 12.

Overview of this Explanatory Booklet

What is this Explanatory Booklet for?

This Explanatory Booklet has been sent to you to help you understand the terms of the scheme of arrangement between Thorn and its shareholders (**Scheme**) which, if it proceeds to be implemented, would result in the Bidder acquiring all of your Thorn Shares.

The Scheme can only proceed if it is approved by the requisite majorities of Thorn Shareholders (excluding the Excluded Shareholders) and by the Court. This Explanatory Booklet includes information relevant to your decision as a Thorn Shareholder on whether to approve the Scheme.

The Explanatory Booklet also contains information to help you understand:

- the Financial Assistance Resolution, which if passed will approve the provision of financial assistance by Thorn to the Bidder by way of the Loan, for the purpose of enabling the Bidder to finance the acquisition all of your Thorn Shares pursuant to the Scheme; and
- the Related Party Transaction Resolution, which if passed will approve the related party transaction between Thorn and the Bidder (being the provision of the Loan),

(together, the **Scheme Consideration Resolutions**).

Among the other conditions to which the Scheme is subject, the Scheme is also subject to the Scheme Consideration Resolutions being passed at the General Meeting to be held immediately prior to the Scheme Meeting.

Why should you vote?

As a Thorn Shareholder, you have a say in whether or not the Scheme proceeds. The Scheme cannot proceed unless (among other things):

- the Scheme Consideration Resolutions are passed by the requisite majorities of Thorn Shareholders (excluding the Excluded Shareholders) at the General Meeting; and
- the Scheme is approved by the requisite majorities of Thorn Shareholders (excluding the Excluded Shareholders) at the Scheme Meeting.

This is your opportunity to play a role in deciding the future of your investment in Thorn.

What should you do next?

As a Thorn Shareholder, you have a number of decisions to make in relation to the Scheme. The key decisions for you to make are outlined in the steps over the page.

The Independent Director recommends that you vote in favour of the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

Step 1: Read this Explanatory Booklet

You should carefully read this Explanatory Booklet in its entirety before making a decision on whether and how to vote on the Scheme and on the Scheme Consideration Resolutions.

If after reading this Explanatory Booklet, you have any questions about the Scheme and/or the Scheme Consideration Resolutions, please contact the Shareholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you are in any doubt as to how to deal with this Explanatory Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

Step 2: Vote on the Scheme and the Scheme Consideration Resolutions

(a) Your vote is important

For the Scheme to proceed, the requisite majorities of Thorn Shareholders (excluding the Excluded Shareholders) must vote in favour of both:

- the Scheme Consideration Resolutions at the General Meeting; and
- the Scheme Resolution at the Scheme Meeting.

Please refer to Sections 4.1 to 4.4 inclusive for further information.

(b) Who is entitled to vote?

If you are registered as a Thorn Shareholder (excluding the Excluded Shareholders) by the Share Registry at the Voting Entitlement Time (7.00pm (Sydney time) on 25 November 2023), you will be entitled to vote at the Scheme Meeting and the General Meeting, subject to the voting exclusions that will apply in respect of the Scheme Resolution and Scheme Consideration Resolutions.

(c) How to vote?

For full information on how to vote on the Scheme, please refer to Section 4.

Is the Scheme in the best interest of Thorn Shareholders?

The Independent Expert has concluded that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert's Report is included in Appendix 1 to this Explanatory Booklet.

What does the Independent Director recommend?

The Independent Director **RECOMMENDS** that you vote **IN FAVOUR OF** the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

The Independent Director intends to vote all Thorn Shares they hold or control **IN FAVOUR OF** the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

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Important Dates and Times

All references to time in this Explanatory Booklet are references to the time in Sydney, New South Wales unless otherwise stated.

| Event | Date (and time) |
|--|-------------------------------------|
| First Court Hearing at which the Court made orders convening the Scheme Meeting | 20 October 2023 |
| Last time and date by which the proxy form for the General Meeting and, or the Scheme Meeting must be received by the Share Registry (whether by mail, by fax or by online lodgement) (Proxy Cut-Off Date) | 10.00am on 25 November 2023 |
| Time and date for determining eligibility to vote at the General Meeting and the Scheme Meeting (Voting Entitlement Time) | 7.00pm on 25 November 2023 |
| General Meeting to vote on the Scheme Consideration Resolutions | 10.00am on 27 November 2023 |
| Scheme Meeting to vote on the Scheme Resolution | 11.00am on 27 November 2023 |
| <p>The remainder of this timetable assumes that the Scheme Consideration Resolutions and the Scheme Resolution are passed by Thorn Shareholders (excluding the Excluded Shareholders). All dates and times in the remainder of this timetable are indicative only and, among other things, are subject to all necessary approvals from the Court and Regulatory Bodies. Any changes to the remainder of this timetable (which may also include an earlier or later date for the Second Court Hearing listed below) will be announced through ASX and notified on Thorn's website at www.thorn.com.au</p> | |
| Second Court Hearing to obtain orders approving the Scheme | 30 November 2023 |
| Lodgment by Thorn with ASIC of the Court orders approving the Scheme (Effective Date) | 1 December 2023 |
| Suspension of trading in Thorn Shares on ASX | Close of trading on 1 December 2023 |
| Time and date for determining entitlements to the Scheme Consideration (Scheme Record Date) | 7.00pm on 5 December 2023 |
| Implementation Date | 11 December 2023 |

Important Notices

General

You should read the whole of this Explanatory Booklet before making a decision on how to vote on the resolutions to be considered at each of the General Meeting and the Scheme Meeting.

The notice:

- convening the General Meeting is contained at Appendix 5 to this Explanatory Booklet; and
- convening the Scheme Meeting is contained at Appendix 6 to this Explanatory Booklet.

A Proxy Form for the General Meeting and the Scheme Meeting accompanies this Explanatory Booklet.

Defined terms

Capitalised terms in this Explanatory Booklet are defined either in the Glossary in Section 13 or where the relevant term is first used.

Purposes of this Explanatory Booklet

The purposes of this Explanatory Booklet are to:

- explain the terms and effect of the Scheme Consideration Resolutions and the Scheme to Thorn Shareholders;
- explain the manner in which the Scheme will be considered and, if approved, implemented;
- state any material interests of the Directors, whether as directors, members or creditors of Thorn or otherwise, and the effect on those interests of the Scheme as far as that effect is different from the effect on the similar interests of other persons;
- provide the information as is prescribed by the Corporations Act and the Corporations Regulations or as is otherwise material to the decision of Thorn Shareholders (other than the Excluded Shareholders) whether or not to vote in favour of the Scheme and the Scheme Consideration Resolutions.

This Explanatory Booklet (excluding the Appendices) constitutes the explanatory statement for the Scheme as required by section 412(1) of the Corporations Act and the explanatory statement and information for the Scheme Consideration Resolutions as required by each of Chapter 2E of the Corporations Act (Related party transactions) and Part 2J.3 of the Corporations Act (Financial assistance).

No financial product advice

The information contained in this Explanatory Booklet is not financial product or investment advice. This Explanatory Booklet has been prepared without taking into account your investment objectives, financial situation, taxation position or other particular needs. Before deciding how to vote or act, Thorn Shareholders and others should consider the appropriateness of the information having regard to their own investment objectives, financial situation, taxation position and other particular needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Thorn is not licensed to provide financial product advice in respect of Thorn Shares or any other financial products.

To the extent (if at all) any part of this Explanatory Booklet includes financial product advice given by the Bidder, the advice has been prepared without taking into account anyone's (whether a recipient of the Explanatory Booklet or otherwise), objectives, financial situation or needs. Accordingly, before acting on any such advice, you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

Responsibility for information

The Thorn Information contained in this Explanatory Booklet has been prepared by and is the responsibility of Thorn. The Bidder has not independently verified any of the Thorn Information and does not make any representation or warranty (express or implied) as to, and does not assume any responsibility for, the accuracy, relevance or completeness of, the Thorn Information.

Grant Thornton has prepared the Independent Expert's Report in relation to the Scheme in Appendix 1 to this Explanatory Booklet and takes responsibility for that report.

The Bidder Information contained in this Explanatory Booklet has been prepared by and is the responsibility of the Bidder. Thorn has not independently verified any of the Bidder Information and does not make any representation or warranty (express or implied) as to, and do not assume any responsibility for, the accuracy, relevance or completeness of, the Bidder Information.

Thorn Shareholders outside Australia

This Explanatory Booklet has been prepared having regard to Australian disclosure requirements. These requirements may be different from those in other jurisdictions. Accordingly, the release, publication or distribution of this Explanatory Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions and persons outside Australia who come into possession of this Explanatory Booklet should seek advice on and observe any applicable restrictions. This Explanatory Booklet and the Scheme do not in any way constitute an offer to buy securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Thorn Shareholders resident outside Australia for taxation purposes should also seek specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

ASIC and ASX

A draft of this Explanatory Booklet was provided to ASIC for the purpose of section 411(2) of the Corporations Act and a copy of this Explanatory Booklet has been registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has examined a copy of this Explanatory Booklet. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

An indicative timetable has been provided to ASX for its review in accordance with the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

Important notice associated with Court orders under section 411(1) of the Corporations Act

A copy of this Explanatory Booklet was submitted to the Court to obtain orders of the Court under section 411(1) of the Corporations Act directing Thorn to convene the Scheme Meeting. Those orders were obtained at the First Court Hearing on 20 October 2023.

The fact that under section 411(1) of the Corporations Act the Court has ordered that a separate meeting of Thorn Shareholders be convened by Thorn to consider and vote on the Scheme and has directed that this Explanatory Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the Scheme or how Thorn Shareholders (other than Excluded Shareholders) should vote on the Scheme (on this matter the relevant Thorn Shareholders must reach their own decision);
- has prepared, or is responsible for, the content of this Explanatory Booklet; or
- has approved or will approve the terms of the Scheme.

Notice regarding Second Court Hearing and if any Thorn Shareholder wishes to oppose the Scheme

The date of the Second Court Hearing to approve the Scheme is scheduled for 30 November 2023.

The hearing will be at 9.15am (Sydney time) in the Supreme Court of New South Wales.

A Thorn Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. It is possible that the Second Court Hearing will be held either virtually (online only) or by telephone conference. Details on how to attend the Second Court Hearing will be released by Thorn to ASX if the Scheme Consideration Resolutions have been approved by the relevant Thorn Shareholders (other than the Excluded Shareholders) at the General Meeting and if the Scheme has been approved by the relevant Thorn Shareholders at the Scheme Meeting.

If you wish to oppose the approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Thorn, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Thorn at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Ref: 1461661, Attention Anthony Sommer (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to anthony.sommer@minterellison.com.

Forward looking statements

Certain statements in this Explanatory Booklet are about future matters, including forward looking statements. These forward looking statements and information, including statements and information relating to Thorn and the transactions contemplated by the Scheme Implementation Deed, are not based solely on historical facts, but rather reflect the current expectations of:

- Thorn, in relation to the Thorn Information; or
- the Bidder, in relation to the Bidder Information,

concerning future results, events or other matters. These forward looking statements may sometimes be identified by the use of forward looking words or phrases such as *if, when, believe, aim, will, expect, anticipate, intend, foresee, likely, should, could, plan, may, estimate, budget, forecast, envisage, target, potential* or other similar words or phrases. Similarly, statements that describe Thorn's or the Bidder' objectives, plans, goals or expectations, estimates of future costs, and expenditure are or may be forward looking statements.

The statements contained in this Explanatory Booklet about the impact that the Scheme may have on the results of Thorn's performance, the expected advantages and potential disadvantages of the Scheme are also forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results of Thorn to be materially different from future results, performance or achievements expressed or implied by such statements. These statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Thorn will operate in the future, including anticipated costs and ability to achieve goals. Therefore, forward looking statements and information should be construed in light of those limitations and undue reliance should not be placed on them.

None of Thorn, the Bidder, their respective related entities, their respective directors, nor any other person gives any representation, assurance or guarantee that the occurrence of the results or events expressed or implied in any forward looking statements and information in this Explanatory Booklet will actually occur.

The forward looking statements and information in this Explanatory Booklet reflect views held only at the date of this Explanatory Booklet.

Subject to any continuing obligations under law, Thorn, the Bidder, their respective related entities, and their respective directors disclaim any obligation or undertaking to disseminate after the date of this Explanatory Booklet any updates or revisions to any forward looking statements and information to reflect any change in expectations in relation to them or any change in the events, conditions or circumstances on which they are based.

Rounding of numerical information

Any discrepancies between totals in tables and sums of components contained in this Explanatory Booklet and between those figures and figures referred to in other parts of this Explanatory Booklet may be due to rounding. Except as otherwise stated, all rounded numbers have been rounded either to one decimal place or to the nearest whole number.

Privacy and personal information

Thorn, the Bidder and the Share Registry will need to collect personal information to conduct the General Meeting and Scheme Meeting, and to implement the Scheme. This information may include the name, contact details and shareholding of Thorn Shareholders, and the name of persons appointed by Thorn Shareholders to act as proxy, attorney, or in the case of a Thorn Shareholder who is a corporation, corporate representative at the General Meeting and/or Scheme Meeting.

The primary purpose of collecting this personal information is to assist Thorn in the conduct of the General Meeting and Scheme Meeting, and to enable the Scheme to be approved by Thorn Shareholders and the Court to be implemented by Thorn in the manner described in this Explanatory Booklet. Without this information, Thorn may be impeded in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers and to related entities of Thorn and the parties to the Scheme Implementation Deed.

Thorn Shareholders have certain rights to access their personal information that has been collected. Thorn Shareholders should contact Thorn's company secretary in the first instance if they wish to request access to their personal information.

Thorn Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a Thorn Shareholder who is a corporation, a corporate representative at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

Entitlement to inspect Share Register

All persons are entitled to inspect and obtain a copy of Thorn's Share Register under section 173 of the Corporations Act. If you are a Thorn Shareholder, this register will contain personal information about you.

References to time

All references to time in the Explanatory Booklet are to the legal time in Sydney, New South Wales unless otherwise stated.

Date of Explanatory Booklet

This Explanatory Booklet is dated 24 October 2023.

Letter from the Independent Director

24 October 2023

Dear Thorn Shareholder,

The Thorn Directors are pleased to provide you with this Explanatory Booklet, which contains information you should consider in relation to the proposed acquisition by the Bidder of 100% of the shares in Thorn (other than those Thorn Shares already owned by it or its associates) by way of the Scheme.

On 20 June 2023, Thorn announced that it had entered into an agreement with Resimac Group Limited to sell the majority of its Asset Finance Portfolio (**Asset Sale**). The Asset Sale was approved by Thorn shareholders on 31 August 2023. Following completion of the Asset Sale on 1 September 2023, Thorn distributed approximately \$15 million to its shareholders by way of a combination of capital return (\$0.26 per Thorn share) paid on 13 September 2023 and special dividend (\$0.19 per Thorn share) paid on 22 September 2023.

On 26 September 2023, Thorn disposed of its Debtor Finance Portfolio to a third party, with the sale completing on 17 October 2023.

As a result of these strategic divestments, Thorn's business operations have reduced significantly.

During the same period, Thorn received a binding and conditional proposal from the Bidder to acquire 100% of the issued share capital of Thorn pursuant to the Scheme. This was announced to ASX on 25 August 2023.

Thorn received a revised binding and conditional proposal from the Bidder on the same terms as the Proposal other than the removal of the Material Adverse Change condition precedent as a condition of the Scheme. This was announced to ASX on 28 August 2023.

Following the conclusion of the due diligence process, Thorn announced on 21 September 2023 that it had entered into the Scheme Implementation Deed with the Bidder.

The Thorn Board is comprised of three directors, being myself (Independent Non-Executive Director and Deputy Chair), Mr Warren McLeland (Chairman and Non-Executive Director) and Dr Allan Sullivan (Non-Executive Director). Mr McLeland and Dr Sullivan were nominated by the Bidder in July 2019 as suitably qualified candidates for appointment to the Thorn Board. Mr McLeland and Dr Sullivan were both elected as directors by Thorn Shareholders at the Annual General Meeting on 30 August 2019, and were re-elected by Thorn Shareholders at subsequent Annual General Meetings (Dr Sullivan in August 2021 and Mr McLeland in August 2022). Mr McLeland also acts as the Chairman of Resimac Group Limited.

Accordingly, as part of its customary conflicts management processes (for potential, perceived and/or actual conflicting interests), the Board established an IBC, comprising myself as Chair, Mr Pete Lirantzis (Chief Executive Officer) and Ms Alexandra Rose (General Counsel & Company Secretary/General Manager Risk & Compliance) to consider, assess, oversee, negotiate, approve, implement and otherwise deal with any matters arising in connection with the Scheme.

Mr McLeland and Dr Sullivan are not members of the IBC and do not make a recommendation on whether or not Thorn Shareholders should vote on the Scheme. Mr McLeland is not a shareholder in Thorn, however as an associate of a related party, he will not be voting on the resolutions. Mr McLeland will not derive any benefit from the Scheme.

This Explanatory Booklet contains important information to help you make an informed decision about how to vote at the General Meeting and Scheme Meeting to be held on Monday, 27 November 2023, including a description of the Scheme and the Scheme Consideration Resolutions, the reasons why the Independent Director considers that you should vote in favour of the Scheme and the Scheme Consideration Resolutions, the various risks relating to the Scheme and the Independent Expert's Report. The IBC urges you to read this Explanatory Booklet (including the Independent Expert's Report) in its entirety.

Appendix 5 (Notice of General Meeting) of this Explanatory Booklet describes the Scheme Consideration Resolutions which will be put to Thorn Shareholders at the General Meeting. Appendix 6 (Notice of Scheme Meeting) of this Explanatory Booklet describes the Scheme Resolution which will be put to Thorn Shareholders at the Scheme Meeting.

For the purposes of section 411 of the Corporations Act, Thorn has engaged Grant Thornton to opine whether the Scheme is in the best interests of Thorn shareholders.

For the reasons set out in Section 2.3 of this Explanatory Booklet, the Independent Director recommends that you vote in favour of the Scheme and vote in favour of the Scheme Consideration Resolutions. In reaching the recommendation, I have had regard to a range of factors including that the Independent Expert has concluded that the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert has provided the following reasons for its opinion:

- **Certainty of the cash consideration** – Thorn shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Thorn shares before the announcement of the Scheme and at a premium to the price that Thorn shares may trade in the short term in absence of the Scheme or a superior alternative proposal.
- **Macroeconomic environment** – The performance of Thorn as an investment company will be heavily affected by certain key macroeconomic factors which have materially deteriorating lately.
- **Cost structure** – In order to undertake the revamped strategy post Resimac Transaction, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of the Company is required to increase significantly for the operations to achieve a sustainable level of profitability.
- **Reduced liquidity in trading prices** – The Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation. Until there is greater visibility on the type of investment to be undertaken by the Company and a certain scale is reached, the liquidity of Thorn's trading prices may reduce further, especially during the six-month grace period provided by the ASX.
- **No brokerage costs** – Thorn shareholders will be able to realise their investment in Thorn without incurring any brokerage or stamp duty costs.
- **Prospect of a superior proposal** – Thorn has not agreed to any exclusivity with the Bidder or any break fees under the Scheme Implementation Deed. Given the Bidder's existing stake in Thorn of 49.146%, the IBC considers the emergence of a Superior Proposal unlikely.

- **Implications if the Scheme is not implemented** – If the Scheme is not implemented, the Directors will focus on assessing capital management initiatives and investment opportunities that align with Thorn's core business strategy as a diversified, small business, focused on financial services organisation. Thorn will act as a holding company for all investment activities and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continued compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation appointed by the Company.

Mr McLeland and Dr Sullivan do not make a recommendation on whether or not Thorn Shareholders should vote on the Scheme or the Scheme Consideration Resolutions for the reasons set out on page 12.

There are also reasons why Thorn Shareholders may decide to vote against the Scheme or the Scheme Consideration Resolutions. Some of these reasons are set out in Section 2.4 of the Explanatory Booklet and include:

- you may disagree with the recommendation of the Independent Director and the conclusion of the Independent Expert, and instead believe that the Scheme is not in your best interests;
- the Scheme carries risks that you may consider unacceptable;
- you may believe that there is potential for a Superior Proposal to be made in the foreseeable future (noting that no Superior Proposal from another party has been received as at the date of this Explanatory Booklet);
- if the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Thorn Shares;
- the taxation implications of the Scheme may not suit your financial position;
- you may believe that the Board's strategy to transition the business to focus on active investments in the fintech sector following the Asset Sale could deliver value for shareholders, so the timing of the receipt of the binding and conditional proposal from the Bidder has limited Thorn's ability to pursue the strategy; and
- Thorn's provision of expected credit losses (\$2.3m as at 1 September 2023) is considered material by the Independent Expert, and whilst there are specific circumstances and reasonings on the level of provisions assessed by Thorn, if the actual losses will be lower than the estimated expected credit losses, this will be beneficial for the Bidder, although the amount is not expected by the Independent Expert to be material.

Further information in relation to the Scheme is contained in this Explanatory Booklet and in the Independent Expert's Report which is contained in Appendix 1. Various risks associated with the Scheme are detailed in Section 7.

As the Chair of the Independent Board Committee, I encourage you to vote on the Scheme Consideration Resolutions at the General Meeting and the Scheme Resolution at the Scheme Meeting. If you wish for the Scheme to proceed, you should vote in favour of the Scheme Consideration Resolution at the General Meeting and vote in favour of the Scheme Resolution at the Scheme Meeting. If you are unable to attend the meetings, please complete the enclosed proxy form and return it in accordance with the instructions on the form.

Please read all parts of this Explanatory Booklet before making your decision on how to vote on the Resolutions at the General Meeting and Scheme Meeting. Defined terms used in this Explanatory Booklet are contained in the Glossary set out in Section 13.

Please contact Thorn's Company Secretary team at company.secretary@thorn.com.au if you have any questions about this Explanatory Booklet or the Meetings. This Explanatory Booklet (including the Independent Expert Report) can be accessed on Thorn's website www.thorn.com.au. Hard copies of the Explanatory Booklet and/or the Independent Expert Report can be requested from the Share Registrar at no cost by contacting them on +61 3 9415 4024. If you have any questions about your proxy form, please contact the Share Registry on +61 3 9415 4024.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Oneile', is positioned above the printed name.

Paul Oneile

Non-Executive Director & Chair of Independent Board Committee

Key reasons to vote in favour of the Scheme and the Scheme Consideration Resolutions

Key reasons to vote in favour of the Scheme

The Independent Director recommends that you vote in favour of the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Thorn Shareholders. Section 2.3 provides further detail on each of these reasons:

| Item | Reasons |
|------|---|
| (a) | The Independent Expert has concluded that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging. |
| (b) | The Scheme Consideration of \$1.17 represents cash certain value now for your Thorn Shares, and it is likely that Thorn will be suspended and, or delisted in the event that the Scheme does not become Effective. |
| (c) | Avoid dilution risk associated with any potential future fund raising. |
| (d) | If the Scheme does not proceed and no other proposal emerges, it is possible that the price of Thorn Shares may fall below the value of the Scheme Consideration. It is also possible that Thorn will be suspended from the official list of the ASX and be delisted. |
| (e) | No transaction costs associated with the disposal of your Thorn Shares under the Scheme. |
| (f) | No Superior Proposal has emerged as at the date of this Explanatory Booklet and, given the Bidder's existing stake in Thorn of 49.146%, the IBC considers the emergence of a Superior Proposal unlikely. |

Key reasons to vote in favour of the Scheme Consideration Resolutions

In addition to the key reasons to vote in favour of the Scheme, the Independent Director recommends that you vote in favour of the Scheme Consideration Resolutions:

| Item | Reason |
|------|---|
| (a) | The Scheme Resolutions and the Scheme Consideration Resolutions are inter-dependent resolutions, meaning that unless all are approved, the Scheme and the Loan cannot proceed. If the Scheme Consideration Resolutions are not approved by the requisite majorities of Thorn Shareholders at the General Meeting (excluding the Excluded Shareholders), the Scheme will not proceed. |

Potential reasons to vote against the Scheme and the Scheme Consideration Resolutions

Set out below are the potential reasons to vote against the Scheme and the Scheme Consideration Resolutions. Section 2.4 provides further detail on each of these reasons:

| Item | Reasons |
|------|--|
| (a) | You may disagree with the recommendation of the Independent Director and the conclusion of the Independent Expert, and instead believe that the Scheme is not in your best interests. |
| (b) | The Scheme carries risks that you may consider unacceptable. |
| (c) | You may believe that there is potential for a Superior Proposal to be made in the foreseeable future (noting that no Superior Proposal from another party has been received as at the date of this Explanatory Booklet). |
| (d) | If the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Thorn Shares. |
| (e) | The taxation implications of the Scheme may not suit your financial position. |
| (f) | You may believe that the Board's strategy to transition the business to focus on active investments in the fintech sector following the Asset Sale could deliver value for shareholders, so the timing of the receipt of the binding and conditional proposal from the Bidder has limited Thorn's ability to pursue the strategy. |
| (g) | Thorn's provision of expected credit losses (\$2.3m as at 1 September 2023) is considered material by the Independent Expert, and whilst there are specific circumstances and reasonings on the level of provisions assessed by Thorn, if the actual losses will be lower than the estimated expected credit losses, this will be beneficial for the Bidder, although the amount is not expected by the Independent Expert to be material. |

YOUR INDEPENDENT DIRECTOR RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE SCHEME AND THE SCHEME CONSIDERATION RESOLUTIONS, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTEREST OF THORN SHAREHOLDERS.

You should read this Explanatory Booklet and the Independent Expert's Report in full before making any decision on the Scheme and the Scheme Consideration Resolutions. In particular, you should refer to Section 2 for guidance on the advantages and disadvantages of the Scheme. This Explanatory Booklet does not take into account the financial situation, investment objectives and particular needs of any Thorn Shareholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

1. Overview of the Scheme

1.1 The Scheme at a glance

On 21 September 2023, Thorn announced that it had entered into the Scheme Implementation Deed with the Bidder under which it is proposed that the Bidder would acquire 100% of the issued capital of Thorn (other than those shares already owned by it or its associates) by way of scheme of arrangement.

For the Scheme to proceed:

- the Scheme Consideration Resolutions must be passed by:
 - in respect of the Financial Assistance Resolution, as a special resolution (more than 75% of the votes cast) by Thorn Shareholders (other than the Excluded Shareholders) present and voting at the General Meeting; and
 - in respect of the Related Party Transaction Resolutions, as a simple majority (more than 50% of the votes cast) by Thorn Shareholders (other than the Excluded Shareholders) present and voting at the General Meeting; and
- the Scheme Resolution must be passed by:
 - a majority in number (more than 50%) of eligible Thorn Shareholders (all Thorn Shareholders other than the Excluded Shareholders) present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
 - at least 75% of the total number of votes which are cast at the Scheme Meeting by eligible Thorn Shareholders (all Thorn Shareholders other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative).

If the Scheme is approved and implemented, the Bidder will own 100% of Thorn Shares and Thorn will be delisted from ASX shortly after the Implementation Date.

If the Scheme is not approved:

- Thorn Shareholders will not receive the Scheme Consideration; and
- Thorn Shareholders will retain their Thorn Shares.

In these circumstances, Thorn will, in the absence of another proposal, continue to operate as a stand-alone entity listed on the ASX and Thorn Shareholders will continue to be exposed to the benefits, opportunities and risks associated with their investment in Thorn.

1.2 Scheme Consideration

If the Scheme proceeds, all Scheme Shareholders as at the Scheme Record Date (currently proposed to be 7.00pm on 5 December 2023) will transfer all of their Scheme Shares to the Bidder on the Implementation Date (currently proposed to be 11 December 2023), in exchange for payment of the Scheme Consideration by the Bidder.

The Scheme Consideration to be paid by the Bidder is \$1.17 for each Share you hold on the Scheme Record Date (current proposed to be 7.00pm on 5 December 2023).

1.3 Independent Director's recommendation and intentions

The table below sets out the Independent Director's views on key matters:

| Item | Summary |
|--|---|
| Voting recommendation | Your Independent Director recommends that Thorn Shareholders vote in favour of the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders. |
| Personal voting intention | <p>Subject to those same qualifications, the Independent Director intends to vote all Thorn Shares held or controlled by him in favour of the Scheme and the Scheme Consideration Resolutions.</p> <p>As at the date of this Explanatory Booklet, your Independent Director holds or control in aggregate approximately 0.068% of all Thorn Shares on issue.</p> |
| Basis for voting recommendation | <p>Your Independent Director's voting recommendation is based predominantly on his view:</p> <ul style="list-style-type: none"> • of the adequacy of the Scheme Consideration of \$1.17 per Thorn Share; and • that, if the Scheme does not become Effective, Thorn will likely be suspended and potentially delisted by ASX as Thorn's strategic fintech investment focus may not be considered to be a primary operating business of sufficient scale to warrant continued listing on the official list of the ASX. <p>In addition, the Independent Director has carefully considered the conditions, expected advantages, potential disadvantages and risks of the Scheme and the alternatives open to Thorn. These matters are described in more detail in Section 2 and in the Independent Expert's Report in Appendix 1.</p> <p>Your Independent Director considers that the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Thorn, in the absence of a Superior Proposal.</p> |

1.4 Loan

The structure of the Proposed Transaction requires that Thorn Shareholders (other than the Excluded Shareholders) be asked to approve the Scheme Consideration Resolutions relating to the provision of the Loan by Thorn to the Bidder in order to finance the Scheme Consideration. The Scheme Consideration Resolutions consist of the Financial Assistance Resolution and the Related Party Transaction Resolution. The Scheme Consideration Resolutions:

- must be passed at the General Meeting; and
- are conditional on the Scheme Resolution being passed at the Scheme Meeting.

For more information on the Loan Agreement, see Section 10.2.

1.5 Independent Expert's conclusion

The IBC has engaged the Independent Expert, Grant Thornton, to prepare a report expressing an opinion on whether the Scheme is fair and reasonable to, and in the best interest of, Thorn Shareholders.

The Independent Expert has concluded that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert has provided the following reasons for its opinion:

- **Certainty of the cash consideration** – Thorn shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Thorn shares before the announcement of the Scheme and at a premium to the price that Thorn shares may trade in the short term in absence of the Scheme or a superior alternative proposal.
- **Macroeconomic environment** – The performance of Thorn as an investment company will be heavily affected by certain key macroeconomic factors which have materially deteriorating lately.
- **Cost structure** – In order to undertake the revamped strategy post Resimac Transaction, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of the Company is required to increase significantly for the operations to achieve a sustainable level of profitability.
- **Reduced liquidity in trading prices** – The Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation. Until there is greater visibility on the type of investment to be undertaken by the Company and a certain scale is reached, the liquidity of Thorn's trading prices may reduce further, especially during the six-month grace period provided by the ASX.
- **No brokerage costs** – Thorn shareholders will be able to realise their investment in Thorn without incurring any brokerage or stamp duty costs.
- **Prospect of a superior proposal** – Thorn has not agreed to any exclusivity with the Bidder or break fees under the Scheme Implementation Deed. Given the Bidder's existing stake in Thorn of 49.146%, the IBC considers the emergence of a Superior Proposal unlikely.
- **Implications if the Scheme is not implemented** – If the Scheme is not implemented, the Directors will focus on assessing capital management initiatives and investment opportunities that align with Thorn's core business strategy as a diversified, small business focused financial services organisation. Thorn will act as a holding company for all investment activities and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continued compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation appointed by the Company.

The Independent Expert's Report is included in Appendix 1. You should read that report as part of your assessment of the Scheme. Section 2 contains a summary of the key conclusions of the Independent Expert in relation to the Scheme.

1.6 Taxation implications

If the Scheme proceeds, Thorn Shareholders (other than the Excluded Shareholders) will transfer their Thorn Shares to the Bidder in exchange for the Scheme Consideration.

A general outline of the taxation implications for Australian resident Thorn Shareholders under the Scheme is provided in Section 8. The information in Section 8 is general in nature and should not be relied on by Thorn Shareholders as taxation advice. Thorn Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the Scheme in their own individual circumstances. In particular, Thorn Shareholders should note that, depending on the timing of and price at which they acquired their Thorn Shares, there may be differences in the taxation consequences for them.

1.7 Current status and next steps

For the Scheme to proceed:

- the Scheme Consideration Resolutions must be approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders) at the General Meeting; and
- the Scheme Resolution must be approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders) at the Scheme Meeting and approved by the Court.

There are also other Conditions that need to be satisfied or waived before the Scheme proceeds. The key remaining Conditions are summarised in Section 2.6. The Conditions are set out in full in clause 3.1 of the Scheme Implementation Deed.

As at the date of this Explanatory Booklet, neither the Bidder, Thorn nor any of the Thorn Directors is aware of any circumstances that would cause any of the Conditions to the Scheme not to be satisfied or which could result in termination of the Scheme Implementation Deed.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Thorn and all holders of Scheme Shares as at the Scheme Record Date (currently proposed to be 7.00pm on 5 December 2023) (referred to in the Scheme and in this Explanatory Booklet as Scheme Shareholders) to undertake the steps required to give effect to the Scheme.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), Scheme Shareholders will be bound by the Scheme whether or not they:

- participate in the Scheme Meeting;
- vote at the Scheme Meeting; or
- vote against the Scheme at the Scheme Meeting.

1.8 Implementation

If all necessary approvals and other Conditions for the Scheme are satisfied or waived (as applicable), it is proposed that the Scheme will be implemented on the Implementation Date (currently proposed to be 11 December 2023). The Scheme will apply to and bind all Scheme Shareholders. Importantly, no transfer of Scheme Shares under the Scheme will occur unless:

- on the day that is no later than two Business Days prior to the Implementation Date (currently proposed to be 11 December 2023), the Bidder has deposited an amount equal to the aggregate Scheme Consideration payable in connection with the Scheme in cleared funds into the Trust Account operated by Thorn as trustee for the benefit of the Scheme Shareholders; and

- on the Implementation Date (currently proposed to be 11 December 2023), and subject to the Bidder having deposited the Scheme Consideration into the Trust Account, Thorn has paid or procured the payment of the Scheme Consideration to each Scheme Shareholder by mailed cheque or funds transfer to the bank account nominated by the Scheme Shareholder (subject to receipt of an appropriate authority from the relevant Scheme Shareholder).

Only once these steps have occurred will the Scheme Shares be transferred to the Bidder.

In addition, the Bidder has executed the Deed Poll in favour of the Scheme Shareholders, under which, subject to the Scheme becoming Effective, the Bidder undertakes to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is contained in Appendix 2 to this Explanatory Booklet.

Having regard to the above matters, the Independent Director considers that Scheme Shareholders are not exposed to any risk under the Scheme that any transfer of ownership of their Shares will occur without the Scheme Consideration first having been provided to them.

Section 9 describes in further detail the procedural aspects of the Scheme and Section 11 describes how the Scheme will be implemented.

1.9 Warranties provided by Scheme Shareholders

The Scheme provides that Scheme Shareholders are taken to have warranted to Thorn that:

- all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Scheme Shares (together with any rights attaching to those shares) to the Bidder under the Scheme;
- all of their Scheme Shares which are transferred to the Bidder under the Scheme will, on the date on which they are transferred to the Bidder, be fully paid; and
- they have no existing right to be issued any Thorn Shares, options exercisable into Scheme Shares, Thorn convertible notes or any other Thorn securities.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

2. Relevant considerations for Thorn Shareholders

2.1 Introduction

The purpose of this Section is to identify significant issues for Thorn Shareholders to consider in relation to the Scheme.

Before deciding how to vote at the General Meeting and the Scheme Meeting, Thorn Shareholders should carefully consider the factors discussed below as well as the other information contained in this Explanatory Booklet.

Your Independent Director recommends that you consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your individual circumstances.

2.2 Independent Director recommendation and intentions

The Thorn Directors as at the date of this Explanatory Booklet are:

- Mr Warren McLeland (Chairman and Non-Executive Director);
- Dr Allan Sullivan (Non-Executive Director); and
- Mr Paul Oneile (Non-Executive Independent Director and Deputy Chairman).

Mr Paul Oneile is the sole director on the IBC and is resultingly the chair of the IBC.

Profiles of each member of the Thorn Board are set out in Section 5.5.

The interests of the Thorn Directors in the Scheme are disclosed in Section 12.

For the reasons set out in Sections 2.3 and 2.5, your Independent Director believes that:

- the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Thorn; and
- the Scheme and the Scheme Consideration Resolutions are otherwise in the best interest of Thorn Shareholders,

in each case, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

Accordingly, your Independent Director recommends that Thorn Shareholders vote in favour of the Scheme and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

Subject to those same qualifications, your Independent Director intends to vote all Thorn Shares held or controlled by him in favour of the Scheme and the Scheme Consideration Resolutions. As at the date of this Explanatory Booklet, your Independent Director holds or controls in aggregate approximately 0.068% of all Thorn Shares on issue.

No Superior Proposal from another party has been received as at the date of this Explanatory Booklet.

You are not obliged to accept the Independent Director's recommendation. Some of the reasons why you may decide to vote against the Scheme and the Scheme Consideration Resolutions are set out in Section 2.4.

The other two Thorn Directors, being Mr Warren McLeland and Dr Allan Sullivan are nominees of the Bidder to the Thorn Board. As a result, they are precluded from voting at either of the General Meeting and the Scheme Meeting and are not available to provide any recommendation of voting intention statement in respect of the Scheme or the Scheme Consideration Resolutions.

You should note that if you decide to vote against the Scheme, the Scheme will nevertheless proceed if it is approved by the requisite majority of Thorn Shareholders (other than the Excluded Shareholders), the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders), the Scheme is approved by the Court and if the other Conditions to the Scheme are satisfied or waived (see Sections 1.8 and 9).

2.3 Key reasons for the Independent Director's recommendation in respect of the Scheme

| Item | Reasons |
|------|---|
| (a) | <p>The Independent Expert has concluded that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.</p> <p>The IBC has appointed Grant Thornton to prepare an Independent Expert Report, including an opinion as to whether the Scheme is in the best interest of Thorn Shareholders.</p> <p>The Independent Expert has stated the following reasons for its opinion:</p> <ul style="list-style-type: none"> • Certainty of the cash consideration – Thorn shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Thorn shares before the announcement of the Scheme and at a premium to the price that Thorn shares may trade in the short term in absence of the Scheme or a superior alternative proposal. • Macroeconomic environment – The performance of Thorn as an investment company will be heavily affected by certain key macroeconomic factors which have materially deteriorating lately. • Cost structure – In order to undertake the revamped strategy post Resimac Transaction, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of the Company is required to increase significantly for the operations to achieve a sustainable level of profitability. • Reduced liquidity in trading prices – The Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation. Until there is greater visibility on the type of investment to be undertaken by the Company and a certain scale is reached, the liquidity of Thorn's trading prices may reduce further, especially during the six-month grace period provided by the ASX. • No brokerage costs – Thorn shareholders will be able to realise their investment in Thorn without incurring any brokerage or stamp duty costs. • Prospect of a superior proposal – Thorn has not agreed to any exclusivity with the Bidder or break fees under the Scheme Implementation Deed. Given the Bidder's existing stake in Thorn of 49.146%, the IBC considers the emergence of a Superior Proposal unlikely. |

| Item | Reasons |
|------|--|
| | <ul style="list-style-type: none"> Implications if the Scheme is not implemented – If the Scheme is not implemented, the Directors will focus on assessing capital management initiatives and investment opportunities that align with Thorn’s core business strategy as a diversified, small business, focused on financial services organisation. Thorn will act as a holding company for all investment activities and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continued compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation appointed by the Company. |
| (b) | <p>The Scheme Consideration of \$1.17 represents cash certain value now for your Thorn Shares, and it is likely that Thorn will be suspended and, or delisted in the event that the Scheme does not become Effective.</p> <p>The Scheme Consideration on a cum-dividend basis of \$1.62 per Thorn Share (including combination of the capital return (\$0.26 per Thorn share) paid on 13 September 2023 and special dividend (\$0.19 per Thorn share) paid on 22 September 2023) represents a premium of 17.8% to the last undistributed closing price of Thorn on 24 August 2023 of \$1.37 per Thorn Share being the last trading day prior to the announcement of the initial binding and conditional proposal received from the Bidder.</p> <p>In the absence of a Superior Proposal, the Scheme Consideration will provide Thorn Shareholders with certainty of value. This is especially important following the disposal of Thorn's main undertaking on 1 September 2023, and allows Thorn Shareholders the opportunity to avoid the uncertainties and risks associated with a continuing investment in Thorn's business.</p> <p>If the Scheme does not proceed, the amount which Thorn Shareholders will be able to realise for their Thorn Shares will necessarily be uncertain. Among other things, this will be subject to the performance of Thorn's business from time to time, general economic conditions and movements in the share market (if Thorn remains listed). The Scheme (if implemented) removes this uncertainty for Thorn Shareholders.</p> <p>If the Scheme does not become Effective, it is likely that Thorn will be suspended by ASX and eventually delisted as Thorn's strategic fintech investment focus may not be considered to be an operating business of sufficient scale to warrant continued listing on the official list of ASX. If Thorn becomes suspended or delisted, accessing future capital will become more challenging, but Thorn Shareholders will also face far fewer opportunities to dispose of their Thorn Shares.</p> |
| (c) | <p>Avoid dilution risk associated with any potential future fundraising.</p> <p>If the Scheme does not proceed, it is possible that Thorn will be required to conduct fundraising activities in order to develop a new business. This may lead to existing Thorn Shareholders being diluted.</p> |
| (d) | <p>If the Scheme does not proceed and no other proposal emerges, it is possible that the price of Thorn Shares may fall below the value of the Scheme Consideration. It is also possible that Thorn will be suspended from the official list of the ASX and be delisted.</p> <p>Your Independent Director believes there is a real risk that the price of Thorn Shares is likely to fall materially, at least in the short term, if the Scheme is not implemented and no Superior Proposal emerges, having regard to the challenges facing the Thorn business and the difficult and uncertain macro-economic environment.</p> |

| Item | Reasons |
|------|---|
| | <p>The Independent Expert has stated the following reasons for its opinion:</p> <ul style="list-style-type: none"> • Certainty of the cash consideration – Thorn shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Thorn shares before the announcement of the Scheme and at a premium to the price that Thorn shares may trade in the short term in absence of the Scheme or a superior alternative proposal. • Macroeconomic environment – The performance of Thorn as an investment company will be heavily affected by certain key macroeconomic factors which have materially deteriorating lately. • Cost structure – In order to undertake the revamped strategy post Resimac Transaction, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of the Company is required to increase significantly for the operations to achieve a sustainable level of profitability. • Reduced liquidity in trading prices – The Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn’s core business strategy as a diversified, small business, focused financial services organisation. Until there is greater visibility on the type of investment to be undertaken by the Company and a certain scale is reached, the liquidity of Thorn’s trading prices may reduce further, especially during the six-month grace period provided by the ASX. • No brokerage costs – Thorn shareholders will be able to realise their investment in Thorn without incurring any brokerage or stamp duty costs. • Prospect of a superior proposal – Thorn has not agreed not to any exclusivity with the Bidder or any break fees in the Scheme Implementation Deed. Given the Bidder’s existing stake in Thorn of 49.146%, the IBC considers the emergence of a Superior Proposal unlikely. • Implications if the Scheme is not implemented – If the Scheme is not implemented, the Directors will focus on assessing capital management initiatives and investment opportunities that align with Thorn’s core business strategy as a diversified, small business, focused on financial services organisation. Thorn will act as a holding company for all investment activities and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continued compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation appointed by the Company. |
| (e) | <p>No transaction costs associated with the disposal of your Thorn Shares under the Scheme.</p> <p>The Scheme provides Thorn Shareholders with an opportunity to sell all of their Thorn Shares at once with no associated brokerage costs, which may otherwise be incurred if you sought to sell all of your Thorn Shares on-market.</p> |
| (f) | <p>No Superior Proposal has emerged as at the date of this Explanatory Booklet.</p> <p>Since Thorn's announcement on 21 September 2023 that it had entered the Scheme Implementation Deed with the Bidder, no Superior Proposal has been received and Thorn's Board is not otherwise aware of any Superior Proposal.</p> <p>Thorn's Directors will notify Thorn Shareholders if a Superior Proposal is received before the Scheme Meeting.</p> |

2.4 Potential disadvantages of the Scheme

There are some potential reasons to vote against the Scheme and the Scheme Consideration Resolutions that Thorn Shareholders should consider in deciding how they should vote at the General Meeting and the Scheme Meeting.

| Item | Reasons |
|------|--|
| (a) | <p>You may disagree with the recommendation of the Independent Director and the conclusion of the Independent Expert, and instead believe that the Scheme is not in your best interests.</p> <p>Despite:</p> <ul style="list-style-type: none"> • the recommendation by the Independent Director to vote in favour of the Scheme and the Scheme Consideration Resolutions; and • the conclusion of the Independent Expert that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging, <p>you may believe that the Scheme is not in your best interest.</p> |
| (b) | <p>The Scheme carries risks that you may consider unacceptable.</p> <p>In considering the Scheme and the Scheme Consideration Resolutions, you should be aware that there are a number of risk factors, both general and specific, associated with the Scheme, which you may consider unacceptable.</p> <p>You should read the general outline of risk factors for Thorn Shareholders in relation to the Scheme in Section 7.</p> |
| (c) | <p>You may believe that there is potential for a Superior Proposal to be made in the foreseeable future (noting that no Superior Proposal from another party has been received as at the date of this Explanatory Booklet).</p> <p>You may consider that a Superior Proposal could emerge in the future. As at the date of this Explanatory Booklet, your Directors have not received or otherwise been made aware of any Superior Proposal and may be unlikely given the Bidder's large shareholding of 49.146% of Thorn Shares.</p> |
| (d) | <p>If the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Thorn Shares.</p> <p>If the Scheme proceeds, Thorn will cease to be an independent ASX listed company and you will cease to be a shareholder of Thorn. In these circumstances, you will lose the ability to participate in any potential upside that may result from maintaining your direct investment in Thorn. However, as with all investments in securities, there can be no guarantee as to Thorn's future performance if it remains an independent ASX listed entity.</p> <p>ASX have indicated to Thorn that, unless Thorn commences or acquires an operating business of sufficient scale, ASX may suspend Thorn from quotation and may remove Thorn from the official list of ASX, subject to their ongoing review of Thorn and its compliance with the Listing Rules.</p> |
| (e) | <p>The taxation implications of the Scheme may not suit your financial position.</p> <p>If the Scheme proceeds, it will potentially result in Australian taxation consequences (including Australian income tax consequences) for Thorn Shareholders, which may arise earlier than may otherwise be the case.</p> |

| Item | Reasons |
|------------|---|
| | <p>You should read the general outline of the taxation implications for Thorn Shareholders in relation to the Scheme in Section 8. Thorn Shareholders should seek their own professional advice regarding the taxation implications relevant to them.</p> <p>You should also note that even if the Scheme does not proceed, Australian taxation consequences (including Australian income tax consequences) may arise at any future time that you sell or otherwise dispose of your Thorn Shares.</p> |
| (f) | <p>Timing of the Scheme</p> <p>You may believe that the Board's strategy to transition the business to focus on active investments in the fintech sector following the Asset Sale could deliver value for shareholders, so the timing of the receipt of the binding and conditional proposal from the Bidder has limited Thorn's ability to pursue the strategy.</p> |
| (g) | <p>Provision for expected credit losses</p> <p>Thorn's provision of expected credit losses (\$2.3m as at 1 September 2023) is considered material by the Independent Expert, and whilst there are specific circumstances and reasonings on the level of provisions assessed by Thorn, if the actual losses will be lower than the estimated expected credit losses, this will be beneficial for the Bidder, although the amount is not expected by the Independent Expert to be material.</p> |

2.5 The Scheme Consideration Resolutions

(a) Background

If the Scheme becomes Effective, Thorn will advance the Loan to the Bidder on the terms of the Loan Agreement in order for the Bidder to pay the Scheme Consideration to the Scheme Shareholders. The key terms of the Loan Agreement are set out at section 10.2.

At the General Meeting, Thorn Shareholders (other than the Excluded Shareholders) will be asked to approve the Scheme Consideration Resolutions. The Independent Director considers that the provision of the Loan to the Bidder by Thorn will constitute:

- the provision of financial assistance by Thorn to a person (the Bidder) to acquire shares in Thorn for the purposes of Part 2J.3 of the Corporations Act; and
- the provision of a financial benefit by Thorn to a related party (the Bidder) for the purposes of Chapter 2E of the Corporations Act.

The Independent Director recommends that you vote in favour of the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.

(b) Why are the Scheme Consideration Resolutions required?

Financial assistance

Part 2J.3 of the Corporations Act provides that a company may only financially assist another person to acquire shares in the company if either:

- giving the assistance does not materially prejudice the interest of the company, its shareholders or the company's ability to pay its creditors; or
- the assistance is approved by shareholders of the company by a special resolution.

Financial benefit

Chapter 2E of the Corporations Act provides that for a public company to give a financial benefit to a related party, the public company must either obtain member approval (and give the benefit within 15 months of member approval) or the giving of the benefit must fall within an exception in sections 210 to 216 of the Corporations Act.

As a result, the provision of the Loan is to be separately approved by Thorn Shareholders (other than the Excluded Shareholders) under Part 2J.3 (section 260B(1)(a)) of the Corporations Act.

As the Bidder already holds 49.146% of the Thorn Shares and has appointed 2 nominee directors to the Board of Thorn, the Bidder is a related party for the purposes of Chapter 2E of the Corporations Act, and is obtaining a financial benefit by the provision of the Loan from Thorn. As a result, the provision of the Loan is to be separately approved by Thorn Shareholders (other than the Excluded Shareholders) under Chapter 2E (section 208(1)) of the Corporations Act.

Approval thresholds

The Scheme Consideration Resolutions require the following approvals:

- the Financial Assistance Resolution for the purposes of section 260B(1)(a) of the Corporations Act requires a special resolution (more than 75% of the votes cast) by Thorn Shareholders (other than the Excluded Shareholders) present and voting at the General Meeting, whether in person, by proxy or attorney or, in the case of a corporate Thorn Shareholder or proxy, by a representative; and
- the Related Party Transaction Resolutions for the purposes of Chapter 2E of the Corporations Act require a simple majority (more than 50% of the votes cast) by Thorn Shareholders (other than the Excluded Shareholders) present and voting at the General Meeting, whether in person, by proxy or attorney or, in the case of a corporate Thorn Shareholder or proxy, by a representative.

(c) Key reasons for the Independent Director's recommendation in respect of the Scheme Consideration Resolutions

The Scheme Consideration Resolutions are inter-dependent with the Scheme. The General Meeting has been convened to consider and vote on the Scheme Consideration Resolutions to determine whether the Loan can be granted by Thorn to the Bidder. The Scheme Consideration Resolutions include the Financial Assistance Resolution and the Related Party Transaction Resolutions.

The approval of the Scheme Consideration Resolutions are conditions for the Scheme to proceed. Similarly, the approval of the Scheme (and it becoming Effective) is a condition for the Loan to be provided by Thorn to the Bidder. The Scheme Resolution and the Scheme Consideration Resolutions are inter-dependent resolutions, meaning that unless all are approved, the Scheme and the Loan cannot proceed.

This inter-dependency reflects the integrated nature of the overall proposal that Thorn Shareholders are being asked to consider and vote on. Specifically, the Scheme and the provision of the Loan collectively represent an integrated proposal for Thorn Shareholders to vote on.

If the Scheme Consideration Resolutions are not approved by the requisite majorities of Thorn Shareholders at the General Meeting, the Scheme will not proceed. The Scheme Consideration Resolutions are also required by the Corporations Act and the ASX Listing Rules to enable Thorn to provide the Loan to the Bidder for the purpose of funding the Scheme Consideration payable to each Scheme Shareholder.

For more information in respect of the requirements for the Scheme Consideration Resolutions, see section 1.1(d) below.

(d) Potential disadvantages of the Scheme Consideration Resolutions

The potential reasons to vote against the Scheme Consideration Resolutions that Thorn Shareholders should consider in deciding how they should vote at the General Meeting are contained at 2.4 above.

(e) Eligibility to vote at the General Meeting

Subject to the voting exclusions outlined below and listed in the Notice of General Meeting, each person who is registered on the Share Register as a Thorn Shareholder as at the Voting Entitlement Time of 7.00pm (Sydney time) on 25 November 2023 is entitled to attend and vote at the General Meeting, either online, by proxy or attorney or, in the case of a corporate Scheme Shareholder or proxy, by a representative.

The Bidder has a relevant interest in approximately 49.146% of Thorn Shares and has appointed 2 directors to the Board of Thorn. Accordingly, the Bidder and the Bidder's Associates will be excluded from voting on all of the General Meeting Resolutions.

In accordance with section 260B(1)(a) of the Corporations Act, the following persons may not vote on the Financial Assistance Resolution, and Thorn will disregard any votes cast by the following persons:

- the Bidder; and
- any Associates of the Bidder.

In accordance with section 224(1) of the Corporations Act, the following persons may not vote on the Related Party Transaction Resolution, and Thorn will disregard any votes cast by the following persons:

- the Bidder;
- any related party of the Bidder; and
- any Associates of the related party of the Bidder.

However, this does not apply to a vote cast in favour of the Related Party Transaction Resolution by:

- a person as a proxy appointed in writing that specifies how the proxy is to vote on the Related Party Transaction Resolution; and
- it is not cast on behalf of the Bidder, any related party of the Bidder or any of their Associates.

(f) Disclosure requirements under the Corporations Act and the Listing Rules

This Explanatory Booklet forms the explanatory statement regarding the provision of the Loan and contains the information that is required to be provided to Thorn Shareholders under:

- Part 2J.3 and Chapter 2E of the Corporations Act; and
- ASX Listing Rule 10.

Section 260B(4) of the Corporations Act stipulates that certain matters must be addressed in the explanatory statement for the purposes of obtaining member approval in connection with Part 2J.3 of the Corporations Act. Section 219 of the Corporations Act stipulates that certain matters must be addressed in the explanatory statement for the purpose of obtaining member approval in connection with Chapter 2E of the Corporations Act.

Below is a table that identifies the matters which must be addressed, and the relevant location within the Explanatory Booklet at which those matters are addressed.

| Section / Listing Rule | Requirement | Where addressed in this Explanatory Booklet |
|---|--|---|
| Financial Assistance Resolutions | | |
| 260B(4) of the Corporations Act | In relation to the transaction, all information that is known by Thorn that is material to the decision on how to vote on the Financial Assistance resolution. | Sections 1.4, 2.5, 3, 10, 11.6 and Notices of Meeting |
| Related Party Transaction Resolution | | |
| 219(1)(a) Corporations Act | The related parties to whom the Related Party Transaction Resolution would permit financial benefits to be given. | Sections 1.4 and 3 |
| Section 219(1)(b) Corporations Act | The nature of the financial benefits (including, to the extent they are applicable, details of the asset being disposed of and the consideration for the disposal). | Sections 1.4, 2.5, 3 and 10 |
| 219(1)(c) Corporations Act | In relation to each director of Thorn: <ul style="list-style-type: none"> • if the director wanted to make a recommendation to members about the proposed resolution—the recommendation and his or her reasons for it; or • if not—why not; or • if the director was not available to consider the proposed resolution—why not. | Sections 1.4, 2.2, 2.5, 3, 10, 11.6, 12.2 - 12.5, 12.8, Appendix 1, Appendix 5 and Appendix 6 |
| 219(1)(d) Corporations Act | in relation to each such director: <ul style="list-style-type: none"> • whether the director had an interest in the outcome of the proposed resolution; and • if so—what it was. | Sections 12.2 - 12.5, |
| 219(1)(e) Corporations Act | all other information that: <ul style="list-style-type: none"> • is reasonably required by members in order to decide whether or not it is in the company's interests to pass the proposed resolution; and • is known to the company or to any of its directors. | Sections 1.4, 2.2, 2.5, 3, 10, 11.6, 12.2 - 12.5 |

2.6 Other relevant considerations

(a) The Scheme is subject to conditions

In addition to the need to obtain Shareholder approval at the Scheme Meeting and the General Meeting, and Court approval, the Scheme is subject to other Conditions. The Conditions are summarised below. They are set out in full at clause 3.1 of the Scheme Implementation Deed which was released to ASX on 21 September 2023.

All Conditions need to be satisfied (or alternatively waived, in the case of certain Conditions that are capable of being waived) in order for the Scheme to proceed.

Conditions applicable to the Scheme

- **Restraints** – no legal or regulatory restraint is in place that prevents, prohibits or materially restricts the implementation of the Scheme at the Delivery Time on the Second Court Date.
- **Thorn Shareholders' approval of the Scheme Resolution** – this Condition is required by law and cannot be waived (it requires that the Scheme be approved by at least a simple majority in number of eligible Thorn Shareholders (other than the Excluded Shareholders), present and voting at the Scheme Meeting, and at least 75% of the total number of votes cast at the Scheme Meeting).
- **Independent Expert** – the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interest of Thorn Shareholders and the Independent Expert maintaining that opinion (including by not withdrawing, qualifying or changing that opinion) at all times up to the Second Court Date.
- **Court approval of the Scheme** – this Condition is also required by law and cannot be waived.
- **Thorn Shareholders' approval of the Scheme Consideration Resolutions** – the Thorn Shareholders (other than the Excluded Shareholders) must approve the Financial Assistance Resolution by a special resolution, and the Related Party Transaction Resolution by an ordinary resolution, at the General Meeting.
- **No Thorn Prescribed Occurrences between 21 September 2023 and the Delivery Time on the Second Court Date** – the prescribed occurrence events mainly relate to changes to Thorn's capital structure, payment of dividends, asset disposal and insolvency type events. These prescribed occurrence events are subject to exclusions including for matters required to be done under the Scheme Implementation Deed and the Scheme or done with the Bidder's prior approval.
- **Representations and warranties** – Thorn does not breach any of its representations and warranties in any material respect between 21 September 2023 and the Delivery Time on the Second Court Date.
- **Scheme Orders lodged with ASIC** – Thorn lodges an office copy of the Court order approving the Scheme with ASIC.

Your Independent Director has reviewed the Conditions of the Scheme and does not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature. As at the date of this Explanatory Booklet. Your Independent Director is not aware of any matter that would result in a breach or non-fulfilment of any of the Conditions of the Scheme.

(b) The Scheme delivers an 'all or nothing' outcome

If all of the Scheme Conditions are satisfied or waived (as applicable) and the Scheme receives all other approvals:

- the Scheme will bind all persons registered as Thorn Shareholders as at the Scheme Record Date (being Scheme Shareholders), including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme, meaning that all persons who are Scheme Shareholders will relinquish ownership of their Thorn Shares (being the Scheme Shares) and will be entitled to receive the Scheme Consideration; and
- Thorn will become wholly owned by the Bidder and Thorn will be delisted from ASX.

Conversely if all of the Scheme Conditions are not satisfied or waived (as applicable), the status quo may be preserved, meaning that:

- Thorn Shareholders will retain all of their Thorn Shares;
- the existing Thorn Board will continue to operate Thorn's business, subject to the Bidder's existing rights as a majority Shareholder to change the Thorn Board;
- the expected advantages of the Scheme, as outlined in Section 2.3, will not be realised and equally some of the potential disadvantages, as outlined in Section 2.4, will no longer be relevant; and
- Thorn Shareholders will retain their current investment in Thorn Shares and in doing so will continue to retain the benefits of that investment and continue to be exposed to the risks associated with that investment and any future fluctuations in share price. Those risks include ones that are specific to Thorn's business (see Section 7.2).

It is likely that, if the Scheme Conditions are not all satisfied or waived (if applicable), Thorn will likely be suspended from quotation and delisted from the official list of ASX

(c) Transaction costs

Thorn Shareholders

If the Scheme proceeds, Thorn Shareholders will not be required to pay any brokerage charges on the disposal of their Thorn Shares under the Scheme.

Thorn

As at the date of this Explanatory Booklet, Thorn has incurred (or expects to incur) costs of approximately \$500,000 (excluding GST) in developing the Scheme to the point that it is capable of being submitted to Thorn Shareholders as a formal proposal for their consideration. These costs include negotiations with the Bidder, the retention of advisers, engagement of the Independent Expert and preparation of this Explanatory Booklet.

If the Scheme does not proceed and no Superior Proposal is implemented, Thorn's results for the full year ending 31 March 2024 will be negatively impacted by the transaction costs incurred in proposing the Scheme.

(d) Other factors to consider

Share price

Following the announcement of the binding and conditional proposal on 28 August 2023, the share price of Thorn has traded substantially in line with or slightly below the Scheme Consideration.

Deferred tax assets

Thorn has unrecognised deferred tax assets which total \$56.5 million or \$16.9 million tax effected (of which \$7.2 million of the tax effected total relates to carry forward tax losses) according to Thorn's financial audited accounts as at 31 March 2023 which can be utilised to offset against future taxable income. Given the recent change in business and the proposed change in ownership it is unlikely that these tax losses will be transferred to the Bidder.

2.7 What are your options?

The following principal options are available to Thorn Shareholders. Your Independent Director encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Thorn Shares.

| Option | Summary |
|---|---|
| Vote in favour of the Scheme and the Scheme Consideration Resolutions | <p>This is the course of action recommended by your Independent Director, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.</p> <p>To follow your Independent Director's recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting and the Scheme Consideration Resolutions at the General Meeting.</p> <p>For the Scheme to proceed, it is necessary that the Scheme and the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders. (other than the Excluded Shareholders)</p> <p>For a summary of how to vote on the Scheme and the Scheme Consideration Resolutions, please refer to Section 4.</p> |
| Vote against the Scheme and the Scheme Consideration Resolutions | <p>If, despite your Independent Director's recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting and against the Scheme Consideration Resolutions at the General Meeting.</p> <p>However, if all of the Scheme Conditions are satisfied or waived (as applicable), including the passing of the Scheme Consideration Resolutions, the Scheme will bind all Thorn Shareholders on the Scheme Record Date, including those who were not present at the Scheme Meeting or General Meeting, those who voted against the Scheme Resolution and / or the Scheme Consideration Resolutions and those who did not vote.</p> |
| Vote inconsistently in favour and against any combination of the Scheme and the Scheme Consideration Resolutions | <p>The Scheme can only proceed if it and the Scheme Consideration Resolutions are both approved by the requisite majorities of Thorn Shareholders, all of the conditions of the Scheme are satisfied and if the Scheme is subsequently approved by the Court.</p> <p>Although it is open to Thorn Shareholders to vote in favour of the Scheme but against the Scheme Consideration Resolutions (or vice versa), your Independent Director recommends that Thorn Shareholders who support the Scheme vote in favour of both the Scheme and the Scheme Consideration Resolutions.</p> |

| Option | Summary |
|--|---|
| <p>Attempt to sell some or all of your Thorn Shares</p> | <p>The existence of the Scheme does not preclude you from selling some or all of your Thorn Shares on market for cash, if you wish, provided you do so before close of trading in Thorn Shares on ASX on the Effective Date (currently proposed to be 1 December 2023). You will not be able to sell your Thorn Shares on-market after the Effective Date, as this will be the last day of trading in Thorn Shares on ASX before trading in Thorn Shares on ASX is suspended.</p> <p>You may however seek to sell your Thorn Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be 7.00pm on 5 December 2023).</p> <p>If you are considering selling your Thorn Shares, you should have regard to the prevailing trading prices of Thorn Shares and compare those to the Scheme Consideration under the Scheme. You may ascertain current trading prices of Thorn Shares through ASX's website (www.asx.com.au) or by contacting your stockbroker.</p> <p>Thorn Shareholders who sell some or all of their Thorn Shares:</p> <ul style="list-style-type: none"> • will receive payment for the sale of their Thorn Shares sooner than they would receive their Scheme Consideration; • may incur a brokerage charge if the Thorn Shares are sold on-market; • will not be able to receive the Scheme Consideration or be entitled to the benefits of any Superior Proposal, if one emerges (but only for those Thorn Shares they have sold, if they have chosen to sell some but not all of their Thorn Shares); and • may be liable for CGT on the disposal of their Thorn Shares (as may also be the case for Scheme Shareholders, as to which see Section 8). |
| <p>Do nothing</p> | <p>Eligible Thorn Shareholders who do not vote at the Scheme Meeting will:</p> <ul style="list-style-type: none"> • if the Scheme is implemented – have their Thorn Shares compulsorily transferred to the Bidder by operation of the Scheme, and, if they are registered as a Thorn Shareholder on the Scheme Record Date, be entitled to receive the Scheme Consideration under the Scheme; and • if the Scheme is not implemented – retain their Thorn Shares. |

3. Frequently asked questions

Set out below are summary answers to some frequently asked questions about the Proposed Transaction. This information is a summary only and is not intended to address all relevant issues for Thorn Shareholders. This Section 3 should be read subject to, and in conjunction with, the remainder of this Explanatory Booklet.

| Question | Answer | Further information |
|--|---|------------------------------|
| Overview of the Scheme | | |
| <p>What are Thorn Shareholders being asked to consider?</p> | <p>Thorn Shareholders are being asked to consider and vote on a scheme of arrangement for the acquisition by the Bidder of all Thorn Shares which it does not already own.</p> <p>The Scheme is being submitted to Thorn Shareholders as a proposed transaction, and on the basis that, subject to the satisfaction of certain conditions, the Scheme will only proceed if:</p> <ul style="list-style-type: none"> • the Scheme is approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders); • the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders); and • the Scheme is approved by the Court. <p>The Scheme Resolution and the Scheme Consideration Resolutions are inter-dependent resolutions, meaning that unless each are approved, the Scheme cannot proceed. This inter-dependency reflects the commercially integrated nature of the overall proposal that Thorn Shareholders are being asked to consider. Specifically, the Scheme and the provision of the Loan collectively represent an integrated proposal for Thorn Shareholders to vote on.</p> | <p>Sections 1 and 2.</p> |
| <p>Who is the Bidder?</p> | <p>The Bidder (being Somers Limited) is a Bermudan company. The Bidder is the largest shareholder of Thorn, currently holding 49.146% of Thorn Shares.</p> <p>The Bidder is the company that will be acquiring your Thorn Shares under the Scheme in consideration for the Scheme Consideration.</p> | <p>Section 6</p> |
| <p>What is the Scheme?</p> | <p>The Scheme is a proposal under which Scheme Shareholders will transfer all of their Thorn Shares to the Bidder in exchange for the Scheme Consideration.</p> <p>If the Scheme proceeds, the Bidder will own 100% of Thorn Shares and Thorn will be delisted from ASX shortly after the Implementation Date.</p> | <p>Sections 1, 2, and 9.</p> |

| Question | Answer | Further information |
|---|--|--|
| <p>What is a members' scheme of arrangement?</p> | <p>A members' scheme of arrangement is a procedure under the Corporations Act that can be used to (among other things) enable one company to acquire another company.</p> <p>The Scheme can only proceed if, among other conditions:</p> <ul style="list-style-type: none"> • the Scheme is approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders) at the Scheme Meeting; • the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders) at the General Meeting; and • the Scheme is approved by the Court. | <p>Sections 1, 2, and 9 and the Scheme included at Appendix 3.</p> |
| <p>Are there any circumstances that may result in the Scheme not proceeding?</p> | <p>Thorn and the Bidder have entered into the Scheme Implementation Deed which provides a contractual framework for proposing and implementing the Scheme.</p> <p>The Scheme Implementation Deed sets out circumstances where that deed may be terminated, in which case the Scheme will not proceed.</p> <p>In summary, those circumstances include:</p> <p>(Conditions not capable of being fulfilled) If any condition is not satisfied when required, a Condition is not capable of being satisfied or it becomes likely that the Scheme will not be implemented by the End Date, Thorn and the Bidder must consult in good faith to try and proceed with the Scheme. If a Condition becomes incapable of being satisfied before the End Date and the parties are unable to resolve it within 5 Business Days of becoming aware that the Condition is incapable of satisfaction before the End Date.</p> <p>In respect of:</p> <ul style="list-style-type: none"> • the restraints Condition; • the shareholder approval Condition; • the Scheme Consideration Resolutions Condition, <p>either party may terminate the Scheme Implementation Deed.</p> <p>In respect of:</p> <ul style="list-style-type: none"> • the no Thorn Prescribed Occurrences Condition; and • the representations and warranties Condition, <p>the Bidder may terminate the Scheme Implementation Deed.</p> <p>In respect of the Independent Expert Condition, Thorn may terminate the Scheme Implementation Deed.</p> | <p>Section 9.4 and Scheme Implementation Deed, clause 12.</p> |

| Question | Answer | Further information |
|--|---|------------------------------|
| | <p>(Mutual termination rights) The Bidder and Thorn each have a mutual right to terminate the Scheme Implementation Deed in the following circumstances:</p> <ul style="list-style-type: none"> • if there is material breach of the Scheme Implementation Deed by the other party that is not remedied within 7 Business Days; • if a representation or warranty by the other party is not true and correct and is not remedied within 7 Business Days; • if the Court or Governmental Agency permanently restrains or prohibits the Scheme, and all opportunities to appeal the decision have been exhausted; or • if the Scheme does not become Effective before the End Date. <p>(Thorn termination rights) Thorn is also entitled to terminate the Scheme Implementation Deed if, at any time prior to the Delivery Time on the Second Court Date, the Independent Director changes his Recommendation or voting intention statement, or recommends a Competing Proposal.</p> <p>(Bidder termination rights) The Bidder is also entitled to terminate the Scheme Implementation Deed if:</p> <ul style="list-style-type: none"> • the Independent Director changes his Recommendation or voting intention statement, or recommends a Competing Proposal, otherwise than as permitted under the Scheme Implementation Deed; or • a Thorn Group Member enters into a binding agreement in relation to a Competing Proposal. | |
| <p>If the Scheme proceeds, what will be the effect?</p> | <p>The Bidder will acquire Thorn and Thorn will be delisted from ASX. Scheme Shareholders will, on the Implementation Date (currently expected to be Monday, 11 December 2023), receive the Scheme Consideration applicable to them under the terms of the Scheme.</p> | <p>Sections 1, 2, and 9.</p> |
| <p>What happens if the Scheme does not proceed?</p> | <p>If the Scheme is not approved by Thorn Shareholders or if the Scheme is not approved by the Court:</p> <ul style="list-style-type: none"> • you will not receive the Scheme Consideration under the Scheme; • you will retain your current investment in Thorn Shares and in doing so will continue to retain the benefits of an investment in Thorn Shares and continue to be exposed to the risks presently associated with this investment. These include general risks of holding the Thorn Shares and risks that are specific to Thorn and its businesses as described in Section 7.2; | <p>Sections 1 and 2.</p> |

| Question | Answer | Further information |
|---|--|---------------------|
| | <ul style="list-style-type: none"> • the Scheme Consideration Resolutions will not be implemented; • the advantages of the Scheme, as outlined in Sections 2.3 and 2.5, will not be realised; • the disadvantages of the Scheme identified in Section 2.4 will no longer be relevant; • Thorn will have incurred substantial costs and expended management time and resources for a proposed change of control transaction that does not proceed; and • your Independent Director believes there is a real risk that the price of Thorn Shares is likely to fall materially, at least in the short term, if the Scheme is not implemented and no Superior Proposal emerges. | |
| What are my options? | <p>As a Thorn Shareholder, your principal options are as follows:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme Resolution and the Scheme Consideration Resolutions; • vote against the Scheme Resolution and the Scheme Consideration Resolutions; • vote inconsistently in favour and against any combination of the Scheme and the Scheme Consideration Resolutions; • seek to sell some or all your Thorn Shares on or before the Effective Date; or • do nothing. | Section 2.7 |
| How is the Bidder funding the Scheme Consideration under the Scheme? | <p>The Bidder will fund the Scheme Consideration by utilising an unconditional funding arrangement with Thorn which will fund such amount from its existing cash reserves. More information in respect of the Loan is set out at section 10.</p> <p>On that basis, the Bidder is of the view that it will be able to satisfy its obligations to provide the Scheme Consideration in accordance with the terms of the Scheme.</p> | Section 10 |
| Recommendation and Voting Intention | | |
| Who are the Directors? | <p>The Directors of Thorn as at the date of this Explanatory Booklet are:</p> <ul style="list-style-type: none"> • Warren John McLeland, Chairman and Non-Executive Director; • Paul Norman Oneile, Independent Non-Executive Director; and • Allan Clive Sullivan, Non-Executive Director. | Sections 1 and 2. |

| Question | Answer | Further information |
|--|---|--|
| | <p>Mr McLeland and Dr Sullivan were nominated by the Bidder to the Thorn Board in July 2019. They were both elected as directors by Thorn Shareholders at the Annual General Meeting on 30 August 2019, and were re-elected at subsequent Annual General Meetings (Dr Sullivan in August 2021 and Mr McLeland in August 2022).</p> | |
| <p>How has the Scheme been considered by the Board?</p> | <p>As part of its customary conflicts management processes, the Thorn Board established an Independent Board Committee (IBC), comprising Mr Paul Oneile (Independent Director) as Chair, Mr Pete Lirantzis (Chief Executive Officer) and Ms Alexandra Rose (General Counsel & Company Secretary/General Manager Risk & Compliance) to consider, assess, oversee, negotiate, approve, implement and otherwise deal with any matters arising in connection with the Scheme.</p> <p>Mr McLeland and Dr Sullivan do not make a recommendation on whether or not Thorn Shareholders should vote on the Scheme Resolution and the Scheme Consideration Resolutions.</p> <p>Only the Independent Director will make a recommendation in respect of the Scheme Resolution and the Scheme Consideration Resolutions.</p> | <p>Letter from the Independent Director.</p> |
| <p>What does the Independent Director recommend?</p> | <p>The Independent Director recommends that you vote in favour of the Scheme Resolution and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.</p> | <p>Sections 1 and 2.</p> |
| <p>How is the Independent Director going to vote?</p> | <p>The Independent Director intends to vote all Thorn Shares he holds or controls in favour of the Scheme Resolution and the Scheme Consideration Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Thorn Shareholders.</p> <p>As at the date of this Explanatory Booklet, the Independent Director holds or controls in aggregate approximately 0.068% of all Thorn Shares on issue.</p> | <p>Sections 1 and 2.</p> |
| <p>What happens if a Superior Proposal emerges?</p> | <p>Thorn announced on 21 September 2023 that it had entered into the Scheme Implementation Deed with the Bidder in relation to the Scheme.</p> <p>No Superior Proposal has emerged as at the date of this Explanatory Booklet.</p> <p>Under the Scheme Implementation Deed, Thorn is not bound by any exclusivity obligations.</p> <p>Thorn may respond and consider an unsolicited Competing Proposal in the event one emerges.</p> | <p>Sections 1 and 2.</p> |

| Question | Answer | Further information |
|--|--|--------------------------|
| <p>What happens if a Competing Proposal for Thorn emerges?</p> | <p>If an unsolicited Competing Proposal for Thorn is received before the Scheme Meeting, the IBC and the Independent Director will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments which may affect the Independent Director's view that the Scheme is presently the most favourable proposal for all of your Thorn Shares.</p> <p>The Bidder does not have a right to match any unsolicited Superior Proposal if one is received by Thorn.</p> <p>Any change of the Independent Director's current recommendation in response to a Competing Proposal may result the Scheme Implementation Deed being terminated.</p> | <p>Sections 1 and 2.</p> |
| <p>What is the opinion of the Independent Expert?</p> | <p>The Independent Expert has concluded that, the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.</p> <p>The Independent Expert has assessed the value of Thorn on a controlling interest basis between \$1.15 – \$1.22 per Thorn Share.</p> | <p>Appendix 1.</p> |
| <p>Conditions to the Scheme</p> | | |
| <p>What are the key conditions that need to be satisfied before the Scheme can proceed?</p> | <p>The key conditions that must be satisfied or waived (as applicable) for the Scheme to proceed are:</p> <ul style="list-style-type: none"> • no court or Government Agency in Australia restrains or prohibits implementation of the Scheme; • passing of the Scheme Resolution by the requisite majorities of Thorn Shareholders at the Scheme Meeting (at least a simple majority in number of eligible Thorn Shareholders (other than the Excluded Shareholders) present and voting at the Scheme Meeting, representing at least 75% of the total number of votes cast at the Scheme Meeting); • the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interest of Thorn Shareholders and the Independent Expert maintaining that opinion at all times up to the Second Court Date; • approval of the Scheme by the Court; • passing of the Scheme Consideration Resolutions by the requisite majorities of Thorn Shareholders (other than the Excluded Shareholders) at the General Meeting (at least 75% in respect of the Financial Assistance Resolution and 50% in respect of the Related Party Transaction Resolution); | <p>Section 2.6(a).</p> |

| Question | Answer | Further information |
|---|--|--------------------------------|
| | <ul style="list-style-type: none"> no Thorn Prescribed Occurrence occurs between 21 September 2023 and the Delivery Time on the Second Court Date; the representations and warranties provided by Thorn have not been breached in any material respect between 21 September 2023 and the Delivery Time on the Second Court Date; and an office copy of the Court order approving the Scheme is lodged with ASIC. <p>Thorn will make a statement at the commencement of the Scheme Meeting regarding the status of these conditions.</p> | |
| Overview of the Scheme Consideration | | |
| What will I receive if the Scheme is implemented? | If the Scheme is approved and implemented, Scheme Shareholders at the relevant record dates will receive the Scheme Consideration of \$1.17 per Thorn Share. | Sections 1, 2 and 9. |
| When and how will I receive my Scheme Consideration? | <p>If the Scheme is implemented, the Scheme Consideration will be paid to all Scheme Shareholders on the Implementation Date (currently proposed to be Monday, 11 December 2023).</p> <p>If you have validly registered your bank account details with the Share Registry (by the Scheme Record Date (currently proposed to be Tuesday, 5 December 2023)), you will have your Scheme Consideration credited directly to your bank account. Otherwise, you will have your Scheme Consideration sent by cheque to your address shown on the Share Register.</p> <p>To update your banking instructions, by notifying the Share Registry at www.computershare.com.au/easyupdate/tga.</p> | Sections 1, 9, and Appendix 3. |
| What are the Australian taxation implications of the Scheme? | <p>If the Scheme is implemented, there will be tax consequences for you which may include tax being payable on any gain on disposal of Thorn Shares.</p> <p>For further detail regarding general Australian taxation consequences of the Scheme for certain Thorn Shareholders, please see Section 8. The taxation treatment may vary depending on the nature and characteristics of each Thorn Shareholder and their specific circumstances. Accordingly, you should seek your own professional taxation advice in relation to your particular circumstances.</p> | Section 8. |
| Will I have to pay brokerage fees or stamp duty? | <p>No, you will not have to pay brokerage or stamp duty on the transfer of your Scheme Shares under the Scheme.</p> <p>If you dispose of your Thorn Shares before the Scheme Record Date (currently proposed to be 7.00pm on Tuesday, 5 December 2023), brokerage fees may be payable.</p> | Section 8 |

| Question | Answer | Further information |
|--|---|---------------------------|
| General Meeting | | |
| What am I being asked to vote on? | As a Thorn Shareholder, you are being asked to vote at the General Meeting on whether the Scheme Consideration Resolutions should be approved. If the Scheme Consideration Resolutions are not approved, the Scheme Meeting will not be convened. | Section 4. |
| What are the Scheme Consideration Resolutions? | <p>The provision of the Loan by Thorn to the Bidder for the funding of the Scheme Consideration is subject to shareholder approval at the General Meeting for the purposes of Part 2J.3 of the Corporations Act and Chapter 2E of the Corporations Act.</p> <p>The Scheme Consideration Resolutions consist of the following resolutions that will be put to Thorn Shareholders (other than the Excluded Shareholders) for their approval:</p> <ul style="list-style-type: none"> • the Financial Assistance Resolution for the purposes of section 260B(1)(a) of the Corporations Act; and • the Related Party Transaction Resolutions for the purposes of Chapter 2E of the Corporations Act. <p>The Scheme Consideration Resolutions are required due to the funding structure required for the Scheme Consideration. It is proposed that Thorn will advance the Loan to the Bidder at least 2 business days prior to the Implementation Date of the Scheme. The Bidder will then authorise the payment of the Scheme Consideration to each Scheme Shareholder on the Implementation Date.</p> | Section 2.5 |
| When and where will the General Meeting be held? | The General Meeting will be conducted as a hybrid meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 commencing 10.00am on Monday, 27 November 2023, at the physical venue and via the following online link https://meetnow.global/MM2VJLW that allows for remote participation. | Section 4 and Appendix 5. |
| What voting majority is required to approve the Scheme Consideration Resolutions? | <p>For the Scheme to proceed, the Scheme Consideration Resolutions must be passed by:</p> <ul style="list-style-type: none"> • in respect of the Financial Assistance Resolution, at least 75% of the total number of votes which are cast at the General Meeting by eligible Thorn Shareholders (other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative); and | Section 4.1. |

| Question | Answer | Further information |
|---|--|---------------------|
| | <ul style="list-style-type: none"> in respect of the Related Party Transaction Resolution, at least 50% of the total number of votes which are cast at the General Meeting by eligible Thorn Shareholders (other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative). | |
| Am I entitled to vote? | If you are registered as a Thorn Shareholder on the Share Register at 7.00pm on 25 November 2023, you will be entitled to attend and vote at the General Meeting. | Section 4. |
| Are there any voting exclusions for the General Meeting? | <p>The Excluded Shareholders will not vote on the Scheme Consideration Resolutions.</p> <p>In particular, in accordance with:</p> <ul style="list-style-type: none"> section 260B(1)(a) of the Corporations Act, the Excluded Shareholders will not cast a vote (whether in favour or against) on the Financial Assistance Resolutions; and section 224(1) of the Corporations Act, the Excluded Shareholders will not cast a vote (whether in favour or against) on the Related Party Transaction Resolutions. | 2.5 |
| Is voting compulsory? | <p>No, voting is not compulsory. However, the Scheme can only proceed if the Scheme Consideration Resolutions are passed by the requisite majorities of Thorn Shareholders (excluding Excluded Shareholders). Therefore, voting is important and the Independent Director strongly encourages you to vote.</p> <p>If the Scheme is implemented, you will be bound by the Scheme whether or not you were present at the General Meeting, whether or not you voted and whether or not you voted in favour of the Scheme Consideration Resolutions or against the Scheme Consideration Resolutions.</p> | Sections 4 and 9. |
| How do I vote if I'm unable to attend the General Meeting or if I don't wish to do so? | <p>If you are unable to attend the General Meeting, including by logging in online or if you do not wish to do so, you may vote by completing and lodging the Proxy Form for the General Meeting.</p> <p>The Proxy Form can be lodged by mail or by fax.</p> <p>By mail: Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001</p> <p>By fax: 1800 783 447 within Australia or +61 3 9473 2555 outside Australia</p> <p>Alternatively, you may choose to appoint a proxy for the General Meeting online.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p> | Section 4. |

| Question | Answer | Further information |
|--|--|---------------------------|
| When will the result of the General Meeting be known? | <p>The result of the General Meeting will be announced online and to ASX after the conclusion of:</p> <ul style="list-style-type: none"> • if the Scheme Consideration Resolutions are approved, the Scheme Meeting; or • if the Scheme Consideration Resolutions are not approved, the General Meeting. | Section 4. |
| What do I do if I have incorrectly logged in as a guest instead of a Thorn Shareholder or a proxy holder? | <p>Guests attending the General Meeting will not be able to ask questions or vote.</p> <p>Thorn Shareholders are encouraged to follow the instructions to ensure that you log in to the online platform correctly and are able to participate at the General Meeting.</p> <p>For any technical difficulties, please contact the Share Registry by telephone on +61 3 9415 4024.</p> | Section 4. |
| Scheme Meeting | | |
| What am I being asked to vote on? | As a Thorn Shareholder, you are being asked to vote at the Scheme Meeting on whether the Scheme should proceed. | Section 4. |
| When and where will the Scheme Meeting be held? | <p>The Scheme Meeting will be conducted as a hybrid meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 commencing 11.00am on Monday, 27 November 2023, at the physical venue and via the following online link https://meetnow.global/MRYKPAY that allows for remote participation.</p> <p>The Scheme Meeting will immediately follow the General Meeting if the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders.</p> | Section 4 and Appendix 6. |
| What voting majority is required to approve the Scheme Resolution? | <p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> • a majority in number (more than 50%) of eligible Thorn Shareholders (excluding Excluded Shareholders) present and voting at the relevant Scheme Meeting (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative) (Headcount Test); and • at least 75% of the total number of votes which are cast at the relevant Scheme Meeting by eligible Thorn Shareholders (excluding Excluded Shareholders) (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative). | Section 4.1. |

| Question | Answer | Further information |
|--|---|---------------------|
| | The Scheme must also be approved by the Court before it can become Effective. The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. | |
| Am I entitled to vote? | If you are registered as a Thorn Shareholder on the Share Register at 7.00pm on 25 November 2023, you will be entitled to attend and vote at the Scheme Meeting. | Section 4. |
| Are there any voting exclusions for the Scheme Meeting? | The Excluded Shareholders will not vote on the Scheme Resolution. | Section 4. |
| Is voting compulsory? | <p>No, voting is not compulsory. However, the Scheme can only proceed if the Scheme Resolution is passed by the requisite majorities of Thorn Shareholders (excluding Excluded Shareholders). If the Scheme Consideration Resolutions are not approved by the requisite majorities of Thorn Shareholders, the Scheme Meeting will not be convened. Therefore, voting is important and the Independent Director strongly encourages you to vote.</p> <p>If the Scheme is implemented, you will be bound by the Scheme whether or not you were present at the Scheme Meeting, whether or not you voted and whether or not you voted in favour of the Scheme Resolution or against the Scheme Resolution.</p> | Sections 4 and 9. |
| How do I vote if I'm unable to attend the Scheme Meeting or if I don't wish to do so? | <p>If you are unable to attend the Scheme Meeting, including by logging in online or if you do not wish to do so, you may vote by completing and lodging the Proxy Form for the Scheme Meeting.</p> <p>The Proxy Form can be lodged by mail or by fax.</p> <p>By mail: Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001</p> <p>By fax: 1800 783 447 within Australia or +61 3 9473 2555 outside Australia</p> <p>Alternatively, you may choose to appoint a proxy for the Scheme Meeting and the General Meeting online.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p> | Section 4. |
| When will the result of the Scheme Meeting be known? | <p>The result of the Scheme Meeting will be announced online and to ASX after the conclusion of the Scheme Meeting.</p> <p>Even if:</p> <ul style="list-style-type: none"> the Scheme Resolution is passed at the Scheme Meeting; and | Section 4. |

| Question | Answer | Further information |
|--|---|--------------------------------|
| | <ul style="list-style-type: none"> the Scheme Consideration Resolutions are passed at the General Meeting, <p>the Scheme will only proceed if Court approval of the Scheme is obtained and all of the other conditions to the Scheme are satisfied or, if applicable, waived.</p> | |
| <p>What should I do if I wish to support the Scheme?</p> | <p>If you support the Scheme you should:</p> <ul style="list-style-type: none"> attend the General Meeting by logging in online personally or by proxy and vote in favour of the Scheme Consideration Resolutions; and attend the Scheme Meeting by logging in online personally or by proxy and vote in favour of the Scheme Resolution. <p>Alternatively, you may lodge proxy votes in favour of the Scheme Resolution and the Scheme Consideration Resolutions.</p> | <p>Section 4.</p> |
| <p>What should I do if I wish to oppose the Scheme?</p> | <p>If you do not support the Scheme:</p> <ul style="list-style-type: none"> you should: <ul style="list-style-type: none"> attend the General Meeting, either by logging in online personally or by proxy, and vote against the Scheme Consideration Resolutions; and attend the Scheme Meeting, either by logging in online personally or by proxy, and vote against the Scheme Resolution; and/or if Shareholders pass the Scheme Resolution at the Scheme Meeting, you may wish to oppose the approval of the Scheme, by filing and serving a notice of opposition and any other supporting documents on Thorn by at least one day before the Second Court Date and attending the Second Court Hearing. | <p>Sections 4.4 and 11.3.</p> |
| <p>Can I be bound by the Scheme if I do not vote or if I vote against its approval?</p> | <p>Yes. If the Scheme becomes Effective and you hold any Thorn Shares on the Scheme Record Date (currently expected to be at 7.00pm on Tuesday, 5 December 2023), you will be bound by the Scheme, even if you were not present at the Scheme Meeting, you did not vote or you voted against the Scheme.</p> | <p>Sections 11.5 and 11.6.</p> |
| <p>What are my options?</p> | <p>As a Thorn Shareholder, you have the option of voting on the Scheme, selling your securities prior to the Scheme Record Date and/or not voting on the Scheme.</p> | <p>Section 2.7</p> |
| <p>What do I do if I have incorrectly logged in as a guest instead of a Thorn</p> | <p>Guests attending the Scheme Meeting will not be able to ask questions or vote.</p> <p>Thorn Shareholders are encouraged to follow the instructions to ensure that you log in to the online platform correctly and are able to participate at the Scheme Meeting.</p> | <p>Section 4.</p> |

| Question | Answer | Further information |
|--|---|---------------------|
| Shareholder or a proxy holder? | For any technical difficulties, please contact the Share Registry by telephone on 1300 855 080. | |
| Scheme Consideration Resolutions | | |
| What are the Scheme Consideration Resolutions? | <p>The Scheme Consideration Resolutions are a set of resolutions to be put to Thorn Shareholders (excluding Excluded Shareholders) at the General Meeting under:</p> <ul style="list-style-type: none"> sections 260A(1)(b) and 260B of the Corporations Act, to approve the payment of an amount equal to the Loan by Thorn to the Bidder to finance payment by the Bidder of the Scheme Consideration; and sections 208 and 217-227 of the Corporations Act, to approve the provision of a financial benefit by Thorn to the Bidder, being the provision of the Loan. | Section 2.5 |
| Why are the Scheme Consideration Resolutions Needed? | The Bidder intends to use the Loan to finance the Scheme Consideration. This use of funds provided by Thorn to the Bidder constitutes "financial assistance" and a "financial benefit" under the Corporations Act. The Thorn Board considers that the provision of that "financial assistance" and the "financial benefit" requires shareholder approval. | Section 2.5 |
| Are the Scheme Resolution and the Scheme Consideration Resolutions conditional on each other? | <p>Yes. The Scheme is conditional on the passage of the Scheme Consideration Resolutions.</p> <p>The payment of the Loan contemplated by the Scheme Consideration Resolutions will occur prior to the payment of the Scheme Consideration to Scheme Shareholders.</p> | Section 2.5 |
| Other questions | | |
| Do I have to sign anything in relation to the Scheme? | <p>If you wish to appoint a proxy to vote on your behalf, you are required to sign and return to the Share Registry your Proxy Form by the Proxy Cut-Off Date (currently expected to be 10.00am on 25 November 2023).</p> <p>If the Scheme is approved at the Scheme Meeting and by the Court, and is implemented, Thorn will automatically have authority to sign a master share transfer document on behalf of all Scheme Shareholders in favour of the Bidder.</p> | Sections 4 and 9. |
| Are there any risks I should be aware of? | <p>Yes. There are risks associated with the status quo being preserved if the Scheme does not proceed including continuing exposure to the risks associated with an investment in Thorn Shares.</p> <p>There are also risk factors which may prevent the Scheme from proceeding.</p> | Section 7. |

| Question | Answer | Further information |
|--|--|---|
| <p>Can I sell my Thorn Shares now?</p> | <p>Yes. Thorn Shareholders may seek to sell all or some of their Thorn Shares on ASX at the prevailing market price at any time before the close of trading on ASX on the Effective Date (which is currently expected to be Friday, 1 December 2023).</p> <p>You will not be able to sell your Thorn Shares on market after the Effective Date, as this will be the last day of trading in Thorn Shares on ASX before trading in Thorn Shares on ASX is suspended.</p> <p>You may however seek to sell your Thorn Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be at 7.00pm on Tuesday, 5 December 2023).</p> <p>If you sell your Thorn Shares before the Scheme Record Date you:</p> <ul style="list-style-type: none"> • will receive the proceeds from the sale of your Thorn Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); • may incur a brokerage charge if you sell your Thorn Shares on market; • will not be entitled to any Scheme Consideration; and • will not be able to participate in the Scheme or a Superior Proposal, if one emerges. | <p>Sections 1 and 9.</p> |
| <p>Will I be giving any warranties in respect of my Thorn Shares?</p> | <p>Yes. Under the Scheme, each Scheme Shareholder will be taken to have warranted to Thorn, in its own right and for the benefit of the Bidder, that all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, all of their Scheme Shares which are transferred to the Bidder under the Scheme will, on the date on which they are transferred to the Bidder, be fully paid, and that they have full power and capacity to transfer their Scheme Shares under the Scheme together with any rights attaching to the Scheme Shares and that they have no existing right to be issued any Thorn Shares, options exercisable into Scheme Shares, Thorn convertible notes or any other Thorn securities.</p> <p>You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.</p> | <p>Clause 8.4 in Appendix 3 and Section 9.21.1(g)..</p> |

| Question | Answer | Further information |
|---|--|---------------------|
| What will happen if the Scheme is approved by the Court? | <p>If the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, Thorn will lodge with ASIC an office copy of the orders. It is expected that this will occur on the Business Day immediately following the Second Court Hearing. The Scheme will then become Effective and it will proceed to be implemented.</p> <p>Thorn Shares are expected to cease trading on the ASX from the close of trading on the Effective Date (currently expected to be Friday, 1 December 2023).</p> | Section 9. |
| What happens on the Implementation Date? | <p>On the Implementation Date (currently expected to be Monday, 11 December 2023), the Scheme will be implemented and you will be sent your Scheme Consideration, following which the Bidder will acquire all of the Scheme Shares.</p> <p>It is intended that Thorn will be delisted shortly after the Implementation Date.</p> <p>You are not required to do anything in relation these implementation matters.</p> | Sections 9 and 11. |
| What are Bidder's intentions for Thorn if the Scheme proceeds? | Further information on the Bidder is available in Section 6. | Section 6. |
| What happens if the Scheme does not proceed? | <p>If the Scheme Consideration Resolutions or the Scheme Resolution are not approved by Thorn Shareholders by their requisite majorities, or if the Scheme is not approved by the Court, or a Condition to the Scheme is not satisfied or waived (if applicable), then the Scheme will not become Effective and will not be implemented.</p> <p>In this scenario, Thorn Shareholders will not receive the Scheme Consideration and will retain their Thorn Shares, and be subject to the general risks of remaining a shareholder in an ASX listed entity.</p> | Section 2. |
| What if I have further questions? | <p>If you have any further questions about the Proposed Transaction, please contact the Share Registry on 1800 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am – 5:00pm (Sydney time).</p> <p>For information about your individual circumstances, please consult your financial, legal, taxation or other professional adviser.</p> | N/A. |

4. How to vote

4.1 The General Meeting and the Scheme Meeting

The notice convening:

- the General Meeting is contained in Appendix 5; and
- the Scheme Meeting is contained in Appendix 6,

to this Explanatory Booklet. A personalised Proxy form for the General Meeting and the Scheme Meeting accompanies this Explanatory Booklet.

The General Meeting will be a hybrid meeting and conducted in two parts simultaneously on Monday, 27 November 2023 commencing at 10.00am with the physical venue of the General Meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 and via the online platform that allows for remote participation using the following link <https://meetnow.global/MM2VJLW>.

The Scheme Meeting will be a hybrid meeting and conducted in two parts simultaneously on Monday, 27 November 2023 commencing at 11.00am with the physical venue of the Scheme Meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 and via the online platform that allows for remote participation using the following link <https://meetnow.global/MRYKPAY>.

Please refer to Section 4.3 below for further details on how to attend the General Meeting and the Scheme Meeting.

For the Scheme to be approved by Thorn Shareholders, votes in favour of the Scheme Consideration Resolutions must be received from:

- in respect of the Financial Assistance Resolution, at least 75% of the total number of votes which are cast at the General Meeting by Thorn Shareholders (other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of Thorn Shareholder or proxy who is a corporation, by corporate representative); and
- in respect of the Related Party Transaction Resolution, at least 50% of the total number of votes which are cast at the General Meeting by Thorn Shareholders (other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of Thorn Shareholder or proxy who is a corporation, by corporate representative).

The Scheme Meeting will not be convened if the Scheme Consideration Resolutions are not approved by the requisite majorities at the General Meeting.

For the Scheme to be approved by Thorn Shareholders, votes in favour of the Scheme must be received from:

- a majority in number (more than 50%) of Thorn Shareholders (other than the Excluded Shareholders) present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Thorn Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting by Thorn Shareholders (other than the Excluded Shareholders) (personally or by proxy, attorney, or in the case of Thorn Shareholder or proxy who is a corporation, by corporate representative).

The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.

The purpose and effect of the Scheme is as summarised in Section 1 and are more particularly described in Section 9.

4.2 Your vote is important

The Independent Director urges all Thorn Shareholders to vote in favour of:

- the Scheme Consideration Resolutions at the General Meeting; and
- the Scheme Resolution at the Scheme Meeting.

The Scheme affects your shareholding and your votes at the General Meeting and the Scheme Meeting are important in determining whether the Scheme proceeds.

The Independent Director encourages all Thorn Shareholders to vote in favour of the Scheme either by personally participating in the General Meeting and the Scheme Meeting each to be held on Monday, 27 November 2023 commencing at 10.00am on that date, or by appointing a proxy, an attorney or, in the case of a Thorn Shareholder or proxy who is a corporation, a corporate representative to participate in the General Meeting and / or Scheme Meeting and vote on your behalf.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the Proxy Form which accompanies this Explanatory Booklet; or
- appointing a proxy online via www.investorvote.com.au by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form must be received by the Share Registry (whether by mail, by fax, or by lodging your proxy online) by 10.00am on 25 November 2023; or
- if you choose to appoint a proxy online – this appointment must be done by 10.00am on 25 November 2023.

Further information on your voting alternatives is provided in Section 4.4.

4.3 Guide to participating in the General Meeting and the Scheme Meeting

The General Meeting and the Scheme Meeting will each be hybrid meetings and conducted in two parts simultaneously on Monday, 27 November 2023 commencing at 10.00am with the physical venue of:

- the General Meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 and via the online platform that allows for remote participation using the following link <https://meetnow.global/MM2VJLW>; and
- the Scheme Meeting at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 and via the online platform that allows for remote participation using the following link <https://meetnow.global/MRYKPAY>.

Shareholders and proxy holders attending the General Meeting and the Scheme Meeting online will be given reasonable opportunity to participate in the each of the General Meeting and the Scheme Meeting equivalent to the opportunity Shareholders and proxy holders would have had if they were at the physical venue for the General Meeting and the Scheme Meeting.

Step 1 – Getting started

To attend and participate in the General Meeting and / or the Scheme Meeting online, you will need to access the online platform by going to the website:

- in respect of the General Meeting, <https://meetnow.global/MM2VJLW>; and
- in respect of the Scheme Meeting, <https://meetnow.global/MRYKPAY>.

The online platforms may be accessed by using the latest versions of Chrome, Safari, Edge and Firefox on a PC, tablet or smartphone device. Please ensure your browser is compatible. You can check your current internet browser by going to the website: whatismybrowser.com.

For instructions refer to the online user guide: www.computershare.com.au/virtualmeetingguide.

Step 2 – Join the General Meeting and / or the Scheme Meeting

To log into the portal, you will need the following information:

- for Australian residents, your SRN or HIN and postcode of your registered address;
- for Overseas residents, your SRN or HIN and country of your registered address; or
- for appointed Proxies, please contact Computershare on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

Registration for attendance at the General Meeting and the Scheme Meeting will be open 1 hour before the start of the respective meeting. If you are a Thorn Shareholder, select 'I have a login' and enter your username (which will be your personalised SRN or HIN number on your Proxy Form) and password (being your postcode or country code) and select join.

If you are a proxy holder you will need to enter the unique username and password provided by Computershare and select login.

If you are accessing a meeting as a guest, select 'I am a guest' and enter your name and email details and select join. Guests attending a meeting will not be able to ask questions or vote.

Once you have registered for the General Meeting and / or the Scheme Meeting, you will be taken to the home page, which displays your name, the meeting documents and information on the meeting.

If you have joined a meeting as a visitor, you will not be able to access the 'Questions' or 'Voting' icons. If you would like to refer to the Explanatory Booklet at any stage during the General Meeting or the Scheme Meeting, you can do so by displaying the home page and then clicking the 'Explanatory Booklet' link.

Step 3 – Watching and participating in the General Meeting or the Scheme Meeting

To watch a meeting, you must tap on the broadcast arrow on the 'Broadcast bar' on your screen. Depending on the speed of your internet, the video and/or the presentation slides accompanying the meeting will appear after approximately 30 seconds. If prompted you may have to click the play button in the window to initiate the broadcast.

Attendees can toggle the up and down arrow on the 'Broadcast bar' to view another screen.

We recommend that once you have logged in, you keep your browser or the app open for the duration of the meeting. If you close your browser you will be asked to repeat the login process.

When the Chair declares the poll open the voting icon will appear on your screen and the relevant resolution will be displayed.

To cast a vote:

- select the voting option corresponding with the way you wish to vote on the relevant resolution;
- once the voting option has been selected, the vote you selected will be highlighted;
- if you change your mind and wish to change your vote, you can simply select the new vote or cancel your vote at any time before the Chair closes the poll.

The number of items you have voted on or yet to vote on will be displayed at the top your screen.

Questions may be submitted by selecting the 'Q&A' icon, selecting the relevant topic and typing your question in the chat box which appears at the bottom of your screen. When you have finished typing your question, select the 'Send' button to submit the question. You will receive confirmation that your question or comment has been received.

The Chair will give all Thorn Shareholders a reasonable opportunity to ask questions and comment and will endeavour to answer questions at the meetings.

4.4 How to vote

(a) Voting entitlement

If you are registered as a Thorn Shareholder (other than an Excluded Shareholder) on the Share Register at the Voting Entitlement Time (7.00pm on 25 November 2023), you will be entitled to vote at the General Meeting and the Scheme Meeting.

The Bidder and their Associates will be excluded from participating in the General Meeting and the Scheme Meeting and from voting on the Scheme Consideration Resolutions and the Scheme Resolutions.

All voting at the General Meeting and the Scheme Meeting will be conducted by poll.

(b) Voting in person

Thorn Shareholders wishing to vote in person or their attorneys or, in the case of a Thorn Shareholder or proxy which is a corporation, corporate representatives, are encouraged to participate in the General Meeting and the Scheme Meeting by either attending the physical venue of the General Meeting and the Scheme Meeting or logging in online at:

- in respect of the General Meeting, <https://meetnow.global/MM2VJLW>; and
- in respect of the Scheme Meeting, <https://meetnow.global/MRYKPAY>.

Thorn Shareholders, their attorneys or in the case of Thorn Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the General Meeting and the Scheme Meeting online should log in 30 minutes prior to the time designated for the commencement of the General Meeting or the Scheme Meeting, if possible, to register. The online platform will be open 1 hour prior to the commencement of each respective meeting.

Thorn Shareholders, their attorneys or in the case of Thorn Shareholders or proxies which are corporations, corporate representatives wishing to attend the Scheme Meeting physically are asked to meet at MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, 30 minutes prior to the time designated for the commencement of the General Meeting or the Scheme Meeting, if possible, to register.

Following the conclusion or adjournment of each meeting (apart from the last meeting being the Scheme Meeting), Thorn Shareholders, their attorneys or in the case of Thorn Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the next meeting should continue to remain logged in online and will not be required to re-register for the next meeting.

(c) Voting by attorney

If a Thorn Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to that Thorn Shareholder's shareholding in Thorn, that Thorn Shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

Thorn Shareholders wishing to vote by attorney at either the General Meeting or the Scheme Meeting must, if they have not already presented an appropriate power of attorney to Thorn for notation, deliver to the Share Registry (at the address or facsimile number provided in Section 4.4(d)) the original instrument appointing the attorney or a certified copy of it prior to the General Meeting or the Scheme Meeting (as relevant).

Any power of attorney granted by a Thorn Shareholder will, as between Thorn and that Thorn Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Thorn Shareholder is lodged with Thorn.

Voting by corporate representative

To vote at the General Meeting or Scheme Meeting, a Thorn Shareholder or proxy which is a corporation may appoint an individual to act as its representative.

To vote by corporate representative at the General Meeting or Scheme Meeting, a Thorn Shareholder or proxy which is a corporation should obtain a Certificate of Appointment of Corporate Representative from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Share Registry prior to the General Meeting or Scheme Meeting (as relevant).

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The chair of the meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

(d) Voting by proxy

Thorn Shareholders wishing to appoint a proxy to vote on their behalf at either or both of the General Meeting or the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form, which accompanies this Explanatory Booklet. Alternatively, Thorn Shareholders may lodge their proxies for the Scheme Meeting online. A person appointed as a proxy may be an individual or a body corporate.

Your completed Proxy Form (and an original or certified copy of any power of attorney under which it is signed, unless already provided) must be delivered to the Share Registry by 10.00am on Saturday, 25 November 2023 in any of the following ways:

By post in the enclosed reply paid envelope (or the self-addressed envelope, for Thorn Shareholders whose registered address is outside Australia) provided to the Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Share Registry on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555.

Alternatively, you may choose to appoint a proxy online as follows:

Online if you wish to appoint your proxy online, you should do so by visiting www.investorvote.com.au and by following the instructions on that website. Online appointments of proxies for either the General Meeting or the Scheme Meeting must be done by 10.00am on Saturday, 25 November 2023.

Proxies will need to enter the unique username and password provided by the Share Registry and select login.

Your appointment of a proxy does not preclude you from attending either the General Meeting or the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending either the General Meeting or the Scheme Meeting, but if you vote on the resolution, the proxy is not entitled to vote, and must not vote, as your proxy on the resolution.

Chairman as proxy

If a Thorn Shareholder nominates the Chair of either or both of the General Meeting or the Scheme Meeting as that Thorn Shareholder's proxy, the person acting as Chair of the General Meeting or the Scheme Meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the General Meeting or the Scheme Meeting (as relevant).

If a proxy appointment is signed or validly authenticated by that Thorn Shareholder but does not name the proxy or proxies in whose favour it is given, the Chair of the General Meeting or the Scheme Meeting may at their election act as proxy in respect of any or all items of business to be considered at the General Meeting or the Scheme Meeting (as relevant).

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the Chair of the General Meeting or the Scheme Meeting – the proxy must vote on the poll and must vote in the way directed; and
- if the proxy is not the Chair of the General Meeting or the Scheme Meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed. In circumstances where the proxy does not vote on the poll or does not attend the meeting, the chair of the General Meeting or the Scheme Meeting will act in place of the nominated proxy and will vote in accordance with any directions on the Proxy Form.

General Meeting

Proxy appointments in favour of or which default to the Chair of the General Meeting, the company secretary or the Independent Director which do not contain a direction as to how to vote will be voted in support of the Scheme Consideration Resolutions (in the absence of a Superior Proposal from another party prior to the date of the General Meeting).

Scheme Meeting

Proxy appointments in favour of or which default to the Chair of the Scheme Meeting, the company secretary or the Independent Director which do not contain a direction as to how to vote will be voted in support of the Scheme Resolution (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

4.5 Further information

Please refer to each of the Notice of General Meeting (set out in Appendix 5) and the Notice of Scheme Meeting (set out in Appendix 6) for further information on voting procedures and details of the resolution to be voted on at each of the General Meeting and the Scheme Meeting.

The results of the General Meeting will be announced online and to ASX shortly after the conclusion of:

- if the Scheme Consideration Resolutions are approved, the Scheme Meeting; or
- if the Scheme Consideration Resolutions are not approved, the General Meeting.

The results of the Scheme Meeting will be announced online and to ASX shortly after the conclusion of the Scheme Meeting.

5. Profile of Thorn

5.1 Background

Thorn was incorporated as a proprietary company limited by shares known as Hiptak Pty Limited on 23 January 1996 and underwent numerous name changes before listing on the ASX on 3 November 2006 as RR Australia Limited (formerly ASX: RRA).

Thorn's historical principal activities consisted of two key divisions, Radio Rentals and Thorn Business Finance:

- On 20 December 2021, Thorn disposed of the assets of the Radio Rentals business to Credit Corp Group Limited (ASX: CCP); and
- On 1 September 2023, Thorn disposed of the TBF business to Resimac Group Limited (ASX: RMC) (**Resimac**).

5.2 Corporate History

| Year | Activity |
|------|---|
| 1937 | First Radio Rentals store opened. |
| 1996 | Hiptak Pty Limited is incorporated. |
| 1996 | Hiptak Pty Limited is rebranded to Thorn Asia-Pacific Holdings Pty Ltd. |
| 2006 | Thorn Asia-Pacific Holdings Ltd is rebranded to Radio Rentals Australia Limited. |
| 2006 | Radio Rentals Australia Limited is renamed to RR Australia Limited. |
| 2006 | RR Australia Limited is listed on ASX. |
| 2011 | Thorn acquires National Credit Management Limited. |
| 2016 | Thorn disposes of National Credit Management Limited to Credit Corp Group Limited. |
| 2017 | Thorn disposed of its consumer finance business (known as 'Cashfirst') to Credit Corp Group Limited |
| 2018 | Thorn disposed of its trade and debtor finance division (known as IstCash Pty Ltd) to CML Group Limited. |
| 2020 | Thorn's consumer finance stores ceased operations during COVID. Thorn's securitised warehouse ceased originations due to breach of a compliance parameter. |
| 2021 | The Bidder launched an unsolicited on-market takeover bid for Thorn which resulted in the Bidder increasing their relevant interest in Thorn Shares from 34.49% to 47.31%. |
| 2021 | Thorn relaunched its asset finance business as "Thornmoney" and its debtor finance business. Thorn disposed of the Radio Rentals business to Credit Corp Group Limited. |
| 2022 | The Bidder increased its relevant interest in Thorn Shares from 47.31% to 49.34%. Thorn's securitised warehouse was restructured and recommenced originations in August 2022. |

| Year | Activity |
|------|--|
| 2023 | Thorn disposed the majority of its Asset Finance portfolio business to Resimac. Thorn also disposed its debtor finance business. |
| 2023 | The Bidder and Thorn enter into the Scheme Implementation Deed. |

5.3 Overview of operations

Thorn traditionally operated two business divisions: Radio Rentals (**RR**) and Thorn Business Finance (**TBF**). However, in response to the changing market and customer needs, Thorn has pivoted and anchored its business model in recent years around TBF. This transformation has taken place over the last three years and has involved the recalibration of Thorn's collections and recoveries functions, the closing of all RR stores and several warehouses nationally in 2020 and the relaunch of TBF under the "Thornmoney" brand in December 2021 with a digitally supported debtor finance product and a digitally enabled finance offering, leveraging existing distribution relationships and customer base.

Thorn's shift away from consumer financing to TBF culminated in December 2021 with the sale by Thorn of the RR business to Credit Corp Group Limited. Thorn's transition away from RR towards TBF has enabled Thorn to focus on the digitalisation of its offering in an attempt to distinguish the business from Thorn's traditional competitors.

TBF was until recently Thorn's primary business division, providing financing for business assets to small and medium-sized enterprises through the utilisation of Thorn's securitised warehouse facility, which was restructured in August 2022.

On 1 September 2023, with approval from Thorn Shareholders, Thorn disposed of the TBF business to Resimac. On 26 September 2023, Thorn disposed of its remaining debtor finance business to a third party.

5.4 Thorn's strategy

The disposal of TBF constituted the disposal of the main undertaking of Thorn. Since the disposal of TBF, Thorn has been operating a fintech oriented strategy as a strategic investor. As has been communicated to the market since April 2022, Thorn has diversified and redirected the focus of its business by undertaking investments in the fintech sector that align with Thorn's core business strategy as a diversified small business focused financial services organisation. Thorn's directors are constantly exploring the possibility of further strategic investment opportunities in the banking, asset financing, and wealth management sectors.

5.5 Thorn Board and senior management team

(a) Thorn Board

As at the date of this Explanatory Booklet, Thorn's Board comprises of the 3 directors noted below.

- Warren McLeland (Non-Executive Director, Chair);
- Paul Oneile (Independent Non-Executive Director); and
- Allan Sullivan (Non-Executive Director).

The biographies of the Thorn Board as at the date of this Explanatory Booklet are as follows:

| Director | Biography |
|---|--|
| <p>Warren McLeland Non-Executive Director, Chair</p> | <p>Warren was appointed as a non-executive director at the 2019 Annual General Meeting (AGM). Warren has over 40 years' experience in financial services, in wholesale and retail sectors at top business management and CEO levels. Warren's experience has been gained in organisations such as Bain and Co and Chase Manhattan (now JP Morgan Chase). Warren was previously the CEO of ASX listed Resimac. Warren is currently the Chairman of Resimac.</p> |
| <p>Paul Oneile Independent Non-Executive Director</p> | <p>Paul was appointed as a non-executive director, effective October 14, 2019.</p> <p>Previously Paul was the Chair of ASX listed company, A2B Australia Limited (formerly Cabcharge Australia Limited) and was the non-executive Chairman of Intecq Limited (formerly eBet Limited), from 2012 until its acquisition by Tabcorp Holdings Limited in December 2016.</p> <p>From 2003 to 2008, Paul was CEO of Aristocrat Leisure Limited where he oversaw significant business and cultural change, refocused R&D spending, streamlined the supply chain operation, and successfully oversaw growth of the company's international operations.</p> |
| <p>Allan Sullivan Non-Executive Director</p> | <p>Allan Sullivan was appointed as a non-executive director at the 2019 AGM. Allan has had a professional career spanning over 30 years involving senior management roles in Switzerland, Holland, Korea, Hong Kong and Australia. Allan has a Bachelor of Science, a Bachelor of Engineering and a Doctor of Engineering from the University of Sydney.</p> <p>Allan was the Chief Executive Officer and Director of the listed ASX-ERG Group of Companies based in Perth (now Vix Technology) from 2004 to 2007. Since 2007, Allan has acted as a consultant to the VIX Verify Group and the Allectus Capital Group in relation to their technology businesses. More recently, Allan has acted as Executive Chairman of the VIX Verify Group, managing the successful sale of VIX Verify Global Identification business to the UK listed GB Group.</p> |

(b) Thorn senior management

Brief profiles of the key members of Thorn's management team as at the date of this Explanatory Booklet are as follows:

| Senior management | Biography |
|---|--|
| <p>Pete Lirantzis Chief Executive Officer</p> | <p>Pete joined Thorn on 10 February 2020. Prior to Thorn, Pete's most recent role was COO at Flexi Group, where he was responsible for product technology and service innovation and enhanced digital capabilities. He was responsible for the implementation of multiple M&A transactions, leveraged growth opportunities and revitalising corporate culture.</p> <p>Pete has 20 years' senior leadership experience including CEO, COO and CIO of an ASX200 listed entity and Executive and Non-Executive Director of Fintech start-ups.</p> |

| Senior management | Biography |
|---|--|
| Alexandra Rose General Counsel / General Manager Risk & Compliance and Company Secretary | Alexandra was appointed as General Counsel / General Manager Risk & Compliance and Company Secretary in October 2019. Alexandra has group-wide responsibility for Thorn's legal, risk and governance functions. Alexandra has over 25 years' experience in the legal profession with extensive experience in corporate law and corporate governance. Prior to her appointment, Alexandra held senior legal and risk roles with a number of leading Australian financial services companies. |

5.6 Capital structure

As at the date of this Explanatory Booklet, the total securities of Thorn on issue are as follows:

| Security | Number |
|---------------------|------------|
| Thorn Shares | 34,764,019 |

5.7 Substantial holders

The details of Thorn's substantial holders as at Last Practicable Date are set out below:

| Shareholder | Number of Thorn Shares | Percentage |
|---------------------------------|------------------------|----------------|
| The Bidder | 17,085,120 | 49.146% |
| Moat Investments Pty Ltd | 2,509,474 | 7.18% |
| Total | 19,594,594 | 56.326% |

Information in regard to substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on ASX's website (www.asx.com.au) is not included above.

5.8 Historical financial information

This Section sets out a summary of historical financial information for the purposes of this Explanatory Booklet.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| \$'000 AUD | Audited FY2023 | Audited FY2022 | Audited FY2021 | Audited FY2020 |
|---|-------------------|-------------------|-------------------|-------------------|
| Continuing operations | | | | |
| Sales revenue | | | 6,037 | 74,873 |
| Interest revenue | 14,443 | 15,490 | 91,001 | 120,099 |
| Other revenue | 890 | 1,806 | 7,096 | 9,327 |
| Revenue | 15,333 | 17,296 | 104,134 | 204,299 |
| Finance lease cost of sales | - | - | (8,414) | (59,993) |
| Employee benefit expense | (9,290) | (14,137) | (29,295) | (48,194) |
| Impairment losses on loans and receivables | | | (26,136) | (88,893) |
| Reversal of impairment losses on loans and receivables | 5,738 | 19,898 | | 0 |
| Marketing expenses | (199) | (359) | (1,223) | (8,499) |
| Property expenses | (374) | 220 | (1,408) | (5,266) |
| Transport expenses | | | (1,239) | (3,252) |
| Communication & IT expenses | (1,771) | (3,942) | (6,753) | (6,240) |
| Printing, stationary and postage | | | (1,229) | (1,429) |
| Insurance expenses | (1,901) | (2,601) | (1,628) | (772) |
| Impairment of inventory | | | (2,527) | 0 |
| Legal expenses | (936) | (1,592) | (3,120) | 0 |
| Other expenses | 762 | (4,362) | (3,969) | (15,964) |
| Impairment of intangibles & property, plant and equipment | (583) | (389) | (216) | (1,925) |
| Net gain on modification of lease liability | | | 1,433 | 0 |
| Recovery of impaired loan | | | 1,330 | 0 |
| Net gain on sale of financial asset | - | 119 | | 0 |
| Corporate expense allocated to discontinued operation | - | 8,025 | | 0 |
| Class action settlement and related expenses | | | | (25,944) |
| Total operating expenses | (8,554) | 880 | (84,394) | (266,371) |
| Earnings before interest and tax ("EBIT") | 6,779 | 18,176 | 19,740 | (62,072) |
| Fair value gains/(losses) on derivative | (1,106) | 1,453 | | 0 |
| Finance expenses | (7,020) | (6,764) | (11,344) | (16,253) |
| Profit/(Loss) before income tax | (1,347) | 12,865 | 8,396 | (78,325) |
| Income tax | - | - | - | (2,744) |
| Profit/(Loss) after tax for the year from continuing operations* | (1,347) | 12,865 | 8,396 | (81,069) |
| Discontinued operation | | | | |
| Profit from discontinued operation, net of tax | 3,884 | 19,481 | | |
| Profit after tax for the year | 2,537 | 32,346 | 8,396 | (81,069) |
| Other comprehensive income (OCI) - items that may be reclassified subsequently to profit or loss | | | | |
| Cash flow hedge reserve movements | - | 2,352 | | |
| Other comprehensive income – reclassification adjustments | | | | |
| Cash flow hedge reclassification adjustments | 1,369 | - | | |
| Other comprehensive income – items that will not be reclassified to profit or loss | | | | |
| Changes in the fair value of equity investments at fair value through OCI | (1,677) | - | | |
| Other comprehensive income | | | 2,601 | (2,996) |
| Income tax | | | | (998) |
| Other comprehensive income for the year | (308) | 2,352 | 2,601 | (3,994) |
| Total comprehensive profit | 2,229 | 34,698 | 10,997 | (85,063) |

CONSOLIDATED BALANCE SHEET

| \$'000 AUD | Audited FY2023 | Audited FY2022 | Audited FY2021 | Audited FY2020 |
|---|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 28,800 | 86,760 | 88,045 | 49,619 |
| Trade and other receivables | 46,775 | 34,984 | 67,093 | 129,297 |
| Prepayments and other assets | 2,240 | 6,480 | 2,935 | 2,895 |
| Inventories | | | 128 | 7975 |
| Income tax receivable | - | - | - | 3,051 |
| Total current assets | 77,815 | 128,224 | 158,201 | 192,837 |
| Non-current assets | | | | |
| Trade and other receivables | 94,708 | 53,600 | 129,549 | 260,546 |
| Derivative financial instrument | 12 | - | - | - |
| Deferred tax assets | - | - | - | - |
| Property, plant and equipment | - | - | - | - |
| Financial assets at fair value through other comprehensive income | 2,744 | - | 1,000 | - |
| Intangible assets | - | - | - | - |
| Total non-current assets | 97,464 | 53,600 | 130,549 | 260,546 |
| Total assets | 175,279 | 181,824 | 288,750 | 453,383 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | 4,949 | 8,810 | 15,723 | 14,576 |
| Lease liability | - | 11 | 507 | 6,142 |
| Loans and borrowings | - | 43,412 | 78,203 | 117,918 |
| Employee benefits | 2,936 | 5,090 | 3,951 | 5,054 |
| Provisions | 1,512 | 4,090 | 1,944 | 3,929 |
| Total current liabilities | 9,397 | 61,413 | 100,328 | 147,619 |
| Non-current liabilities | | | | |
| Loans and borrowings | 114,890 | 17,179 | 88,100 | 187,627 |
| Lease liability | - | - | 427 | 5,578 |
| Employee benefits | 19 | 77 | 170 | 462 |
| Derivative financial instruments | - | 359 | 3,721 | 6,322 |
| Provisions | - | - | 870 | - |
| Total non-current liabilities | 114,909 | 17,615 | 93,288 | 199,989 |
| Total liabilities | 124,306 | 79,028 | 193,616 | 347,608 |
| Net assets | 50,973 | 102,796 | 95,134 | 105,775 |
| Equity | | | | |
| Issued capital | 117,818 | 158,049 | 157,843 | 155,256 |
| Reserves | (1,677) | 5,605 | (3,492) | (5,912) |
| Retained earnings | (65,168) | (60,858) | (59,217) | (43,569) |
| Total equity | 50,973 | 102,796 | 95,134 | 105,775 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| \$'000 AUD | Audited FY2023 | Audited FY2022 | Audited FY2021 | Audited FY2020 |
|---|-------------------|-------------------|-------------------|-------------------|
| Continuing Operations | | | | |
| Cash flows from operating activities | | | | |
| Cash receipts from customers (excluding interest) | 129,288 | 108,763 | 204,312 | 243,947 |
| Interest revenue received | 13,036 | 16,623 | 90,342 | 117,525 |
| Cash received from liquidation of inventory | - | - | 5,691 | 0 |
| Cash paid to suppliers and employees* | (20,532) | (40,494) | (71,120) | (138,598) |
| Acquisition of inventories | - | - | (5,117) | (61,273) |
| Asset finance originations & invoice finance drawdowns | (167,511) | (24,454) | (5,452) | (155,784) |
| Cash generated from operations | (45,719) | 60,438 | 218,656 | 5,816 |
| Net borrowing costs | (6,649) | (6,422) | (11,803) | (16,117) |
| Income tax refund / (paid) | - | - | 3,051 | 1,145 |
| Net cash used in operating activities | (52,368) | 54,016 | 209,904 | (9,156) |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment and software | (583) | (257) | (107) | (809) |
| Proceeds from disposal of discontinued op | 4,053 | - | - | - |
| Loan to other entities | (5,000) | - | - | - |
| Acquisition of equity investment | (4,410) | 1,154 | (1,000) | - |
| Net cash from investing activities | (5,940) | 897 | (1,107) | (809) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 87,580 | - | 11,339 | 154,458 |
| Repayment of borrowings | (33,281) | (105,711) | (150,582) | (152,557) |
| Redemptions of borrowings | - | - | (9,540) | (7,267) |
| Repayment of lease liability | - | (247) | - | - |
| Proceeds from issues of shares | 1,990 | 491 | 2,588 | 34,323 |
| Payment for share buy back | (404) | (354) | - | - |
| Capital return | (41,716) | - | - | - |
| Dividends paid | (13,821) | (27,167) | (24,176) | - |
| Net cash from financing activities | 347 | (132,988) | (170,371) | 28,958 |
| Net increase in cash and cash equivalents- continuing operations | (57,960) | (78,075) | 38,426 | 18,992 |
| Net increase in cash and cash equivalents from discontinued operation | - | 76,790 | - | - |
| Cash and cash equivalents at April 1 | 86,760 | 88,045 | 49,619 | 30,627 |
| Cash and cash equivalents at 31 March | 28,800 | 86,760 | 88,045 | 49,619 |

The financial statements of Thorn for the financial years ending 31 March 2021, 31 March 2022 and 31 March 2023 including all notes to those accounts, can be found in full:

- 2021 Thorn Annual Report (released to ASX on 30 June 2021)
- 2022 Thorn Annual Report (released to ASX on 24 June 2022), and
- 2023 Thorn Annual Report (released to ASX on 31 May 2023).

These reports can be found on the Thorn website at: <https://www.thorn.com.au/site/content/>

5.9 Material changes in the financial position of Thorn

Other than:

- the accumulation of revenue and trading losses in the ordinary course of trading;
- as disclosed in the Notice of Annual General Meeting lodged with ASX on 1 August 2023 and
- as disclosed in this Explanatory Booklet or as otherwise disclosed to ASX by Thorn,

within the knowledge of the Independent Director, the financial position of Thorn has not materially changed since 31 March 2023 (being the date of Thorn's financial statements for FY23 and lodged with ASX on 31 May 2023), however the completion of the Asset Finance Sale and the capital return and special dividend payments in September 2023 has resulted in a decrease in Total Net Assets to \$42.3million as at 30 September 2023 (\$51 million as at 31 March 2023).

5.10 Recent Thorn Share performance

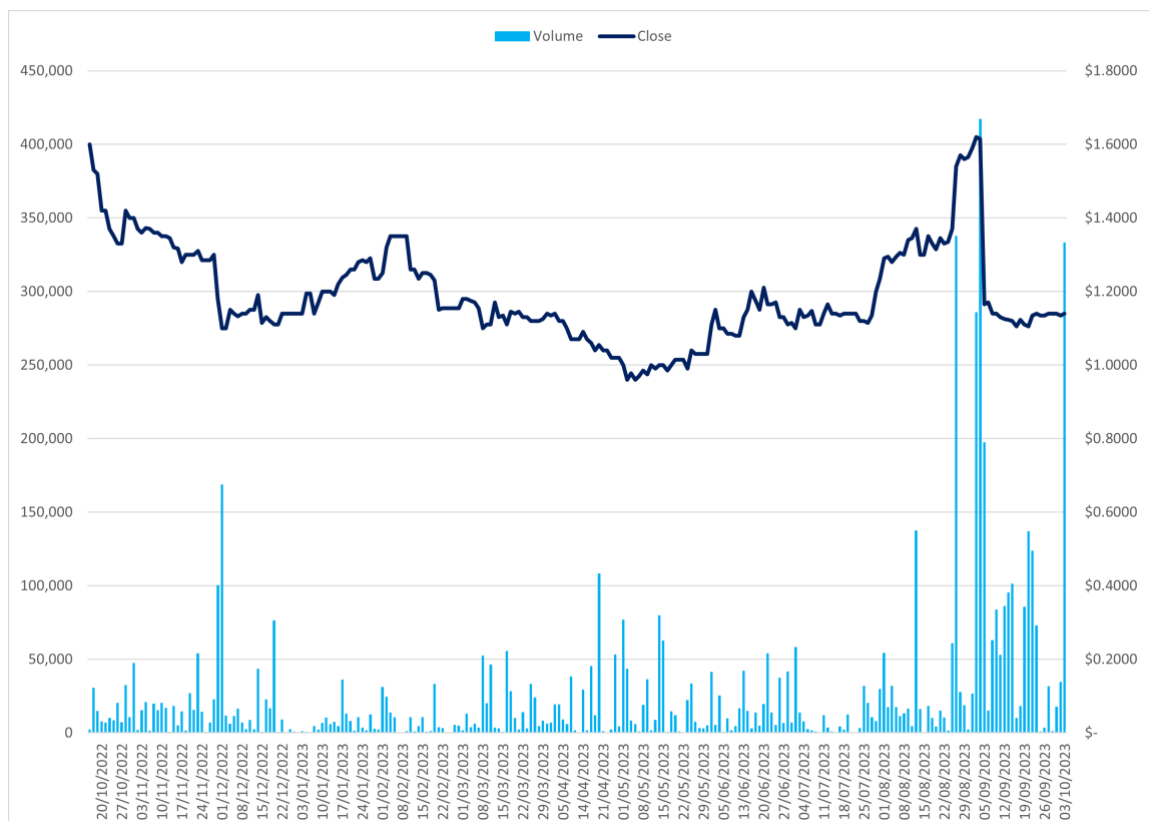
Thorn's shares are listed on the ASX under the ticker code TGA.

Thorn's closing share price the day prior to the announcement of the Scheme Implementation Deed was \$1.105. The closing price of Thorn Shares on the Last Practicable Date was \$1.135.

During the three months up to the Last Practicable Date:

- the highest recorded daily closing price of Thorn Share was \$1.620 on 1 September 2023; and
- the lowest record daily closing price of Thorn Share was \$1.105 on 15 September 2023.

The share price graph below refers to the performance of Thorn Shares from 17 October 2022, being the first business day after the completion of a 10:1 share consolidation, to the Last Practicable Date. Thorn considers this historical period appropriate.



* Source, Morningstar price history as at 4 October 2023.

5.11 Outlook

Noting the adjusted strategy of Thorn at Section 5.4, the outlook of the Thorn business depends on the successful pivot and execution of the fintech business investment strategy. Thorn will look to drive organic growth through strategic investments in emerging fintech businesses.

It is worth noting the economic headwinds facing the emerging fintech sector and their investors. These headwind risks largely relate to macroeconomic factors including inflation, and microeconomic risks such as high levels of market saturation and increased levels of competition.

5.12 Summary of risks

In considering the Scheme, Thorn Shareholders should be aware of a number of risks which could materially and adversely affect the future operating and financial performance, and value, of Thorn.

This Section 5.12 outlines some general investment risks relating to an investment in Thorn as well as some specific risks relating to investing in Thorn. These risks are set out in greater detail in Section 7. These risks currently apply to your investment in Thorn and will continue to apply if the Scheme does not proceed. If the Scheme proceeds, you will cease to be a Thorn Shareholder and will no longer be exposed to the risks set out below. If the Scheme does not proceed, you will continue to hold your Thorn Shares and continue to be exposed to risks associated with that investment (as set out below).

You should carefully consider the risks outlined in this Section 5.12 (fully set out in Section 7), as well as the other information contained in this Explanatory Booklet, before voting on the Scheme and the Scheme Consideration Resolutions. Sections 5.12 and 7 are general in nature only and do not take into account your individual objectives, financial situation, tax position or particular needs.

General and specific risk factors relating to the business and operations of Thorn

The following are general and specific risks related to your investment in Thorn:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in government fiscal, monetary, taxation, employment and regulatory policies;
- changes in laws and regulations including accounting and financial reporting standards;
- general market risks inherent in all ASX listed companies;
- execution of Thorn's business strategy, including its ability to implement its new and unproven strategy;
- macroeconomic factors inherent in operating a business as an investment company with investments that are exposed to the macro environment;
- high levels of competition in the industry;
- inability to obtain access to funding;
- failure of information technology systems;
- litigation and legal disputes; and
- profitability and implications for dividends.

Risk factors which may prevent the Scheme from becoming Effective or being implemented

There are a number of risks related to the effecting and implementation of the Scheme, namely:

- conditions of the Scheme;
- termination rights; and
- court approvals and delays.

5.13 Public information available for inspection

Thorn is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Thorn is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Thorn has that a reasonable person would expect to have a material effect on the price or value of Thorn Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Thorn is available on ASX's website at www.asx.com.au.

In addition, Thorn is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Thorn may be obtained from an ASIC office.

Thorn Shareholders may obtain a copy of Thorn's 2023 Annual Report (including its audited financial statements for the financial year ended 31 March 2023) and Thorn's financial statements for the half year ended 31 September 2022 from ASX's website (www.asx.com.au), from Thorn's website (<https://www.thorn.com.au/site/content/>) or Thorn will provide, free of charge, copies of these documents to anyone who requests them prior to the Scheme being approved by the Court.

6. Profile of the Bidder

6.1 Overview of the Bidder

The Bidder is a listed financial services investment holding company incorporated in Bermuda whose shares are traded on the Mezzanine Market of the Bermuda Stock Exchange. Its core investments are primarily in the banking, asset financing, and wealth management sectors, principally in Australia and the United Kingdom.

The Bidder has shareholders' funds of approximately £282 million and invests in listed and unlisted companies, with both minority and controlling shareholdings. The Bidder focuses on maximising shareholder returns by identifying and investing in companies where the assessed underlying value is not reflected in the market or purchase price.

The Bidder is managed by ICM Limited (**ICM**), a Bermuda based global fund manager and corporate finance adviser which currently manages approximately US\$1.8 billion in funds directly, and is responsible indirectly for a further US\$22.9 billion of assets in subsidiary investments. ICM generally takes a long term approach to its client's investments.

More information about the Bidder's activities, operations and history can be found at <https://www.somers.limited/> and <https://www.bsx.com/>.

6.2 The Bidder's Board

As at the date of this Explanatory Booklet, the Bidder's Board comprises the following directors:

| Director | Biography |
|--|--|
| <p>Mr Peter Durhager Chairman and Director</p> | <p>Mr Peter Durhager was appointed as a Director of the Bidder on 5 September 2018. Mr Durhager has founded and been involved in running a number of financial and telecommunications businesses as well as working in the banking sector with more than 25 years' experience. Mr Durhager is currently an executive director of the Allan & Gill Gray Foundation and a non-executive director of Harrington Re Holdings Limited. Mr Durhager was formerly the Chairman of Ascendant Group Limited, America's Cup Bermuda and the Bermuda Community Foundation, and was formerly the President of Renaissance Re Services Ltd for 10 years and EVP and Chief Administrative Officer of Renaissance Re Holdings Ltd for 11 years.</p> <p>Mr Durhager holds a bachelor's degree in Philosophy from Transylvania University in Lexington, Kentucky.</p> |
| <p>Mr Alasdair Younie Director</p> | <p>Mr Alasdair Younie was appointed as a Director of the Bidder on 23 April 2012 after joining the ICM group in 2010 and is based in Bermuda. Mr Younie has extensive experience in financial markets and corporate finance and is responsible for the day to day running of the Bidder Group. Mr Younie qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years with Arbuthnot Securities Limited in London in the corporate finance division. Mr Younie is a director of ICM Limited, Carebook Technologies Inc and West Hamilton Holdings Limited.</p> <p>Mr Younie graduated from Bristol University with a BSc in Economics and History and is a member of the Institute of Chartered Accountants in England and Wales.</p> |

| Director | Biography |
|---|---|
| Mr Charles Jillings Director | <p>Mr Charles Jillings was appointed as a Director of the Bidder on 12 June 2014. Mr Jillings is qualified as a chartered accountant and has extensive experience in corporate finance and asset management with over 30 years of experience in international financial markets. Mr Jillings joined the ICM group in 1995, and established the ICM Investment Research Limited in 1997 and ICM Investment Management Limited in 2015. Mr Jillings is a director of Waverton Investment Management Limited, ICM Limited and chief executive of ICM Investment Management Limited, and he is responsible for the day to day running of UIL and Utilico Emerging Markets Trust plc.</p> <p>Mr Jillings graduated from University of Cape Town with a B. Com and qualified as a South African Chartered Accountant in 1980.</p> |
| Mr David Morgan Director | <p>Mr David Morgan was appointed as a Director of the Bidder on 21 August 2012. Mr Morgan has over 40 years' experience in international banking, building his career at Standard Chartered Bank in Europe, North America and the Far East. Since leaving Standard Chartered Bank in 2003, he has been involved in a wide range of business advisory and non-executive roles. Mr Morgan is currently a non-executive director of Waverton Investment Management Limited.</p> |

6.3 Rationale for the proposed acquisition of Thorn

The Bidder believes that the Scheme represents an attractive opportunity for Thorn Shareholders to realise their investment in Thorn in a timely manner, which may be a desirable course of action for Thorn Shareholders following the disposal of Thorn's receivables book to Resimac. Following the divestment of receivables book to Resimac, Thorn has been operating a fintech oriented strategy as a strategic investor.

The Scheme Consideration provides certainty of value to Scheme Shareholders by delivering full cash consideration at a fixed price in a timely manner. This may be particularly attractive to Scheme Shareholders given the risks and uncertainties associated with remaining a Thorn Shareholder in a company that will essentially be a "cash box" going forward.

The Scheme will allow Scheme Shareholders to dispose of all of their Thorn Shares and to realise the full value of those shares. In the absence of the Scheme or a Superior Proposal, there is no guarantee that Scheme Shareholders would be able to liquidate part or all of their shareholding in Thorn in a single transaction or for full value. An alternative to the Scheme may involve a voluntary winding up of Thorn which would involve significant costs being incurred by Thorn prior to Thorn Shareholders receiving any return and will require the expiration of any warranties.

6.4 Funding arrangements for the Scheme Consideration

(a) Scheme Consideration

The Scheme Consideration will be wholly paid in cash.

If the Scheme is approved and implemented, each Scheme Shareholder will be entitled to receive \$1.17 in cash (less the amount of any permitted dividend or capital return declared or announced by Thorn with a record date prior to the Implementation Date) for each Thorn Share that they own as at the Scheme Record Date, as further described in Section 11.6 of this Explanatory Booklet.

Having regard to Thorn's issued share capital as at the Last Practicable Date (refer to Section 5.6 of this Explanatory Booklet) and the total cash amount of \$1.17 per Thorn Share offered to Scheme Shareholders (less the amount of any permitted dividend or capital return declared or announced by Thorn with a record date prior to the Implementation Date), the maximum aggregate amount payable by the Bidder as Scheme Consideration will be up to \$20.68 million, which is based on 17,678,899 Thorn Shares on issue and held by Scheme Shareholders as at the Scheme Record Date.

Pursuant to the Deed Poll and subject to the Scheme becoming Effective, the Bidder has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, in clear funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into an Australian dollar denominated trust account operated by Thorn or the Thorn Share Registry as trustee for the Scheme Shareholders no later than two Business Days before to the Implementation Date.

For further information regarding the Bidder's obligations under the Deed Poll, refer to Section 9.2 of this Explanatory Booklet. A copy of the Deed Poll is reproduced in Appendix 2 to this Explanatory Booklet.

(b) Funding and Loan arrangements

Under the Scheme Implementation Deed, Thorn and the Bidder have entered into the Loan Agreement. Thorn Shareholder approval of the financial assistance associated with the Loan via the Scheme Consideration Resolutions is a condition precedent to the Scheme.

Under the Loan Agreement, subject to the Scheme becoming effective and the Scheme Consideration Resolutions being obtained, Thorn will provide the Bidder with an unsecured loan of an amount equal to the aggregate amount of the Scheme Consideration for all Scheme Shares (being, up to \$20.68 million) to assist the Bidder to fund payment of the Scheme Consideration.

Thorn will satisfy its obligations to pay the Loan by depositing an amount equal to the Loan into a trust account operated by Thorn at least two Business Days before the Implementation Date.

The Loan will be funded from Thorn's existing cash resources.

A summary of the key terms of the Loan Agreement is detailed in Section 10 of this Explanatory Booklet and further information in relation to the Scheme Consideration Resolutions is detailed in Section 2.5.

(c) Provision of the Scheme Consideration

On the basis of the arrangements described above, the Bidder is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to pay the Scheme Consideration under the Scheme.

6.5 Intentions if the Scheme is implemented

This Section 6.5 sets out the current intentions of the Bidder in relation to:

- the delisting of Thorn from the ASX;
- the subsequent business of Thorn following the sale of its assets to Resimac;
- any major changes to be made to the business of Thorn and any redeployment of the fixed assets of Thorn; and
- the future employment of the present employees of Thorn,

assuming the Bidder acquires the Scheme Shares as a result of the implementation of the Scheme.

These intentions are based on the information concerning Thorn, its business and the general business environment which are known to the Bidder at the time of preparation of this Explanatory Booklet.

The Bidder does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. If the Scheme is implemented, the Bidder intends to undertake a detailed review of Thorn's assets and operations, including to evaluate their performance, prospects and strategic relevance. Final decisions regarding these matters will only be made by the Bidder following this review and based on the facts and circumstances at the relevant time.

(a) Thorn removal from the ASX

Under the Scheme Implementation Deed, if the Scheme becomes Effective, Thorn must apply to ASX to have Thorn removed from the official list of ASX, and quotation of Thorn Shares on the ASX terminated, with effect on and from the close of trading on the trading day immediately following, or shortly after, the Implementation Date (unless otherwise directed by the Bidder in writing). The Bidder does not intend to make any direction to Thorn which is inconsistent with this requirement.

(b) Board of Directors

If the Scheme is implemented, the Thorn Board and the board of each Subsidiary of Thorn will be reconstituted, such that some of the directors may be replaced, with effect on and from the Implementation Date. As at the date of this Explanatory Booklet, the final composition of Thorn Board after implementation of the Scheme has not been finalised and the Bidder reserves the right to nominate individual directors of Thorn as new Thorn Directors and new directors of each Subsidiary.

(c) Business, operations and assets

If the Scheme is implemented, the Bidder's current intention is that changes will be made to reflect the changed size and operating model of Thorn's business following the sale of the TBF business to Resimac, Thorn's main undertaking. The Bidder expects:

- Thorn's Chief Executive Officer and senior management team to wind down their current roles on completion of the transitional obligations associated with the sale of the TBF business to Resimac; and
- all operational and administrative functions (including regulatory reporting and all governance matters) to be outsourced to an independent specialist corporate services organisation.

The Bidder will make a final determination on how Thorn will be integrated into the Bidder Group operating model after implementation of the Scheme.

(d) Employees

Prior to completion of the sale of the TBF business to Resimac, Thorn had a shared services team of approximately 30 employees. These supporting employees mainly provided services to Thorn's asset finance business. The Bidder understands that the majority of the shared services employees have been made redundant subsequent to completion of the sale of the TBF business to Resimac.

As part of the Bidder's review of the operations of Thorn, the Bidder will review the operational requirements of Thorn. Subject to the outcome of the results of that review adjustments to Thorn's existing workforce arrangements may be required.

6.6 The Bidder's interest in Thorn Shares

(a) Interests in Thorn Shares

As at the date of this Explanatory Booklet, the Bidder and its Related Bodies Corporate have a relevant interest in 17,085,120 Thorn Shares and Voting Power of 49.146% of Thorn.

(b) No dealings in Thorn Shares in previous four months

Other than an on-market acquisition of 30,001 Thorn shares for \$46,024 acquired by the Bidder on 25 August 2023, neither the Bidder nor any of its Associates have provided, or agreed to provide, consideration for Thorn Shares under any purchase or agreement during the four months before the date of this Explanatory Booklet.

(c) No inducing benefits to Scheme Shareholders in previous four months

Except as otherwise disclosed in this Explanatory Booklet, during the period of four months before the date of this Explanatory Booklet, neither the Bidder nor any of its Associates gave, offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of the Thorn Shares,

where the benefit was not offered to all Scheme Shareholders.

(d) No benefits to current Thorn officers

Neither the Bidder nor any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of Thorn or any of its Related Bodies Corporate as at the date of this Explanatory Booklet as compensation for, or otherwise in connection with, his or her retirement from their respective office in connection with the Scheme.

6.7 No other material information

Other than as disclosed in this Explanatory Booklet, there is no information regarding the Bidder, or its intentions regarding Thorn, that is material to the making of a decision by an eligible Thorn Shareholder in relation to the Scheme that is within the knowledge of the directors of the Bidder as at the date of this Explanatory Booklet that has not been previously disclosed to Thorn Shareholders.

7. Risk factors

7.1 Introduction

In considering the Scheme, you should be aware that there are a number of general and specific risk factors associated with your current investment in Thorn Shares and with the Scheme. This Section 7 outlines:

- general and specific risk factors relating to the business and operations of Thorn and which in turn affect the value of your current investment in Thorn Shares (see Section 7.2); and
- risk factors which may prevent the Scheme from becoming Effective or being implemented (see Section 7.3).

The outline of risks in this Section 7 is a summary only and should not be considered exhaustive. This Section 7 does not purport to list every risk that may be associated with an investment in Thorn now or in the future which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 7 may be partially or completely outside the control of Thorn, the Bidder or their respective directors and senior management teams.

These risk factors do not take into account the individual investment objectives, financial situation or particular needs of Thorn Shareholders. If you do not understand any part of this Explanatory Booklet or are in any doubt as to how to vote in relation to the Scheme, you should seek professional guidance from your stockbroker, solicitor, accountant, tax advisor or other independent and qualified professional adviser before deciding how to vote at the General Meeting and the Scheme Meeting.

You should consider carefully the risk factors discussed in this Section 7, as well as the other information contained in this Explanatory Booklet before voting on the Scheme.

7.2 Risk factors relating to the business and operations of Thorn

This Section outlines some general and specific investment risks relating to your current investment in Thorn. These risk factors will continue to apply to Thorn Shareholders if the Scheme is not implemented.

In considering the Scheme, Thorn Shareholders should be aware of these general and specific risks as they could materially and adversely affect the future operating and financial performance, and value, of Thorn.

The future operating performance of Thorn and the value of an investment in Thorn Shares may be affected by risks relating to Thorn's business. Some of these risks are specific to Thorn while others relate to economic conditions and the general industry and markets in which Thorn operates.

Where practicable, Thorn seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Thorn from these risks. Other risks are beyond Thorn's control and cannot be mitigated. The occurrence of any such risks could adversely affect Thorn's financial position and performance and the value of Thorn Shares. The risks listed below are summaries, do not purport to be exhaustive and are not presented in any order of importance. Further, there is no assurance that the importance of different risks will not change or other risks will not emerge.

You should carefully consider the risks outlined in this Section as well as the other information contained in this Explanatory Booklet before voting on the Scheme.

(a) General risks associated with your investment in Thorn

The following are some general risks associated with your investment in Thorn:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in government fiscal, monetary, taxation, employment and regulatory policies;
- changes in laws and regulations including accounting and financial reporting standards; and
- as an ASX-listed company, Thorn is subject to general market risks that are inherent in all securities listed on a securities exchange. The price at which Thorn Shares are quoted on ASX may increase or decrease due to a number of factors, many of which are outside of Thorn's control and are not attributable to Thorn's underlying operations or specific to Thorn's financial position and performance. These factors may include fluctuations in the domestic and international market for listed stocks, general economic conditions, the nature of the markets in which Thorn operates, force majeure events and general operational and business risks.

(b) Specific risks associated with your investment in Thorn

There are a number of specific risks associated with an investment in Thorn, including the following:

Execution of Thorn's business strategy

Thorn's performance in respect of active investments in the non-banking financial services sector may be affected by a number of factors, including:

- Thorn's ability to implement its new and unproven strategy, as outlined at section 5.4, which is unproven to date. There is a risk that this new strategy will not be successful;
- market expectations about the ability of Thorn to pay a regular stream of fully franked dividends in the future;
- consistent good performance of Thorn's investment portfolio;
- Thorn's maintenance of skilled specialist resources with long-term experience in trading through various market cycles.

Market risk and equity risk

- Thorn's performance as an investment company will be significantly affected by certain key macroeconomic factors (including movements in domestic and international securities markets, movements in foreign exchange rates and interest rates) which have been subject to pressure.
- Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment.
- Thorn also faces liquidity risk of being unable to sell investments at a fair price at time Thorn requires cash; and share price volatility caused by lack of diversity within the portfolio.

Thorn operates in a highly competitive industry

Thorn's competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, a failure by Thorn to maintain its market position or the introduction of new technology that may not be accessible by Thorn. Any deterioration in Thorn's competitive position may result in a loss of market share and a decline in revenue and earnings.

Additionally, Thorn may in the future have a degree of liquidity risk if Thorn is not able to generate positive operating cashflow and is required to raise substantial additional debt or equity.

Inability to obtain access to funding

In order to undertake the new business strategy, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of Thorn is required to increase significantly for the operations to achieve a sustainable level of profitability.

Volatility in the financial markets could have a material adverse effect on Thorn's ability to fund its business using debt or equity. Thorn's ability to raise additional funds will be subject to, among other things, factors beyond the control of Thorn and its directors, including the prospects of new investment opportunities (generating returns higher than target return rates), the results of its operations, broader industry, economic conditions and stock market conditions.

There is no assurance that future funds can be raised by Thorn on acceptable terms, if at all.

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.

Dividends

There are a range of factors that determine and will determine the payment of dividends by Thorn. These factors include the profitability of the Thorn's business, its cash reserves, future capital requirements and debt servicing obligations under debt facilities. Thorn will separately determine any future dividend levels based on its respective operating results and financial standing at the time and otherwise in accordance with its dividend policies. If the Scheme does not proceed, there is no guarantee that any dividend will be declared and paid by Thorn or any guarantee that future dividends will equal or exceed previous payments.

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.

7.3 Risk factors that may prevent the Scheme from becoming Effective or being implemented

This Section sets out the risks associated with the Scheme and its implementation.

(a) Conditions

The Scheme is subject to various Conditions. These Conditions are outlined in Section 2.6(a). As at the date of this Explanatory Booklet, your Directors are not aware of any circumstances which would cause the Conditions to not be satisfied or (if applicable) waived. Despite this, there is a possibility that one or more of the Conditions will not be satisfied or waived and that the Scheme will not proceed.

For example, the absence of a Thorn Prescribed Occurrence is a Condition solely for the Bidder's benefit. Thorn Prescribed Occurrence is defined in the Scheme Implementation Deed to mean the occurrence of any of the following on or after 21 September 2023:

- Thorn converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- any member of the Thorn Group resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- any member of the Thorn Group:
 - enters into a buy-back agreement; or
 - resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- any member of the Thorn Group issues securities, or grants a performance right, or an option over its securities, or agrees to make such an issue or grant such a right or an option, including pursuant to a dividend reinvestment or other share plan, other than under the valid exercise of an option or performance right on issue or in existence immediately before 21 September 2023 or the issue of any securities that have been approved by Thorn Shareholders prior to 21 September 2023;
- any member of the Thorn Group issues, or agrees to issue, convertible notes;
- any member of the Thorn Group disposes, or agrees to dispose, of the whole, or any part, of its business, assets or property existing as at the date of this deed;
- any member of the Thorn Group creates or agrees to create, any security interest over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- an Insolvency Event occurs in relation to any member of the Thorn Group;
- Thorn pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution;

- any member of the Thorn Group makes any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the Thorn Group;
- any member of the Thorn Group ceases, or threatens to cease to, carry on the business conducted as at 21 September 2023;
- any member of the Thorn Group waives, releases or assigns any material rights, claims or benefits of Thorn or any members of the Thorn Group;
- a Governmental Agency issues a temporary or permanent cease trading order prohibiting the trading in any class of securities of Thorn that has not been lifted or remedied by Delivery Time on the Second Court Date;
- any member of the Thorn Group (other than a dormant, non-operating member of the Thorn Group) being deregistered as a company or being otherwise dissolved;
- any disposal of shares or securities by a member of the Thorn Group in any member of the Thorn Group other than to a member of the Thorn Group; or
- any member of the Thorn Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs (a) to (o) above insofar as it applies to the member of the Thorn Group the subject of such direct or indirect authorisation, commitment, agreement or announcement,

provided that a Thorn Prescribed Occurrence will not include any matter:

- in connection with any capital reduction or dividend payable by Thorn, as contemplated in clause 4.5 of the Scheme Implementation Deed;
- required to be done or procured by the Thorn Group under the Scheme Implementation Deed or the Scheme;
- required by law, regulation or by an order of a court or Governmental Agency;
- to the extent it is Fairly Disclosed in filings of Thorn with the ASX in the 12 months prior to 21 September 2023; or
- the undertaking of which the Bidder has previously approved in writing.

While a Thorn Prescribed Occurrence may result in a wide range of contractual and commercial outcomes, it is possible that the parties could end up in dispute over the existence of an alleged Thorn Prescribed Occurrence or its consequence under the Scheme Implementation Deed.

It is also possible that any of the other Conditions may not be satisfied or waived by the Delivery Time on the Second Court Date (currently expected to be 30 November 2023). This could result in the Scheme not proceeding, the Scheme otherwise being terminated, or a transaction being proposed on different terms in accordance with clause 3.7 of the Scheme Implementation Deed.

(b) Termination rights

Thorn and the Bidder respectively each have the right to terminate the Scheme Implementation Deed in certain circumstances (refer to Section 9.4 for a summary of the circumstances which may give rise to termination rights). Accordingly, there is no certainty that the Scheme Implementation Deed will not be terminated by either party before the Scheme is implemented. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

(c) Court approval and delays

There is a risk that the Court may not approve the Scheme or that Court approval may be delayed. In particular, if there is a material change in circumstances between the date of this Explanatory Booklet and the Second Court Date, then, depending on the nature and timing of the change in circumstances:

- Thorn may be required to issue a supplementary document to this Explanatory Booklet and the preparation of that supplementary document may result in delays to the indicative key dates at the front of this Explanatory Booklet; and
- the Court will have regard to that change in deciding how it should proceed – if any such changes materially alter the Scheme, the Court may not approve the Scheme at the Second Court Hearing.

8. Taxation implications for Thorn Shareholders

8.1 Introduction

This Section provides a summary of the general Australian taxation consequences for Thorn Shareholders in relation to the Scheme and should be considered in conjunction with the rest of this Explanatory Booklet (including the taxation risks outlined in Section 7.2).

The information contained in this Section is a general guide only and is not intended to be an authoritative or complete statement of the taxation law applicable to the specific circumstances of each Thorn Shareholder and should not be relied upon by Thorn Shareholders as taxation advice.

Thorn Shareholders should seek their own professional advice with respect to the taxation implications of the Scheme. Thorn Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

8.2 Overview

The following is a general summary of the Australian taxation (including capital gains tax (**CGT**), GST and stamp duty) implications for Australian resident and foreign resident Thorn Shareholders, who hold their Thorn Shares on capital account, of participating in the Scheme.

This summary does not apply to Thorn Shareholders who:

- hold their Thorn Shares as revenue assets or as trading stock;
- hold their Thorn Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- are financial institutions, insurance companies, partnerships, taxation exempt organisations, dealers in securities, trusts (except where expressly stated), temporary residents or shareholders who change their taxation residency while holding shares, each of which may be subject to additional or specific taxation rules;
- are subject to the taxation of financial arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) or the investment manager regime in Subdivision 842-I of the ITAA 1997;
- are non-residents of Australia who hold their shares as an asset in a business that is carried on at or through a permanent establishment in Australia;
- are Australian tax residents but hold their Thorn Shares as part of an business carried on, at or through, a permanent establishment in a foreign country; or
- acquired their Thorn Shares under an employee share scheme.

This summary has been prepared on the basis of Australian taxation law and administrative practice as at the date of this Explanatory Booklet. References to Australian resident Thorn Shareholders are to Thorn Shareholders who are residents of Australia for Australian income tax purposes and are not tax resident in any other jurisdiction.

8.3 Australian taxation implications of the Scheme

(a) Disposal of Thorn Shares by Australian residents

Under the Scheme, Thorn Shareholders will dispose of their Thorn Shares to the Bidder in exchange for the Scheme Consideration.

Australian CGT

CGT asset

For Australian CGT purposes, the Thorn Shares will be treated as CGT assets.

CGT event

The disposal of Thorn Shares by an Australian resident Thorn Shareholder under the Scheme should constitute a CGT event for Australian income taxation purposes on the Implementation Date.

Under the Scheme, Australian resident Thorn Shareholders should:

- make a capital gain if the capital proceeds from the disposal of their Thorn Shares are greater than the cost base of their Thorn Shares; or
- make a capital loss if the capital proceeds from the disposal of their Thorn Shares are less than the reduced cost base of their Thorn Shares.

Australian resident Thorn Shareholders will include all of the capital gains in the income year (including from the sale of the Thorn Shares) and reduce that amount by any capital losses incurred in the income year (including from the sale of the Thorn Shares) or any other capital losses from prior income years, subject to satisfaction of the relevant loss recoupment rules. Any remaining capital gain may be discounted (see below) before being included in the Australian resident Thorn Shareholder's assessable income for the year in which the CGT event occurs.

Australian resident Thorn Shareholders who make a capital loss on the disposal of their Thorn Shares can only offset the capital loss against capital gains realised in the same, or subsequent, income years (subject to the relevant satisfaction of the loss recoupment rules). Specific loss recoupment rules may restrict the ability to utilise any such capital losses in a future period.

Capital proceeds

The capital proceeds on the disposal of the Thorn Shares should include the Scheme Consideration received by Thorn Shareholders.

Cost base and reduced cost base

The cost base of each Thorn Share should generally include the amount paid to acquire the relevant Thorn Share, plus any non-deductible costs of acquisition, holding and disposal (e.g. brokerage fees and stamp duty). The cost base will be reduced by any return of capital received in connection with the Thorn Shares during the ownership of the Thorn Shares (if any).

The reduced cost base, used to determine a capital loss, is calculated in a similar manner.

CGT discount

Generally, Australian resident Thorn Shareholders who are individuals, trusts or complying superannuation funds that have held their Thorn Shares for at least 12 months at the time of their disposal (being the Implementation Date) should be entitled to the CGT discount in calculating the amount of capital gain on disposal of their Thorn Shares.

The CGT discount is applied after available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which should reduce a capital gain arising from the disposal of Thorn Shares is as follows:

- 50% for individuals and trusts; and
- 33 $\frac{1}{3}$ % for a complying superannuation fund.

The CGT discount is not available for Australian resident Thorn Shareholders who are companies.

(b) Taxation consequences of disposal of Thorn Shares by foreign residents

Any capital gain or loss derived on the disposal of Thorn Shares by Thorn Shareholders who are not Australian residents will be disregarded provided that the Thorn Shares are not held by the non-resident in carrying on business in Australia at or through a permanent establishment and provided that the Thorn Shares are not 'indirect Australian real property interests' for the purposes of the ITAA 1997.

Specifically, the Thorn Shares will be *indirect Australian real property* interest, where the following two tests are satisfied:

- the Thorn Shareholder, together with its 'associates' (as defined in section 318 of the *Income Tax Assessment Act 1936* (Cth)), held a combined interest of at least 10% in Thorn, respectively, either at the time the Thorn Shares were disposed of (or were taken to have been disposed of) or for at least 12 months during the 24 months before the Thorn Shares were disposed of (for CGT purposes) (the non-portfolio test); and
- more than 50% of the market value of Thorn's assets is attributed to direct or indirect interests in 'taxable Australian real property' (broadly, Australian land interests or mining rights in respect of resources located in Australia) (the principal asset test).

Where both the above requirements are satisfied, foreign Thorn Shareholders may be liable for tax on gains from the disposal of their Thorn Shares and may be required to lodge a tax return in connection with the disposal of the Thorn Shares.

While Thorn does not expect the 'principal asset test' to have been satisfied, any non-resident shareholders who own 10% or more of the shares in Thorn (on an associate inclusive basis) should seek independent professional advice in relation to their own particular circumstances.

Foreign resident capital gains withholding regime

Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of an asset that is an 'indirect Australian real property interest' (i.e. the asset is 'taxable Australian property') from a 'relevant foreign resident'.

For the purposes of these rules, a 'relevant foreign resident' is any registered Thorn Shareholder, at the time the transaction is entered into, that is:

- known or reasonably believed by the Bidder to be a foreign resident;
- not reasonably believed by the Bidder to be an Australian resident, and either has an address outside Australia or has authorised the Bidder to provide a financial benefit to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations.

As mentioned above, Thorn does not consider that the Thorn Shares should be characterised as 'indirect Australian real property interests', and therefore, the foreign resident capital gains tax withholding should not apply.

(c) GST implications

The transfer of the Thorn Shares by a Thorn Shareholder under the Scheme should not be subject to GST because the transfer of the Thorn Shares should either be an input taxed financial supply or an out-of-scope supply (depending on the circumstances of the Thorn Shareholder).

Thorn Shareholders may be charged GST on costs (such as third party brokerage or advisor costs) that relate to their participation in the Scheme. Thorn Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the transfer of the Thorn Shares.

Thorn Shareholders should obtain independent advice in relation to the impact of GST on their individual circumstances.

(d) Stamp duty implications

No Australian stamp duty will be payable by a Thorn Shareholder in respect of the transfer of the Thorn Shares under the Scheme.

9. The Scheme in Further Detail

9.1 Introduction

This Section:

- discusses the purpose and effect of the Scheme;
- provides a summary of the conditions and approvals required for the Scheme to proceed; and
- provides a summary of the rights of Thorn and the Bidder to withdraw from the Scheme.

If the Conditions for the Scheme are satisfied or waived (as applicable), the manner in which the Scheme will be implemented is described in Section 11.6.

9.2 Elements of the Scheme

(a) Purpose

The purpose of the Scheme is to give effect to a proposed arrangement between Thorn and Scheme Shareholders. That arrangement in turn contemplates that the Bidder will acquire 100% of the shares in Thorn that it does not already own, being all of the Thorn Shares held by the Scheme Shareholders, in exchange for payment of the Scheme Consideration to the Scheme Shareholders. If the Scheme becomes Effective, Thorn will become a wholly-owned and controlled subsidiary of the Bidder and Thorn will be delisted from ASX.

The terms of the Scheme are set out in Appendix 3 to this Explanatory Booklet.

(b) Legal effect

If the Scheme becomes Effective, it will constitute a binding arrangement between Thorn and each Scheme Shareholder under which:

- all Scheme Shares held by each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against them) will be transferred to the Bidder, free of any security interest (in accordance with, without limitation, section 32(1) of the *Personal Property Securities Act 2009* (Cth) and Regulation 7.1 of the *Personal Property Securities Act Regulations 2010* (Cth)), without the need for any action on the part of the Scheme Shareholders; and
- each Scheme Shareholder (including those who were not present at the General Meeting and / or the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme Consideration Resolutions and the Scheme Resolution) will receive the Scheme Consideration, subject to any security interest which attaches to the Scheme Consideration in accordance with section 32(1) of the *Personal Property Securities Act 2009* (Cth), as consideration in full for the transfer of all of their Thorn Shares to the Bidder.

(c) Scheme Meeting

At the First Court Hearing on 20 October 2023, the Court ordered Thorn to convene a meeting of Thorn Shareholders to consider and vote on the Scheme.

The resolution to be considered at the Scheme Meeting is contained in the Notice of Scheme Meeting in Appendix 6 to this Explanatory Booklet.

(d) General Meeting

In addition, the resolutions to be considered at the General Meeting are contained in the Notice of General Meeting in Appendix 5 to this Explanatory Booklet.

(e) Eligibility to vote at the General Meeting and the Scheme Meeting

Each person who is registered on the Share Register as a Thorn Shareholder (other than Excluded Shareholders) as at the Voting Entitlement Time (7.00pm on 25 November 2023) is entitled to attend and vote at the General Meeting and the Scheme Meeting, either in person, by proxy or attorney or, in the case of a Thorn Shareholder who is a corporation, by a corporate representative.

Section 4 provides full details of how to vote at the General Meeting and the Scheme Meeting. The Proxy Form for the General Meeting and the Scheme Meeting accompanies this Explanatory Booklet.

(f) Voting majority required

The Scheme will only become Effective and be implemented if (among other conditions):

- the Scheme Consideration Resolutions are approved by the requisite majorities of Thorn Shareholders (other than Excluded Shareholders) at the General Meeting; and
- the Scheme Resolution is:
 - approved by the requisite majorities of Thorn Shareholders (other than Excluded Shareholders) at the Scheme Meeting; and
 - approved by the Court at the Second Court Hearing.

Approval of the Scheme by Thorn Shareholders requires the resolution at the Scheme Meeting to be passed by:

- a majority in number (more than 50%) of Thorn Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Thorn Shareholders who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Thorn Shareholders who is a corporation, by corporate representative).

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. For example, the Court may do so if there is evidence that the result of the vote has been unfairly influenced by activities such as share splitting.

(g) Your warranties under the Scheme

The Scheme provides that Scheme Shareholders who hold Scheme Shares as at the Scheme Record Date (currently proposed to be at 7.00pm on Tuesday, 5 December 2023) are taken to have warranted to Thorn that:

- all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Scheme Shares (together with any rights attaching to those shares) to the Bidder under the Scheme; and

- they have no existing right to be issued any Thorn Shares, options exercisable into Scheme Shares, Thorn convertible notes or any other Thorn securities.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

(h) Deed Poll

The Bidder has executed a Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Explanatory Booklet.

9.3 Conditions to the Scheme

Implementation of the Scheme is subject to the Conditions outlined in Section 2.6. The Scheme will not proceed unless all of the Conditions to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

9.4 Termination rights

Thorn and the Bidder are entitled to terminate the Scheme Implementation Deed in certain circumstances, as summarised below (and set out in full in clause 12 of the Scheme Implementation Deed):

(a) Termination by either Thorn or the Bidder

Either Thorn or the Bidder may terminate the Scheme Implementation Deed (by giving written notice to the other party):

- *non-fulfilment of Conditions*: If any condition is not satisfied or is not capable of being satisfied by the End Date, Thorn and the Bidder must consult in good faith to try and proceed with the Scheme. If the parties are unable to resolve the Condition within 5 Business Days of becoming aware that the Condition is incapable of satisfaction before the End Date:
 - in respect of:
 - the restraints Condition;
 - the Shareholder approval Condition;
 - the Scheme Consideration Resolutions Condition,
 either party may terminate the Scheme Implementation Deed;
 - in respect of:
 - the no Thorn Prescribed Occurrences Condition; and
 - the representations and warranties Condition,
 the Bidder may terminate the Scheme Implementation Deed; and
 - in respect of the Independent Expert Condition, Thorn may terminate the Scheme Implementation Deed.
- *material breach*: if there is material breach of the Scheme Implementation Deed by the other party that is not remedied within 7 Business Days;
- *representations and warranties*: if a representation or warranty by the other party is not true and correct and is not remedied within 7 Business Days;

- *restrained*: if the Court or Governmental Agency permanently restrains or prohibits the Scheme, and all opportunities to appeal the decision have been exhausted; or
- *End Date*: if the Scheme does not become Effective before the End Date.

(b) Termination by Thorn

Thorn may terminate the Scheme Implementation Deed at any time before the Delivery Time on the Second Court Date by giving written notice to the Bidder, if at any time prior to the Delivery Time on the Second Court Date, the Independent Director changes his Recommendation or Voting Intention Statement, or recommends a Competing Proposal.

(c) Termination by the Bidder

The Bidder may terminate the Scheme Implementation Deed at any time prior to the Delivery Time on the Second Court Date by giving written notice to Thorn, if:

- the Independent Director changes his Recommendation or Voting Intention Statement, or recommends a Competing Proposal, otherwise than as permitted under the Scheme Implementation Deed; or
- a Thorn Group Member enters into a binding agreement in relation to a Competing Proposal.

9.5 Status of Conditions and termination rights

As at the date of this Explanatory Booklet, your Independent Director is not aware of any circumstances which would cause any conditions not to be satisfied or any termination right to be enlivened.

10. The Loan Agreement

10.1 The Loan

This section provides a summary of the key terms of the Loan Agreement and outlines the purpose and effect of the provision of the Loan.

10.2 The Loan Agreement

(a) Background

The Loan Agreement is between Thorn and the Bidder and contains the terms on which Thorn will provide the Loan to the Bidder for the purpose of enabling the Bidder to provide the Scheme Consideration to Scheme Shareholders.

(b) Key terms

The key terms of the Loan Agreement are set out below:

| Clause | Summary |
|--------|---|
| 2 | <p>Thorn will loan an amount equal to the Scheme Consideration (Loan Amount) to the Bidder on a date not earlier than 2 business days after the Effective Date (proposed to be Friday, 1 December 2023) and not later than 1 business day prior to the Implementation Date (proposed to be Monday, 11 December 2023).</p> <p>The Loan Amount may only be used to fund the payment of the Scheme Consideration to the Scheme Shareholders on the Implementation Date and the Bidder has directed that the Loan Amount be placed into a trust account operated by the Thorn for the purpose of paying the Scheme Consideration.</p> |
| 3 | <p>The Loan Agreement is conditional on the Scheme becoming Effective and the receipt of all necessary approvals in respect of the provision of the Loan (including financial assistance and related party approvals).</p> |
| 4 | <p>The Loan is due for repayment by the Bidder on the 10th anniversary of the date on which the Loan is advanced to the Bidder by Thorn.</p> |
| 5 | <p>The Loan will be interest-free.</p> |
| 7 | <p>In the event of a Default, Thorn may require the immediate repayment of the Loan by the Bidder.</p> <p>Defaults include:</p> <ul style="list-style-type: none"> • Non-payment by the Bidder; • Incorrect or false representations or warranties by the Bidder; • A Bidder Insolvency Event; • The Scheme Implementation Deed is terminated after the Loan has been advanced, but prior to the payment of the Scheme Consideration; and • The Implementation Date does not occur by the later of 5 business days after the Effective Date, or 2 business days after the draw date of the Loan. |

11. Implementation

11.1 Introduction

If:

- the Scheme Consideration Resolutions are passed by Thorn Shareholders at the General meeting;
- the Scheme Resolution is passed by Thorn Shareholders at the Scheme Meeting; and
- all other Scheme Conditions for the Scheme as described in Section 2.6(a) (other than Court approval of the Scheme) have been satisfied or waived (as applicable),

the further general steps required to implement the Scheme are as described in the remainder of this Section.

The description of these general steps is based on the obligations that Thorn and the Bidder have under the Scheme Implementation Deed (in relation to the Scheme).

The Bidder has executed a Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Explanatory Booklet.

11.2 Apply to Court for approval of the Scheme

At the Second Court Hearing, Thorn will apply to the Court for orders approving the Scheme. It is proposed that the Second Court Date will be Thursday, 30 November 2023. Any change to this date will be announced through ASX and will be available on ASX's website, www.asx.com.au.

The Court has a wide, overriding discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act.

If the Scheme is approved by the requisite majorities of Thorn Shareholders at the Scheme Meeting, but is not subsequently approved by the Court, the Scheme will not proceed to be implemented.

11.3 Opposing the Scheme

The Second Court Date to approve the Scheme is currently scheduled to be Thursday, 30 November 2023.

The hearing will be at 9.15am (Sydney time) in the Supreme Court of New South Wales. Further details on how to attend the Second Court Hearing will be released on ASX if the Scheme are approved by Thorn Shareholders at the Scheme Meeting.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Thorn, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Thorn at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Ref: 1461661, Attention Anthony Sommer (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to anthony.sommer@minterellison.com.

11.4 Receipt of Court orders

If the Court approves the Scheme:

- Thorn will make an announcement to ASX notifying the market of receipt of Court approval, with that announcement proposed to be made on the day on which the Court approves the Scheme;
- that announcement will specify the Scheme Record Date; and
- as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme, Thorn will lodge an office copy of the Court's orders with ASIC under section 411(10) of the Corporations Act. On that date (currently proposed to be 1 December 2023, the Scheme will become Effective.

If the Scheme becomes Effective, Thorn will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Deed, the Scheme and the Deed Poll. Only those persons who are registered as the holders of Scheme Shares on the Scheme Record Date will be Scheme Shareholders, being the only persons who will be bound by, and have the benefit, of the Scheme. Section 11.5 describes the principles in the Scheme for determining the identity of Scheme Shareholders.

If the Scheme does not become Effective before the End Date, the Scheme will lapse.

11.5 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders under the Scheme, dealings in Thorn Shares or other alterations to the Share Register will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Thorn Shares on or before 7.00pm on the day on which the Scheme Record Date occurs; and
- in all other cases, registrable transmission applications or transfers received on or before 5.00pm on the day on which the Scheme Record Date occurs at the place where the Share Register is kept.

Thorn will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Thorn Shares received after 5.00pm (or 7.00pm in the case of dealings of the type effected using CHESS) on the day on which the Scheme Record Date occurs (or if received prior to that time but not in registrable or actionable form, as appropriate), other than to the Bidder and any subsequent transfer by its successors in title under the Scheme.

Under the terms of the Scheme, from the Scheme Record Date until registration of the Bidder as the holder of the Thorn Shares:

- Thorn Shareholders may not dispose of, or otherwise deal with, any Scheme Shares or any interest in them after the Scheme Record Date; and
- any disposals or dealings in Scheme Shares after the Scheme Record Date will not be recognised by the Share Registry.

For the purposes of determining entitlements to the Scheme Consideration under the Scheme, Thorn must maintain the Share Register in accordance with the provisions set out above until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

All statements of holding for Scheme Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.

As soon as practicable after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Thorn will ensure that details of the names, Registered Addresses and holdings of Thorn Shares for each Scheme Shareholder are available to the Bidder in the form they reasonably require.

11.6 Implementation of the Scheme

(a) Suspension of trading of Thorn Shares

It is expected that suspension of trading on ASX in Thorn Shares will occur from close of trading on the Effective Date. On the current timetable, the Effective Date is proposed to be 1 December 2023.

(b) Scheme Record Date

Thorn Shareholders (other than Excluded Shareholders) will be entitled to receive the Scheme Consideration if they are registered as the holders of Thorn Shares on the Scheme Record Date. The Scheme Record Date for the Scheme is currently proposed to be 7.00pm on Tuesday, 5 December 2023. In this Explanatory Booklet, Thorn Shareholders, and the Thorn Shares that they hold, on the Scheme Record Date (if the Scheme becomes Effective) are referred to as 'Scheme Shareholders' and 'Scheme Shares', respectively.

(c) Transfer and registration of Scheme Shares

Under the Scheme, each Scheme Shareholder, without the need for any further act, irrevocably appoints Thorn and each of its directors, officers and secretaries, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including (without limitation) a master transfer of all or part of the Scheme Shares.

On the Implementation Date, the Scheme Shares held by the Scheme Shareholders, together with all rights and entitlements attaching to those securities as at the Implementation Date, will be transferred to the Bidder without the need for any further act by any Scheme Shareholder, by Thorn executing and delivering a valid transfer or transfers of the Scheme Shares to the Bidder under the Corporations Act.

(d) Provision of Scheme Consideration

In accordance with the terms of the Scheme Implementation Deed and the Loan Agreement, Thorn will transfer the Loan Amount into the Trust Account at least 2 business days prior to the Implementation Date.

On the Implementation Date, Thorn will, subject to the Bidder authorising the payment of the Scheme Consideration to the Scheme Shareholders, either:

- send (or procure the Share Registry to send) the Scheme Consideration due to each Scheme Shareholder to their Registered Address by cheque in Australian currency drawn out of the Trust Account; or
- deposit (or procure the Share Registry to deposit) the Scheme Consideration due to each Scheme Shareholder by electronic fund transfer to a bank account nominated by the Scheme Shareholder notified to Thorn (or the Share Registry) by an appropriate authority from the Scheme Shareholders.

In the case of Scheme Shares, any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent, at the sole discretion of Thorn, to either the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

Where the calculation of the Scheme Consideration would result in a Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded up or down to the nearest whole cent and, fractional entitlements of 0.5 of a cent will be rounded up.

(e) Delisting of Thorn

At a time determined by the Bidder following the implementation of the Scheme, the Bidder will cause Thorn to apply for the 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 the business day after the Implementation Date.

12. Additional Information

12.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations to be included in this Explanatory Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that your Directors consider material to a decision on how to vote on the resolution for the Scheme to be considered at the Scheme Meeting.

In this Section, the terms 'associate', 'marketable securities', 'related body corporate' and 'subsidiary' have the meanings given to them in the Corporations Act. The term 'executive officer' is used to mean 'senior manager' as defined in the Corporations Act, including the company secretary.

12.2 Directors' interests and dealings in Thorn Shares

The table below sets out the Thorn Shares held by or on behalf of the Directors.

| Name | Position | Thorn Shares held by or on behalf of the Director | Percentage holding |
|-----------------------------|------------------------|---|--------------------|
| Warren John McLeland | Chairman | Nil | Nil |
| Paul Norman Oneile | Non-Executive Director | 23,500 | 0.068% |
| Allan Clive Sullivan | Non-Executive Director | 24,755 | 0.071% |

The Independent Director intends to vote all of his Thorn Shares in favour of the Scheme Consideration Resolutions and the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider that the Scheme is in the best interests of Thorn Shareholders. The other two directors are nominees of the Bidder and are therefore precluded from voting at the General Meeting and the Scheme Meeting.

12.3 Directors' interest and dealings in the Bidder

No shares of the Bidder are currently held by or on behalf of any Thorn Director.

12.4 Directors' interests in any contracts with the Bidder

No Thorn Director has any interest in any contracts with the Bidder.

12.5 Retirement benefits

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Director of Thorn as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Thorn or in any related body corporate of Thorn.

12.6 Directors' intentions regarding the business, assets and employees of Thorn

If the Scheme is approved and implemented, the existing Thorn Board will be reconstituted.

Accordingly, it is not possible for the current Directors to provide a statement of the intentions of the directors of the reconstituted Thorn Board regarding:

- the continuation of the business of Thorn or how Thorn's existing businesses will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Thorn; or
- the future employment of the present employees of Thorn,

in each case, after the Scheme is implemented.

If the Scheme is approved and implemented, the Bidder will ultimately control Thorn. For more information regarding Bidder's intentions if the Scheme is implemented please see Section 6.

12.7 Directors' interests in agreements connected with or conditional on the Scheme

No Thorn Director or any of their associates has entered into, or otherwise has any interest in, any contract that is conditional on the Scheme.

12.8 Summary of the Scheme Implementation Deed

| Item | Summary |
|---------------------------------------|---|
| Overview | <p>On 21 September 2023, Thorn and the Bidder entered into the Scheme Implementation Deed. The Scheme Implementation Deed provides a contractual framework for proposing and implementing the Scheme.</p> <p>A summary of the key elements of the Scheme Implementation Deed is set out below. This summary does not cover procedural obligations of the parties with respect to the Scheme.</p> |
| Conditions | <p>The Scheme Implementation Deed contains Conditions for the Scheme. The Conditions are summarised in Section 2.6(a) and are set out in full in clause 3 of the Scheme Implementation Deed.</p> |
| Representations and warranties | <p>Under the Scheme Implementation Deed, each of Thorn and the Bidder has given representations and warranties to the other party which are customary for an agreement of this kind. These representations and warranties are set out in clause 9 of the Scheme Implementation Deed.</p> |
| Termination rights | <p>The right of each of Thorn and the Bidder to terminate the Scheme Implementation Deed are summarised in Section 9.4 and are set out in full in clause 12 of the Scheme Implementation Deed.</p> |
| Other | <p>The Scheme Implementation Deed contains a number of procedural related obligations and other market standard provisions including conduct of business restrictions that apply to Thorn between the date of signing and the Implementation Date (or the date the Scheme Implementation Deed is validly terminated), access and information rights for the Bidder during this period, a process for Thorn and the Bidder engaging with counterparties to contracts entered into by Thorn, mutual releases and director and officer insurance arrangements.</p> |

12.9 Potential effect of the Scheme on Thorn's material contracts

If the Scheme is implemented, a change of control of Thorn will occur. It is possible that material contracts to which Thorn is a party may be subject to pre-emptive rights, review or termination on a change of control due to the implementation of the Scheme. As at the Last Practicable Date, Thorn is not aware of any counterparty that may wish to review or terminate a material contract or that has indicated an intention to do so if the Scheme is implemented. If any such contracts are terminated following the Implementation of the Scheme, Thorn would lose the benefit of the contract and may be unable to obtain similar terms on entry into replacement contracts (if such replacement contracts are available).

12.10 Disclosure of fees and other benefits

No person has paid or agreed to pay any amount, or provided or agreed to provide any benefit to a director or proposed director of Thorn:

- to induce them to become or to qualify as a director of Thorn; or
- for services provided by that person in connection with the formation or promotion of Thorn.

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Thorn expects to pay an aggregate of approximately \$500,000 (excluding GST) in transaction costs. These consist of fees and expenses for professional services paid or payable to:

- MinterEllison for acting as legal adviser to Thorn;
- Leadenhall for acting as financial advisers to Thorn;
- Grant Thornton for acting as the Independent Expert; and
- other adviser fees and transactional costs including general administrative fees, Explanatory Booklet design, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting, and Share Registry and other expenses.

None of these transaction costs include amounts to be paid to any director, officer or employee of Thorn.

If the Scheme is not implemented, Thorn expects to pay an aggregate of approximately \$500,000 (excluding GST) in transaction costs, being costs that have already been incurred as at the date of this Explanatory Booklet or will be incurred even if the Scheme is not implemented.

12.11 Regulatory relief

On or around 4 October 2023, Thorn applied to ASIC for relief from the provisions of Chapter 2M of the Corporations Act as they relate to half-year reporting (**Reporting Relief**).

Thorn has applied for the Reporting Relief on the basis that, shortly after Thorn is required to lodge and announce its half-year results (30 November 2023), it is expected that Thorn will be a wholly-owned subsidiary of the Bidder. Therefore, the half-year results will be of little or no benefit to Thorn Shareholders, and instead cost Thorn additional compliance fees.

As at the date of this booklet, Thorn has not yet received a response on its request for Reporting Relief.

12.12 Consents and disclaimers

The following parties have given and have not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn their written consent to be named in this Explanatory Booklet in the form and context in which they are named:

- MinterEllison as legal adviser to Thorn;
- Leadenhall as financial adviser to Thorn;
- Grant Thornton as the Independent Expert; and
- Computershare as the Share Registry.

The Bidder has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of the Bidder Information in in this Explanatory Booklet.

Paul Oneile, as the Chair of the IBC, has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn his consent, to the inclusion of statements attributed to it in the Independent Director's Letter, Section 2.3 of this Explanatory Booklet in the form and context in which they are included and to the inclusion of the Independent Expert's Report set out in Appendix 1 to this Explanatory Booklet.

Each of the above persons:

- has not authorised or caused the issue of this Explanatory Booklet;
- does not make, or purport to make, any statement in this Explanatory Booklet or any statement on which a statement in this Explanatory Booklet is based other than a statement or report included in this Explanatory Booklet with the consent of that party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Booklet, other than as described in this Explanatory Booklet with the consent of that party; and

except for the Bidder, does not assume any responsibility for the accuracy, relevance or completeness of Bidder Information. The Bidder Information has been prepared by, and is the sole responsibility of, the Bidder.

Each of the above persons:

- has not authorised or caused the issue of this Explanatory Booklet;
- does not make, or purport to make, any statement in this Explanatory Booklet or any statement on which a statement in this Explanatory Booklet is based other than a statement or report included in this Explanatory Booklet with the consent of that party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Booklet, other than as described in this Explanatory Booklet with the consent of that party; and
- except for the Bidder, does not assume any responsibility for the accuracy, relevance or completeness of Bidder Information. The Bidder Information has been prepared by, and is the sole responsibility of, the Bidder.

12.13 Independent advice

Thorn Shareholders should consult their financial, legal or other professional adviser if they have any queries regarding:

- the Scheme;
- the taxation implications for them if the Scheme is implemented;
- the Independent Director's recommendations and intentions in relation to the Scheme, as set out in Section 2.2; or
- any other aspects of this Explanatory Booklet.

12.14 No unacceptable circumstances

The Independent Director believes that the Scheme does not involve any circumstances in relation to the affairs of Thorn that could reasonably be characterised as constituting unacceptable circumstances for the purposes of section 657A of the Corporations Act.

12.15 Other material information

Except as set out in this Explanatory Booklet, in the opinion of the Independent Director, there is no other information material to the making of a voting decision in relation to the Scheme being information that is within the knowledge of the Independent Director or of any related company of Thorn, which has not been previously disclosed to Thorn Shareholders.

Thorn will issue a supplementary document to this Explanatory Booklet if it becomes aware of any of the following between the date of lodgement of this Explanatory Booklet for registration by ASIC and the Effective Date:

- a material statement in this Explanatory Booklet that is false or misleading in a material respect;
- a material omission from this Explanatory Booklet;
- a significant change affecting a matter included in this Explanatory Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Explanatory Booklet if it had arisen before the date of lodgement of this Explanatory Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Thorn may circulate and publish any supplementary document by any one or more of the following methods:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Scheme Shareholders at their registered address as shown in the Share Register; and/or
- posting a statement on Thorn's corporate website,

as Thorn in its absolute discretion considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to Thorn Shareholders such circulation and publication may be only by an announcement to ASX.

13. Glossary

The following terms used in this Explanatory Booklet have the meanings given to them below, unless the context otherwise requires.

Note: a number of terms defined in this Section have the meaning given to them in the Scheme Implementation Deed which may be accessed electronically at www.thorn.com.au or received in hard copy free of charge on request made any time before the Scheme Meeting by calling the Shareholder Information Line on 1300 855 080 within Australia or +61 3 9415 4000 if outside Australia Monday to Friday between 8.30am and 5.00pm (Sydney time).

| Term | Definition |
|---------------------------|---|
| \$ | Australian dollar. |
| Adviser | in relation to an entity: (a) a financier to the entity in connection with the Proposed Transaction; or (b) a financial, corporate, legal, accounting, technical or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Proposed Transaction by the entity. |
| Appendix | an Appendix to this Explanatory Booklet. |
| ASIC | the Australian Securities and Investments Commission. |
| Associate | has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this Explanatory Booklet and Thorn was the designated body. |
| ASX | ASX Limited ABN 98 008 624 691 or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it. |
| ASX Listing Rules | the official listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX. |
| ATO | the Australian Taxation Office. |
| Bidder | Somers Limited (a company incorporated in Bermuda). |
| Bidder Group | the Bidder and its Related Bodies Corporate (but excluding, at any time, Thorn and its Subsidiaries to the extent that Thorn and its Subsidiaries are Subsidiaries of the Bidder at that time). A reference to a member of the Bidder Group or a Bidder Member is a reference to the Bidder or any such Subsidiaries. |
| Bidder Information | such information regarding the Bidder or Bidder Group that is provided by or on behalf of the Bidder or any of its Advisers, to Thorn or the Independent Expert for inclusion in this Explanatory Booklet and, for the avoidance of doubt includes: (a) Section 3 under "Frequently Asked Questions", "Who is the Bidder"; and (b) Section 6 being the profile of the Bidder, but does not include the Thorn Information and the Independent Expert's Report. |
| Business | the business carried on by Thorn Group as at the date of this Explanatory Booklet. |

| Term | Definition |
|---------------------------------|---|
| Business Day | a day on which banks are open for general banking business in Brisbane, Queensland and Sydney, New South Wales (not being a Saturday, Sunday or public holiday). |
| CGT | Capital Gains Tax. |
| CHESS | the Clearing House Electronic Subregister System, the system established and operated by ASX Settlement Pty Ltd ABN 49 008 504 532. |
| Chief Executive Officer | means the chief executive officer of Thorn being Pete Lirantzis. |
| Competing Proposal | <p>means any expression of interest, proposal, offer, agreement, arrangement or transaction whether existing before, on or after the date of the Scheme Implementation Deed, which, if entered into or completed substantially in accordance with its terms, would result in a third party (either alone or together with any Associate)</p> <p>(a) directly or indirectly acquiring or having the right to acquire:</p> <p>(i) a Relevant Interest in;</p> <p>(ii) a legal, beneficial or economic interest (including by way of an equity swap, contract for difference or similar transaction or arrangement) in; or</p> <p>(iii) control of, 20% or more of the Thorn Shares on issue;</p> <p>(b) directly or indirectly acquiring control (as determined in accordance with section 50AA of the Corporations Act, but disregarding subsection 50AA(4)) of or merging with Thorn or any other Thorn Group Member;</p> <p>(c) directly or indirectly acquiring or becoming the holder of, or having a right to acquire a legal, beneficial or economic interest in, or control of, all or a substantial part of the business or assets or property of Thorn or of another Thorn Group Member;</p> <p>(d) otherwise directly or indirectly acquiring, being stapled to, or merging with Thorn; or</p> <p>(e) requiring Thorn to abandon, or to otherwise not proceed with the Proposed Transaction or requiring the Independent Director not to recommend the Proposed Transaction,</p> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other proposal, offer, transaction or arrangement.</p> |
| Computershare | Computershare Investor Services Pty Limited of Level 3, 60 Carrington Street, Sydney, NSW 2000. |
| Conditions | the conditions set out in clause 3.1 of the Scheme Implementation Deed in respect of the Scheme, and Condition means any one of them. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Corporations Regulations | the <i>Corporations Regulations 2001</i> (Cth). |
| Court | the Supreme Court of New South Wales |

| Term | Definition |
|--|---|
| Deed Poll | the deed poll executed by the Bidder on or around 18 October 2023 in relation to the Scheme in which the Bidder covenants in favour of the Scheme Shareholders to perform the actions attributed to it in accordance with the Scheme. A copy of the executed deed poll is reproduced in Appendix 2 to this Explanatory Booklet. |
| Delivery Time | in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act. |
| Effective | when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme. |
| Effective Date | the date on which the Scheme becomes Effective. The Effective Date is currently expected to be 1 December 2023. |
| End Date | the earlier of: (a) 21 March 2024; or (b) such other date and time agreed in writing between Thorn and the Bidder. |
| Excluded Shareholders | means the Bidder and any other Thorn Shareholder who is a member of the Bidder Group or any Thorn Shareholder who holds Shares on behalf of, or for the benefit of, any member of the Bidder Group and does not hold Shares on behalf of, or for the benefit of, any other person. |
| Explanatory Booklet | this Explanatory Booklet dated 24 October 2023 in relation to the Scheme. |
| Fairly Disclosed | has the meaning given to that term in clause 1.2 of the Scheme Implementation Deed. |
| Financial Assistance Resolution | the resolution to be put to a general meeting of Thorn Shareholders (other than the Excluded Shareholders) under sections 260A(1)(b) and 260B of the Corporations Act in respect of financial assistance to be provided by Thorn in accordance with the Scheme. |
| First Court Hearing | the Court hearing on 20 October 2023, at which the Court made orders under section 411(1) of the Corporations Act convening the Scheme Meeting. |
| General Meeting | the meeting of Thorn Shareholders to consider and vote on the Scheme Consideration Resolutions and includes any meeting convened following any adjournment or postponement of that meeting. The notice convening the General Meeting is contained in Appendix 5 to this Explanatory Booklet. |
| Governmental Agency | has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed. |
| Grant Thornton | Grant Thornton Corporate Finance Pty Ltd. |
| GST | Goods and Services Tax. |
| Headcount Test | the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Thorn Shareholders present and voting, either in person or by proxy. |

| Term | Definition |
|---|---|
| IBC | means the independent Board committee comprising the Independent Director as Chair, Mr Pete Lirantzis (Chief Executive Officer) and Ms Alexandra Rose (General Counsel & Company Secretary/General Manager Risk & Compliance). |
| Implementation Date | the date that is: (a) five Business Days after the Record Date; or (b) such other date as the relevant parties agree. |
| Independent Director | Paul Oneile. |
| Independent Expert | Grant Thornton. |
| Independent Expert's Report | the report from the Independent Expert (a full copy of which is set out in Appendix 1 to this Explanatory Booklet), and any update to such report that the Independent Expert issues. |
| Insolvency Event | has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed. |
| ITAA 1997 | <i>Income Tax Assessment Act 1997</i> (Cth). |
| Last Practicable Date | 19 October 2023, being the last practicable day before finalising the information to which this definition relates. |
| Loan | means the loan provided pursuant to the Loan Agreement. |
| Loan Agreement | the loan agreement between Thorn and the Bidder referred to in Section 10. A copy of the executed Loan Agreement is reproduced in Appendix 4 to this Explanatory Booklet. |
| Non-Associated Shareholders | Thorn shareholders who are not associated with the Bidder. |
| Proposed Transaction | the proposed acquisition by the Bidder of control of Thorn under the Scheme, together with all associated transactions and steps contemplated by the Scheme Implementation Deed. |
| Proxy Cut-Off Date | the last day on which proxies must be lodged for the General Meeting and/or Scheme Meeting (being 10.00am on 25 November 2023). |
| Proxy Form | the Proxy Form for the General Meeting and/or Scheme Meeting accompanying this Explanatory Booklet or, as the context requires, any replacement or substitute Proxy Form provided by or on behalf of Thorn |
| Registered Address | in relation to a Thorn Shareholder, the address shown in the Share Register as at the Record Date. |
| Related Body Corporate | of a person means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted. |
| Related Party Transaction Resolution | the resolution to be put to a general meeting of Thorn Shareholders (other than the Excluded Shareholders) under section 208(1) of the Corporations Act in respect of the related party transaction between Thorn and the Bidder (being the provision of the Loan). |
| Relevant Interest | has the meaning given in the Corporations Act. |
| Scheme | the scheme of arrangement under Part 5.1 of the Corporations Act between Thorn and Scheme Shareholders substantially in the form set out in Appendix 3, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Thorn and the Bidder. |

| Term | Definition |
|---|--|
| Scheme Conditions | has the meaning given to it in clause 3.1 of the Scheme Implementation Deed. |
| Scheme Consideration | \$1.17 cash for each Scheme Share (less the amount of any permitted dividend or capital return declared or announced by Thorn with a record date prior to the Implementation Date). |
| Scheme Consideration Resolutions | means each of the Financial Assistance Resolution and the Related Party Transaction Resolution. |
| Scheme Implementation Deed | the deed dated 21 September 2023 between Thorn and the Bidder and released to ASX on 21 September 2023. |
| Scheme Meeting | the meeting of Thorn Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting. The notice convening the Scheme Meeting is contained in Appendix 6 to this Explanatory Booklet. |
| Scheme Orders | the orders of the Court arising from the Second Court Hearing, in relation to the approval of the Scheme. |
| Scheme Record Date | means 7.00pm on the second Business Day (or such other Business Day as Thorn and the Bidder agree in writing) following the Effective Date. The Scheme Record Date is currently expected to be 5 December 2023. |
| Scheme Resolution | the resolution to be considered and (if thought fit) approved by Thorn Shareholders at the Scheme Meeting. |
| Scheme Share | means a Thorn Share held by a Scheme Shareholder as at the Scheme Record Date. |
| Scheme Shareholder | a person who holds one or more Thorn Shares as at the Scheme Record Date (other than an Excluded Shareholder). |
| Second Court Date | the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard. This day is currently proposed to be at 9.15am (Sydney time) on 30 November 2023. |
| Second Court Hearing | the Court hearing on the Second Court Date. |
| Section | a section of this Explanatory Booklet. |
| Share Register | the register of shareholders of Thorn maintained by or on behalf of Thorn in accordance with section 168(1) of the Corporations Act. |
| Share Registry | Computershare or any replacement provider of share registry services to Thorn. |
| Subsidiary | has the meaning given to that term in section 46 of the Corporations Act. |
| Superior Proposal | has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed. |
| Trust Account | the Australian dollar denominated trust accounts operated by Thorn as trustee for the benefit of the Scheme Shareholders (in respect of the Scheme Consideration). |
| Thorn | Thorn Group Limited ACN 072 507 147. |
| Thorn Board | the board of directors for the time being of Thorn. |

| Term | Definition |
|---|--|
| Thorn Group | Thorn and each the Related Bodies Corporate of Thorn. A reference to a member of the Thorn Consolidated Group or a Thorn Consolidated Group Member is a reference to Thorn or any such Related Bodies Corporate. |
| Thorn Information | all information in this Explanatory Booklet other than: (a) the Bidder Information; and (b) the information contained in the Independent Expert's Report. |
| Thorn Prescribed Occurrence | has the meaning given to the term Thorn Prescribed Occurrences in clause 1.1 of the Scheme Implementation Deed. |
| Thorn Share or Share | a fully paid ordinary share issued in the capital of Thorn. |
| Thorn Shareholder or Shareholder | a person who is registered in the Share Register as a holder of one or more Thorn Shares. |
| Voting Entitlement Time | the date for determining voting eligibility at the General Meeting and Scheme Meeting, being (7.00pm on 25 November 2023). |
| Voting Power | has the meaning given in section 610 of the Corporations Act. |

Appendix 1 – Independent Expert's Report

Thorn Group Limited

Independent Expert's Report and Financial Services Guide

24 October 2023

Paul Oneile
Independent Director
Thorn Group Limited
Level 13, 333 George Street,
Sydney NSW 2000

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24 October 2023

Dear Sir

Independent Expert's Report and Financial Services Guide

Introduction

Thorn Group Limited ("Thorn" or the "Company") was until recently a financial services company providing commercial finance to small and medium enterprises ("SME"). On 1 September 2023, following the approval from Thorn shareholders, Thorn disposed of its equipment finance business to Resimac Group Ltd ("Resimac") which constituted the disposal of the main undertaking of the Company. Since then, Thorn has been operating as a financial investment company with a focus on fintech businesses. The directors of Thorn ("Directors") are constantly exploring the possibility of further strategic investment opportunities in the banking, asset financing, and wealth management sectors. Thorn is listed on the Australian Securities Exchange ("ASX") with a market capitalisation of c. A\$46 million as at 24 August 2023 which is primarily backed by cash balance.

Somers Limited ("Somers") is a listed financial services investment holding company incorporated in Bermuda whose shares are traded on the Bermuda Stock Exchange. Somers is the major shareholder of Thorn with an interest of c. 49.15%¹ of the issued capital.

¹ Based on the Scheme Booklet taken as at 3 October 2023.

On 24 August 2023, Thorn received a binding and conditional proposal (“Initial Proposal”) from Somers to acquire 100% of the shares in Thorn that it did not already have a relevant interest in by way of a Scheme of Arrangement (“Scheme”) for cash consideration of A\$1.62 per share² (“Scheme Consideration”)³.

On 21 September 2023, Thorn announced that it had entered into a Scheme Implementation Deed with Somers (“SID”) on the terms previously announced. The SID allows Thorn to make a fully franked special dividend payment of 19.0 cents per share (“Special Dividend”) and return of capital of 26.0 cents per share (“Capital Return”) which will collectively reduce the Scheme Consideration on a dollar for dollar basis to A\$1.17 per share⁴ on an ex-dividend basis (before personal tax).

The Initial Proposal from Somers follows closely the completion of the sale of the assets of Thorn’s equipment finance loan book to Resimac (“Resimac Transaction”). The Resimac Transaction was announced on 20 June 2023 and subsequently completed on 1 September 2023. Somers is also the major shareholder of Resimac with an interest of c. 62.5%⁵ of the issued capital.

Following the completion and receipt of the cash proceeds from the Resimac Transaction, Thorn has a large amount of cash relative to the value of its other assets. The remaining assets of Thorn primarily relate to the finance receivables not sold to Resimac, which are of relatively low creditworthiness and on balance sheet and equity funded by Thorn (“On-Balance Sheet Receivables”), and two small investments in ASX listed non-bank finance companies. In addition, the Company had a small invoice finance business (“Debtor Finance Portfolio”), however, this was recently sold to Tim Finance Pty Ltd trading as OptiPay (“OptiPay”) for approximately A\$3.8 million⁶.

The Scheme is subject to customary conditions precedent including approval by Thorn shareholders who are not associated with Somers (“Non-Associated Shareholders”) and Court approval.

The independent director Mr Paul Oneile (“Independent Director”) recommends Non-Associated Shareholders to vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert concluding and continuing to conclude that the Scheme is in the best interests of Non-Associated Shareholders.

Purpose of the report and approach

The Independent Director has requested Grant Thornton Corporate Finance to prepare an Independent Expert’s Report (“IER”) stating whether the Scheme is in the best interests of the shareholders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) (“Corporations Act”).

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission’s (“ASIC”) Regulatory Guide 111 *Contents of expert reports* (“RG 111”) and Regulatory Guide 112 *Independence of experts* (“RG 112”). The IER also includes other information and disclosures as required by ASIC.

² The Scheme Consideration of A\$1.62 per share is before any reduction for dividends or capital returns to Thorn shareholders that may be declared after the date of the Initial Proposal.

³ Thorn announced the receipt of the offer to the ASX on 25 August 2023 and the subsequent amendment to the offer, which removed a condition precedent relating to material adverse changes, on 28 August 2023.

⁴ The Scheme Consideration of A\$1.62 per share less the Special Dividend of 19.0 cents per share and Capital Return of 26.0 cents per share.

⁵ Based on Somers Limited last substantial shareholder notice lodged with ASX on 30 June 2022.

⁶ On 26 September 2023, Thorn announced that it had entered into an agreement with OptiPay for the sale of the Debtor Finance Portfolio for consideration of approximately A\$3.8 million. The sale is expected to be completed on 13 October 2023.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.

In forming its opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

Fairness assessment

Grant Thornton Corporate Finance has compared the fair market value of Thorn shares on a control basis with the Scheme Consideration. We have assessed the fair market value of Thorn shares by estimating the net asset value (“NAV”) per share under an orderly realisation scenario having regard to the unaudited balance sheet in management accounts as at 1 September 2023, adjusted to reflect the cash inflow/outflow from the Resimac Transaction, the distributions of the Special Dividend and Capital Return and the costs estimated to wind-down the operations of the Company (“Orderly Realisation Scenario”). Accordingly, in the fairness assessment table below, we have referred to the Scheme Consideration on an ex-dividend basis of A\$1.17 per share.

The following table summarises our fairness assessment.

| Fairness assessment A\$ per Thorn Share | Section Reference | Low | High |
|---|----------------------|-------------|---------------|
| Fair market value of Thorn Shares (ex-dividend) | Section 6.1 | 1.15 | 1.22 |
| Scheme Consideration (ex-dividend) | Section 1 | 1.17 | 1.17 |
| Premium/(Discount) | | 0.02 | (0.05) |
| Premium/(Discount) (%) | | 2.1% | (3.9%) |
| FAIRNESS ASSESSMENT | | FAIR | |

Source: GTCF analysis.

The Scheme Consideration on an ex-dividend basis is within our range for the fair market value of Thorn shares on a control and ex-dividend basis of between A\$1.15 and A\$1.22 per share. Accordingly, we conclude that the Scheme is **FAIR** to Non-Associated Shareholders.

Non-Associated Shareholders should be aware that our assessment of the value per Thorn share should not be considered to reflect the price at which Thorn shares may trade if the Scheme is not implemented. The price at which Thorn shares will ultimately trade depends on a range of factors including, but not limited to, the available public market for Thorn shares, macroeconomic conditions and the performance of Thorn’s business.

We have cross checked our assessed fair market valuation of Thorn shares under the Orderly Realisation Scenario with the quoted trading price of Thorn’s shares (“Quoted Security Price Method”).

Orderly Realisation Scenario

Grant Thornton Corporate Finance has adopted an asset-based approach by assuming an Orderly Realisation Scenario of Thorn around the time of the announcement of the Scheme to assess the theoretical proceeds that could be realised by Thorn shareholders and thereby the potential benefits for Non-Associated Shareholders in accepting the Scheme.

In our analysis, we had regard to the unaudited balance sheet of Thorn as at 1 September 2023, which was based on the unaudited balance sheet in the management accounts as at 31 August 2023 and adjusted to reflect the completion of the Resimac Transaction on 1 September 2023 given the material impact on the financial position of Thorn post the Resimac Transaction and sale of its main undertaking on account.

The table below summarises our Orderly Realisation Scenario.

| Orderly Realisation Method A\$ (unless otherwise stated) | Section Reference | Low | High |
|--|----------------------|--------------------|--------------------|
| Cash and cash equivalents as at 1 September 2023 (ex-dividend) | 6.1.1 | 41,089,177 | 41,089,177 |
| Other assets | 6.1.2 | 10,638,278 | 11,327,394 |
| Total assets as at 1 September 2023 | | 51,727,456 | 52,416,572 |
| Less: | | | |
| Significant provisions and contingent liabilities | 6.1.3 | (2,968,712) | (1,354,940) |
| Other liabilities | 6.1.4 | (4,084,932) | (4,084,932) |
| Total liabilities as at 1 September 2023 | | (7,053,645) | (5,439,873) |
| Net realisation balance sheet | | 44,673,811 | 46,976,699 |
| Less: | | | |
| Orderly realisation adjustments | 6.1.5 | (4,820,964) | (4,668,298) |
| Total Thorn shareholders potential net realisation | | 39,852,847 | 42,308,401 |
| Number of Thorn shares | 4.7.4 | 34,764,019 | 34,764,019 |
| Potential net realisation per Thorn share (A\$/share) | | 1.15 | 1.22 |

Source: GTCF analysis.

We have undertaken our valuation assessment based on the NAV per share approach as the main value component of Thorn is the large cash balance as at 1 September 2023 of c. A\$41.1 million, which is after the A\$15.6 million in distribution payments associated with Special Dividend and Capital Return. The Company also holds c. A\$2.9 million On-Balance Sheet Receivables and a Debtor Finance Portfolio of c. A\$3.8 million, both largely taken at face value, as well as two small investments in ASX listed non-bank finance companies which have been assessed based on recent trading prices.

In addition, Thorn carries c. A\$4.5 million on balance sheet as at 1 September 2023 as a provision for potential future expenses to be incurred by the Company in association with contingent liabilities arising from past transactions (refer to Section 6.1.3 for further details). We have assessed the fair market value between A\$3.0 million and A\$1.4 million having regard to Thorn management projected amortised carrying amount at 30 September 2023 and 30 September 2024 at the low and high end respectively.

Notwithstanding Thorn management assess the probability of payment of the provisions and contingent liabilities as at 1 September 2023 to be relatively low, we consider it reasonable to maintain a provision balance in our valuation assessment to capture the existing exposure to the risk these liabilities might

crystallise, albeit reducing in likelihood with the passage of time, as well as serve as a general provision for potential new liabilities that may arise. Further, Thorn has A\$4.1 million of other liabilities as at 1 September 2023 related to ongoing normal operations of the Company such as general accruals and other payables as well as employee related liabilities.

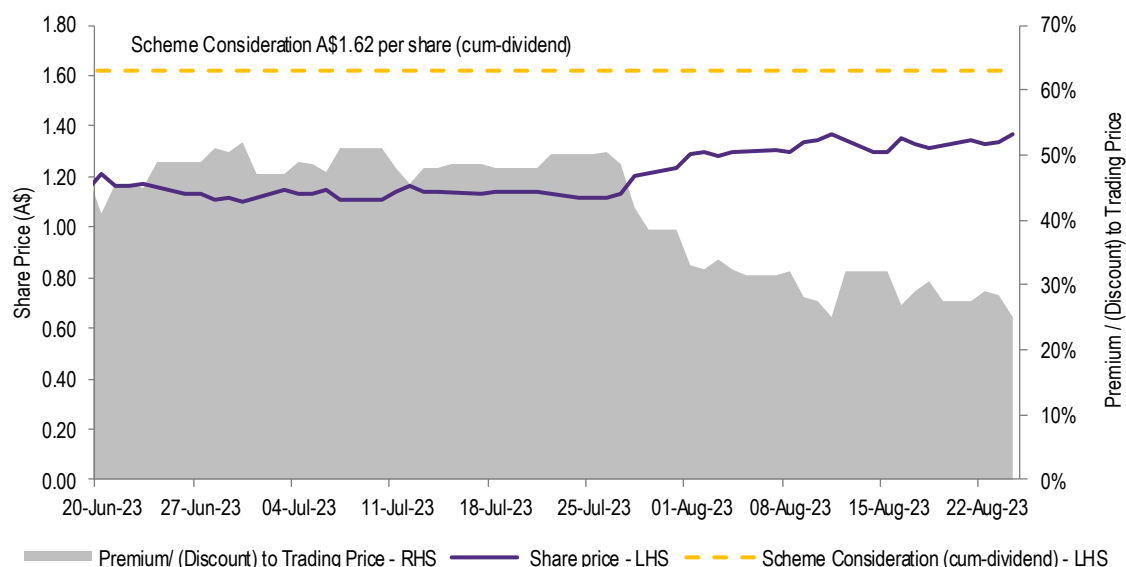
We have estimated the costs expected to be incurred by Thorn to wind-down the Company under the Orderly Realisation Scenario to be between c. A\$4.7 million and A\$4.8 million. The largest components of costs relate to employee costs, including redundancies payments, notice of period payments and ongoing employee costs over the realisation period as well as ongoing operational costs and transaction related costs.

Quoted Security Method

The analysis below, based on the Quoted Security Method, should be considered with caution by Thorn shareholders given that the Initial Proposal from Somers was announced to the market before the completion of the Resimac Transaction. As a result, there has not been a period of trading after the Resimac Transaction but before the Initial Proposal which would indicate investors' view of the value of Thorn post Resimac Transaction. Notwithstanding this, given the low risk of non-completion associated with the Resimac Transaction, we have had regard to the trading price of Thorn shares after the announcement of the Resimac Transaction (20 June 2023) with the view that the investors were largely reflecting the value of Thorn post completion of the Resimac Transaction.

Below we have set out a comparison between the historical trading price of Thorn shares on a cum-dividend basis (before the Capital Return and Special Dividend) and Scheme Consideration on a cum-dividend basis of A\$1.62 per share between the announcement of the Resimac Transaction (20 June 2023) and the last trading day before the announcement of the Initial Proposal (24 August 2023).

Thorn – Historical trading price relative to Scheme Consideration (cum-dividend)



Source: S&P Global, GTCF analysis.

Notes: (1) The chart above displays the trading price of Thorn shares from the 20 June 2023 to the 24 August 2023 (the latter being the date before the announcement of the Proposed Transaction) and is before the record date of the Capital Return and Special Dividend (6 September 2023) and before their payment dates on 13 September 2023 and 22 September 2023 respectively.

Illustrated in the chart above, the Scheme Consideration on a cum-dividend basis is at a premium of c. 33.0% to the closing price of Thorn shares 20-trading days before the announcement of the Scheme. Evidence from studies suggest that successful takeovers in Australia have completed based on an average and medium premium for control between 34% and 29% respectively (Refer to Appendix C for further details on this control premium study). Accordingly, the implied control premium is in line with the premium typically applied in Australia for control transactions. This supports our fairness assessment and our valuation under the Orderly Realisation Scenario.

We note the control premium was approximately 50% prior to the release of the Notice of Meeting and Independent Expert's Report associated with the Resimac Transaction to the ASX on 1 August 2023, however, we consider this reasonable as the announcement provided the market with the updated and improved financial position of Thorn since the latest financial audited accounts as at 31 March 2023 and revealed the intentions of Thorn to distribute the Special Dividend and Capital Return to eligible Thorn shareholders post completion of the Resimac Transaction.

Reasonable assessment

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages, and other factors in relation to the Scheme.

Advantages

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access to technology, access tax benefits and control of the board of Directors of the Company. The Scheme Consideration on a cum-dividend basis of A\$1.62 per share represents a premium of:

- 17.8% to the last undistributed closing price prior to the announcement of the Initial Proposal.
- 19.3% to the 1-week VWAP before the Initial Proposal;
- 20.2% to the 2-week VWAP before the Initial Proposal;
- 24.7% to the 1-month VWAP before the Initial Proposal; and
- 33.2% to the 3-month VWAP before the Initial Proposal.

We note that this premium for control is unlikely to be available to Thorn shareholders in the absence of the Scheme or a superior alternative proposal, and we are of the opinion that it is unlikely for the trading prices of Thorn shares to increase in line with the Scheme Consideration, at least in the short term, especially considering the new strategy of Thorn post completion of the Resimac Transaction closely resembles that of an LIC which historically trade at a discount to net tangible assets ("NTA").

Suspension or de-listing from the ASX

Under ASX Listing Rules⁷, an entity must demonstrate sufficient level of operations and adequate financial conditions to remain listed. Following the sale of Thorn's main undertaking to Resimac, the Company was provided a six-month grace period (starting on 20 June 2023) from the ASX to identify and make an announcement of its intention to undertake new investment activities in pursuit of its new business strategy.

If Thorn does not satisfy ASX of compliance within the six-month grace period, ASX can immediately suspend trade of Thorn shares (including before the expiry of the six-month grace period where ASX considers that necessary). We understand that the remaining On-Balance Sheet Receivables and investment assets together with the balance of cash held following the sale of its equipment finance loan book to Resimac is likely not to meet the active business requirement of the ASX.

Accordingly, approval of the Scheme would enable Non-Associated Shareholders to avoid the lack of marketability such exclusion from the ASX would have for their shares in Thorn and realise value for their shares. Further, should Thorn be able to establish a new business that would meet the active business requirement of the ASX, it is likely that the passage of time necessary to establish such a new business would require Thorn to re-qualify for admission to the ASX and to incur the associated cost attendant therewith.

Overall, approval of the Scheme would avoid the lack of marketability for Non-Associated Shareholders' shares and the prospect of additional cost for any re-admission to the ASX.

Certainty of the cash consideration

Thorn shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Thorn shares before the announcement of the Initial Proposal and at a premium to the price that Thorn shares may trade in the short term in absence of the Scheme or a superior alternative proposal. If the Scheme is implemented, Thorn shareholders will no longer be exposed to the ongoing risks associated with holding an investment in Thorn which are summarised below in a non-exhaustive manner:

- *Macroeconomic environment* – The performance of Thorn as an investment company will be heavily affected by certain key macroeconomic factors which have materially deteriorating lately. In the June quarter of 2023, the economy rose by 0.4% and indicates the continued moderate growth as the economy seeks to recover from the impacts of lingering adverse economic, market, and geopolitical challenges. Since May 2022, the RBA has undertaken an aggressive tightening of the monetary cycle with the official cash rate target increasing from 0.10% in April 2022 to 4.10% in July 2023. This is an attempt to contain inflation within the RBA target range of between 2% to 3% from the level of 5.2% in August 2023. The Australian economy recorded household savings ratio of 3.2% in the June quarter of 2023, which is notably the lowest rate recorded since June 2008. This is an indication of households continuing to struggle with the persistent cost-of-living pressures which may fuel the deteriorating macroeconomic environment and lead to an increase in business insolvencies.
- *Significant provisions and contingent liabilities* – As at 1 September 2023, Thorn held c. A\$4.5 million in provision's for potential future expenses to be incurred by the Company in association with

⁷ Chapter 12 titled "On-going requirements".

contingent liabilities arising from past transactions. Whilst we understand that Thorn management assess the probability of payment of these provisions and contingent liabilities as at 1 September 2023 to be relatively low as at the date of this report, acceptance of the Scheme will allow Thorn shareholders to avoid the risk of one or all of these potential obligations arising which may surpass the amount provisioned.

- *Cost structure* – In order to undertake the revamped strategy post Resimac Transaction, Thorn will incur significant reorganisation and restructuring costs in the short-to-medium term. Further, the scale of the Company is required to increase significantly for the operations to achieve a sustainable level of profitability. We understand from Thorn management that these costs are considerably higher relative to the orderly realisation costs expected to be incurred by Thorn to wind-down the operations of the Company (estimated between A\$4.7 million and A\$4.8 million).

Reduced liquidity in trading prices

The Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation. Until there is greater visibility on the type of investment to be undertaken by the Company and a certain scale is reached, the liquidity of Thorn's trading prices may reduce further, especially during the six-month grace period provided by the ASX. The potential reduction in the trading volume and free float is exacerbated by Somers holding an interest of c. 49.15% of the issued capital. Accordingly, having regard to this, by accepting the Scheme Thorn shareholders will avoid the risk of not being able to sell their shares at fair market value which may potentially arise if the Scheme is not implemented.

No brokerage costs

Acceptance of the Scheme will allow Thorn shareholders to realise their investment in Thorn without incurring any brokerage or stamp duty costs.

Disadvantages

Timing of the Scheme is somewhat opportunistic

The timing of the Scheme is somewhat opportunistic as the Initial Proposal follows closely the completion of the Resimac Transaction which acquired the main undertaking of Thorn. Accordingly, Thorn management have had limited opportunity to commence the staged transition of the Company which will focus on active investments in the fintech sector that align with its core business strategy as a diversified, small business, focused financial services organisation. Acceptance of the Scheme will result in Thorn shareholders foregoing the opportunity to partake in the potential benefits of the revamped strategy post the Resimac Transaction, which may surpass the value of Thorn implied in the Scheme.

Provision for Expected Credit Losses ("ECL")

Thorn has estimated ECL for On-Balance Sheet Receivables at c. A\$2.3 million as at 1 September 2023, equivalent to 78.5% of the gross value (refer to Section 4.2 for further details). Notwithstanding the unique characteristics of the On-Balance Sheet Receivables, the ECL assessed by Thorn is material compared to

the ECL assessed by listed companies in the non-bank finance industry⁸. Whilst there are specific circumstances and reasonings on the level of provisions assessed by Thorn, if the actual losses will be lower than the estimated ECL, this will be beneficial for the purchaser, although the amount is not expected to be material.

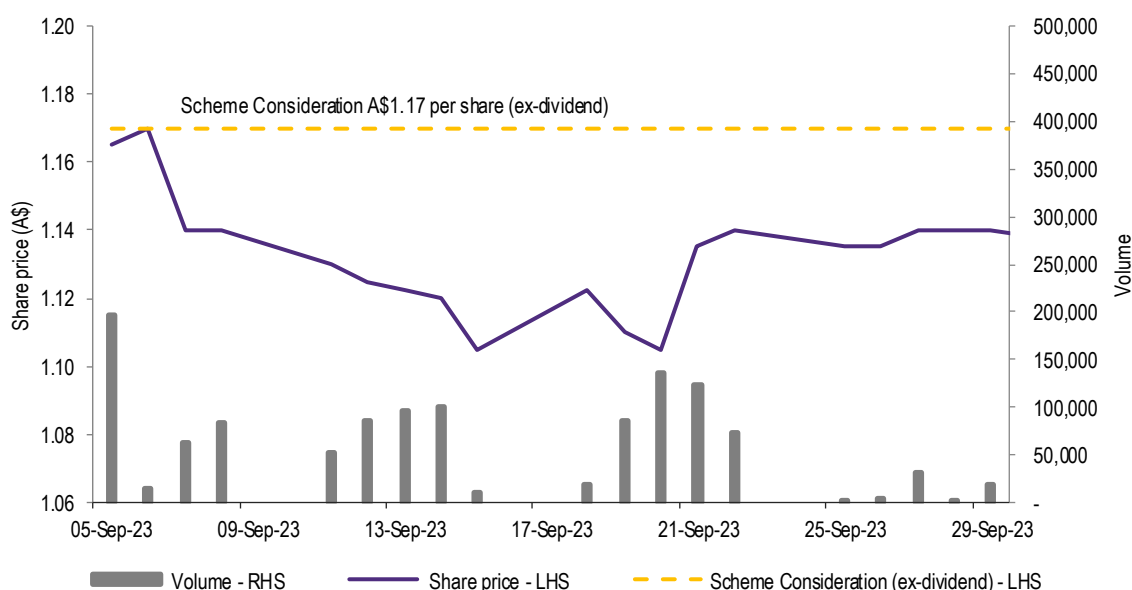
Other factors

Share price after the announcement

Following the announcement of the Initial Proposal, the share price of Thorn has traded substantially in line with or slightly below the Scheme Consideration which seems to indicate good support from investors, a perceived low risk of the Scheme not being implemented and limited expectations for an alternative superior proposal.

Below we have compared the trading price of Thorn Shares after the announcement of the Scheme and after Thorn shares started to trade on an ex-dividend basis (5 September 2023) with the Scheme Consideration on an ex-dividend basis of A\$1.17 per share.

Thorn – Historical share trading price from 5 September 2023 to 29 September 2023



Sources: S&P Global, GTCF analysis.

Additional Permitted Dividend and Capital Return

The Directors have retained the option to declare an additional permitted dividend or capital return (“Additional Permitted Dividend or Capital Return”) of up to A\$1.17 per share, if the Scheme becomes Effective with the Scheme Consideration reduced by the same amount. The Additional Permitted Dividend or Capital Return have not yet been declared by the Directors and remains at the absolute discretion of the Directors.

⁸ We have analysed the ECL of Earlypay Limited, Solvar Limited, FleetPartners Group Limited, Humm Group Limited, COG Financial Services Limited, Pepper Money Limited, Resimac Group Limited, and Judo Capital Holdings Limited. Refer to Appendix B for company descriptions.

If the Additional Permitted Dividend is paid and it is fully/partially-franked, Australian resident shareholders on a lower tax rate can claim an income tax offset and accordingly realise greater value compared with the Scheme Consideration. Those Thorn shareholders are better off on a post-tax basis if the Additional Permitted Dividend is paid⁹ compared with the scenario that 100% of the Scheme Consideration is paid as capital gain (nil Additional Permitted Dividend).

Orderly realisation costs and deferred tax assets

Thorn has estimated costs to wind-down the Company between A\$4.7 million and A\$4.8 million. There is a risk that the actual cost incurred by the Company may be greater than the estimate which may slightly reduce our assessed theoretical proceeds that could be realised by Thorn shareholders based on the Orderly Realisation Scenario.

Further, Thorn has unrecognised deferred tax assets which total A\$56.5 million or A\$16.9 million tax effected (of which A\$7.2 million of the tax effected total relates to carry forward tax losses) according to Thorn's financial audited accounts as at 31 March 2023 which can be utilised to offset against future taxable income. These are not recognised on the balance sheet in accordance with relevant accounting standard. In addition, we note that given the recent change in business and the proposed change in ownership it is unlikely that these tax losses will be transferred to Somers. Accordingly, we have not captured the value of the tax losses into our valuation assessment under the Orderly Realisation Method.

Prospect of a superior proposal

Whilst the SID does not contain any exclusivity provisions or break fees that would be payable if the Scheme was not to proceed, we note that Somers hold a 49.3% interest in the issued capital of Thorn and it would have significant influence to block, if it desires to do so, any alternative transaction on account.

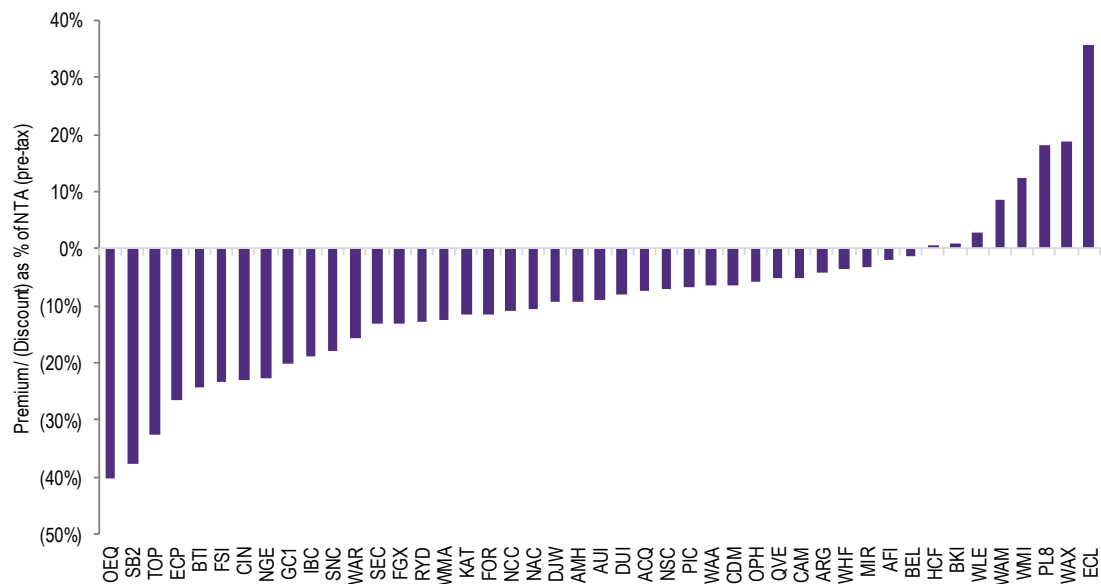
Implications if the Scheme is not implemented

If the Scheme is not implemented, the Directors will focus on assessing capital management initiatives and investment opportunities that align with Thorn's core business strategy as a diversified, small business, focused on financial services organisation. Thorn will act as a holding company for all investment activities and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continued compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation appointed by the Company.

Whilst the Company does not intend to become a listed investment company ("LIC"), its strategic repositioning, will similarly focus on listed investments, even if unlisted investments will also be considered. We note that there are several LICs on the ASX with most of them trading at a discount to NTA as outlined in the graph below.

⁹ Assuming it is fully or partially franked.

Premium/Discount % NTA (pre-tax) as at 31 August 2023



Sources: ASX Investment Products monthly report dated August 2023, GTCF analysis.

Notes: (1) The NTA (pre-tax) is taken as at 31 August 2023 and provided by Bloomberg. (2) The horizontal axis (x-axis) sets out the company tickers of the LICs listed on the ASX.

Non-Associated Shareholders should be aware that the trading prices of Thorn's shares if the Scheme is not implemented may be materially lower than our assessment under an orderly realisation basis as well as the historic trading prices of Thorn.

Further, we note the following factors which, in addition to the limited liquidity and lack of takeover contestability discussed before, may put downward pressure on the trading prices:

- Uncertainty in relation to the Company's ability to meet the ASX requirements during the six-month grace period from 20 June 2023 to remain listed and avoid suspension in its trading prices.
- It may take time for Thorn to achieve scale as an investment company and there is no certainty on the type of assets and related returns in which the cash will be invested.
- Some of the arrangements in relation to the management of the business, the sourcing of opportunities and the execution of them are yet to be formalised.

Tax implications

Implementation of the Scheme may crystallise a capital gains tax liability for Thorn shareholder, however the taxation consequence for Thorn shareholders will vary according to their individual circumstances and will be impacted by various factors. Thorn shareholders should read the overview of tax implications of the Scheme as out in Section 8 of the Scheme Booklet and also seek independent financial and tax advice.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE** to Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE** to Non-Associated Shareholders.

Each Thorn shareholder should decide whether or not to vote in favour of the Scheme based on their own views of the value of Thorn and expectations about future market conditions, Thorn's performance, and their individual risk profile and investment strategy.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following Section. The decision as to whether or not to vote in favour of the Scheme is a matter for each shareholder of Thorn based on their own views of value of Thorn and expectations about future market conditions, Thorn's performance, risk profile and investment strategy. If the Thorn shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



MARK BUTTERFIELD
Director

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Thorn to provide general financial product advice in the form of an independent expert’s report in relation to the Scheme. This report is included in the Scheme Booklet outlining the Scheme.

2 Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance’s client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from Thorn a fee of around A\$100,000 plus goods and services tax (“GST”), which is based on commercial rates plus reimbursement of out-of-pocket expenses in relation to the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Thorn and Somers in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Thorn, Resimac and Somers (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

In July 2021, Grant Thornton prepared an IER in relation to Somers' on-market takeover offer to acquire all the fully paid ordinary shares of the Company which it did not already own at a cash price of A\$0.21 per share.

In August 2023, Grant Thornton Corporate Finance prepared an IER in relation to the proposal that Thorn sell its equipment finance loan-book to Resimac, a subsidiary of Somers.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report. Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by ASIC.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act, 2001.

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1 Overview of the Scheme

The Scheme is a cash offer to acquire all of the Thorn shares of the Non-Associated Shareholders, that is, all the Thorn shares in which Somers does not already have a relevant interest. The key terms are summarised below.

- Subject to the approval of the Scheme in general meeting by the Non-Associated Shareholders, Somers will pay, in cash, A\$1.17 per share¹⁰.
- The Directors have retained the option to declare the Additional Permitted Dividend or Capital Return of up to A\$1.17 per Share, if the Scheme becomes Effective with the Scheme Consideration reduced by the same amount. The Additional Permitted Dividend or Capital Return have not yet been declared by the Directors and remains at the absolute discretion of the Directors.
- Thorn will, subject to the approval of the Non-Associated Shareholders in general meeting and the Scheme becoming effective, provide Somers with an unsecured loan of A\$13.4 million, being A\$29.0 million less the total of the Special Dividend and Capital Return distributions made of A\$15.6 million.
- The Scheme will become effective where the following conditions precedent are met:
 - the Non-Associated Shareholders approve the Scheme;
 - this Independent Expert Report concludes that in our opinion the Scheme is in the best interests of the Non-Associated Shareholders, and we do not adversely change that opinion;
 - the Independent Director recommends the Scheme to the Non-Associated Shareholders;
 - the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
 - a copy of the Court order approving the Scheme is lodged with ASIC;
 - no other legal restriction or restraint on the transaction arises;
 - the Non-Associated Shareholders approve the loan to Somers;
 - none of the usual prescribed occurrences occurs; and
 - the representations and warranties provided by Thorn are true and correct.

The SID contains customary exclusivity provisions including no shop and no talk restrictions, restrictions on providing or making available information or access to due diligence (with the no talk and no due diligence restrictions subject to a fiduciary-out), and a matching counterproposal right for Somers in the event the Directors receive an alternative superior proposal.

¹⁰ This price of A\$1.17 is equal to the original offer price of A\$1.62 less the payments of 19.0 cents per share for the Special Dividend and the Capital Return of 26.0 cents per share at the record date of 6 September 2023.

2 Purpose and scope of the report

2.1 Purpose of the report

Section 411 of the Corporations Act 2001 (Cth) (“Corporations Act”) regulates schemes of arrangements between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) (“Corporations Regulations”) prescribes information to be sent to shareholders and creditors in relation to members’ and creditors’ schemes of arrangements pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (clauses 8303 and 8306) of the Corporations Regulations requires an independent expert’s report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert’s report, documentation for a scheme of arrangement typically includes an independent expert’s report.

Accordingly, the Independent Director has requested Grant Thornton Corporate Finance to prepare an independent expert’s report stating, whether in its opinion, the Scheme is in the best interests of the Non-Associated Shareholders.

2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company’s members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement (“RG 60”) and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the proposed scheme is “in the best interests of the members of the company”.

Pursuant to RG111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Thorn shares on a control basis with the market value of the Scheme Consideration.

In considering whether the Scheme is in the best interests of Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to Non-Associated Shareholders if the Scheme is not implemented.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with Scheme that could potentially affect Non-Associated Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Scheme with reference to the RG112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Scheme.

In July 2021, Grant Thornton prepared an IER in relation to Somers' on-market takeover offer to acquire all the fully paid ordinary shares of the Company which it did not already own at a cash price of A\$0.21 per share.

In August 2023, Grant Thornton Corporate Finance prepared an IER in relation to the proposal that Thorn sell its equipment finance loan book to Resimac, a subsidiary of Somers.

2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet dated on or around 24 October 2023 in which this report is included and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Scheme. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Scheme to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Scheme on individual shareholders. Individual shareholders have

different financial circumstances, and it is neither practicable nor possible to consider the implications of the Scheme on individual shareholders.

The decision of whether or not to vote in favour of the Scheme is a matter for each Thorn shareholder based on their own views of the value of Thorn and expectations about future market conditions, Thorn's performance, their individual risk profile and investment strategy. If Thorn shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

3 Industry overview

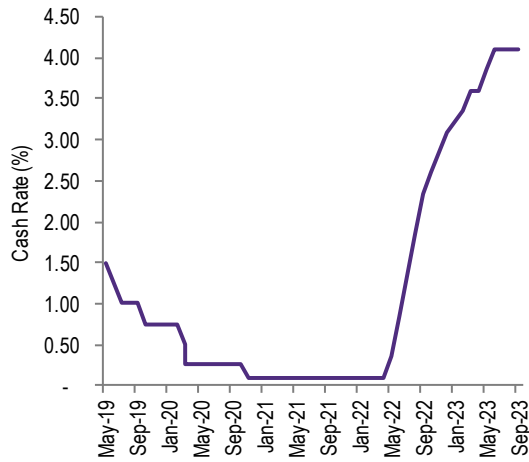
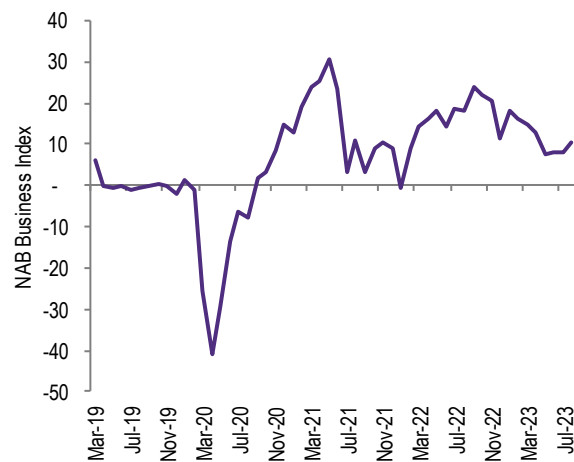
Following the completion of the Resimac Transaction, Thorn has been operating as a financial investment company with a focus on fintech businesses and the Directors are been constantly exploring the possibility of further strategic investment opportunities in the banking, asset financing, and wealth management sectors. Below we provide a summary of the key macroeconomic factors that will affect Thorns investment initiatives and opportunities.

3.1 Macroeconomic factors affecting the financial markets

In the June quarter of 2023, the Australian economy rose by 0.4%, the seventh consecutive rise and an indication of continued moderate growth in the Australian economy as the country seeks to recover from the impacts of lingering adverse economic, market, and geopolitical conditions. A key theme from the latest GDP data included the largest quarterly fall in the terms of the Australian trade indicator since June 2009 with a decline in export prices as warmer conditions overseas increased inventories of coal and gas, thus reducing demand and prices. Additionally, Australia saw a decline in the household saving ratio from 3.6% to 3.2%, the lowest level since June 2008 an indication of households continuing to struggle with cost-of-living pressures.

The aforementioned moderation of growth was concurrent with two cash rate rises in May and June as the Reserve Bank of Australia (“RBA”) looks to establish a balance between supply and demand and reduce the impact of higher-than-normal inflation rates upon the Australian economy. It is important to note that following the June quarter the RBA subsequently held the cash rate in the following three months, noting that inflation in Australia has passed its peak and quoting the fact that the monthly Consumer Price Index (“CPI”) annual increase of 4.9% in July 2023 is down from 5.4% in June 2023 and the peak of 8.4% in December 2022. This peak level of inflation was driven by a multitude of global factors such as pandemic related supply chain disruptions and Russia’s invasion of Ukraine as well as domestic factors including the tight labour market, volatile energy prices and prevailing capacity constraints. The RBA has discussed uncertainty in their economic outlook and the potential for further rate rises if inflation proves to be more persistent (or ‘stickier’) than previously predicted. This heightened level of uncertainty has stagnated growth in financial markets as investor sentiment and aggregate expectations of the economy remain undetermined.

It is important to note the several key indicators that suggest potential relief in markets following years of turbulence following COVID-19. The RBA’s decision to hold the cash rate target for three months in a row suggests that the period of aggressive tightening of the monetary cycle could be at an end. The unemployment rate increased by 0.2% to 3.7% in July 2023, a greater increase than market expectations and a potential signal that rate rises had taken effect and the RBA might not be required to increase rates further. As per the below graph, the NAB Business Conditions Index increased from July to August suggesting that businesses are likely more willing to seek funds for investment and expenditure. Higher levels of capital expenditure are beneficial for financial markets and the financial services industry as businesses seek to expand their operations.

RBA Cash Rate (%)

NAB Business Conditions Index


Sources: RBA, NAB, GTCF Analysis.

Notes: NAB Business Conditions Index rates the current level of business conditions in Australia.

3.2 Listed Investment Company Sector

Whilst Thorn does not intend to become a listed investment company (“LIC”), its strategic repositioning, will similarly focus on listed investments, even if unlisted investments will also be considered. Accordingly, we have provided below an overview of the LIC sector.

Listed managed funds on the ASX can be categorised into four groups, namely Australian Real Estate Investment Trusts (“AREIT”), LIC, Listed Investment Trust (“LIT”) Infrastructure Funds, and Absolute Return Funds. LICs make up most of the listed managed investments entities on the ASX.

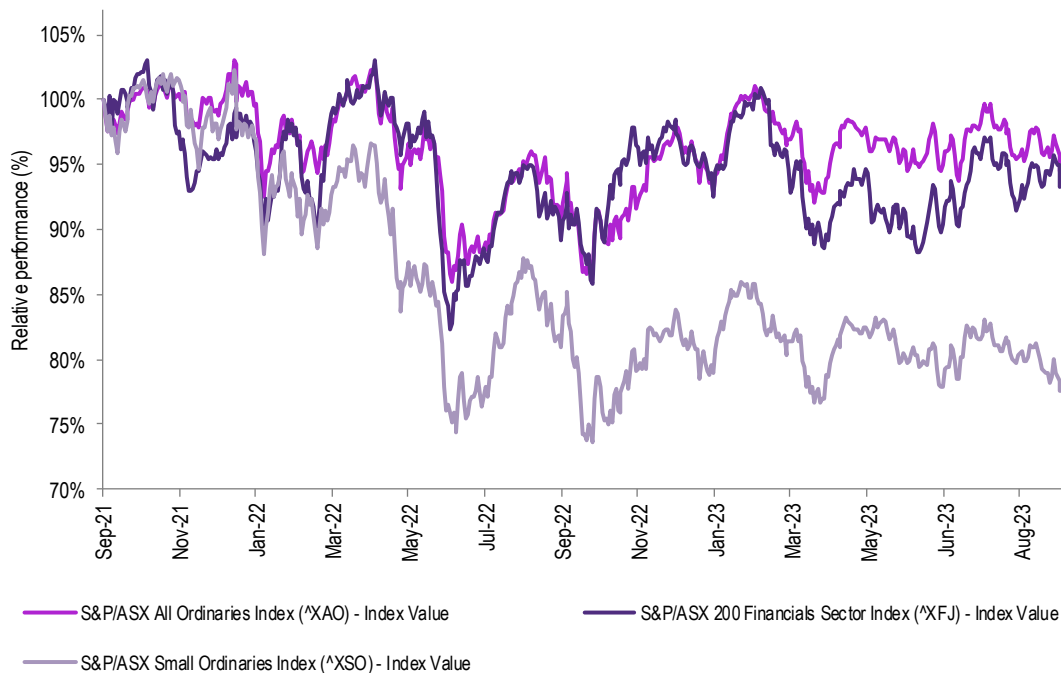
These companies allow an investor to invest in a diversified and professionally managed portfolio of financial assets (e.g. listed shares, property, and fixed income assets such as interest bearing deposits) and provides an opportunity for investors who do not have the expertise in investments to gain exposure to the risk and returns of investing in the stock market.

3.2.1 Relative performance

Since LICs hold investments in financial assets across different industries and markets, their performance is highly correlated with the performance of the stock market as a whole.

In the graph below we represent the historical movements in the S&P/ASX All Ordinaries Index (“All Ordinaries Index”) and S&P/ASX Small Ordinaries Index (“Small Ordinaries Index”) over the last two years as well as the S&P/ASX 200 Financial Sector Index (“Financial Index”) having regard to Thorns targeted investment strategy.

Historical Relative Performance All Ordinaries, Small Ordinaries and Financial Sector Indices



Sources: S&P Global, GTCF analysis.

Illustrated in the graph above, the Australian equity market and specifically small-cap companies have recorded a negative trend over the last two years. The All Ordinaries Index and the Small Ordinaries Index decreased by c. 5.5% and 22% since September 2021 respectively. Notwithstanding, we note that this period was affected by rising interest rates, relatively high inflation, global supply chain issues, the Russia Ukraine conflict and a reduction in disposable income. Accordingly, amid the reduced levels of economic certainty and consumer/investor confidence, the small to mid-cap companies have considerably underperformed in comparison to large-cap companies.

The abovementioned market returns are important to note alongside Thorn's revamped strategy post Resimac Transaction since LIC's historically have high correlation with the market. Further, having regard to Thorn's focus on investment opportunities within the financial services industry we have analysed the Financial Index which is comprised of the 28 companies in the S&P/ASX 200 that are classified as members of the GICS¹¹ Financials sector. As observed in the graph above, the Financial Index performed in line with the movements of the equity market in Australia (All Ordinaries Index) and outperformed the Small Ordinaries Index, however we note that this has largely driven by its inclusion of larger constituents such as Commonwealth Bank, NAB, ANZ, Westpac and Macquarie. Notwithstanding this, we note that Thorn will largely specialise in the non-bank finance sector of the financial services market, at least in the short-to-medium term.

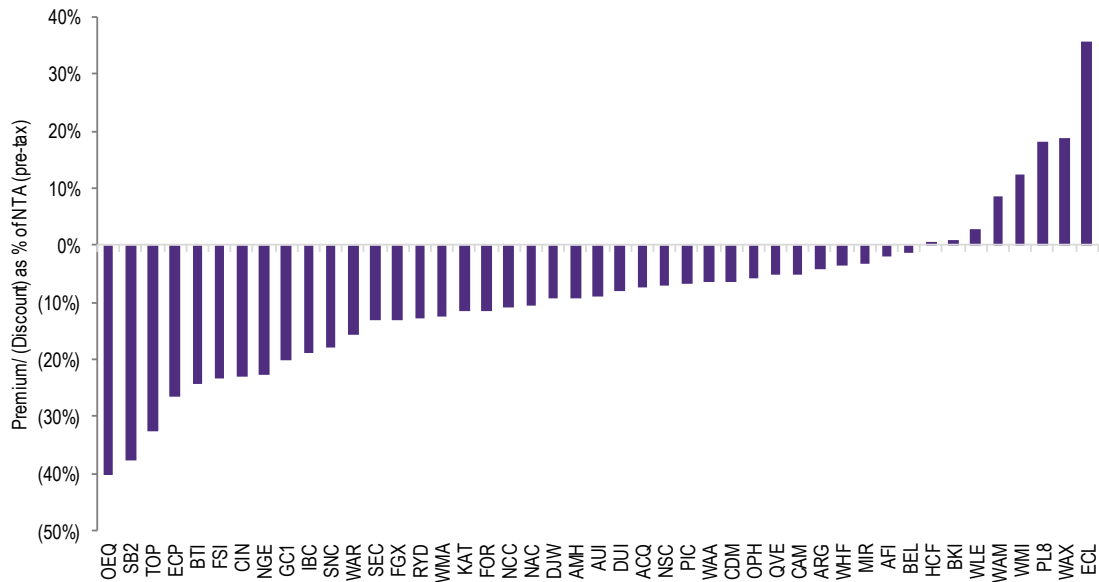
3.2.2 Net tangible assets versus share price

LICs' value of underlying assets or NTA on a per share basis is a metric required to be disclosed on a regular basis (normally every month) to determine whether an LIC is trading at a premium or a discount to

¹¹ Refers to Global Industry Classification Standard.

its NTA. Below we have illustrated the premiums/ discounts to NTA at which the shares of LIC's listed on the ASX were trading as at 31 August 2023 .

Premium/Discount % NTA (pre-tax) as at 31 August 2023



Sources: ASX Investment Products monthly report dated August 2023, GTCF analysis.

Notes: (1) The NTA (pre-tax) is taken as at 31 August 2023 and provided by Bloomberg. 2) The horizontal axis (x-axis) sets out the company tickers of the LICs listed on the ASX.

Illustrated in the chart above, the vast majority of LICs (c. 82%) traded at a discount to NTA as at 31 August 2023. Specifically, the weighted average discount to NTA of the Australian LICs investing in Australian equities is c. (2.99%)¹² and the simple average is c. (8.93%). There are a range of factors that may cause an LIC to trade a premium or discount to NTA including, but not limited to, the following:

- The markets expectation about the ability of the LIC to pay a regular stream of fully frank dividends in the future.
- Consistent good performance of the LIC's investment portfolio, in absolute terms and relative to the benchmark.
- The LIC's maintenance of skilled management team with long-term experience in trading through various market cycles and implementing proactive marketing and communication initiatives to raise the profile and reputation of the LICs.

¹² Weighted to the market capitalisation of each LIC as at 31 August 2023.

4 Profile of Thorn

4.1 Company overview

Following the completion of the Resimac Transaction, the Directors have disclosed that Thorn will commence a staged transition of its business with a focus on active investments in the fintech sector that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation. Investment activities will be completed within Thorn Group Investments Pty Ltd ("TGI").

4.2 Asset finance receivables

Thorn holds On-Balance Sheets Receivables of c. A\$2.9 million that was not sold as part of the Resimac Transaction. The majority of these (c. A\$2.6 million) relate to Thorn's legacy Thorn Equipment Finance ("TEF") loan portfolio which are largely concentrated on tertiary assets¹³ in COVID-19 affected industries such as hospitality and accommodation. As a result, the receivables exhibit relatively high level of arrears and low quality of recoverability with provisions of c. A\$2.3 million as at 1 September 2023, equivalent to c. 87% of the gross receivables.

The remaining On-Balance Sheet Receivables (c. A\$0.3 million) are associated with the financing of solar panels and related equipment ("Solar Portfolio") which formed part of Thorn's legacy consumer finance operation sold to Credit Corporation Limited ("Credit Corp") in December 2021. The Solar Portfolio is in run-off with the last contract due to be repaid in April 2027 and had provision of c. 9.8% of the gross receivables. As at the date of the report, Thorn is undertaking a sale process of its Solar Portfolio.

4.3 Debtor Finance Portfolio

The Debtor Finance Portfolio has gross receivables of c. A\$3.8 million and nil provisions as at 1 September 2023. On 26 September 2023, Thorn released to the ASX that it had entered into an agreement with OptiPay for the sale of the Debtor Finance Portfolio for cash consideration of approximately A\$3.8 million. The sale is expected to be completed on 13 October 2023.

4.4 Listed investments

As at the date of this report, Thorn holds investments in the following ASX listed companies within TGI:

- MoneyMe Limited ("MoneyMe") – Thorn holds 64,408,413 ordinary shares in MoneyMe, of which 62,500,000 shares were purchased on 22 May 2023, equivalent to a cost of A\$5.8 million, as part of MoneyMe's institutional placement which closed on 19 May 2023. As a result, Thorn increased its voting interest to c. 8.64% and was required to lodge a notice of initial substantial shareholder on 24 May 2023.
- Humm Group Limited ("Humm") – Thorn holds 5,909,564 ordinary shares in Humm, equivalent to a cost of A\$3.6 million and voting interest of c. 2.6%.

¹³ Tertiary assets refer to assets used by businesses in the cleaning, hospitality and leisure, IT and AV industries. Tertiary assets also include office equipment and non-equipment agricultural assets such as crops, fertiliser, and livestock.

4.5 Significant Provisions and Contingent Liabilities

As at 1 September 2023, Thorn's balance sheet carried c. A\$4.5 million as a provision for potential future expenses to be incurred by the Company in association with past transactions. The provision is mainly associated with the following:

- *Indemnities and warranties* – This is a general provision which covers a number of potential obligations, including indemnities and warranties in connection with past sales of business assets.
- *Legacy cost from historical legal proceedings* – Between 2017 and 2020, the legacy consumer finance division of Thorn became subject to a customer class action and ASIC enforceable undertaking because of historical breaches in the lending practices of the division resulting in customers overpaying in respect to their actual lending agreements. As at the date of this report, Thorn carries a provision regarding the matter to reflect the potential payment obligations for a set of customers affected by the lending breaches that were not identified during the process and outstanding repayments towards inactive clients of the consumer finance division.

4.6 Strategy

Under the revamped strategy following the Resimac Transaction, Thorn will act as a holding company for all investment activities, and it will undertake an assessment of the functions required to conduct the business based on its scale ensuring, among other things, continue compliance with ASX and ASIC requirements. This will be achieved by outsourcing all those responsibilities to an independent specialist corporate services organisation.

Thorn will specialise in the non-bank financial services segment of the market for the first five years. The investment philosophy applied to Australia will reflect an active, conviction focused management style. In the first two years of operations, target investee companies are expected to be micro to small entities operating in Australian financial markets and where Thorn can play an active role in influencing the operations and improving efficiencies, including by acquiring stakes in the investee companies sufficient to obtain a board seat.

Returns to investors will arise from the capital growth of Thorn's portfolio of investee companies and from dividends expected to be accrued for payment from the end of 2026. Overtime, the intention is to enhance geographic diversification to New Zealand and specific countries in the Asian region include, but not limited to, Singapore, Malaysia, Thailand and the South Asia Sub-Continent. The current Directors are evaluating the specialist skills required for the Board and new appointments, if any, will be undertaken in due course.

4.7 Financial information

The financial information presented in the following sections refer to the business of Thorn before completion of the Resimac Transaction, which occurred on 1 September 2023. Accordingly, they are not representative of the financial performance of the Company going forward if the Scheme is not implemented.

4.7.1 Income Statement

The table below illustrates the Company's audited consolidated statements of comprehensive income for FY21 (restated), FY22 and FY23.

| Consolidated statements of financial performance A\$ '000 | FY21 Restated | FY22 Audited | FY23 Audited |
|--|------------------|-----------------|-----------------|
| Interest revenue | 32,626 | 15,490 | 14,443 |
| Other revenue | 816 | 1,806 | 890 |
| Revenue | 33,442 | 17,296 | 15,333 |
| Employee benefit expense | (13,171) | (14,137) | (9,290) |
| Impairment losses on loans and receivables | (12,492) | 19,898 | 5,738 |
| Marketing expenses | 76 | (359) | (199) |
| Property expenses | (422) | 220 | (374) |
| Communication & IT expenses | (4,566) | (3,942) | (1,771) |
| Insurance expenses | (1,628) | (2,601) | (1,901) |
| Legal expenses | (3,007) | (1,592) | (936) |
| Other expenses | (922) | (4,362) | 762 |
| Impairment of intangibles & property, plant and equipment | (216) | (389) | (583) |
| Net gain on sale of financial asset | - | 119 | - |
| Recovery of impaired loan | 1,330 | - | - |
| Corporate expense allocated to discounted operation | 7,745 | 8,025 | - |
| Total operating expenses | (27,273) | 880 | (8,554) |
| Earnings before interest and tax ("EBIT") | 6,169 | 18,176 | 6,779 |
| Fair value gain on derivative | - | 1,453 | (1,106) |
| Finance expenses | (10,617) | (6,764) | (7,020) |
| Profit/(Loss) before income tax | (4,448) | 12,865 | (1,347) |
| Income tax | - | - | - |
| Profit from discontinued operations, net of tax | 12,844 | 19,481 | 3,884 |
| Profit/(Loss) after tax for the year | 8,396 | 32,346 | 2,537 |
| Other comprehensive income | 2,601 | 2,352 | (308) |
| Total comprehensive profit/(loss) | 10,997 | 34,698 | 2,229 |

Sources: Thorn annual reports, GTCF analysis.

We note the following in relation to the consolidated statement of profit and loss:

- The Company generated A\$15.3 million annual revenue in FY23, which corresponds to a 11.6% reduction compared to revenue of A\$17.3 million in FY22. This was largely due to lower growth in new originations on the back of stricter selection process, compounded by the continuation of the TEF loan book run-off.
- The overall financial performance in FY22 and FY23 was affected by the profit on the sale of Radio Rentals and the write back of impairment expenses recognised in prior years of A\$20 million in FY22 and A\$5.7 million in FY23. If these one-off items are normalised out, the core business incurred a loss of A\$21.2 million in FY22 and of A\$7.1 million in FY23. This is driven by the small-scale operations of the business and the digital investment for the launch of the new equipment finance portfolio via Thornmoney Pty Ltd ("Thornmoney").

- In FY21, the Company incurred one-off expenses in relation to the closure of the consumer finance store network including redundancy costs of A\$3.5 million, IT related costs of A\$0.6 million (offset by A\$1.4 million net gain on exiting lease obligations) and A\$2.9 million in JobKeeper grants.

4.7.2 Balance Sheet

The table below illustrates the Company's audited statements of the financial position as at 31 March 2021, 31 March 2022 and 31 March 2023 are set out in the table below.

| Consolidated statements of financial position A\$ '000 | Mar-21 Audited | Mar-22 Audited | Mar-23 Audited |
|---|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 88,045 | 86,760 | 28,800 |
| Trade and other receivables | 67,093 | 34,984 | 46,775 |
| Prepayments and other assets | 2,935 | 6,480 | 2,240 |
| Inventories | 128 | - | - |
| Total current assets | 158,201 | 128,224 | 77,815 |
| Trade and other receivables | 129,549 | 53,600 | 94,708 |
| Derivative financial instruments | - | - | 12 |
| Financial assets at fair value through other comprehensive income | 1,000 | - | 2,744 |
| Total non-current assets | 130,549 | 53,600 | 97,464 |
| Total assets | 288,750 | 181,824 | 175,279 |
| Liabilities | | | |
| Trade and other payables | 15,723 | 8,810 | 4,949 |
| Lease liability | 507 | 11 | - |
| Loans and borrowings | 78,203 | 43,412 | - |
| Employee benefits | 3,951 | 5,090 | 2,936 |
| Provisions | 1,944 | 4,090 | 1,512 |
| Total current liabilities | 100,328 | 61,413 | 9,397 |
| Loans and borrowings | 88,100 | 17,179 | 114,890 |
| Lease liability | 427 | - | - |
| Employee benefits | 170 | 77 | 19 |
| Derivative financial instruments | 3,721 | 359 | - |
| Provisions | 870 | - | - |
| Total non-current liabilities | 93,288 | 17,615 | 114,909 |
| Total liabilities | 193,616 | 79,028 | 124,306 |
| Net assets | 95,134 | 102,796 | 50,973 |

Sources: Thorn annual reports, GTCF analysis.

We note the following in relation to the consolidated statement of financial position as at 31 March 2023:

- The cash balance includes the free cash available to the Company plus the cash in the secured warehouse facility ("Warehouse Facility" or "Warehouse")¹⁴ (a mixture of customer receipts collected in the last month of the year and cash reserves). As at 31 March 2023, free cash was A\$17.4 million and cash in the Warehouse was A\$11.4 million. Comparatively, free cash was A\$68.1 million and

¹⁴ The Warehouse Facility was capped at A\$200 million.

cash in the Warehouse was A\$18.7 million as at 31 March 2022. The reduction in the free cash balance was largely a result of the capital return of A\$41.7 million paid to eligible shareholders on 14 October 2022.

- Receivables are stated at their gross amount less unearned interest and a provision for expected credit losses. In accordance with AASB 9, chattel mortgages are classified as loan receivables. The asset finance receivables gross book grew from A\$110.4 million as at 31 March 2022 to A\$149.7 million as at 31 March 2023, an increase of c. 35.6%, due to strong originations in Thornmoney during the financial year. The provision reduced by c. 24.9% to A\$16.6 million over the same period, reflecting the continual run-off of the higher risk TEF receivables and introduction of higher quality loan book. We have set out a breakdown of the key receivable components of the Company below.

| Trade and other receivables breakdown A\$ '000 | Mar-21 Audited | Mar-22 Audited | Mar-23 Audited |
|---|-------------------|-------------------|-------------------|
| Trade receivables | 6,970 | 2,430 | 891 |
| Asset finance lease receivables | 130,216 | 24,451 | 7,652 |
| Asset finance loan receivables | 133,840 | 83,492 | 141,121 |
| Invoice finance receivables | - | 272 | 3,381 |
| Related party loan receivables | - | - | 5,000 |
| Total gross amount | 271,026 | 110,645 | 158,045 |
| Allowance for impairment | (74,384) | (22,061) | (16,561) |
| Net receivables | 196,642 | 88,584 | 141,484 |

Sources: Thorn annual reports, GTCF analysis.

- In accordance with AASB 9, the Company estimates a provision for ECL taking into account the time value of money, past events, current and forecast economic conditions. In measuring the ECL, the Company adopts the following criteria:
 - A provision equal to 12 months estimated losses are applied to receivables that are not in arrears or have arrears which are less than 30 days.
 - Receivables that have been in arrears for more than 30 days are considered to have experienced a significant increase in credit risk ("SICR") and thereby have a lifetime loss estimate applied. A SICR is based on quantitative information at the receivable level.
 - When an account is cured, it retains an adjusted and higher probability of default within the impairment model for the next six months.
 - An account is considered to be in default when the receivable is 90 days past the due date.
 - The Company writes off receivables in whole or in part, when it deems there is no reasonable expectation of recovery after having exhausted all the practical recovery efforts.
 - The Company employs an overlay model to capture the risk associated with the current macro-economic environment of high inflation and rising interest rates which is estimated at 3.7% of the total equipment finance receivables as at 31 March 2023.

- On 17 October 2022, Thorn entered into a secured loan of A\$5.0 million with Somers repayable on 30 December 2022 at an interest rate of 9% per annum. The principal repayment date was extended to 31 March 2023 at an interest rate of 10% per annum and subsequently extended to 30 June 2023 at an interest rate of 12% per annum. The term of the loan has been negotiated to be extended to 30 September 2023, with an applicable interest rate of 12% per annum.
- Borrowings in the Warehouse Trust increased by c. 90% from A\$60.6 million as at 31 March 2022 to A\$114.9 million as at 31 March 2023 as the strong growth in new equipment finance receivables are being directly funded by the Warehouse Facility which is capped at A\$200.0 million.
- During the financial year ending 31 March 2023, the Company acquired shares in ASX listed companies for a total cost of A\$4.4 million.

4.7.3 Cash flows

The table below illustrates the Company's audited statement of cash flows for FY21 (restated), FY22 and FY23.

| Consolidated statements of cash flow A\$ '000 | FY21 Restated | FY22 Audited | FY23 Audited |
|---|------------------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers (excluding interest) | 131,780 | 108,763 | 129,288 |
| Interest revenue received | 32,001 | 16,623 | 13,036 |
| Cash paid to suppliers and employees | (31,282) | (40,494) | (20,532) |
| Asset finance originations and Invoice finance draw downs/transfers | (5,452) | (24,454) | (167,511) |
| Cash generated from operations | 127,047 | 60,438 | (45,719) |
| Net borrowing costs | (11,076) | (6,422) | (6,649) |
| Income tax refund | 3,051 | - | - |
| Net cash flow from operating activities | 119,022 | 54,016 | (52,368) |
| Cash flow from investing activities | | | |
| Acquisition of property, plant and equipment and software | (107) | (257) | (583) |
| Loan to related parties | - | - | (5,000) |
| (Acquisition)/sale of equity investments | (1,000) | 1,154 | (4,410) |
| Net cash outflow from investing activities | (1,107) | 897 | (9,993) |
| Cash flow from financing activities | | | |
| Proceeds from borrowings | 11,339 | - | 114,890 |
| Repayment of borrowings | (138,582) | (105,711) | (24,790) |
| Redemption of borrowings | - | - | (35,801) |
| Repayment of lease liabilities | (382) | (247) | - |
| Proceeds from issues of shares | 2,588 | 491 | 1,990 |
| Payment for share buy back | - | (354) | (404) |
| Return of Capital | - | - | (41,716) |
| Dividends paid | (24,176) | (27,167) | (13,821) |
| Net cash (outflow)/inflow from financing activities | (149,213) | (132,988) | 348 |
| Net increase / (decrease) in cash - continuing operations | (31,298) | (78,075) | (62,013) |
| Net increase/(decrease) in cash - discounted operation | 69,724 | 76,790 | 4,053 |
| Cash and cash equivalents at the beginning of the financial year | 49,619 | 88,045 | 86,760 |
| Cash and cash equivalents at year end | 88,045 | 86,760 | 28,800 |

Sources: Thorn annual reports, GTCF analysis

We note the following in relation to the statement of cash flows:

- Operating cash flows:** Net cash flows from operating activities declined in FY23 due to faster growth in Thornmoney's originations relative to the run-off of TEF. As a result, new originations were initially funded on the balance sheet until the Warehouse Facility opened at the end of August 2022 for Thornmoney's receivables. In addition, the Company generated significant negative operating cash flows in FY23 resulting from A\$118.2 million worth of asset finance originations and A\$37.2 million in drawdowns for the period.
- Investing cash flows:** Net cash flows from investing activity declined in FY23 primarily due to the acquisition of A\$5.0 million MoneyMe shares and the extension of a A\$5.0 million interest-bearing loan to Somers at a new interest rate of 12% per annum. The net cash inflow from investing activities in FY22 was aided by A\$1.2 million in proceeds as a result of the sale of Quicka Holdings Pty Ltd, an investment held by Thorn since March 2021, to RapidPay in December 2021.
- Financing cash flows:** Net cash from financing activities improved from a net outflow of A\$133.0 million in FY22 to net inflow of A\$0.3 million in FY23, largely on account of the reopening of the Warehouse Facility in August 2022 for Thornmoney's receivables and associated improvements in the repayment of borrowing, reducing from A\$105.7 million to A\$24.8 million over the period. In FY23, a total of A\$13.8 million of dividends were paid to shareholders comprising a final dividend in July 2022 and a special dividend in September 2022. Further, A\$41.72 million was paid as a capital return to shareholders in October 2022.

4.7.4 Capital Structure

As at the date of our report, Thorn has 34,764,019 fully paid ordinary shares on issue.

The top 10 shareholders of Thorn as at 30 May 2023 are set out below.

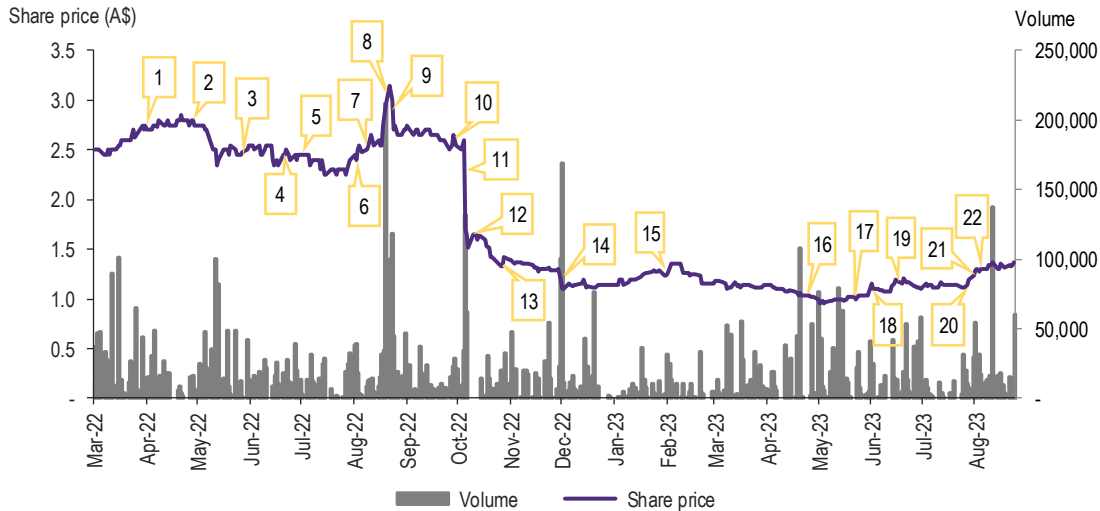
| Top ten ordinary shareholders as at 30 May 2023 | | | |
|---|--|-------------------|----------------|
| | | No. of shares | Interest (%) |
| 1 | JP Morgan Nominees Australia Pty Ltd | 18,581,872 | 53.45% |
| 2 | Moat Investments Pty Ltd | 2,512,021 | 7.23% |
| 3 | Mr Sean Patrick Martin | 1,103,640 | 3.17% |
| 4 | ACE Property Holdings Pty Ltd | 860,000 | 2.47% |
| 5 | Jet Invest Pty Ltd | 401,905 | 1.16% |
| 6 | Mr Sunny Yang and Mrs Connie Yang (Yang Family Account) | 372,153 | 1.07% |
| 7 | Mast Financial Pty Ltd | 276,724 | 0.80% |
| 8 | Netwealth Investments Limited | 190,391 | 0.55% |
| 9 | Trober No 57 Pty Ltd | 185,027 | 0.53% |
| 10 | Mr Sunny Yang and Mrs Connie Yang (Yangs Superannuation) | 179,866 | 0.52% |
| Top 10 shareholders | | 24,663,599 | 70.95% |
| Remaining shareholders | | 10,100,420 | 29.05% |
| Total ordinary shares outstanding | | 34,764,019 | 100.00% |

Source: Management, GTCF analysis.

Somers holds c. 49.15%¹⁵ of the issued capital and Moat Investments Pty Ltd holds 7.2%¹⁶ of the issued capital, both of which have made substantial shareholder declarations.

The daily movements in Thorn's share price and volumes for the period from March 2022 are set out below:

Thorn share price analysis



Sources: S&P Capital, GTCF analysis.

The following table illustrates the key events from March 2022 to August 2023, which may have affected the share price and volume movements shown above.

| Event | Date | Comments |
|-------|---------------|--|
| 1 | 28 March 2022 | Thorn announced its intentions to undertake a minimum holding buy-back of ordinary shares for Thorn shareholders who hold less than a marketable parcel of Thorn shares. The buy-back allows shareholders who were eligible on 25 March 2022 to sell their shares back to Thorn for a buy-back price of A\$0.2580 per share. |
| 2 | 29 April 2022 | Thorn released the quarterly activity report for the quarter ending 31 March 2022, reporting: <ul style="list-style-type: none"> - Thorn successfully launched a tailored broker portal for a select group of brokers. - Negative cash flow of A\$2.0 million from operating activities, as the Company funded 100% of the Asset Finance originations, leading to a cash balance decrease from A\$132.4 million to A\$86.8 million. - During the quarter, Thorn paid its special dividend of A\$23.8 million. |
| 3 | 30 May 2022 | Thorn declared a final dividend of A\$0.01 and announced the completion of its minimum holding buy-back, under which it bought back and cancelled 81,977 fully paid ordinary shares from 109 eligible shareholders. |
| 4 | 24 June 2022 | Thorn released the annual financial report for FY22, reporting: <ul style="list-style-type: none"> - Annual net profit of A\$32.3 million, compared with a net profit of A\$8.4 million in the previous corresponding period. - Thorn business finance net receivables of A\$88.0 million - Thornmoney originated A\$21.7 million since re-launch. |
| 5 | 6 July 2022 | Ex-date of final dividend. |
| 6 | 29 July 2022 | Thorn released the quarterly activity report for the quarter ending 30 June 2022, reporting: <ul style="list-style-type: none"> - Thorn entered advanced negotiations with its financiers to reopen the warehouse facility. - Negative cash flow of A\$20.4 million from operating activities, as the Company funded 100% of the Thornmoney originations, leading to a cash balance decrease from A\$86.8 million to A\$43.5 million. - Repayment of A\$18.9 million of warehouse debt funding. |

¹⁵ Based on the Scheme Booklet taken as at 3 October 2023.

¹⁶ Based on Moat Investments Ltd last substantial shareholder notice lodged with ASX on 16 May 2023.

| Event | Date | Comments |
|-------|-----------------------------------|--|
| 7 | 3 August 2022 | Thorn announced its Warehouse Facility was restructured and will recommence utilisation with a A\$200 million funding limit. |
| 8 | 19 August 2022 | Thorn declared a special dividend of A\$0.03 and announced the director's consideration for a further A\$0.12 per share return of capital and share consolidation in Q3 FY23. |
| 9 | 24 August 2022 | Ex-date of the special dividend. |
| 10 | 30 September 2022 | Thorn held an EGM where shareholders voted in favour of both resolution 1 (return of capital to shareholders of A\$0.12 per share) and resolution 2 (consolidation of shares of 1:10). |
| 11 | 5 October 2022 | Ex-date of the return of capital to shareholders. |
| 12 | 11 October 2022 - 13 October 2022 | Thorn completed the consolidation of shares on the basis of every ten (10) shares to one (1) share. |
| 13 | 28 October 2022 | Thorn released the quarterly activity report for the quarter ending 30 September 2022, reporting: <ul style="list-style-type: none"> - Negative cash flow of A\$11.7 million from operating activities, an improvement from the negative A\$32.2 million in the previous quarter on account of Thommoney and Invoice Finance originations. - Improved repayment of borrowings of A\$14.3 million, compared to A\$33.3 million in previous quarter, as a result of eligible Thommoney originations being funded by the Warehouse Facility. - Cash balance increased from A\$43.5 million to A\$86.7 million over the quarter, of which A\$73.0 million is free cash. The larger cash balance is primarily driven by the abovementioned improvements in cash flows from operating and financing activities. |
| 14 | 30 November 2022 | Thorn released the financial report for the first half FY23, reporting: <ul style="list-style-type: none"> - Half year net profit of A\$0.6 million, compared with a net profit of A\$13.8 million in the previous corresponding period. - Revenue from continuing operations fell 31% from A\$10.4 million to A\$7.2 million. - Asset Finance originations of A\$65.6 million for six months ended 30 September 2022 |
| 15 | 31 January 2023 | Thorn released the quarterly activity report for the quarter ending 31 December 2022, reporting: <ul style="list-style-type: none"> - Negative cash flow of A\$12.7 million from operating activities - Cash balance decreased from A\$86.7 million to A\$33.2 million - Capital return of A\$41.7 million was paid |
| 16 | 28 April 2023 | Thorn released the quarterly activity report for the quarter ending 28 April 2023, reporting: <ul style="list-style-type: none"> - Negative cash flow of A\$7.4 million from operating activities - Cash balance decreased from A\$33.2 million to A\$28.8 million - Cash out flow includes A\$24.7 million for the acquisition of equipment and other assets during the quarter for future income earning asset finance leases |
| 17 | 24 May 2023 | Thorn announced that it had subscribed for additional shares in ASX listed company MoneyMe. The cost of the investment totalled A\$5.0 million. Following this investment, Thorn held an aggregate of 64,408,413 ordinary shares in MoneyMe, representing voting power in MoneyMe of approximately 8.64%. |
| 18 | 31 May 2023 | Thorn released their annual report for FY23, reporting: <ul style="list-style-type: none"> - Revenue fell 11.6% to A\$15.3 million for FY23 - Net profit after tax declined from A\$32.3 million to A\$2.5 million due to one-off profits from the sale of Radio Rentals |
| 19 | 20 June 2023 | Thorn announced that it had entered into an agreement with Resimac for the sale of Thorn's Asset Finance Portfolio. Thorn expects to receive c. A\$15 million cash proceeds from the sale. The sale reaffirms Thorn's core business strategy of being a diversified small business focussed financial services organisation. |
| 20 | 31 July 2023 | Thorn released the quarterly activity report for the quarter ending 30 June 2023, reporting: <ul style="list-style-type: none"> - Positive cash flow of A\$1.4 million from operating activities - Cash balance increased from A\$28.8 million to A\$38.0 million |
| 21 | 1 August 2023 | Thorn released notice of AGM and the Independent Expert Report related to the Resimac Transaction. |
| 22 | 4 August 2023 | Thorn announced the proposed capital return of A\$0.26 per share with trading on an ex-dividend basis to commence on the 5 August 2023. |

Source: Thorn Annual Reports, Thorn ASX announcements and various news articles.

The trading prices and volume of Thorne's shares over the last 12 months is set out in the table below.

| Thom Group Limited | Share Price | | | Average weekly volume 000' |
|--------------------|-------------|-----------|-------------|----------------------------------|
| | High \$ | Low \$ | Close \$ | |
| Month ended | | | | |
| Jul 2022 | 2.450 | 2.100 | 2.400 | 57 |
| Aug 2022 | 3.200 | 2.300 | 2.700 | 179 |
| Sep 2022 | 2.750 | 2.450 | 2.550 | 67 |
| Oct 2022 | 2.600 | 1.300 | 1.400 | 95 |
| Nov 2022 | 1.465 | 1.170 | 1.180 | 99 |
| Dec 2022 | 1.200 | 1.050 | 1.140 | 92 |
| Jan 2023 | 1.290 | 1.140 | 1.235 | 30 |
| Feb 2023 | 1.350 | 1.150 | 1.155 | 39 |
| Mar 2023 | 1.180 | 1.080 | 1.135 | 75 |
| Apr 2023 | 1.140 | 0.985 | 1.020 | 87 |
| May 2023 | 1.110 | 0.955 | 1.110 | 105 |
| Jun 2023 | 1.210 | 1.067 | 1.100 | 87 |
| Jul 2023 | 1.272 | 1.092 | 1.235 | 38 |
| Week ended | | | | |
| 5 May 2023 | 1.035 | 0.955 | 0.970 | 134 |
| 12 May 2023 | 1.020 | 0.965 | 1.000 | 144 |
| 19 May 2023 | 1.015 | 0.985 | 1.015 | 90 |
| 26 May 2023 | 1.075 | 0.990 | 1.030 | 66 |
| 2 Jun 2023 | 1.150 | 1.030 | 1.100 | 79 |
| 9 Jun 2023 | 1.130 | 1.080 | 1.080 | 32 |
| 16 Jun 2023 | 1.200 | 1.085 | 1.175 | 73 |
| 23 Jun 2023 | 1.210 | 1.150 | 1.170 | 96 |
| 30 Jun 2023 | 1.170 | 1.087 | 1.100 | 150 |
| 7 Jul 2023 | 1.150 | 1.110 | 1.110 | 25 |
| 14 Jul 2023 | 1.165 | 1.140 | 1.140 | 16 |
| 21 Jul 2023 | 1.140 | 1.130 | 1.140 | 18 |
| 28 Jul 2023 | 1.200 | 1.092 | 1.200 | 73 |
| 4 Aug 2023 | 1.340 | 1.230 | 1.295 | 150 |
| 11 Aug 2023 | 1.370 | 1.295 | 1.370 | 182 |
| 18 Aug 2023 | 1.350 | 1.300 | 1.315 | 48 |

Sources: S&P Capital, GTCF analysis.

5 Valuation methodologies

5.1 Introduction

Grant Thornton Corporate Finance has assessed the value of Thorn using the fair market value standard of value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

Grant Thornton Corporate Finance has selected the market value of net assets under an orderly realisation method to assess Thorn's equity value having regard to the unaudited balance sheet in the managements accounts as at 31 August 2023 as a starting point which have been pro-forma adjusted for the completion of the Resimac Transaction on 1 September 2023.

Prior to reaching our valuation conclusions, we have also considered the Quoted Security Price Method.

6 Valuation assessment of Thorn

6.1 Orderly Realisation Method

As discussed in Section 5, Grant Thornton Corporate Finance has adopted an asset-based approach and applied the orderly realisation method of valuation to Thorn at or around the time of the announcement of the Scheme to assess the theoretical proceeds that could be realised by Thorn shareholders and thereby the potential benefits for Non-Associated Shareholders in accepting the Scheme.

In our analysis, we had regard to the unaudited balance sheet of Thorn as at 1 September 2023, which was based on the unaudited balance sheet in the management accounts as at 31 August 2023 adjusted to reflect the completion of the Resimac Transaction and sale of the main undertaking of Thorn on account. The table below summarises the potential amount available for distribution to Thorn shareholders on an orderly realisation of Thorn's assets following the completion of the Scheme, the distribution of the Capital Return and Special Dividend and the costs estimated to be incurred to wind-down the operations of the Company.

| Orderly Realisation Method A\$ (unless otherwise stated) | Section Reference | Low | High |
|--|----------------------|--------------------|--------------------|
| <u>Asset realisation:</u> | | | |
| Cash and cash equivalents as at 1 September 2023 (ex-dividend) | 6.1.1 | 41,089,177 | 41,089,177 |
| On-Balance Sheet Receivables (excluding Solar Portfolio) | 6.1.2 | 350,057 | 350,057 |
| Investment assets | 6.1.2 | 6,393,332 | 7,082,449 |
| Debtor Financing Portfolio | 6.1.2 | 3,832,889 | 3,832,889 |
| Solar Portfolio | 6.1.2 | 62,000 | 62,000 |
| Total assets | | 51,727,456 | 52,416,572 |
| <u>Less:</u> | | | |
| Significant provisions and contingent liabilities | 6.1.3 | (2,968,712) | (1,354,940) |
| Payment of other liabilities | 6.1.4 | (1,714,016) | (1,714,016) |
| Trade and other payables | 6.1.4 | (2,370,916) | (2,370,916) |
| Other liabilities | | (4,084,932) | (4,084,932) |
| Total liabilities as at 1 September 2023 | | (7,053,645) | (5,439,873) |
| Net realisation balance sheet | | 44,673,811 | 46,976,699 |
| <u>Orderly realisation adjustments:</u> | | | |
| Notice of Period payments | 6.1.5 | (917,107) | (917,107) |
| Redundancies payments | 6.1.5 | (868,245) | (868,245) |
| Ongoing employee costs over orderly realisation period | 6.1.5 | (853,542) | (853,542) |
| Realisation of off-balance sheet receivables | 6.1.5 | 368,503 | 521,168 |
| Resimac Transaction costs | 6.1.5 | (315,491) | (315,491) |
| Other costs | 6.1.5 | (2,235,081) | (2,235,081) |
| Total orderly realisation costs | | (4,820,964) | (4,668,298) |
| Total Thorn shareholders potential net realisation | | 39,852,847 | 42,308,401 |
| Number of Thorn shares | 4.7.4 | 34,764,019 | 34,764,019 |
| Potential net realisation per Thorn share (A\$/share) | | 1.15 | 1.22 |

Sources: Management, GTCF analysis.

6.1.1 Cash and cash equivalents

Below we set out the cash and cash equivalents as at 1 September 2023, after completion of the Resimac Transaction and thereby post receipt of the associated cash proceeds, on a cum-dividend and ex-dividend basis.

| Cash and cash equivalents as at 1 September 2023 A\$ | Notes | |
|--|-------|-------------------|
| Purchase Price from the Resimac Transaction as per 1 September 2023 announcement | 1 | 16,689,584 |
| Additional cash proceeds from further sell down to the Warehouse | 1 | 1,793,588 |
| Total Adjusted Purchase Price from Resimac Transaction | | 18,483,172 |
| Cash and cash equivalents as at 1 September 2023 (excluding Adjusted Purchase Price) | 2 | 38,249,814 |
| Total cash and cash equivalents as at 1 September 2023 (cum-dividend) | | 56,732,986 |
| Less: Payment of Special Dividend and Capital Return | 3 | (15,643,809) |
| Total cash and cash equivalents as at 1 September 2023 (ex-dividend) | | 41,089,177 |

Sources: GTCF analysis, Management.

Regarding the above we note the following:

- *Note 1* – Thorn received total adjusted cash proceeds of c. A\$18.5 million from the Resimac Transaction (“Adjusted Purchase Price”) relating to the purchase of the Class G notes held by Thorn in the Warehouse Trust (c. A\$15 million), repayment to Thorn the balance of the Liquidity and Collection Reserve in the Warehouse Trust (c. A\$1.9 million and A\$0.5 million respectively) less certain negotiated discounts. Further, Resimac and Thorn negotiated the transfer of further receivables in the Warehouse Trust at completion of the Resimac Transaction, including a further sell down to the Warehouse which completed post Resimac Transaction which resulted in an additional A\$1.8 million of cash proceeds compared with Thorn’s announced purchase price on 1 September 2023.
- *Note 2* – Excluding the Adjusted Purchase Price, Thorn held c. A\$38.2 million of cash and cash equivalents as at 1 September 2023 prior to the payment of the declared Special Dividend and Capital Return and thereby on a cum-dividend basis.
- *Note 3* – In connection with the completion of the Resimac Transaction, Thorn declared the payment of approximately A\$15.6 million to eligible Thorn Shareholder via the Capital Return and Special Dividend on the 31 August 2023 and 4 August 2023 respectively.

Having regard to the above, post receipt of Adjusted Purchase Price and payment of the Special Dividend and Capital Return, Thorn had c. A\$41.4 million in a cash and cash equivalents balance sheet on an ex-dividend basis as at 1 September 2023.

6.1.2 Other Assets

- *On-Balance Sheet Receivables (excluding the Solar Portfolio)* – Thorn holds c. A\$2.6 million of On-Balance Sheet Receivables (excluding the Solar Portfolio which are accounted for separately below) of which largely relate to Thorn’s legacy TEF loan book. The book is of low creditworthiness, with a

relatively large concentration on tertiary assets¹⁷ in COVID-19 impacted industries and carries a large provision of c. A\$2.3 million or 87% of the gross receivables. We have estimated a fair market value of the On-Balance Sheet Receivables (excluding the Solar Portfolio) at net face value.

- *Investment in listed companies* – Thorn holds 64,408,413 ordinary shares in MoneyMe equivalent to c. 8.64% of the issued capital and 5,909,564 ordinary shares in Humm equivalent to c. 2.6% of the issued capital. We have assessed the value of these investments having regard to the recent trading prices. Given the relatively small size of both investments, we have assumed that Thorn can realise its investment net of transaction costs/realisation at a discount of 2%. As a result, we have estimated the market value between A\$6.4 million and A\$7.1 million net of transaction costs and on a post-tax basis.
- *Debtor Finance Portfolio* – As at 1 September 2023, Thorn held a Debtor Finance Portfolio of c. A\$3.8 million with nil provisions. On 26 September 2023, Thorn released to the ASX that it had entered into an agreement with OptiPay for the sale of the Debtor Finance Portfolio for cash consideration of approximately A\$3.8 million (face value) which we have adopted in our valuation assessment.
- *Solar Portfolio* – Thorn holds a Solar Portfolio of c. A\$0.3 million associated with the financing of solar panels and related equipment. The book is in run-off with the last contract due to be repaid in April 2027 and c. 27% are in arrears greater than 91 days. As at the date of this report, Thorn is in the process of selling the Solar Portfolio for expected cash consideration of approximately A\$62,000. We have had regard to this expected offer price supplied by Thorn management in our estimated fair market value at the low and high end respectively.

6.1.3 Significant provision and contingent liabilities

As at 1 September 2023, Thorn's balance sheet included c. A\$4.5 million carried as a provision for potential future expenses to be incurred by the Company in association with past transactions. The provision is mainly associated with the following contingencies:

- *Indemnities and warranties* – This is a general provision which covers a number of potential obligations, including indemnities and warranties in connection with the sale.
- *Legacy cost from historical legal proceedings* – Between 2017 and 2020, the Consumer Finance division became subject to a customer class action and ASIC enforceable undertaking because of historical breaches in the lending practices of the division resulting in customers overpaying in respect to their actual lending agreements. As at the date of this report, Thorn carries a provision regarding the matter to reflect the potential payment obligations for a set of customers affected by the lending breaches that were not identified during the process and outstanding repayments towards inactive clients of the Consumer Finance division.

In assessing the fair market value of the carrying amount as at 1 September 2023, we had regard to Thorn management's projected amortised carrying amount as at 30 September 2023 and 30 September 2024 at the low and high end respectively.

Whilst we understand that Thorn management assess the probability of payment of the abovementioned provisions and contingent liabilities as at 1 September 2023 to be relatively low, we consider it reasonable

¹⁷ Tertiary assets refer to assets used by businesses in the cleaning, hospitality and leisure, IT and AV industries. Tertiary assets also include office equipment and non-equipment agricultural assets such as crops, fertiliser, and livestock.

to maintain a provision on balance sheet to capture the risk associated with these obligations, albeit reducing in likelihood of emerging with the passage of time. Further, we note that there may be potential emerging exposures that do not currently have any specific provision made against them, so a general provision will serve the potential new obligations as well as the existing diminishing potential obligation.

6.1.4 Other liabilities

As shown in the table below, other liabilities are related to the ongoing normal operations of the Company and include employee related liabilities as well as general accruals and other payables.

| Other liabilities | |
|--|--------------------|
| A\$ | |
| Employees liabilities | (2,370,916) |
| Ongoing business operations (General accruals, accrued interest payable, etc.) | (1,714,016) |
| Total other liabilities as at 1 September 2023 | (4,084,932) |

Sources: GTCF Analysis.

The largest component of other liabilities is the provision reflecting the accrued bonus of executives as at 1 September 2023. Overall, we have assumed Thorn will settle these other liabilities at full face value as part of the Orderly Realisation Scenario.

6.1.5 Orderly Realisation adjustments

Employee costs

Thorn's management has provided an estimate of the employee related costs as a result of the implementation of the Scheme and the wind-down of the operations of the Company.

Following the completion of the Resimac Transaction, Thorn has terminated the employment of 21 staff, which were associated with the equipment finance receivables sold as part of the Resimac Transaction. Accordingly, as at the date of this report, Thorn has retained c. 9 staff to fulfil the operations of Thorn until the end of the three-month orderly realisation period to wind-down the operations of the Company. Thorn management has computed the redundancy costs inclusive of notice period for each employee based on the different length of employment and other aspects peculiar to each employee. The salary costs, redundancy expenses and management expenses have been deducted from our Orderly Realisation scenario assessment.

Realisation of off-balance sheet receivables

In addition to assets recognised on the balance sheet, Thorn has c. A\$7.5 million of further financial lease receivables that have been fully provided against for financial reporting purposes (sometimes characterised as "off-balance sheet" receivables). These receivables are associated with accounts in arrears for more than 120 days, and are therefore fully provided for, however the Company is still actively engaged in the recovery process via third parties. Thorn management have indicated they expect to be able to recover between 5% and 7% of these off-balance sheet receivables and incur collection costs between 1% to 2% of the collectible receivables having regard to historic collection costs. The table below summarises the valuation assessment of these off-balance sheet receivables.

| Off-balance sheet receivables A\$ (unless otherwise stated) | Low | High |
|--|-----------|-----------|
| Off-balance sheet receivables | 7,520,467 | 7,520,467 |
| Proportion assumed collectible (%) | 5% | 7% |
| Gross collectible amount before collecting costs | 376,023 | 526,433 |
| Collection costs as percentage of gross collections (%) | (2%) | (1%) |
| Estimated collectible amount | 368,503 | 521,168 |

Sources: Management, GTCF analysis

Costs relating to the Resimac Transaction

Following the completion of the Resimac Transaction, Thorn has identified a portion of customer receipts to be allocated and transferred to Resimac. In addition, Thorn is required to repay Resimac the collection costs being incurred for certain receivables related to Thorn. In assessing the costs relating to the Resimac Transaction, we have relied on the estimated monthly costs supplied by Thorn's management.

Other costs

Other costs relate to director and office insurance costs and transaction costs associated with the Scheme as well as operating expenses such as IT costs, audit fees and other operating costs necessary for Thorn to operate during the orderly realisation period required to wind-down the activities of the Company.

Tax Losses

Thorn has unrecognised deferred tax assets which total A\$56.5 million or A\$16.9 million tax effected (of which A\$7.2 million of the tax effected total relates to carry forward tax losses) according to Thorn's financial audited accounts as at 31 March 2023 which can be utilised to offset against future taxable income. These are not recognised on the balance sheet in accordance with relevant accounting standard. In addition, we note that given the recent change in business and the proposed change in ownership it is unlikely that these tax losses will be transferred to Somers. Accordingly, we have not captured the value of the tax losses into our valuation assessment under the Orderly Realisation Method.

6.2 Quoted Security Price Method

In our assessment of the Scheme, we have cross checked our fair market value of Thorn with the trading price of the Thorn Shares on the ASX. The analysis below should be considered with caution by Thorn Shareholders given that the Initial Proposal from Somers was announced to the market before the completion of the Resimac Transaction. So, there has not been a period of trading after the Resimac Transaction but before the Initial Proposal which would indicate investors' view of the value of Thorn after completion of the Resimac Transaction.

The assessed value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of Thorn. The following sections detail the analysis undertaken in selecting the share price range.

6.2.1 Liquidity

In accordance with the requirements of RG 111, we have analysed the liquidity of Thorn shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume from August 2022 to July 2023 as a percentage of the total outstanding shares as well as free float shares outstanding.

| Thorn Group - Liquidity Analysis | | | | Cumulative | | Cumulative | |
|----------------------------------|----------------------|-------------------|---------------------------------------|------------------------------------|------------------------------------|---|---|
| Month end | Volume traded ('000) | Monthly VWAP (\$) | Total value of shares traded (\$'000) | Volume traded as % of total shares | Volume traded as % of total shares | Volume traded as % of free float shares | Volume traded as % of free float shares |
| Aug 2022 | 823 | 2.8319 | 2,330 | 2.4% | 2.4% | 7.3% | 7.3% |
| Sep 2022 | 295 | 2.6280 | 774 | 0.9% | 3.2% | 2.6% | 10.0% |
| Oct 2022 | 401 | 1.6386 | 657 | 1.2% | 4.4% | 3.6% | 13.6% |
| Nov 2022 | 435 | 1.3089 | 570 | 1.3% | 5.6% | 4.0% | 17.6% |
| Dec 2022 | 406 | 1.1191 | 455 | 1.2% | 6.8% | 3.7% | 21.3% |
| Jan 2023 | 131 | 1.2308 | 161 | 0.4% | 7.2% | 1.2% | 22.5% |
| Feb 2023 | 156 | 1.2515 | 195 | 0.4% | 7.6% | 1.4% | 23.9% |
| Mar 2023 | 344 | 1.1289 | 389 | 1.0% | 8.6% | 3.2% | 27.1% |
| Apr 2023 | 347 | 1.0478 | 364 | 1.0% | 9.6% | 3.1% | 30.2% |
| May 2023 | 483 | 1.0113 | 488 | 1.4% | 11.0% | 4.4% | 34.6% |
| Jun 2023 | 381 | 1.1352 | 432 | 1.1% | 12.1% | 3.4% | 38.0% |
| Jul 2023 | 162 | 1.1557 | 187 | 0.5% | 12.6% | 1.5% | 39.6% |
| Min | | | | 0.38% | | 1.21% | |
| Average | | | | 1.05% | | 3.30% | |
| Median | | | | 1.05% | | 3.31% | |
| Max | | | | 2.38% | | 7.35% | |

Sources: S&P Global, GTCF Analysis.

With regard to the above analysis, we note that:

- The level of free float for Thorn is at c. 30.1%¹⁸. The free float of the Company is limited by the concentrated shareholder base characterised by Somers holding a c. 49.15% interest in Thorn (based on its lasted ASX substantial shareholder notification lodged with ASX on 25 July 2022). During the last 12 months, c. 39.6% of the free float shares were traded with an average monthly volume of 3.3% of the total free float shares.
- Below we have benchmarked the liquidity of Thorn with listed companies operating in the non-banking financial sector. We note that whilst the Directors have disclosed that Thorn will focus on active investment in the fintech sector, the trading price of Thorn shares over the last 12 months is reflective of its business as an equipment finance lender, albeit now a legacy business activity. Accordingly, we consider it reasonable to compare the liquidity of Thorn with the below listed companies set out in the table below. Refer to Appendix B for descriptions of each listed company.

| Liquidity analysis | | Free float | Average volume traded as a % of total shares | Average volume traded as a % of free float shares | Cumulative volume traded as a % of total shares | Cumulative volume traded as a % of free float shares |
|--------------------------------|-----------|--------------|--|---|---|--|
| Company | Country | (%) | | | | |
| Thorn Group Limited | Australia | 30.1% | 1.0% | 3.3% | 12.6% | 39.6% |
| Earlypay Limited | Australia | 83.9% | 1.8% | 2.2% | 22.2% | 26.8% |
| Solvar Limited | Australia | 81.4% | 2.2% | 2.7% | 26.8% | 32.7% |
| FleetPartners Group Limited | Australia | 98.0% | 4.1% | 4.2% | 49.5% | 50.3% |
| Humm Group Limited | Australia | 64.1% | 2.1% | 3.3% | 25.7% | 39.3% |
| COG Financial Services Limited | Australia | 69.7% | 0.4% | 0.6% | 5.2% | 7.4% |
| Pepper Money Limited | Australia | 38.1% | 0.8% | 2.1% | 9.7% | 25.3% |
| Resimac Group Limited | Australia | 28.8% | 0.7% | 2.3% | 8.0% | 27.0% |
| Judo Capital Holdings Limited | Australia | 60.2% | 2.4% | 3.9% | 28.3% | 47.1% |
| Low | | 28.8% | 0.4% | 0.6% | 5.2% | 7.4% |
| Average | | 61.6% | 1.7% | 2.7% | 20.9% | 32.8% |
| Median | | 64.1% | 1.8% | 2.7% | 22.2% | 32.7% |
| High | | 98.0% | 4.1% | 4.2% | 49.5% | 50.3% |

Sources: S&P Global, GTCF Analysis.

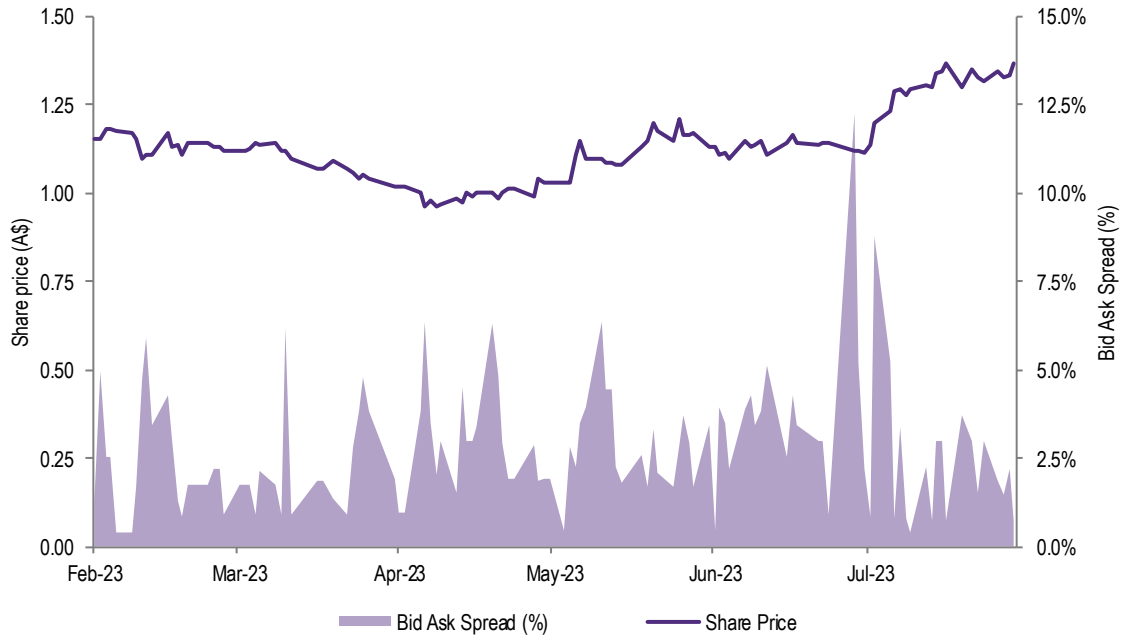
- Illustrated in the table above, Thorn Group cumulative volume traded as a percentage of free float is in line with the listed companies operating in the non-banking financial sector.
- In the absence of a takeover or alternative transactions, the trading prices represents the value at which minority shareholders could realise their investment.
- Thorn complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Thorn. The Company provides updates to the market on a regular basis with information regarding the investment strategy and performance. However, we note that the Company is not covered by any investment analysts.

When the stock of a company is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between

¹⁸ The free float is calculated based on total outstanding shares less shares held by Management and strategic investors sourced from S&P Global.

the buyer and seller on the value of the stock. We have set out below the bid and ask price over the last six months.

Thorn Group– Bid/Ask Spread 24 February 2023 to 24 August 2023



Sources: S&P Global, GTCF Analysis.

As set out in the graph above, we note that the historical average and median bid-ask spread over the previous six months have been at c. 2.8% and 2.5%, respectively.

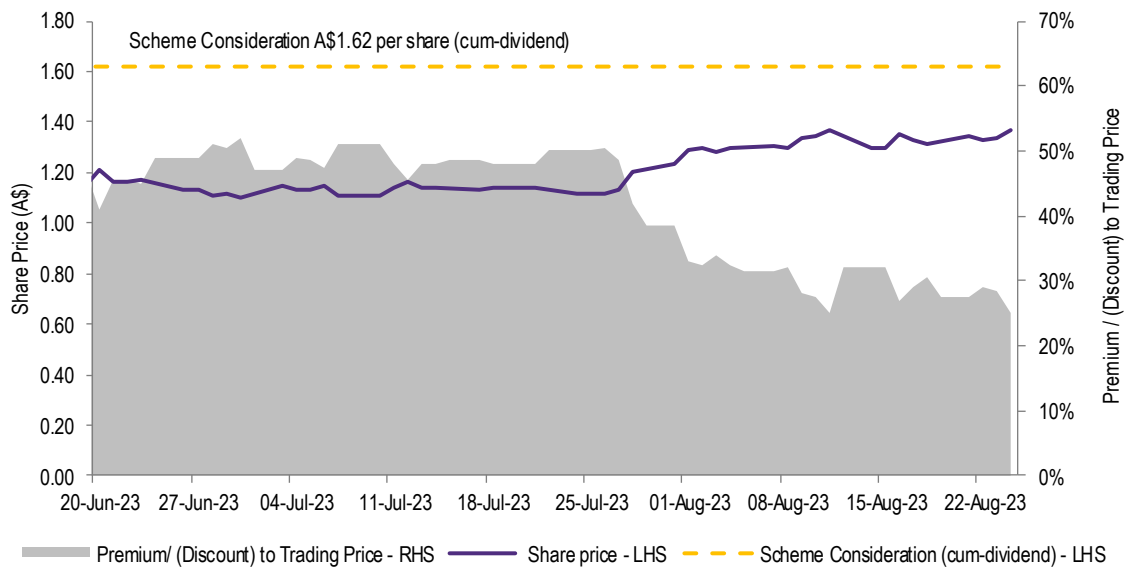
Based on the analysis above, we conclude that whilst the free float of Thorn’s shares is somewhat limited due to the high holding interest of Somers, we consider it reasonable to rely on the trading price of Thorn shares given its trading volumes are in line with the above listed companies operating in the non-bank finance sector.

6.2.2 Valuation assessment of Thorn based on the trading price

Below we have compared the trading price of Thorn’s shares with the Scheme Consideration on a cum-dividend basis of A\$1.62 per share between the announcement of the Resimac Transaction (20 June 2023) and the last trading day before the announcement of the Initial Proposal (24 August 2023).

As discussed earlier, we note that the below analysis should be considered with caution by Thorn shareholders given that the Initial Proposal from Somers was announced to the market before completion of the Resimac Transaction. As a result, there has not been a period of trading after the Resimac Transaction but before the Initial Proposal which would indicate investors’ view of the value of Thorn after completion of the Resimac Transaction. Notwithstanding this, given the low risk of nil completion associated with the Resimac Transaction, we have had regard to the trading price of Thorn shares after the announcement of the Resimac Transaction (20 June 2023) with the view that the market was largely reflecting the value of Thorn post completion of the Resimac Transaction.

Thorn – Historical share trading price relative to Scheme Consideration (cum-dividend)



Sources: S&P Global, GTCF Analysis.

In relation to the graph above, we note the following:

- On 20 June 2023, Thorn announced it had entered into an agreement with Resimac for the sale of its c. A\$150 million Asset Finance Portfolio for A\$15 million cash proceeds. The Board aimed to distribute the cash proceeds from the transaction to Thorn Shareholders post completion. The trading price of Thorn shares was largely unchanged following this announcement trading at approximately A\$1.15 per share.
- On 1 August 2023, Thorn released the Notice of Meeting, Explanation Memorandum and Independent Expert's Report in relation to the Resimac Transaction which revealed the expectation that eligible Thorn Shareholders would receive the payment of a capital return of 26.0 cents per share on or around 13 September 2023 and receive a fully franked special dividend of 19.0 cents per on or around 22 September 2023. In addition, the announced revealed that the independent expert concluded that the proposal by Resimac was fair and reasonable and thus in the best interest of Thorns shareholders. The share price of Thorn reacted favourably, rising sharply to A\$1.29 per share, reflecting the value of the proposed Special Dividend and Capital Return.

As set out in the chart above, the Scheme Consideration on a cum-dividend basis of A\$1.62 per share is at a premium of 33.0% to the closing price of Thorn's shares 20-trading days before the announcement of the Scheme. We note that evidence from studies suggests that successful takeovers in Australia have completed based on premium for control in the range of 20% to 40% (Refer to Appendix C for further details on this control premium study).

The analysis above supports our fairness assessment and our valuation assessment under the Orderly Realisation.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Scheme Implementation Deed.
- Scheme Booklet.
- Annual reports of Thorn.
- Quarterly reports of Thorn.
- Thorn management accounts.
- Board Reports.
- Releases and announcements by Thorn on the ASX.
- Other information provided by Thorn.
- Capital IQ.
- Mergermarket.
- Various broker reports.
- Other publicly available information.
- Discussions with Management.

7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Thorn and all other parties involved in the Scheme with reference to the ASIC Regulatory Guide 112 “Independence of experts” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Thorn, its shareholders and all other parties involved in the Scheme.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Thorn or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Thorn and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Thorn through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Thorn.

This report has been prepared to assist the Directors of Thorn in advising the Thorn shareholders in relation to the Scheme. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is fair and reasonable to the Thorn shareholders.

Thorn has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Thorn, which Thorn knew or should have known to be false and/or reliance on information, which was material information Thorn had in its possession and which Thorn knew or should have known to be material and which Thorn did not provide to Grant Thornton Corporate Finance. Thorn will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to the Thorn shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Description of listed companies in non-banking financial sector

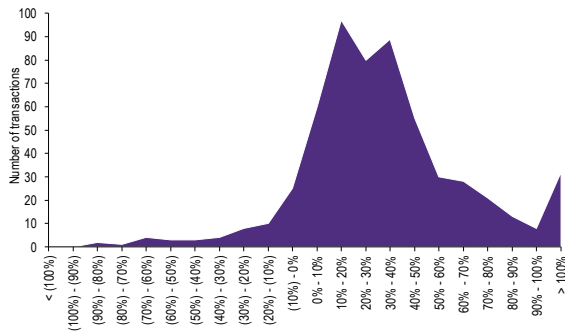
| Company | Description |
|--------------------------------|---|
| Earlypay Limited | Earlypay Limited offers financial solutions to businesses in Australia. It operates through Invoice Finance, Equipment Finance, and Other Services segments. The company offers invoice factoring and discounting, and clean energy finance services, as well as business line of credit. It also provides equipment finance services for old and new equipment, such as sale back of owned or partially owned equipment, private sales, and mid-term financing. In addition, the company offers employment solutions comprising labour sourcing and project management; and trade finance services. Further, it operates Skippr, an online platform that provides finance solutions to SME's. The company was formerly known as CML Group Limited and changed its name to Earlypay Limited in November 2020. Earlypay Limited was incorporated in 2001 and is based in North Sydney, Australia. |
| Solvar Limited | Solvar Limited provides automotive and personal finance in Australia and New Zealand. The company offers vehicle loans that include loans for new and used cars, motorbikes, utility vehicles, trailers, tractors, trucks, caravan, boats, horse floats, ride on mowers, equipment, and jet skis, as well as secured and unsecured personal loans. It provides loans through brokers and dealers under the Money3, AFS, and Go Car Finance brand names. The company was formerly known as Money3 Corporation Limited and changed its name to Solvar Limited in November 2022. Solvar Limited was incorporated in 2005 and is headquartered in Bundoora, Australia. |
| FleetPartners Group Limited | FleetPartners Group Limited provides fleet management services in Australia and New Zealand. The company operates in three segments: Australia Commercial, Novated, and New Zealand Commercial. It offers vehicle fleet leasing and management, novated leasing, and vehicle sales solutions. The company provides its services under the FleetPlus, FleetPartners, FleetChoice, and 1800 Accident brands. The company was formerly known as Eclixp Group Limited and changed its name to FleetPartners Group Limited in March 2023. FleetPartners Group Limited was founded in 1987 and is based in St Leonards, Australia. |
| Humm Group Limited | Humm Group Limited provides various financial services in Australia, New Zealand, Ireland, the United Kingdom, and Canada. The company operates through four segments: BNPL, New Zealand Cards, Australia Cards, and Commercial and Leasing. It offers buy now, pay later solution under the bundll brand name; humm, an interest-free payment platform with repayment options; long term interest free finance and everyday spend solutions under the humm90 brand; humm pro, a buy now pay later solution for small to medium businesses; Q Mastercard, an interest free credit card; FlexiCommercial, a business financing solution, which includes leasing and chattel mortgages for small and medium businesses; and leasing solutions and SME financing services. The company was formerly known as FlexiGroup Limited and changed its name to Humm Group Limited in November 2020. Humm Group Limited was founded in 1988 and is headquartered in Sydney, Australia. |
| COG Financial Services Limited | COG Financial Services Limited, together with its subsidiaries, engages in equipment financing and broking, aggregation, insurance broking, and novated leasing activities in Australia. The company operates through three segments: Finance Broking and Aggregation; Funds Management and Lending; and All Other/Intersegment. It also provides management of investment funds; provides financing arrangements to commercial customers for essential business assets; and managed IT services. The company was formerly known as Consolidated Operations Group Limited and changed its name to COG Financial Services Limited in November 2020. COG Financial Services Limited was incorporated in 2002 and is based in Chatswood, Australia. |
| Pepper Money Limited | Pepper Money Limited operates as a non-bank lender in the mortgage and asset finance markets in Australia and New Zealand. It operates through three segments: Mortgages, Asset Finance, and Loan and Other Servicing. The Mortgages segment engages in the financing of residential home loans and small balance commercial real estate loans. The Asset Finance segment finances a range of asset types for consumer and commercial customers. The Loan and Other Servicing segment provides independent loan servicing for mortgages and personal loans, and broker administration servicing. It also engages in auto and equipment finance, and novated leasing as well as third party loan servicing. The company was formerly known as Pepper Group Pty Limited. The company was incorporated in 2000 and is based in North Sydney, Australia. |
| Resimac Group Limited | Resimac Group Limited, a non-bank financial institution, provides residential mortgage and asset finance lending solutions in Australia and New Zealand. The company operates in two segments, Australian Lending Business and New Zealand Lending Business. It offers prime and specialist lending products; SME/commercial finance products; and home and car loans. The company also provides mortgage originator, trustee, lender, manager, and broker services; and LMI captive insurer and record lending services. In addition, it acts as a trust manager and servicer; and an issuer of residential mortgage-backed securities. Further, the company provides warehouse mortgages and managed investment trust services. Resimac Group Ltd offers its products and services through brokers, wholesale partners, and direct retail networks, as well as direct-to-consumer channel primarily under the Resimac, Resimac Asset Finance, and homeloans.com.au brands. The company was formerly known as Homeloans Limited and changed its name to Resimac Group Resimac Group Limited in December 2018. Resimac Group Limited was founded in 1985 and is based in Sydney, Australia. |
| Judo Capital Holdings Limited | Judo Capital Holdings Limited provides various banking products and services for small and medium businesses in Australia. It accepts term deposits; and provides business loans, lines of credit, home loans, asset financing, equipment loan, and bank guarantees. The company was incorporated in 2016 and is based in Southbank, Australia. |

Source: S&P Global, GTCF Analysis.

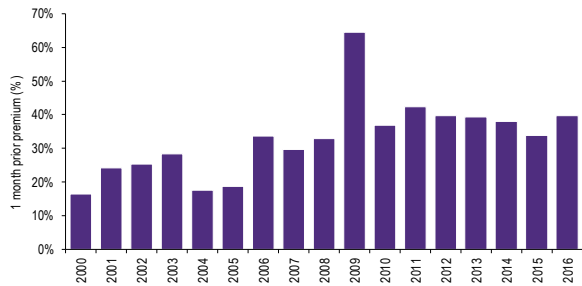
Appendix C - Control Premium

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium varies significantly for each transaction.

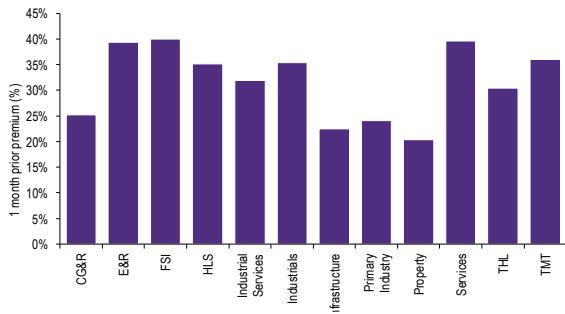
1 Month Prior Control Premium



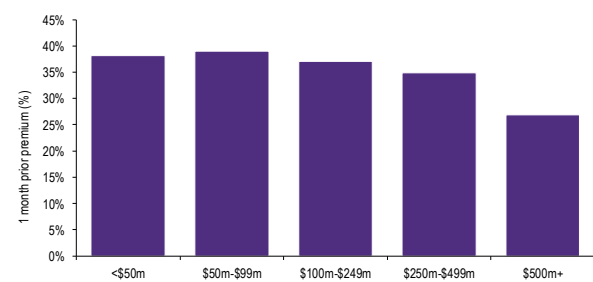
Control premium per completion date



Control premium per industry



Control premium and size



| | Control premium |
|---------|-----------------|
| Average | 34.33% |
| Median | 29.34% |

Source: GTCF Analysis

Appendix D – Glossary

| | |
|---|---|
| \$ or A\$ | Australian Dollar |
| 1HFYxx | 6-month financial period ended 31 September 20xx |
| ABS | Australian Bureau of Statistics |
| ACCC | Australian Competition and Consumers Commission |
| Additional Permitted Dividend or Capital Return | The additional dividend or capital return that may be paid by Thorn at the Directors discretion of up to A\$1.17 per share that will reduce the Scheme Consideration by the same amount if the Scheme becomes Effective |
| Adjusted Purchase Price | The cash proceeds of c. A\$18.5 million received in relation to the Resimac Transaction |
| All Ordinaries Index | S&P/ASX 200 All Ordinaries Index |
| AFS | Australian Financial Services |
| APES | Accounting Professional and Ethical Standards |
| APES225 | Accounting Professional and Ethical Standard 225 "Valuation Services" |
| Asset Finance Portfolio | Thorns gross asset finance receivables |
| AREIT | Australian Real Estate Investment Trusts |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| ATO | Australian Tax Office |
| CAGR | Compound annual growth rate |
| LIC | Listed investment company |
| TSA | Transition Services Agreement |
| Capital Return | The capital return of 26.0 per share |
| Corporations Act | Corporations Act 2001 |
| COVID-19 | Coronavirus pandemic |
| CPI | Consumer price index |
| Credit Corp | Credit Corporation Limited |
| DCF | Discounted cash flow and the estimated realisable value of any surplus assets |
| Debtor Finance Portfolio | The invoice finance business of Thorn |
| Directors | The directors of Thorn |
| DPS | Dividend paid out per share |
| DRP | Dividend reinvestment plan |
| EBITDA | Earnings before interest, tax expenses, depreciation and amortisation |
| ECL | Expected credit losses |
| Effective | The Scheme coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme |
| Federal Government | Australian Federal Government |
| Financial Index | S&P/ASX 200 Financial Sector Index |
| Final Dividend | The fully franked dividend of 1c per Thorn Share, which is payable on 21 July 2021 |
| FIRB | Foreign Investment Review Board |
| FME Method | Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets |
| FSG | Financial Service Guide |
| FYxx | 12-month financial year ended 30 March 20xx |
| GST | Goods and services tax |

| | |
|---|--|
| GTCF, Grant Thornton, or Grant Thornton Corporate Finance | Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987) |
| Humm | Humm Group Limited |
| IER or Report | Independent Expert's Report |
| Independent Director | Mr Paul Oneile |
| Initial Proposal | The initial binding and conditional proposal received from Somers on 24 August 2023 and announced to the ASX on 25 August 2023 |
| KPI | Key performance index |
| LIC | Listed Investment Company |
| LIT | Listed Investment Trust |
| MoneyMe | MoneyMe Limited |
| NAB Business Conditions Index | Proxy for the current level of business conditions in Australia |
| NAV | Net asset value |
| NAV Method | Amount available for distribution to security holders in an orderly realisation scenario |
| New Strategy | Post the Resimac Transaction, the Directors have disclosed that Thorn will commence a staged transition of its business with a focused on active investment in the non-banking financial services that align with Thorn's core business strategy as a diversified, small business, focused financial services organisation |
| NIM | Net interest margins |
| Non-Associated Shareholders | Thorn shareholders who are not associated with Somers |
| NPAT | Net profit after tax |
| NTA | Net tangible assets |
| On-Balance Sheet Receivables | Receivables on balance sheet and equity funded by Thorn |
| Orderly Realisation Scenario | The audited balance sheet in the management accounts as at 1 September 2023, adjusted to reflect the cash inflow/outflow from the Resimac Transaction, distributions of the Special Dividend and Capital Return and estimated costs to wind-down the operations of the Company |
| Quoted Security Method | Quoted price for listed securities |
| RBA | Reserve Bank of Australia |
| Resimac Transaction | The sale of the Thorn's equipment finance book to Resimac announced to the ASX on 20 June 2023 and completed on 1 September 2023 |
| Resimac Group Ltd | Resimac |
| RG | Regulatory Guide |
| RG111 | ASIC Regulatory Guide 111 "Contents of expert reports" |
| RG112 | ASIC Regulatory Guide 112 "Independence of experts" |
| Scheme | Scheme of Arrangement |
| Scheme Consideration | The cash consideration of A\$1.62 per share before any reduction for dividends or capital returns to Thorn shareholders that may be declared after the date of the offer |
| SID | The Scheme Implementation Deed with Somers announcement to the ASX on 21 September 2023 |
| SICR | Significant increase in credit risk |
| SME | Small and medium enterprises |
| Somers | Somers Limited |
| Special Dividend | The fully franked special dividend of 19.0 per share |
| Small Ordinaries Index | S&P/ASX 200 Small Ordinaires Index |
| Solar Portfolio | Receivables associated with the financing of solar panels and related equipment |
| TGI | Thorn Group Investments Pty Ltd |
| Thorn Management | Thorn Management |
| Thorn or the Company | Thorn Group Limited |
| Thorn Share | 1 outstanding ordinary share in Thorn |

| | |
|------------------------------------|--|
| Thorn shareholders or shareholders | An individual/ entity beneficially holding Thorn Share(s) |
| VWAP | Volume weighted average price |
| Warehouse Facility | Thorn securitised warehouse facility for the business finance division |
| Warehouse Trust | Thorn ABS Warehouse Trust No 1 |
| Warehouse Notes | 15,000 class G Notes in the Warehouse Trust with a face value of A\$1,000 per note |

Appendix 2 – Deed Poll

Deed Poll

relating to Thorn Group Limited

—

Somers Limited

—

Deed Poll

relating to Thorn Group Limited

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Details

Date 17 October 2023

Parties

| | |
|-----------------|---|
| Name | Somers Limited |
| Short form name | Somers |
| Notice details | 34 Bermudiana Road, Hamilton HM11, Bermuda Email: Alasdair Younie Attention: ay@icm.bm |

In favour of each person registered in the Thorn Share Register as a holder of fully paid ordinary shares in Thorn as at the Record Date.

Background

- A On 21 September 2023, Thorn and Somers entered into the Scheme Implementation Deed to provide for (among other matters) the implementation of the Scheme.
- B The effect of the Scheme will be to transfer all Scheme Shares to Somers (or Somers Nominee, if applicable) in return for the Scheme Consideration.
- C Somers enters this deed poll to covenant in favour of Scheme Shareholders to:
 - (i) perform the actions attributed to it under the Scheme; and
 - (ii) provide the Scheme Consideration in accordance with the Scheme.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

Scheme Implementation Deed means the Scheme Implementation Deed dated 21 September 2023 between Thorn and Somers.

Thorn means Thorn Group Limited ACN 072 507 147.

Thorn Share Register has the meaning given in the Scheme.

1.2 Terms defined in Scheme Implementation Deed

Subject to clause 1.1, words and phrases defined in the Scheme Implementation Deed have the same meaning in this deed poll unless they are otherwise defined in this deed poll or the context requires otherwise.

1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Deed form part of this deed poll as if set out at length in this deed poll but with deed poll substituted for agreement and with any reference to party being taken to include the Scheme Shareholders (as the context requires or permits).

2. Nature of this deed poll

Somers acknowledges and agrees that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Thorn and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Somers.

3. Somers Nominee

If Somers nominates a Somers Nominee to acquire the Scheme Shares under clause 2.3 of the Scheme, then references in this deed poll, other than clause 5.2, are to be read as references to the Somers Nominee.

4. Conditions

4.1 Conditions

Each of Somers' obligations under this deed poll are subject to the Scheme becoming Effective.

4.2 Termination

This deed poll and the obligations of Somers under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of Somers and Thorn, may order,

unless Somers and Thorn otherwise agree in writing.

4.3 Consequences of termination

If this deed poll terminates under clause 4.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) Somers is released from its obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against Somers in respect of any breach of this deed poll which occurred before it terminated.

5. Performance of obligations

5.1 Generally

Subject to clause 4, Somers covenants in favour of Scheme Shareholders to perform the actions attributed to it under, and otherwise comply with, the Scheme as if Somers was a party to the Scheme.

5.2 Provision of Scheme Consideration

- (a) Subject to clause 4, Somers undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) The obligations of Somers under clause 5.2(a) will be satisfied if, in respect of the Scheme Consideration Somers deposits, no later than two Business Days before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders who are entitled to the Scheme Consideration under the Scheme in cleared funds to the Trust Account in accordance with, and subject to, the provisions of the Scheme.

6. Warranties

Somers represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it; or
 - (ii) its constitution or other constituent documents; and
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

7. Continuing Obligations

7.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 4, remains in full force and effect until the earlier of:

- (a) Somers having fully performed its obligations under this deed poll; and
- (b) termination of this deed poll under clause 4.2.

7.2 Variation

A provision of this deed poll may not be varied without the agreement of Somers and unless:

- (a) before the First Court Date, the variation is agreed to in writing by Thorn; or
- (b) on or after the First Court Date, the variation is agreed to in writing by Thorn and is approved by the Court,

in which event Somers will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

8. Notices

Any notice, demand or other communication (**Notice**) to Somers in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand, email or to the address or email address specified in the Details;
- (c) will be conclusively taken to be duly given or made:
 - (i) **(in the case of delivery in hand)** when delivered at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
 - (ii) **(in the case of delivery by post)** on the third Business Days after the date of posting (if posted from an address within Australia) or the fifth Business Days after the date of posting (if posted from an address outside Australia); or
 - (iii) **(in the case of email)** on the earlier of:
 - (A) when the sending party's email system confirms delivery of the email by way of a delivery notification; or
 - (B) when the recipient party confirms receipt to the sending party via email or telephone.

9. General Provisions

9.1 Assignment

- (a) The rights and obligations of Somers and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of Somers and Thorn.
- (b) Any purported dealing in contravention of clause 9.1(a) is invalid.

9.2 Cumulative rights

The rights, powers and remedies of Somers and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

9.3 No waiver

- (a) Somers may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of Somers as a waiver of any right unless the waiver is in writing and signed by Somers.
- (d) The meanings of the terms used in this clause 9.3 are set out below.

conduct includes delay in the exercise of a right.

right means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

9.4 GST

- (a) Any reference in this clause 9.4 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed poll does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed poll is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed poll but for the application of this clause 9.4(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 9.4(c) does not apply to any taxable supply under or in connection with this deed poll that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 9.4 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 9.4(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 9.4(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 9.4(f) is deemed to be a payment, credit or refund of the GST payable under clause 9.4(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (Relevant Expense) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an

entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

9.5 Stamp duty

Somers must:

- (a) pay or procure the payment of all stamp duty (if any) any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll. and
- (b) indemnify and undertake to keep indemnified each Scheme Shareholder against any liability arising from a failure to comply with clause 9.4.

9.6 Further assurances

Somers will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

9.7 Governing law and jurisdiction

This deed poll is governed by the laws of the State of New South Wales. In relation to it and related non-contractual matters Somers irrevocably:

- (a) submit to the non-exclusive jurisdiction of courts with jurisdiction there; and
- (b) waive any right to object to the venue on any ground.

Signing page

EXECUTED as a deed.

Signed sealed and delivered by Somers Limited
in the presence of



R. Younie

Signature of witness

A. Younie

Signature of authorised signatory

R. YOUNIE

Name of witness (print)

ALASSAIR YOUNIE

Name of authorised signatory

Appendix 3 – Scheme

Scheme of Arrangement

relating to Thorn Group Limited

—

Thorn Group Limited
Scheme Shareholders

—

Scheme of Arrangement

relating to Thorn Group Limited

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Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

Thorn Group Limited ACN 072 507 147 of Level 9, 1 York Street, Sydney NSW 2000 (**Thorn**)

and

Each Scheme Shareholder

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this Scheme, unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691, or as the context requires, the financial market known as the Australian Securities Exchange operated by it.

Business Day means a day that is not a Saturday, Sunday or public holiday in Sydney, New South Wales.

CHESS means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

CHESS Holding has the meaning given in the Settlement Rules.

Constitution means the constitution of Thorn.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia (Sydney Registry) or such other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

Deed Poll means the Deed Poll, dated [•] 2023, entered into by Somers under which Somers (among other things) covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme.

Delivery Time means, in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.

Effective means, when used in relation to the Scheme, the coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act, in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date has the meaning given to it in the Scheme Implementation Deed.

Excluded Shareholder means any Thorn Shareholder who is a member of the Somers Group or any Thorn Shareholder who holds Shares on behalf of, or for the benefit of, any member of the Somers Group and does not hold Shares on behalf of, or for the benefit of, any other person.

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

GST Exclusive Consideration has the meaning given to that term in clause 9.1(c).

Implementation Date means the date that is five Business Days after the Record Date or such other date as Thorn and Somers may agree in writing.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

Listing Rules means the official listing rules of ASX as amended from time to time.

Market Integrity Rules means any rules made by ASIC under section 798G of the Corporations Act that apply to ASX or any other prescribed financial market on which the Shares are quoted.

Recipient has the meaning given to that term in clause 9.1(c).

Record Date means 7.00pm (Sydney time) on the second Business Day after the Effective Date, or such other Business Day (after the Effective Date) agreed to in writing by Thorn and Somers.

Registered Address means, in relation to a Scheme Shareholder, the address shown in the Thorn Share Register as at the Record Date.

Regulatory Authority means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
 - (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
 - (c) any regulatory organisation established under statute,
- in Australia, whether federal, state, territorial or local.

Related Body Corporate of a person, means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted.

Relevant Amount has the meaning given to that term in clause 5.3(a)

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Thorn and the Scheme Shareholders in respect of all of the Scheme Shares, subject to any alterations or conditions that are:

- (a) agreed to in writing by Thorn and Somers, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Thorn and Somers.

Scheme Consideration means the consideration to be provided to each Scheme Shareholder under the terms of the Scheme for the transfer to Somers of each Scheme Share, being an amount of \$1.17 per Scheme Share, as adjusted in accordance with clause 4.5 of the Scheme Implementation Deed.

Scheme Implementation Deed means the Scheme Implementation Deed, dated 21 September 2023, entered into between Thorn and Somers.

Scheme Meeting means the meeting of Thorn Shareholders to be ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Share means a Share held by a Scheme Shareholder as at the Record Date.

Scheme Shareholder means a holder of Shares recorded in the Thorn Share Register as at the Record Date (other than an Excluded Shareholder).

Scheme Transfer means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Somers as transferee, which may be a master transfer of the Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Settlement Rules means the ASX Settlement Operating Rules.

Share means a fully paid ordinary share in the capital of Thorn.

Share Registry means Computershare Investor Services Pty Limited.

Somers means Somers Limited of 34 Bermudiana Road, Hamilton HM11, Bermuda.

Somers Group means Somers and each of its Related Bodies Corporate (excluding, at any time, Thorn and its Subsidiaries to the extent that Thorn and its Subsidiaries are Subsidiaries of Somers at that time). A reference to a **member of Somers Group** or a **Somers Group Member** is a reference to Somers or any such Subsidiary.

Somers Nominee has the meaning given to that term in clause 2.3(a).

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Supplier has the meaning given to that term in clause 9.1(c).

Thorn Share Register means the register of members of Thorn maintained by or on behalf of Thorn in accordance with the Corporations Act.

Thorn Shareholder means each person who is registered in Thorn Share Register as a holder of Shares.

Trust Account means an Australian dollar denominated trust account operated by Thorn as trustee for the benefit of Scheme Shareholders.

Withholding Amount has the meaning given to that term in clause 5.3(a)(i).

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. In this Scheme, the following rules apply unless the context requires otherwise:

- (a) the singular includes the plural, and the converse also applies;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (e) a reference to a clause or schedule is a reference to a clause of or schedule to this Scheme;
- (f) a reference to an agreement or document (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes, except to the extent this Scheme expressly provides otherwise the recitals, schedules and annexures to that agreement or document;
- (g) a reference to a party to this Scheme, an agreement or document includes the party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives);
- (h) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (i) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
- (j) a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (k) a reference to **dollars, A\$ or \$** is to Australian currency;

- (l) a reference to time is to Sydney, Australia time;
- (m) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included; and
- (n) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.

1.3 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 Listing requirements included as law

A Listing Rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law and a reference to legislation (as appropriate), and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2. Preliminary

2.1 Thorn

- (a) Thorn is a public company limited by shares, registered in the Australian Capital Territory, Australia.
- (b) Thorn is admitted to the official list of ASX. Each Share is quoted on the ASX.
- (c) As at the date of the Scheme Implementation Deed, 34,764,019 Shares were on issue.

2.2 Somers

Somers is a publicly traded company limited by shares registered in Bermuda.

2.3 Somers Nominee

- (a) Somers may nominate any Subsidiary of Somers (**Somers Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice to Thorn on or before the date that is three Business Days before the First Court Date.
- (b) If Somers nominates a Somers Nominee to acquire the Scheme Shares under the Scheme, then:
 - (i) references in this Scheme to Somers acquiring the Scheme Shares under the Scheme are to be read as references to the Somers Nominee doing so;
 - (ii) the parties must procure that the Scheme Shares transferred under the Scheme are transferred to the Somers Nominee, rather than Somers;
 - (iii) Somers must procure that the Somers Nominee also executes and delivers to Thorn the Deed Poll; and
 - (iv) any such nomination will not relieve Somers of its obligations under this Scheme and the Deed Poll, including the obligation to issue the Scheme Consideration in accordance with the terms of the Scheme.

2.4 General

- (a) This Scheme attributes certain actions to Somers but does not impose an obligation on Somers to perform those actions.
- (b) Somers has agreed, by entering into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to pay or procure payment of the Scheme Consideration to the Scheme Shareholders and otherwise performing the actions attributed to it under this Scheme.

2.5 Consequence of the Scheme

If this Scheme becomes Effective, then subject to the terms of the Scheme, on the Implementation Date:

- (a) Somers will provide or procure the payment of the Scheme Consideration in accordance with this Scheme and the Deed Poll;
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Somers;
- (c) Thorn must enter the name of Somers in the Thorn Share Register as the holder of all the Scheme Shares; and
- (d) this Scheme will:
 - (i) bind Thorn and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
 - (ii) override the Constitution, to the extent of any inconsistency and to the extent permitted by law.

3. Conditions

3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the conditions in clause 3.1(d) (Court approval)) and in clause 3.1(h) (Scheme Orders lodged with ASIC) of the Scheme Implementation Deed) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by no later than the Delivery Time;
- (b) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms by the Delivery Time;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act and agreed or consented to in writing by Thorn and Somers (such agreement or consent not to be unreasonably withheld or delayed); and
- (d) such other conditions imposed by the Court under section 411(6) of the Corporations Act in relation to this Scheme, as are agreed or consented to in writing by Thorn and Somers, having been satisfied.

3.2 Effect of conditions precedent

- (a) The satisfaction of the conditions referred to in clause 3.1 is a condition precedent to the operation of clauses 4.2 and 5, and the binding effect of this Scheme.
- (b) Subject to clause 4.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (c) This Scheme will lapse and be of no further force or effect (and each of Thorn and Somers are released from any obligations and any liability in connection with this Scheme or the Deed Poll) if:
 - (i) the Effective Date has not occurred on or before the End Date; or
 - (ii) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with their respective terms,

unless Somers and Thorn otherwise agree in writing (and, if required, as approved by the Court).

4. Implementation of this Scheme

4.1 Lodgement of Court orders

If the conditions set out in clause 3.1(a) to 3.1(d) (inclusive) are satisfied, Thorn must lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves this Scheme, and in any event no later than by 5.00pm (Sydney time) on the first Business Day after the Court approves this Scheme or such later time as agreed in writing by Thorn and Somers.

4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to the payment of the Scheme Consideration in the manner contemplated by clause 5.2(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Somers, without the need for any further act by any Scheme Shareholder (other than acts performed by Thorn or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
 - (i) Thorn delivering a duly completed and executed Scheme Transfer (which will take the form of a master transfer) to Somers, executed on behalf of the Scheme Shareholders by Thorn (or any of its officers) as agent and attorney of the Scheme Shareholders; and
 - (ii) Somers duly executing the Scheme Transfer and delivering it to Thorn for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii), Thorn must enter, or procure the entry of, the name of Somers in Thorn Share Register in respect of all Scheme Shares in accordance with this Scheme.

5. Scheme Consideration

5.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, on the Implementation Date, in consideration for the transfer to Somers of the Scheme Shares, each Scheme Shareholder will be entitled to the provision of the Scheme Consideration in respect of each of their Scheme Shares in accordance with this clause 5.

5.2 Payment of Scheme Consideration

- (a) Subject to clauses 5.3(a) and 5.7, the obligation of Somers to provide the Scheme Consideration under this Scheme and the Deed Poll will be satisfied by Somers:
 - (i) by no later than 2 Business Days before the Implementation Date, depositing (or procuring the deposit of) in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder who is entitled to the Scheme Consideration under this Scheme, into the Trust Account, such amount to be held by Thorn on trust for the Scheme Shareholders and for the purpose of paying the aggregate amount of the Scheme Consideration to the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Somers' account); and
 - (ii) providing Thorn with written confirmation of the payment of the aggregate Scheme Consideration into the Trust Account.

- (b) On the Implementation Date and subject to funds having been deposited into the Trust Account in accordance with clause 5.2(a), Thorn must pay (or procure the payment) from the Trust Account the Scheme Consideration to each Scheme Shareholder from the Trust Account based on the number of Scheme Shares held by such Scheme Shareholder as set out in Thorn Share Register on the Record Date, less any amounts retained by Thorn or Somers under clauses 5.3 or 5.7, which obligation will be satisfied by:
- (i) where a Scheme Shareholder has, before the Record Date, submitted a valid notification in accordance with the requirements of the Share Registry to receive payments from Thorn by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying (or procuring the payment) of the relevant amount in Australian currency by electronic means in accordance with that notification;
 - (ii) paying or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Thorn or the Share Registry; and
 - (iii) otherwise, dispatching (or procuring the dispatch of) a cheque, drawn from the Trust Account in the name of the relevant Scheme Shareholder (or in the case of joint holders in accordance with the procedures set out in clause 5.4), for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to the Scheme Shareholder's Registered Address.
- (c) If, following satisfaction of Somers' obligations under clause 5.2(a) but prior to the occurrence of all of the events described in clause 4, this Scheme lapses:
- (i) Thorn must immediately repay (or cause to be repaid) to or at the direction of Somers the funds that were deposited in the Trust Account and any interest on the amounts deposited (less bank fees and other charges);
 - (ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to Somers under clause 4 will immediately cease;
 - (iii) Somers must return the Scheme Transfers, if provided pursuant to clause 4; and
 - (iv) Thorn is no longer obliged to enter, or procure the entry of, the name of Somers in Thorn Share Register.

5.3 Foreign resident capital gains withholdings

- (a) If Somers determines, having regard to professional advice, that Somers is required by law to withhold any amount from a payment to a Scheme Shareholder or is liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder (**Relevant Amount**), then:
- (i) Somers shall be entitled to withhold an amount, in Australian dollars, equal to the amount of the Relevant Amount from the amount otherwise required to be paid into the Trust Account under clause 5.2(a) (**Withholding Amount**); or
 - (ii) if Somers does not withhold the amount otherwise required to be paid into the Trust Account, Somers by notice to Thorn may direct Thorn to withhold the Withholding Amount from the amount to be paid to the Scheme Shareholder under clause 5.2(b) and return the Withholding Amount to Somers and Thorn must comply with the direction,

in which case payment of the reduced amount by Somers into the Trust Account in accordance with clause 5.2(a) or by Thorn to the Scheme Shareholder in accordance with clause 5.2(b) as applicable, will constitute the full discharge of each of Somers' and Thorn's obligations under clause 5.2(a) and 5.2(b) with respect to payment of Scheme Consideration to the relevant Scheme Shareholder, subject to Somers paying the Withholding Amount to the relevant taxation authority.

- (b) Somers must pay any Withholding Amount so withheld to the relevant taxation authority, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

5.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent, at the sole discretion of Thorn, either to the holder whose name appears first in Thorn Share Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of Thorn, either to the holder whose name appears first in Thorn Register as at the Record Date or to the joint holders.

5.5 Fractional entitlements

Where the calculation of the Scheme Consideration to be provided to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.6 Unclaimed monies

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).
- (b) Thorn may cancel a cheque issued under clause 5.2 if the cheque:
 - (i) is returned to Thorn; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (c) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Thorn (or Thorn Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Thorn must reissue a cheque that was previously cancelled under this clause 5.6.

5.7 Remaining monies in the Trust Account (if any)

To the extent that, following satisfaction of Thorn's obligations under the provisions of clause 4 and this clause 5 and provided Somers has by that time acquired the Scheme Shares in accordance with this Scheme, there is a surplus in the Trust Account, then that surplus (less any bank fees and related charges) shall be paid by Thorn (or Thorn Share Registry on Thorn's behalf) to Somers.

5.8 Order of a court or Regulatory Authority

If written notice is given to Thorn (or Thorn Share Registry) or Somers of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with this clause 5, then:
 - (i) Somers shall be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment from the amount otherwise required to be paid into the Trust Account in accordance with clause 5.2(a) and pay (or procure the provision of) that amount in accordance with that order or direction; or

- (ii) if Somers does not retain an amount from the amount otherwise required to be paid into the Trust Account under clause 5.8(a)(i), Thorn must pay (procure that payment is made) in accordance with that order or direction from the amount paid into the Trust Account by Somers; or
- (b) prevents Somers from making payment into the Trust Account in accordance with clause 5.2(a) or Thorn from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law:
 - (i) Somers may retain an amount, in Australian dollars, equal to the amount of the relevant payment from the amount otherwise required to be paid into the Trust Account in accordance with clause 5.2(a) until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law; or
 - (ii) Thorn must retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by either of Somers or Thorn (or the Share Registry, as applicable), as applicable, will constitute the full discharge of each of Somers' and Thorn's (or the Share Registry's, as applicable) obligations under clauses 5.2(a) and 5.2(b) with respect of the amount so paid or retained until, in the case of clause 5.6(c), it is no longer required to be retained.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in Thorn Share Register as the holder of the relevant Shares before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received before 5.00pm (Sydney time) on the date on which the Record Date occurs at the place where Thorn Share Register is kept,

and Thorn will not accept for registration, nor recognise for any purpose (except a transfer to Somers under this Scheme and any subsequent transfer by Somers or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Registration of transfers)** Thorn must register any transmission application or transfer referred in accordance with clause 6.1(b) by the Record Date.
- (b) **(No registration after Record Date)** Thorn will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Shares received after 6.00pm (Sydney time) in the case of dealings of the type effected using CHESS) on the date on which the Record Date occurs, other than to Somers in accordance with this Scheme and any subsequent transfer by Somers or its successors in title.
- (c) **(Maintenance of Thorn Share Register)** For the purpose of determining entitlements to the Scheme Consideration, Thorn must maintain, or procure the maintenance of, the Thorn Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders and Somers has been entered into the Thorn Share Register. The Thorn Share Register in this form will solely determine entitlements to the Scheme Consideration.

- (d) **(No disposal after Record Date)** If this Scheme becomes Effective, from the Record Date until registration of Somers in respect of all Scheme Shares under clause 4, no Scheme Shareholder may dispose or otherwise deal with Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and Thorn will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Record Date)** All statements of holding for Scheme Shares will cease to have effect from the Record Date as documents of title in respect of those Scheme Shares. On and from the Record Date, each entry current on Thorn Share Register (other than entries on the Thorn Share Register in respect of Somers) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable on or after the Record Date and in any event within one Business Day after the Record Date, Thorn will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder are available to Somers in the form Somers reasonably requires.

7. Quotation

- (a) Thorn will apply to ASX to suspend trading on the ASX of the Shares with effect from the close of trading on the Effective Date.
- (b) Thorn will apply:
 - (i) to the ASX for termination of the official quotation of the Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX,in each case with effect on and from the close of the trading day immediately following the Implementation Date or on such other date after the Implementation Date as determined by Somers.

8. General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:

- (a) Thorn may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to this Scheme; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for Thorn has consented to,

provided Somers has agreed to those conditions or alterations in writing.

8.2 Binding effect of Scheme

This Scheme binds Thorn and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the Constitution.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) irrevocably agrees and consents to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares to Somers in accordance with this Scheme;

- (b) who holds their Scheme Shares in a CHESS Holding, agrees to the conversion of those Scheme Shares to an Issuer Sponsored Holding and irrevocably authorises Thorn to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (c) irrevocably agrees and consents to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (d) agrees to, on the direction of Somers, destroy any holding statements or security certificates relating to their Scheme Shares; and
- (e) irrevocably consents to Somers and Thorn doing all other things and executing all other documents as may be necessary, incidental or expedient to the implementation or performance of this Scheme,

in each case without the need for any further act by that Scheme Shareholder.

8.4 Warranties by Scheme Shareholder

- (a) Each Scheme Shareholder is deemed to have warranted to Thorn, in its own right and for the benefit of Somers, that as at the Implementation Date:
 - (i) all of its Scheme Shares which are transferred to Somers under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) all of its Scheme Shares which are transferred to Somers under this Scheme will, on the date on which they are transferred to Somers, be fully paid;
 - (iii) it has full power and capacity to sell and transfer its Scheme Shares to Somers together with any rights and entitlements attaching to those Scheme Shares; and
 - (iv) it has no existing right to be issued any Shares, options or rights exercisable into Scheme Shares, Thorn convertible notes or any other Thorn securities.
- (b) Thorn undertakes that it will provide the warranties in clause 8.4(a) to Somers as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attached to Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, subject to the payment of the Scheme Consideration by Thorn to each Scheme Shareholder in the manner contemplated by clause 5.2(b), Somers will be beneficially entitled to the Scheme Shares transferred to it under this Scheme.

8.6 Authority given to Thorn

- (a) Scheme Shareholders will be deemed to have authorised Thorn to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing and delivering, as agent and attorney of each Scheme Shareholder one or more Scheme Transfers as contemplated by clause 4.2.

- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Thorn and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
- (i) enforcing the Deed Poll against Somers, and Thorn accepts such appointment; and
 - (ii) executing any document necessary to give effect to this Scheme including, the Scheme Transfer to be delivered under clause 4.2(a),
- and Thorn accepts such appointment.

8.7 Appointment of sole proxy

Immediately after the payment of the Scheme Consideration to each Scheme Shareholder by Thorn in the manner contemplated by clause 5.2(b) until Thorn registers (or procures the registration of) Somers as the holder of all Scheme Shares in Thorn Share Register, each Scheme Shareholder, without the need for any further act by that Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Somers as its attorney and agent (and directed Somers in such capacity) to appoint any director, officer, secretary or agent nominated by Somers as its sole proxy and, where applicable, corporate representative to attend Shareholders' meetings of Thorn, exercise the votes attaching to the Scheme Shares registered in its name and sign any Shareholders' resolution, whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend Shareholders' meetings, whether in person, by proxy or by corporate representative, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Somers reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), Somers and any director, officer, secretary or agent nominated by Somers under clause 8.7(a) may act in the best interests of Somers as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to Thorn (or Share Registry) binding or deemed binding between the Scheme Shareholder and Thorn relating to Thorn or Shares (including any email addresses, instructions relating to communications from Thorn, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Thorn) will be deemed from the Implementation Date (except to the extent determined otherwise by Somers and in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Somers, and will be accepted by Somers until that instruction, notification or election is revoked or amended in writing addressed to Somers at the Share Registry.

9. General

9.1 GST

- (a) Any reference in this clause 9.1 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this Scheme does not include GST.

- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this Scheme is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this Scheme but for the application of this clause 9.1(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 9.1(c) does not apply to any taxable supply under or in connection with this Scheme that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 9.1 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 9.1(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 9.1(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 9.1(f) is deemed to be a payment, credit or refund of the GST payable under clause 9.1(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (Relevant Expense) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

9.2 Stamp duty

Somers must pay all stamp duty payable in connection with the transfer of the Scheme Shares to Somers under this Scheme.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Thorn (or Thorn Share Registry), it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Thorn's registered office or at the office of the Share Registry.
- (b) An accidental omission to give notice of the Scheme Meeting to any Scheme Shareholder, or the non-receipt of such a notice by any Scheme Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Further assurances

- (a) Thorn must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to Thorn doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.5 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

9.6 No liability when acting in good faith

None of Thorn or Somers, nor any of their respective directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Appendix 4 – Loan Agreement

Loan agreement

—

Thorn Group Limited (**Lender**)

Somers Limited (**Borrower**)

—

Details

Date 19 October 2023

Parties

Name Thorn Group Limited
ABN 54 072 507 147
Short form name **Lender**
Notice details Address: Level 9, 1 York Street, Sydney NSW, Australia
Attention: Alexandra Rose
Email: company.secretary@thorn.com.au

Name Somers Limited
Short form name **Borrower**
Notice details Address: 34 Bermudiana Road, Hamilton HM 11, Bermuda
Attention: Alasdair Younie
Email: ay@icm.bm

Background

This agreement sets out the terms on which the Lender agrees to provide a loan to the Borrower.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this agreement:

Advance means a provision of financial accommodation under this agreement.

Authorised Representative means, in respect of a party, a director or company secretary, or a person it notifies to the other party as being authorised to act as its authorised representative for the purposes of this agreement.

Business Day means:

- (a) for receiving a Notice under clause 10, a weekday on which banks are open for general banking business in the place of receipt; and
- (b) for all other purposes, a weekday on which banks are open for general banking business in Sydney.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed in writing between the Lender and the Borrower.

Default means an event or circumstance specified in clause 7(a).

Draw Date means a date on which the Advance is made or is to be made.

Effective means, in relation to the Scheme, the coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Excluded Shareholder has the meaning given to that expression in the Scheme Implementation Deed.

External Administrator means an administrator, controller or managing controller (each as defined in the Corporations Act), trustee, provisional liquidator, liquidator or any other person (however described) holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

Government Agency means any government or governmental, semi-governmental, administrative, public, regulatory or judicial entity, body, department, commission, agency or authority.

GST has the meaning given in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Date has the meaning given to that expression in the Scheme Implementation Deed.

Insolvency Event means, in respect of a person, any of the following occurring:

- (a) it becomes insolvent within the meaning of section 95A, or is taken to have failed to comply with a statutory demand under section 459F(1), or must be presumed by a court to be insolvent under section 459C(2), or is the subject of a circumstance specified in section 461 (whether or not an application to court has been made under that section) or, if the person is a Part 5.7 body, is taken to be unable to pay its debts under section 585, of the Corporations Act;
- (b) except with the Lender's consent:
 - (i) it is the subject of a Liquidation, or an order or an application is made for its Liquidation; or
 - (ii) an effective resolution is passed or meeting summoned or convened to consider a resolution for its Liquidation;
- (c) an External Administrator is appointed to it or any of its assets or a step is taken to do so;

- (d) if a registered corporation under the Corporations Act, a step is taken under section 601AA, 601AB or 601AC of the Corporations Act to cancel its registration;
- (e) if a trustee of a trust, it is unable to satisfy out of the assets of the trust the liabilities incurred by it as and when those liabilities fall due;
- (f) an analogous or equivalent event to any listed above occurs in any jurisdiction; or
- (g) it stops or suspends payment to creditors generally.

Liquidation means:

- (a) a winding up, deregistration, liquidation, provisional liquidation, administration, bankruptcy or other proceeding for which an External Administrator is appointed, or an analogous or equivalent event or proceeding in any jurisdiction; or
- (b) an arrangement, moratorium, assignment or composition with or for the benefit of creditors or any class or group of them.

Loan Amount means an unsecured loan advanced by the Lender to the Borrower of an amount equal to the aggregate amount of the Scheme Consideration for all Scheme Shares.

Loss means a loss, claim, action, damage, liability, cost, charge, expense, penalty, compensation, fine or outgoing suffered, paid or incurred.

Money Owing means all money (in any currency) that the Borrower is or may become liable at any time (presently, prospectively or contingently) to pay to or for the account of the Lender (whether alone or not and in any capacity) under or in connection with this agreement (including by way of principal, interest, fees, costs, charges, expenses, duties, indemnities, guarantee obligations or damages and money which a person would be liable to pay but for an Insolvency Event in respect of that person).

Notice means a notice given in accordance with clause 10.

Outstanding Amount means, at any time, the principal amount of the Advance then outstanding.

Power means any right, power, discretion or remedy of the Lender under this agreement or applicable law.

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between the Lender and the Scheme Shareholders in respect of all of the Scheme Shares, substantially in the form set out in Schedule 43 to the Scheme Implementation Deed or in such other form as the parties agree in writing, subject to any alterations or conditions that are:

- (a) agreed to in writing by the Lender and the Borrower, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by each party.

Scheme Consideration has the meaning given to that expression in the Scheme Implementation Deed.

Scheme Implementation Deed means the scheme implementation deed dated 21 September 2023, entered into between the Borrower and the Lender.

Scheme Record Date has the meaning given to 'Record Date' in the Scheme Implementation Deed.

Scheme Share means a Thorn Share held by a Scheme Shareholder as at the Scheme Record Date.

Scheme Shareholders means a person who is registered in the Thorn Register as the holder of one or more Thorn Shares at the Scheme Record Date (other than an Excluded Shareholder).

Scheme Trust Account has the meaning given to that expression in the Scheme.

Tax means any tax, levy, duty, rate, impost, charge, deduction or withholding (and any related penalty, fine, fee or interest) imposed, levied or assessed by a Government Agency. It includes stamp duty, GST and any transaction taxes and duties.

Termination Date means the date:

- (a) which is ten (10) years from the Draw Date; or
- (b) any earlier date on which the Money Owing becomes due and payable under this agreement.

Thorn Register means the register of members of the Lender maintained by or on behalf of the Lender in accordance with the Corporations Act.

Thorn Share means an issued fully paid ordinary share in the capital of the Lender.

Thorn Shareholder means a person who is registered in the Thorn Register as a holder of Thorn Shares from time to time.

1.2 Interpretation

In this agreement:

- (a) headings are for reference only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, a gender includes other genders and different grammatical forms of defined expressions have corresponding meanings;
- (c) a Default **subsists** until either:
 - (i) remedied to the Lender's satisfaction; or
 - (ii) waived by the Lender in writing;
- (d) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (e) unless stated otherwise, anything (other than making a payment) required to be done on or by a day which is not a Business Day, must be done on or by the next Business Day;
- (f) no provision or expression is to be construed against a party on the basis that the party (or its advisers) was responsible for its drafting; and
- (g) examples and use of the word **including** and similar expressions do not limit what else may be included.

Unless the context requires otherwise, a reference in this agreement to:

- (h) a party to any document includes that person's successors and permitted substitutes and assigns;
- (i) an agreement includes any legally enforceable arrangement, understanding, undertaking or representation whether or not in writing;
- (j) a document or agreement includes that document or agreement as novated, altered, amended, supplemented or replaced from time to time;
- (k) any thing includes any part of it and a reference to a group of things or persons includes each thing or person in that group;
- (l) clauses, schedules and annexures are to those in this agreement, and a reference to this agreement includes any schedule and annexure;
- (m) a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (n) time is to Sydney time unless stated otherwise;
- (o) legislation or other law or a provision of them includes regulations and other instruments under them, and any consolidation, amendment, re-enactment or replacement; and
- (p) property or an asset includes any real or personal, present or future, tangible or intangible property or asset and any right, interest, revenue or benefit in, under or derived from the property or asset.

2. Loan

- (a) Subject to satisfaction of the conditions precedent set out in clause 3(a), the Lender agrees to provide an Advance (in a single draw) to the Borrower in a principal amount not exceeding the Loan Amount on a date nominated by the Borrower, being not earlier than two Business Days after the date the Scheme becomes Effective and not later than the Business Day before the Implementation Date.
- (b) The Borrower must use the Advance solely to fund the Borrower's payment of the Scheme Consideration to the Scheme Shareholders.
- (c) The Borrower irrevocably and unconditionally authorises and directs the Lender to deposit the Advance directly to the Scheme Trust Account on the Draw Date. The Lender acknowledges and accepts the Borrower's direction and agrees to comply with such direction and arrangement.

3. Conditions precedent

- (a) The obligation of the Lender to provide the Advance is subject to the conditions precedent that:
 - (i) the Scheme becomes Effective; and
 - (ii) all necessary approvals and lodgements are obtained and made, including pursuant to section 260B of the Corporations Act and Chapter 2E of the Corporations Act, with respect to the Scheme and the provision of financial assistance under this agreement.
- (b) The conditions precedent in clause 3(a) are for the Lender's sole benefit, and may only be waived by Notice from the Lender to the Borrower.

4. Repayment

The Borrower must pay the Outstanding Amount to the Lender on the Termination Date.

5. Interest

The parties acknowledge and agree that the Advance is provided on an interest-free basis.

6. Representations and warranties

- (a) The Borrower represents and warrants to the Lender that:
 - (i) **(status)** it is properly registered and incorporated as a corporation and validly exists in its jurisdiction of incorporation;
 - (ii) **(power and authority)** it has the power, right and necessary corporate authority to carry on its current and contemplated business, and to enter into, and exercise its rights and observe and perform its obligations under, this agreement and the Scheme Implementation Deed;
 - (iii) **(no immunity)** neither it nor any of its assets is immune from suit or execution;
 - (iv) **(documents)** this agreement is (subject to equitable principles generally affecting creditors' rights and applicable stamping and registration) valid, binding and enforceable against it in accordance with the terms of those documents, and the transactions contemplated by those documents are for its commercial benefit;
 - (v) **(no conflicts)** its execution and performance of this agreement and the Scheme Implementation Deed do not and will not conflict with or contravene any other law or a judgment, ruling, order, document or agreement applying to it or its assets or its constituent documents; and

- (vi) **(solvency)** it is solvent and there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable.
- (b) The Borrower repeats each representation and warranty in this clause 6 with reference to the facts and circumstances at the time, on each day until the Money Owing has been finally paid in full.

7. Default

- (a) A Default occurs if any one or more of the following occurs:
 - (i) **(non-payment)** the Borrower fails to pay any of the Money Owing payable by it, in the way and in the currency required, when due;
 - (ii) **(incorrect statement or representation)** a statement, representation or warranty made by or on behalf of the Borrower in this agreement or in a document provided in connection with those documents, is untrue, incorrect or misleading in a material respect when made or repeated;
 - (iii) **(Insolvency Event)** an Insolvency Event occurs with respect to the Borrower;
 - (iv) **(vitiation)** any of the following occurs or is alleged by the Borrower to have occurred:
 - (A) all or part of this agreement or the Scheme Implementation Deed is terminated or is or becomes void, avoided, illegal, invalid, unenforceable or limited in its effect; or
 - (B) any party has the right to terminate due to breach or to rescind or avoid all or part of this agreement or the Scheme Implementation Deed; or
 - (v) **(Implementation Date)** the Implementation Date does not occur by the later of:
 - (A) 5 Business Days after the date the Scheme becomes Effective; and
 - (B) 2 Business Days after the Draw Date.
- (b) If a Default subsists, the Lender may by Notice to the Borrower declare that the Money Owing is immediately due and payable, in which case the Borrower must immediately pay to the Lender the Money Owing.

8. Costs, Taxes, general indemnity and payments

8.1 Costs and expenses

The Borrower must pay or reimburse on demand all costs and expenses of the Lender (and any of its respective officers, employees and agents) in connection with:

- (a) enforcing this agreement, or exercising, enforcing or protecting a Power, or preparing or attempting to do so; and
- (b) a Default.

This includes legal costs and expenses (on a full indemnity basis).

8.2 Taxes, fees and charges

The Borrower must pay, or reimburse the Lender on demand for, all:

- (a) Taxes, fees and charges in connection with this agreement or any payment, receipt, supply or other transaction carried out pursuant to, or contemplated by, this agreement, including Taxes passed onto the Lender by a financial institution or supplier of goods and services; and
- (b) fines and penalties for late payment or non-payment of those amounts, except where the Borrower places the Lender in cleared funds to make the payment not less than 5 Business Days before the due date and the Lender fails to make the payment.

The Borrower must pay or reimburse the Lender on demand for all such amounts which are payable or which the Lender determines in good faith to be payable.

8.3 Deduction or withholding required

If the Borrower is required by law to deduct or withhold Taxes from a payment to the Lender, it must:

- (a) make that deduction and/or withholding, pay to the appropriate Government Agency the full amount deducted and/or withheld as required by law and give the Lender a receipt for the payment; and
- (b) unless the Tax is a Tax on the net income of the Lender, pay additional amounts to the Lender which will result in the Lender receiving (after deduction or withholding of any Taxes in respect of any additional amount) the full amount which it would have received if no deduction or withholding had been required.

8.4 GST

The amounts set out in this agreement have been calculated without regard to GST. If GST is or becomes payable in respect of any supply made by the Lender under or in connection with the Advance or this agreement, the payment for that supply shall be increased by the amount necessary so that the Lender actually receives what it would have been entitled to receive if there had not been GST in respect of that supply. The Borrower indemnifies the Lender against any Loss due to it failing to receive the amount of the increase in the payment.

9. Assignment

Neither the Borrower nor the Lender may assign, transfer or otherwise deal with its rights, interests or obligations under this agreement without the other party's prior written consent.

10. Notices, demands and communications

10.1 Service

A notice, demand, consent, approval or communication (**Notice**) given by a party in connection with this agreement must be:

- (a) in writing, in English and signed by an Authorised Representative of the party; and
- (b) hand delivered or sent by prepaid post (or airmail if applicable) or email to the recipient's address for notices specified in the 'Details' section of this agreement, as varied by any Notice given by the recipient to the party.

10.2 Effective on receipt

A Notice given in accordance with clause 10 takes effect when received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia); or
- (c) if sent by email, immediately after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm (addressee's time) on a Business Day, the Notice is taken to be received at 9.00am (addressee's time) on the next Business Day.

11. Protection of Lender

11.1 Lender may set off

At any time while a Default subsists, the Lender may, without any demand or notice, set off and apply indebtedness it owes to the Borrower (whatever the currency) against any money owing to it by the Borrower under this agreement, whether or not the amount owed by the Lender or the Borrower is immediately payable or is owed alone or with any other person. The Borrower irrevocably authorises the Lender to do anything necessary (including to sign any document and effect appropriate currency exchanges) for that purpose.

11.2 Borrower may not set off

The Borrower may not (either directly or indirectly) claim, exercise or attempt to exercise a right of set-off or counterclaim against the Lender (whether the right is the Borrower's or any other person's) or any other right which might have the effect of reducing the Money Owing.

11.3 Authorised Representatives and communications

The Borrower irrevocably authorises the Lender to rely on a certificate by any person purporting to be its director or company secretary as to the identity and signatures of its Authorised Representative, and to rely on any Notice or other document contemplated by this agreement which bears the purported signature (whether given by facsimile or otherwise) of its Authorised Representative. The Borrower warrants that those persons have been authorised to give notices and communications under or in connection with this agreement.

12. Other provisions

12.1 Powers

Powers under this agreement are cumulative and do not limit or exclude Powers under law. Full or partial exercise of a Power does not prevent a further exercise of that or any other Power.

12.2 Waivers

No failure or delay in exercising a Power operates as a waiver or representation. A waiver by the Lender in relation to this agreement is effective only if in writing.

12.3 Indemnities and reimbursement obligations

The Lender need not incur an expense or make a payment before enforcing an indemnity or reimbursement obligation in this agreement. Unless otherwise stated, each such indemnity or reimbursement obligation is separate and independent of each other obligation of the Borrower, is absolute, unconditional and payable on demand and continues despite any settlement of account, termination of this agreement or anything else.

12.4 Notices or demands as evidence

A notice or certificate from or demand by the Lender stating that a Default has occurred, or that a specified sum of money is owing or payable under this agreement or stating any other fact or determination relevant to the rights or obligations of the Lender or the Borrower under this agreement, is taken to be correct unless proved incorrect.

12.5 Law and legislation

To the extent permitted by law:

- (a) this agreement prevails to the extent of inconsistency with any law; and
- (b) any present or future legislation operating to reduce the Borrower's obligations under this agreement or the effectiveness of the Powers is excluded.

12.6 Severability

A provision of this agreement that is illegal or unenforceable in a jurisdiction is ineffective in that jurisdiction to the extent of the illegality or unenforceability. This does not affect the validity or enforceability of that provision in any other jurisdiction, nor the remainder of this agreement in any jurisdiction.

12.7 Variation

A variation of this agreement must be in writing and signed by or on behalf of each party to it.

12.8 Governing law, jurisdiction and service of process

- (a) This agreement is governed by the laws of New South Wales. Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place (and any court of appeal) and waives any right to object to an action being brought in those courts, including on the basis of an inconvenient forum or those courts not having jurisdiction.
- (b) Without preventing any other mode of service, any agreement in an action or process may be served on any party by being delivered to or left for that party at its address for service of Notices under this agreement.

12.9 Counterparts

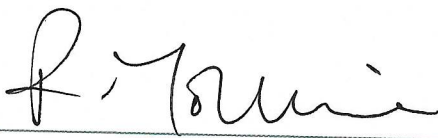
This agreement may be executed in any number of counterparts. Each counterpart constitutes an original of this agreement, all of which together constitute one instrument. A party who has executed a counterpart of this agreement may exchange it with another party by faxing, or by emailing a pdf (portable document format) copy of, the executed counterpart to that other party, and if requested by that other party, will promptly deliver the original by hand or post. Failure to make that delivery will not affect the validity of this agreement.

Signing page

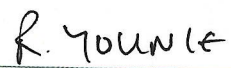
EXECUTED as an agreement.

Borrower

Signed sealed and delivered by Somers Limited
in the presence of




Signature of witness



Name of witness (print)

Lender


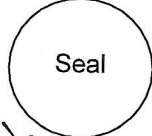
Executed by Thorn Group Limited ABN 54 072
507 147 in accordance with Section 127 of the
Corporations Act 2001



Signature of director



Name of director (print)

Signature of authorised signatory



Name of authorised signatory



Signature of ~~director~~/company secretary
(Please delete as applicable)



Name of ~~director~~/company secretary (print)

Appendix 5 – Notice of General Meeting

NOTICE OF GENERAL MEETING AND EXPLANATORY BOOKLET



Thorn Group Limited ACN 072 507 147

The Independent Director recommends that Thorn Shareholders

VOTE IN FAVOUR

of the Scheme Consideration Resolutions at the General Meeting

The General Meeting is to be held at 10.00am (Sydney time) on Monday 27
November 2023 online at <https://meetnow.global/MM2VJLW>

Legal adviser to Thorn Group

MinterEllison

Notice of General Meeting

NOTICE is hereby given that the a General Meeting of Thorn Group Limited ACN 072 507 147 (**Thorn** or the **Company**) will be held:

Date: 27 November 2023

Time: 10.00am (Sydney time)

Venue: MinterEllison, Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney NSW 2000
<https://meetnow.global/MM2VJLW>

The General Meeting will be conducted as a hybrid meeting conducted in two parts simultaneously with the physical venue of the meeting being at MinterEllison, Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney NSW 2000 and the online Computershare meeting platform at <https://meetnow.global/MM2VJLW> which allows for remote participation, for the purpose of considering and if thought fit passing the proposed Scheme Consideration Resolutions.

A copy of the Explanatory Statement required by Chapter 2E and Part 2J.3 of the Corporations Act in relation to the General Meeting is contained in the Explanatory Booklet of which this notice forms part.

The Computershare meeting platform will allow Thorn Shareholders to listen to the General Meeting, vote and ask questions online in real time. Visitors will also be able to listen to the General Meeting via the Computershare meeting platform but will not have access to vote or ask questions.

Unless otherwise defined, terms used in this Notice of General Meeting have the meaning given in the Explanatory Booklet of which this notice forms part.

HOW DO I PARTICIPATE IN THE GENERAL MEETING?

To participate in the General Meeting in person, please arrive at the Venue described above at least 30 minutes prior to the commencement of the General Meeting to register.

To participate in the General Meeting online, you can log in by entering the following URL:
<https://meetnow.global/MM2VJLW> on your computer, tablet or smartphone.

Online registration will open 30 minutes before the General Meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the General Meeting to obtain their login details.

To participate in the General Meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 prior to the General Meeting to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian shareholder. If you are an overseas shareholder, select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

Thorn Shareholders can watch and participate in the General Meeting via the online platform by using a computer, mobile device or tablet, using the following details:

- Enter the following URL in your browser:
- The meeting ID for the General Meeting is: <https://meetnow.global/MM2VJLW>
- Your username is your SRN/HIN
- Your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the Online Meeting User Guide.

If you have been nominated as a third party proxy, or for any enquiries relating to virtual participation, please contact the Share Registrar on +61 3 9415 4024.

To participate online, you should register at least 15 minutes before the General Meeting. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your internet browser is compatible. Further information on how to participate online is set out in this Notice of General Meeting and in the Online Meeting User Guide available online at www.computershare.com.au/virtualmeetingguide.

Only shareholders or their appointed proxies and attorneys will be permitted to ask questions.

Further information will be made available on the Company's website at www.thorn.com.au or the ASX Market Announcements Platform.

BUSINESS

1. Purpose of the General Meeting

The purpose of the General Meeting is to consider and, if thought fit, to approve the Scheme Consideration Resolutions. The explanatory statement and information required by:

1. section 260B(4) of the Corporations Act in relation to Resolution 1; and
 2. sections 218 and 219 of the Corporations Act and ASIC Regulatory Guide 76 in relation to Resolution 2,
- are contained in the Explanatory Booklet of which this Notice of General Meeting forms part.

2. Independent Director comment and recommendations

For the reasons set out in the Explanatory Booklet, the Independent Director recommends that relevant Thorn Shareholders vote in favour of the Scheme Consideration Resolutions in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Thorn Shareholders.

3. Resolution 1 – Financial Assistance Resolution

To consider and, if thought fit, to pass the following Resolution as a special resolution:

“That, subject to the scheme of arrangement outlined in the Explanatory Booklet becoming binding in accordance with section 411(4) of the Corporations Act and the other Scheme Consideration Resolution being passed by the requisite majority of Thorn Shareholders, approval is given for the purposes of Part 2J.3 of the Corporations Act 2001 (Cth), and for all other purposes, for the provision of the Loan between Thorn and the Bidder in connection with the scheme of arrangement.”

Thorn will disregard any votes cast on this Resolution by certain persons. Details of the voting exclusions applicable to this Resolution are set out in the “Voting Exclusions” section on pages 5-6 below.

4. Resolution 2 – Related Party Resolution

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

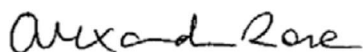
“That, subject to the scheme of arrangement outlined in the Explanatory Booklet becoming binding in accordance with section 411(4) of the Corporations Act and the other Scheme Consideration Resolution being passed by the requisite majority of Thorn Shareholders, approval is given for the purposes of Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, for the provision of the Loan between Thorn and the Bidder in connection with the scheme of arrangement.”

Thorn will disregard any votes cast on this Resolution by certain persons. Details of the voting exclusions applicable to this Resolution are set out in the “Voting Exclusions” section on pages 5-6 below.

Details of the definitions and abbreviations used in this Notice of General Meeting are set out in the Glossary to the Explanatory Booklet.

By the order of the Board

Dated: 20 October 2023



Alexandra Rose
Company Secretary

Explanatory notes to the General Meeting - Attendance and Voting

Entitlement

You will be entitled to attend and vote at the General Meeting if you are registered as a Thorn Shareholder as at 7.00pm (Sydney Time) on Saturday, 25 November 2023.

How to vote

Voting entitlement on a poll

On a poll, each Thorn Shareholder present (in person, by proxy, attorney or corporate representative) has one vote for each Thorn Share they hold.

The Chair will put the Scheme Consideration Resolutions to a poll.

Required voting thresholds

Resolution 1 must be approved by Thorn Shareholders whose Thorn Shares in aggregate account for greater than 75% of the eligible votes cast on Resolution 1 (whether in person, by proxy, attorney or corporate representative), with no votes being cast in favour of Resolution 1 by the Bidder or by their Associates (as defined in the Corporations Act).

Resolution 2 must be approved by Thorn Shareholders whose Thorn Shares in aggregate account for greater than 50% of the eligible votes cast on Resolution 2 (whether in person, by proxy, attorney or corporate representative) with no votes being cast in favour of Resolution 2 by or on behalf of a Related Party (as defined in the Corporations Act) of the Bidder or an Associate of that Related Party.

Appointment of a corporate representative

Any corporation which is a member of the Company may appoint a proxy, as set out above, or appoint a natural person to act as its representative at any general meeting under section 250D of the Corporations Act or appoint an attorney. Corporate representatives are requested to provide appropriate evidence of appointment as a representative in accordance with the Constitution. A form of notice of appointment can be obtained from Computershare.

Voting by attorney

Attorneys are requested to provide the original or a certified copy of the power of attorney pursuant to which they were appointed in accordance with the Constitution. Proof of identity will also be required for corporate representatives and attorneys. To be effective, evidence of the appointment as a representative or attorney must be returned in the same manner and by the same time as specified for proxy appointments below (unless previously provided).

A vote cast in accordance with the appointment of a power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the power; or
- transferred the shares in respect of which the vote was cast,

unless Thorn received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, the resumption of any adjourned meeting.

Voting by proxy

A Thorn Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on the Thorn Shareholder's behalf. If the Thorn Shareholder is entitled to cast two or more votes at the General Meeting, the Thorn Shareholder may appoint up to two proxies to attend and vote on the Thorn Shareholder's behalf.

If a Thorn Shareholder appoints two proxies, each proxy may be appointed to represent a specified proportion or number of the Thorn Shareholder's votes. Absent this specification, on a poll, each proxy may exercise half the votes. A proxy can be either an individual or a body corporate and need not be a Thorn Shareholder. If a Thorn Shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a Thorn Shareholder's instruction is to abstain from voting for a particular item of business, the Thorn Shareholder's votes will not be counted in computing the required majority on a poll.

Where a proxy and the Thorn Shareholder both attend the General Meeting, the proxy's authority to speak and vote at the General Meeting is suspended while the Thorn Shareholder is present at the General Meeting.

You may lodge a proxy online at Computershare's internet address below by following the instructions set out on the website. Thorn Shareholders who elected to receive their notice of general meeting and proxy electronically will have received an e-mail with a link to the Computershare site.

Proxy form and authorities may be lodged:

- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001;
- by facsimile to Computershare on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
- electronically by visiting www.investorvote.com.au, logging in and quoting the Control Number found on the front of your proxy form. Alternatively, you can scan the QR code also found on the front of your proxy form. Intermediary Online subscribers (Custodians) may lodge their proxy by visiting www.intermediaryonline.com.

To be effective for the General Meeting, a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received by Computershare Investor Services Pty Limited at the address, facsimile number or internet address above **no later than 10.00am (Sydney Time) on Saturday, 25 November 2023** (being 48 hours before the commencement of the General Meeting). Any proxy appointment received after that time will not be valid for the General Meeting.

You can elect to receive Thorn Shareholder information electronically, or obtain a replacement or second proxy form, by contacting Computershare on 1800 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). You may also update your Thorn Shareholder communication elections by logging onto www.investorcentre.com/contact.

Chair acting as proxy

Thorn Shareholders may appoint the Chair as their proxy. Where the Chair is appointed as a proxy by a Thorn Shareholder entitled to cast a vote the Resolution and the proxy form specifies how the Chair is to vote on the Resolution (that is, a directed proxy), the Chair must vote in accordance with that direction.

If a Thorn Shareholder has appointed the Chair as their proxy and no voting direction has been given in relation to the Resolution, the Thorn Shareholder will be expressly authorising the Chair to exercise the undirected proxy as he sees fit. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chair of the General Meeting as your proxy. The Chair intends to vote all undirected proxies in favour of the Scheme Consideration Resolutions.

If you do not want the Chair of the General Meeting to vote, as your proxy, in favour of the Scheme Consideration Resolutions, you need to direct your proxy to vote against, or to abstain from voting on, the Scheme Consideration Resolutions by marking the appropriate box on the proxy form.

Participating and voting in-person or online during the General Meeting

The General Meeting will be held as a hybrid meeting at the offices of MinterEllison, Sydney (set out above) and through the Computershare Online Meeting Platform.

Participating in the General Meeting online enables Thorn Shareholders to view the General Meeting live, ask text-based and verbal questions and cast votes in the real-time poll at the appropriate times during the General Meeting.

Please note that only Thorn Shareholders or their appointed proxies and attorneys may ask questions once they have been verified.

Please refer to the Online Meeting Guide available at www.computershare.com.au/virtualmeetingguide. The Online Meeting Guide will also be provided in your Notice of General Meeting email.

Thorn Shareholders are also strongly encouraged to lodge their proxy forms before the deadline listed above even if they are participating in the General Meeting in-person or online. If you do not intend, or are unable to participate in, the General Meeting, please lodge your proxy forms before the deadline listed above.

Voting exclusion statement

The Corporations Act requires that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on certain of the Scheme Consideration Resolutions to be considered at the General Meeting. These voting exclusions are described below.

Financial Assistance Resolution (Resolution 1)

In accordance with section 260B(1)(a), the following persons may not vote, and the Company will disregard any votes cast by the following persons, on Resolution 1:

- (1) Somers Limited; and
- (2) Any Associates of Somers Limited.

Related Party Resolution (Resolution 2)

In accordance with section 224(1), the following persons may not vote, and the Company will disregard any votes cast by the following persons, on Resolution 2:

- (1) Somers Limited;
- (2) any related party of Somers Limited; and
- (3) any Associates of the related party of Somers Limited.

However, this does not apply to a vote cast in favor of Resolution 2 by a proxy who was appointed in writing (that specifies how the proxy is to vote on Resolution 2) by a person who is not excluded from the vote as detailed above.

Appendix 6 – Notice of Scheme Meeting

NOTICE OF SCHEME MEETING AND EXPLANATORY BOOKLET



Thorn Group Limited ACN 072 507 147

The Independent Director recommends that Thorn Shareholders

VOTE IN FAVOUR

of the Scheme Resolution at the Scheme Meeting

The Scheme Meeting is to be held at 11.00am (Sydney time) on Monday 27
November 2023 online at <https://meetnow.global/MRYKPAY>

Legal adviser to Thorn Group

MinterEllison

Notice of Scheme Meeting

NOTICE is hereby given that the Scheme Meeting of Thorn Group Limited ACN 072 507 147 (**Thorn** or the **Company**) will be held:

Date: 27 November 2023

Time: 11.00am (Sydney time)

Venue: MinterEllison, Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney NSW 2000
<https://meetnow.global/MRYKPAY>

The Scheme Meeting will be conducted as a hybrid meeting in two parts simultaneously with the physical venue of the meeting being at MinterEllison, Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney NSW 2000 and the online Computershare meeting platform at <https://meetnow.global/MRYKPAY> which allows for remote participation, for the purpose of considering and if thought fit approving the Scheme.

A copy of the Explanatory Statement required by section 412 of the Corporations Act in relation to the Scheme is contained in the Explanatory Booklet of which this notice forms part.

The Computershare meeting platform will allow Thorn Shareholders to listen to the Scheme Meeting, vote and ask questions online in real time. Visitors will also be able to listen to the Scheme Meeting via the Computershare meeting platform but will not have access to vote or ask questions.

Unless otherwise defined, terms used in this Notice of Scheme Meeting have the meaning given in the Explanatory Booklet of which this notice forms part.

HOW DO I PARTICIPATE IN THE SCHEME MEETING?

To participate in the Scheme Meeting in person, please arrive at the Venue described above at least 30 minutes prior to the commencement of the Scheme Meeting to register.

To participate in the Scheme Meeting online, you can log in by entering the following URL:
<https://meetnow.global/MRYKPAY> on your computer, tablet or smartphone.

Online registration will open 30 minutes before the Scheme Meeting .

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the Scheme Meeting to obtain their login details.

To participate in the Scheme Meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 prior to the Scheme Meeting to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian shareholder. If you are an overseas shareholder, select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

Thorn Shareholders can watch and participate in the Scheme Meeting via the online platform by using a computer, mobile device or tablet, using the following details:

- Enter the following URL in your browser:
- The meeting ID for the Scheme Meeting is: <https://meetnow.global/MRYKPAY>
- Your username is your SRN/HIN
- Your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the Online Meeting User Guide.

If you have been nominated as a third party proxy, or for any enquiries relating to virtual participation, please contact the Share Registrar on 9415 4024.

To participate online, you should register at least 15 minutes before the Scheme Meeting. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your internet browser is compatible. Further information on how to participate online is set out in this Notice of Scheme Meeting and in the Online Meeting User Guide available online at www.computershare.com.au/virtualmeetingguide.

Only shareholders or their appointed proxies and attorneys will be permitted to ask questions.

Further information will be made available on the Company's website at www.thorn.com.au or the ASX Market Announcements Platform.

BUSINESS

1. Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) the scheme of arrangement proposed to be made between Thorn Group Limited and Thorn Shareholders (**Scheme Resolution**).

The explanatory statement and information required by section 412 of the Corporations Act in relation to the Scheme Resolution are contained in the Explanatory Booklet of which this Notice of Scheme Meeting forms part of.

2. Independent Director comment and recommendations

For the reasons set out in the Explanatory Booklet, the Independent Director recommends that relevant Thorn Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Thorn Shareholders.

3. Scheme Resolution – Approval of Scheme

To consider and, if thought fit, to pass the following Resolution as a special resolution:

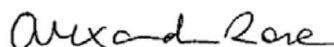
"That under and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members agree to the arrangement proposed between Thorn and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board of Directors of Thorn is authorised to implement the Scheme with any such alterations or conditions."

Thorn will disregard any votes cast on the Scheme Resolution by certain persons. Details of the voting exclusions applicable to this Resolution are set out in the "Voting Exclusions" section on page 6 below.

Details of the definitions and abbreviations used in this Notice of Scheme Meeting are set out in the Glossary to the Explanatory Booklet.

By order of the Court

Dated: 20 October 2023



Alexandra Rose
Company Secretary

Explanatory notes to the Scheme Meeting - Attendance and Voting

Entitlement

You will be entitled to attend and vote at the Scheme Meeting if you are registered as a Thorn Shareholder as at 7.00pm (Sydney time) on Saturday, 25 November 2023.

How to vote

Voting entitlement on a poll

On a poll, each Thorn Shareholder present (in person, by proxy, attorney or corporate representative) has one vote for each Thorn Share they hold.

The Chair will put approval of the Scheme to a poll.

Required voting thresholds

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution to approve the Scheme must be passed at the Scheme Meeting by:

- unless the Court orders otherwise, a majority in number (more than 50%) of the Thorn Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a Thorn Shareholder that is a corporation, by corporate representative); and
- at least 75% of the total number of votes cast in favour of the resolution by Thorn Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a Thorn Shareholder that is a corporation, by corporate representative).

The Scheme is also subject to the approval of the Court. If the resolution to approve the Scheme is passed by the requisite majorities and the other Conditions to the Scheme are satisfied or waived by the time required under the Scheme, Thorn intends to apply to the Court for the necessary orders to give effect to the Scheme. In order for the Scheme to become effective, it must be approved by the Court and an official copy of the orders of the Court approving the Scheme must be lodged with ASIC.

Appointment of a corporate representative

Any corporation which is a member of the Company may appoint a proxy, as set out above, or appoint a natural person to act as its representative at any Scheme Meeting under section 250D of the Corporations Act or appoint an attorney. Corporate representatives are requested to provide appropriate evidence of appointment as a representative in accordance with the Constitution. A form of notice of appointment can be obtained from Computershare.

Voting by attorney

Attorneys are requested to provide the original or a certified copy of the power of attorney pursuant to which they were appointed in accordance with the Constitution. Proof of identity will also be required for corporate representatives and attorneys. To be effective, evidence of the appointment as a representative or attorney must be returned in the same manner and by the same time as specified for proxy appointments below (unless previously provided).

A vote cast in accordance with the appointment of a power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the power; or
- transferred the shares in respect of which the vote was cast,

unless Thorn received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, the resumption of any adjourned meeting.

Voting by proxy

A Thorn Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy to attend and vote on the Thorn Shareholder's behalf. If the Thorn Shareholder is entitled to cast two or more votes at the Scheme Meeting, the Thorn Shareholder may appoint up to two proxies to attend and vote on the Thorn Shareholder's behalf.

If a Thorn Shareholder appoints two proxies, each proxy may be appointed to represent a specified proportion or number of the Thorn Shareholder's votes. Absent this specification, on a poll, each proxy may exercise half the votes. A proxy can be either an individual or a body corporate and need not be a Thorn Shareholder. If a Thorn Shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a Thorn Shareholder's instruction is to abstain from voting for a particular item of business, the Thorn Shareholder's votes will not be counted in computing the required majority on a poll.

Where a proxy and the Thorn Shareholder both attend the Scheme Meeting, the proxy's authority to speak and vote at the Scheme Meeting is suspended while the Thorn Shareholder is present at the Scheme Meeting.

You may lodge a proxy online at Computershare's internet address below by following the instructions set out on the website. Thorn Shareholders who elected to receive their notice of Scheme Meeting and proxy electronically will have received an e-mail with a link to the Computershare site.

Proxy form and authorities may be lodged:

- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001;
- by facsimile to Computershare on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
- electronically by visiting www.investorvote.com.au, logging in and quoting the Control Number found on the front of your proxy form. Alternatively, you can scan the QR code also found on the front of your proxy form. Intermediary Online subscribers (Custodians) may lodge their proxy by visiting www.intermediaryonline.com.

To be effective for the Scheme Meeting, a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received by Computershare Investor Services Pty Limited at the address, facsimile number or internet address above **no later than 10.00am (Sydney Time) on Saturday, 25 November 2023** (being 48 hours before the commencement of the Scheme Meeting). Any proxy appointment received after that time will not be valid for the Scheme Meeting.

You can elect to receive Thorn Shareholder information electronically, or obtain a replacement or second proxy form, by contacting Computershare on 1800 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). You may also update your Thorn Shareholder communication elections by logging onto www.investorcentre.com/contact.

Chair acting as proxy

Thorn Shareholders may appoint the Chair as their proxy. Where the Chair is appointed as a proxy by a Thorn Shareholder entitled to cast a vote the Resolution and the proxy form specifies how the Chair is to vote on the Resolution (that is, a directed proxy), the Chair must vote in accordance with that direction.

If a Thorn Shareholder has appointed the Chair as their proxy and no voting direction has been given in relation to the Resolution, the Thorn Shareholder will be expressly authorising the Chair to exercise the undirected proxy as he sees fit. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chair of the Scheme Meeting as your proxy. The Chair intends to vote all undirected proxies in favour of the Scheme Resolution.

If you do not want the Chair of the Scheme Meeting to vote, as your proxy, in favour the Scheme Resolution, you need to direct your proxy to vote against, or to abstain from voting on, the Scheme by marking the appropriate box on the proxy form.

Participating and voting in-person or online during the Scheme Meeting

The Scheme Meeting will be held as a hybrid meeting at the offices of MinterEllison, Sydney (set out above) and through the Computershare Online Meeting Platform.

Participating in the Scheme Meeting online enables Thorn Shareholders to view the Scheme Meeting live, ask text-based and verbal questions and cast votes in the real-time poll at the appropriate times during the Scheme Meeting.

Please note that only Thorn Shareholders or their appointed proxies and attorneys may ask questions once they have been verified.

Please refer to the Online Meeting Guide available at www.computershare.com.au/virtualmeetingguide. The Online Meeting Guide will also be provided in your Notice of Scheme Meeting email.

Thorn Shareholders are also strongly encouraged to lodge their proxy forms before the deadline listed above even if they are participating in the Scheme Meeting in-person or online. If you do not intend, or are unable to participate in, the Scheme Meeting, please lodge your proxy forms before the deadline listed above.

Voting exclusion statement

The Corporations Act requires that certain persons must not vote and the Company must disregard any votes cast by or on behalf of certain persons, on the Scheme Resolution to be considered at the Scheme Meeting. The voting exclusions are described in full in the Explanatory Booklet and include that the Excluded Shareholder may not vote on the Scheme Resolution.

As a consequence, the Company will disregard any votes cast by the following persons, on Resolution 1:

- Somers Limited; and
- Any Associates of Somers Limited.

Corporate Directory

Thorn Group Limited

Level 9, 1 York Street
Sydney NSW 2000

Legal adviser

MinterEllison
Level 40, Governor Macquarie Tower
1 Farrer Place, Sydney, NSW 2000
Telephone: +61 2 9921 0000

Directors

Warren McLeland – Chairman, Non-Executive Director
Paul Oneile – Non-Executive Director
Allan Sullivan – Non-Executive Director

Financial adviser

Leadenhall Corporate Advisory
Level 6, 111 Elizabeth St
Sydney NSW 2000

Company Secretary

Alexandra Rose

Independent Expert

Grant Thornton
Level 17, 383 Kent Street
Sydney NSW 2000

Auditor

UHY Haines Norton
Level 9, 1 York Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1800 420 909
