

ASX ANNOUNCEMENT

28 August 2023

Receipt of revised binding offer from Somers Limited

Thorn Group Limited (ASX:TGA) (**Thorn**) advised ASX on 25 August 2023 that it had received a binding and conditional proposal (**Proposal**) from Somers Limited (**Somers**) to acquire 100% of the shares in Thorn that Somers does not already have a relevant interest in, by way of a scheme of arrangement, for cash consideration of \$1.62 per share.

Thorn now advises that, on 26 August 2023, it received a revised binding and conditional (**Revised Proposal**) from Somers on the same terms as the Proposal other than the removal of the Material Adverse Change condition precedent as a condition of the scheme.

Thorn has attached as Annexure A to this announcement a copy of the Revised Proposal.

Next steps

Thorn's Independent Committee (**IC**) notes that while preliminary discussions with Somers are ongoing, there is no certainty that the engagement between Thorn and Somers will result in a change of control transaction or result in Thorn and Somers entering into a binding Scheme Implementation Deed on the terms and conditions set out in the Revised Proposal. Thorn shareholders do not need to take any action in relation to the Revised Proposal.

While the IC does not yet make any recommendation to Thorn shareholders in relation to the Revised Proposal, Thorn continues to recommend that Thorn shareholders vote in favour of all resolutions at the upcoming Annual General Meeting at 2.00pm (AEST) on Thursday, 31 August 2023. Shareholders should note that the deadline for returning proxy forms for the Annual General Meeting is 2.00pm (AEST) on Tuesday, 29 August 2023.

Thorn will continue to keep the market informed in accordance with its continuous disclosure obligations.

Attachments

Please see Annexure A over the page.

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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26 August 2023

ANNEXURE A

The Directors
Thorn Group Limited
Level 9, 1 York Street
Sydney NSW 2000

Dear Sirs

REVISED BINDING PROPOSAL FOR THORN GROUP LIMITED

1. Somers Limited (**Somers**) refers to its previous binding proposal submitted to Thorn Group Limited (**Thorn**) on 24 August 2023.
2. Somers is pleased to submit a revised binding proposal to acquire 100% of the shares in Thorn Group Limited (**Thorn**) that Somers does not already have a relevant interest in (**Revised Proposal**).

Revised Proposal terms

3. The Revised Proposal will be conducted by way of a scheme of arrangement pursuant to Part 5.1 of the *Corporations Act 2001* (Cth) under which Somers would acquire 100% of the shares in Thorn that Somers does not already have a relevant interest in.
4. The Revised Proposal is the same as the previous proposal other than the removal of the material adverse change condition precedent as a condition of the scheme.
5. The terms of the Revised Proposal are set out in Schedule 1.
6. Subject to:
 - 6.1 Thorn shareholders approving Resolution 3 (Approval of Resimac proposed transaction) and Resolution 4 (Return of capital to shareholders) on the terms described in the notice of meeting dated 1 August 2023 at the general meeting of Thorn shareholders to be held on 31 August 2023;
 - 6.2 the independent Thorn director recommending the Revised Proposal to Thorn shareholders and including his recommendation in all public announcements relating to the Revised Proposal, both subject to no superior proposals emerging and the independent expert concluding and continuing to conclude that the scheme is in the best interests of Thorn shareholders; and

- 6.3 no Prescribed Occurrence (as that term is defined in Schedule 1) occurring between the date of this letter and the execution of a scheme implementation deed by the parties,

Somers and Thorn would agree to enter into a scheme implementation deed on terms consistent with the terms and conditions outlined in Schedule 1 as soon as practicable after the satisfaction of these conditions.

7. Somers confirms its consent and permits Thorn to announce, at Thorn's discretion, a \$10 million or higher capital reduction as part of the Revised Proposal which will be payable to Thorn shareholders and this will be an adjustment to the scheme consideration if paid. The Revised Proposal also assumes that there are no Equity Incentives on issue in Thorn as at the Record Date.

Nature of the Revised Proposal

8. This letter is a binding proposal to acquire Thorn shares on the terms outlined in this letter.
9. The law in force in New South Wales governs this letter.

Yours faithfully



Alasdair Younie
Somers Limited, Authorised Signatory

Schedule 1

Key Commercial Terms

Proposal	Somers will acquire 100% of Thorn Shares that Somers does not already have a Relevant Interest in by way of a scheme of arrangement under Part 5.1 of the <i>Corporations Act 2001</i> (Cth) in exchange for the Scheme Consideration set out below.
Scheme Consideration	The Scheme Consideration is \$1.62 per Thorn share, less any dividend or capital return paid to Thorn Shareholders per Thorn Share as agreed between Thorn and Somers and including the capital return to Thorn Shareholders in connection with the transaction with Resimac as contained in Resolution 4 of the notice of meeting dated 1 August 2023.
Thorn Loan	<p>Thorn agrees to provide Somers with an unsecured loan of \$29 million less the total amount of dividend or capital return paid to Scheme Shareholders (including the capital return to Scheme Shareholders in connection with the transaction with Resimac as contained in Resolution 4 of the notice of meeting dated 1 August 2023), repayable in 10 years to fund Somers' payment of the Scheme Consideration.</p> <p>The provision of the Thorn Loan will be conditional on:</p> <ul style="list-style-type: none"> (a) Thorn Shareholders approving the Thorn Loan Resolution; and (b) the Scheme becoming Effective. <p>Somers will direct that the funds from the Thorn Loan be paid into a trust account established by Thorn prior to the Implementation Date of the Scheme for the payment of the Scheme Consideration to Thorn Shareholders.</p>
Conditions Precedent to Scheme	<p>The Scheme will not become Effective unless each of the following conditions precedent is satisfied or waived.</p> <p><i>Conditions for the benefit of Somers and Thorn</i></p> <ul style="list-style-type: none"> (a) (Shareholder approval) Thorn Shareholders approving the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a)(ii) the Corporations Act. (b) (Independent Expert's Report) The Independent Expert provides the Independent Expert's Report to Thorn, stating that in its opinion the Scheme is in the best interests of Thorn Shareholders, and the Independent Expert does not adversely change its conclusion or withdraw the Independent Expert's Report by notice in writing to Thorn prior to 8.00am on the Second Court Date.

	<p>(c) (Court approval) The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.</p> <p>(d) (No restraints) At 8.00am on the Second Court Date, no judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Government Agency of competent jurisdiction, remains in effect that prohibits, materially restricts, makes illegal or restrains the completion of the Transaction or any Transaction Document.</p> <p>(e) (Thorn Loan Approval) Thorn Shareholders approving the Thorn Loan Resolution by the required majority at a general meeting to be held prior to the Scheme Meeting.</p> <p><i>Conditions for the benefit of Somers</i></p> <p>(f) (No Prescribed Occurrence) No Prescribed Occurrence occurs between the Execution Date and 8.00am on the Second Court Date.</p> <p>(g) (Representations and warranties) The representations and warranties provided by Thorn are true and correct in all material respects at all times between the Execution Date and 8.00am on the Second Court Date.</p>
<p>Thorn Independent Director Recommendation</p>	<p>Subject to the parties entering into a Scheme Implementation Deed, the Thorn Independent Director will recommend the Transaction to Thorn Shareholders, 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 interest of Thorn Shareholders, and include his recommendation in all public announcements relating to the Transaction.</p> <p>The Thorn Independent Director will provide a voting intention statement to Thorn advising that they will vote (or cause to be voted) any Thorn Shares held or controlled by them 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 interest of Thorn Shareholders.</p>
<p>Termination</p>	<p>1.1 Termination by either party</p> <p>Either party may terminate the Scheme Implementation Deed by written notice to the other party:</p> <p>(a) where the conditions precedent are unable to be satisfied prior to the End Date;</p>

	<p>(b) the Court refuses to make orders directing Thorn to convene the Scheme Meeting or approving the Scheme and the parties agree not to appeal or receive advice from Senior Counsel not to do so; or</p> <p>(c) at any time before 8.00am on the Second Court Date, if:</p> <p style="padding-left: 20px;">(i) either:</p> <p style="padding-left: 40px;">(A) the other party is in material breach of any provision of the Scheme Implementation Deed (other than in respect of a Somers representation and warranty or a Thorn representation and warranty) and the relevant breach is material when taken in the context of the Scheme as a whole; or</p> <p style="padding-left: 40px;">(B) a representation and warranty given by the other party (being a Somers representation and warranty where the <i>other party</i> is Somers, and being a Thorn representation and warranty where the <i>other party</i> is Thorn) is not true and correct, where that breach is material in the context of the Transaction as a whole;</p> <p style="padding-left: 20px;">(ii) the party wishing to terminate has given written notice to the other setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed; and</p> <p style="padding-left: 20px;">(iii) the relevant circumstances continue to exist for 7 Business Days from the time the notice of intention to terminate is given (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date).</p> <p>1.2 Termination by Somers</p> <p>In addition to its termination rights under clause 1.1, Somers may terminate the Scheme Implementation Deed by written notice to Thorn at any time before 8.00am on the Second Court Date, if:</p> <p>(a) the Thorn Independent Director has changed, withdrawn or adversely modified their recommendation, voting intention statement or support for the Transaction, or has recommended or made a</p>
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	<p>statement supporting or endorsing a Competing Proposal for any reason, whether or not permitted to do so under the Scheme Implementation Deed; or</p> <p>(b) in any circumstances, a Thorn Group Member enters into a definitive agreement in relation to the implementation of a Competing Proposal. For the avoidance of doubt, any such definitive agreement does not include a Thorn Group Member entering into a confidentiality agreement or like agreement for the sole or dominant purpose of providing non-public information relating to concerning the business or operations of Thorn or the Thorn Group in relation to an actual, proposed or potential Competing Proposal.</p> <p>1.3 Termination by Thorn</p> <p>In addition to its termination rights under clause 1.1, Thorn may terminate the Scheme Implementation Deed by written notice to Somers at any time before 8.00am on the Second Court Date, if the Thorn Independent Director have changed, withdrawn or adversely modified their recommendation or voting intention statement, or have recommended or made a statement supporting or endorsing a Competing Proposal.</p>
<p>Other terms in Scheme Implementation Deed</p>	<p>The Scheme Implementation Deed will also include other customary terms and conditions to reflect a transaction of this nature, including"</p> <p>(a) conduct of business obligations on Thorn prior to the Implementation Date;</p> <p>(b) conduct obligations on Somers and Thorn to undertake the necessary steps to implement the Scheme, including preparation of the Scheme Booklet, convening of the Scheme Meeting and recommendations from the Thorn Independent Director;</p> <p>(c) representations and warranties to be provided by Somers and Thorn; and</p> <p>(d) the full terms of the Scheme, Deed Poll and Thorn Loan.</p>
<p>Definitions</p>	<p>Accounting Standards means:</p> <p>(a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and</p> <p>(b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in</p>

	<p>paragraph (a).</p> <p>Associate has the meaning given in section 12(2) of the Corporations Act, where Thorn is the 'designated body'.</p> <p>Authorised Person means, in respect of a person:</p> <ul style="list-style-type: none"> (a) a director, officer or senior executive of the person (or of, in the case of Thorn, a member of the Thorn Group, or, in the case of Somers, a member of the Somers Group); (b) an adviser of the person; or (c) a director, officer or senior executive of an adviser of the person. <p>Business Day means any day that is each of the following:</p> <ul style="list-style-type: none"> (a) a Business Day within the meaning given in the ASX Listing Rules; and (b) a day, other than a Saturday or Sunday, that banks are open for business in Sydney, New South Wales. <p>Competing Proposal means any expression of interest, proposal, offer, agreement, arrangement or transaction whether existing before, on or after the Execution Date, 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> <ul style="list-style-type: none"> (a) directly or indirectly acquiring or having the right to acquire (i) a Relevant Interest in; (ii) a legal, beneficial or economic interest (including by way of an equity swap, contract for difference or similar transaction or arrangement) in; or (iii) control of, 20% or more of the Thorn Shares on issue; (b) directly or indirectly acquiring control (as determined in accordance with section 50AA of the Corporations Act, but disregarding sub-section 50AA(4)) of or merging with Thorn or any other Thorn Group Member; (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; (d) otherwise directly or indirectly acquiring, being stapled to, or merging with Thorn; or
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	<p>(e) requiring Thorn to abandon, or to otherwise not proceed with the Transaction or requiring a Thorn Director not to recommend the 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. For the avoidance of doubt, each successive material modification or variation of any expression of interest, proposal, offer, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p> <p>Corporations Act means the <i>Corporations Act 2001</i> (Cth).</p> <p>Court means the Federal Court of Australia.</p> <p>Deed Poll means a deed poll to be executed by Somers in favour of the Scheme Shareholders.</p> <p>Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) of the Corporations Act in relation to the Scheme.</p> <p>Effective Date means the date on which the Scheme becomes Effective.</p> <p>End Date means:</p> <ul style="list-style-type: none"> (a) the date that is 6 months after the Execution Date; or (b) such other date as Somers and Thorn may agree in writing. <p>Equity Incentive means:</p> <ul style="list-style-type: none"> (a) performance rights awarded or granted by Thorn; or (b) any other rights or options to acquire Thorn Shares granted by Thorn. <p>Excluded Shareholder means any member of the Somers Group.</p> <p>Execution Date means the date the Scheme Implementation Deed is executed.</p> <p>Fairly Disclosed means disclosed to any of Thorn, Somers (as applicable) or any of their respective Authorised Persons to a sufficient extent and in sufficient detail, and in a timing and manner, so as to enable a reasonable recipient of the relevant information</p>
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	<p>who is experienced in transactions similar to the Transaction to identify the nature, scope and potential or likely impact of the relevant matter, event, circumstance or information.</p> <p>Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, the ATO, ASX, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.</p> <p>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.</p> <p>Independent Expert means an independent expert to be engaged by Thorn to express an opinion on whether the Scheme is in the best interests of Thorn Shareholders.</p> <p>Independent Expert's Report means the report from the Independent Expert commissioned by Thorn for inclusion in the Scheme Booklet, and any update to such report that the Independent Expert issues prior to the Scheme Meeting.</p> <p>Prescribed Occurrence means the occurrence of any of the following on or after the Execution Date:</p> <ul style="list-style-type: none"> (a) Thorn converting all or any of its shares into a larger or smaller number of shares; (b) any member of the Thorn Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; (c) any member of the Thorn Group: <ul style="list-style-type: none"> (i) entering into a buy-back agreement; or (ii) resolving to approve the terms of a buy-back agreement; (d) a member of the Thorn Group issuing securities, including without limitation shares, or granting options or convertible securities, or agreeing to make an issue of or grant an option over shares; (e) a member of the Thorn Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Thorn Shares, including pursuant to a dividend reinvestment or other share plan;
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	<p>(f) any member of the Thorn Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;</p> <p>(g) a member of the Thorn Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the Execution Date;</p> <p>(h) a member of the Thorn Group creating, or agreeing to create, any encumbrance 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;</p> <p>(i) a member of the Thorn Group waiving, releasing or assigning any material rights, claims or benefits of Thorn or any members of the Thorn Group;</p> <p>(j) a Government Agency issuing 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 8:00am on the Second Court Date; or</p> <p>(k) an insolvency event occurs in relation to a member of the Thorn Group.</p> <p>Record Date means 7.00pm on the date that is two Business Days after the Effective Date, or such other date as may be agreed in writing between Somers and Thorn or required by ASX.</p> <p>Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.</p> <p>Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between Thorn and Scheme Shareholders, in a form to be agreed by the parties.</p> <p>Scheme Booklet means the explanatory memorandum to be prepared in respect of the Scheme in accordance with the terms of the Scheme Implementation Deed and to be despatched by Thorn to Thorn Shareholders and which must include or be accompanied by:</p> <p>(a) an explanatory statement complying with the requirements of the Corporations Act, the Corporations Regulations and ASIC Regulatory Guide 60;</p> <p>(b) the Scheme;</p> <p>(c) the Scheme Implementation Deed;</p>
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	<p>(d) the Independent Expert's Report;</p> <p>(e) the Deed Poll;</p> <p>(f) the notice of General Meeting;</p> <p>(g) the notice of Scheme Meeting; and</p> <p>(h) proxy forms.</p> <p>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 \$1.62 per Scheme Share, less the amount of any dividend or capital return paid to Thorn Shareholders as agreed between Thorn and Somers, including the capital return to Thorn Shareholders in connection with the transaction with Resimac as contained in Resolution 4 of the notice of meeting dated 1 August 2023.</p> <p>Scheme Implementation Deed means the scheme implementation deed between Somers and Thorn consistent with the terms of the proposal from Somers dated 24 August 2023.</p> <p>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 in relation to the Scheme, and includes any adjournment of that meeting.</p> <p>Scheme Shareholder means a holder of Scheme Shares recorded in the Thorn Register as at the Record Date (other than an Excluded Shareholder).</p> <p>Scheme Shares means the Thorn Shares on issue as at the Record Date (other than Thorn Shares held by an Excluded Shareholder).</p> <p>Second Court Date means the first day of hearing of an application made to the Court by Thorn for orders under section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.</p> <p>Somers Board means the directors of Somers.</p> <p>Somers Group means Somers and its Related Bodies Corporate.</p> <p>Somers Group Member means a member of the Somers Group.</p> <p>Superior Proposal means a bona fide written Competing Proposal:</p> <p>(a) of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of 'Competing Proposal'; and</p>
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(b) that the Thorn Independent Director, acting in good faith and in order to satisfy what the Thorn Independent Director considers to be its fiduciary duties or statutory duties (and after taking written legal advice from its external legal advisers and after consulting with its financial advisors) determines:

- (i) is reasonably capable of being completed within a reasonable timeframe in accordance with its terms, having regard to conditionality and taking into account all aspects of the Competing Proposal and the person making it, including having regard to timing considerations, legal, regulatory and financial matters and any conditions precedent; and
- (ii) would or would be reasonably likely to, if completed in accordance with its terms, result in a transaction that is more favourable to Thorn Shareholders (as a whole) than the Transaction, after taking into account all of the terms and conditions of the Competing Proposal and the Transaction, including consideration, conditionality, funding, certainty, timing and other matters affecting the probability of the Competing Proposal being completed on its terms.

Third Party means a person other than Somers, any other Somers Group Member and their respective Associates.

Thorn Group means Thorn and its Related Bodies Corporate.

Thorn Group Member means a member of the Thorn Group.

Thorn Independent Director means the independent director of Thorn.

Thorn Loan means the loan from Thorn to Somers of \$29 million, less the aggregate amount of any dividend or capital return paid to Scheme Shareholders agreed between Thorn and Somers (including the capital return to Scheme Shareholders in connection with the transaction with Resimac as contained in Resolution 4 of the notice of meeting dated 1 August 2023), to be funded from Thorn's existing cash resources in order to satisfy the Scheme Consideration.

Thorn Loan Resolution means the resolution to approve the financial assistance, related party transaction and any other approvals required for the provision of the Thorn Loan to Somers.

Thorn Register means the register of members of Thorn maintained in accordance with the Corporations Act.

Thorn Share means a fully paid ordinary share in Thorn.

	<p>Thorn Shareholder means a person who is registered in the Thorn Register as a holder of Thorn Shares from time to time.</p> <p>Transaction means the proposed transaction under which Somers will acquire the Scheme Shares pursuant to the Scheme, in consideration for the provision of the Scheme Consideration.</p> <p>Transaction Document means any of:</p> <ul style="list-style-type: none">(a) the Scheme Implementation Deed;(b) the Scheme;(c) the Deed Poll; and(d) Thorn Loan.
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