



**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES**

**Thorn Group Limited**

ACN 072 507 147

## **Retail Entitlement Offer Booklet**

**Thorn's fully underwritten accelerated non-renounceable entitlement offer of 1 New Share for every 1 Share held by Eligible Shareholders at an issue price of A\$0.24 per New Share to raise approximately A\$38.7 million (before costs)**

The Retail Entitlement Offer is currently expected to close at 5.00pm (Sydney time) on 2 October 2019. Valid applications for New Shares under the Retail Entitlement Offer must be received before that time. Please read the instructions in this Offer Booklet and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Retail Entitlement Offer carefully.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS ENTITLEMENT OFFER BOOKLET IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES. IF YOU DO NOT UNDERSTAND ANY PART OF THIS ENTITLEMENT OFFER BOOKLET, OR ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT OR YOUR ENTITLEMENT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.**

**THIS ENTITLEMENT OFFER BOOKLET IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES, AND DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN THE UNITED STATES. NEITHER THE OFFER BOOKLET (OR ANY PART OF IT) NOR THE ENTITLEMENT AND ACCEPTANCE FORM MAY BE DISTRIBUTED TO ANY US PERSON OR ANY OTHER PERSON IN THE UNITED STATES. THE NEW SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, EXCEPT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY OTHER APPLICABLE SECURITIES LAWS.**

## Important Information

### Date of this document

This Offer Booklet is dated 23 September 2019.

### About this document

This Offer Booklet contains information relating to a proposed retail entitlement offer to be undertaken by Thorn Group Limited (ABN 54 072 507 147) (**Thorn**) which is part of the Entitlement Offer by Thorn to raise approximately \$38.7 million.

This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet carefully and in its entirety, with emphasis on the risk factors detailed in Section 5, have regard to your own investment parameters and, if required, obtain independent professional investment advice, before deciding to invest in Thorn.

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*). Accordingly, this document is not a prospectus (and has not been, and will not be, lodged with ASIC) and does not contain all information which an investor would find in a prospectus or may otherwise require to make an informed investment decision.

### About Thorn

The Investor Presentation lodged with ASX on 16 September 2019 (a copy of which is included at Annexure A) includes important information about Thorn and its current activities as at the date stated on it. It is information in summary form only and does not purport to be complete. It should be read in conjunction with this Offer Booklet and Thorn's other periodic and continuous disclosure announcements including Thorn's annual report lodged with ASX on 30 July 2019 and Thorn's other announcements to ASX available at [www.asx.com.au](http://www.asx.com.au) or [www.thorn.com.au](http://www.thorn.com.au).

### Forward-looking statements

This document contains forward looking statements in relation to Thorn. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may", "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding the outcome and effects of the Entitlement Offer, projections, guidance on future revenues, earnings, dividends and estimates. The forward looking statements contained in this document are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent known and unknown risks and uncertainties and other factors which are beyond the control of Thorn. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Such risks and uncertainties include factors and risks specific to the operations of Thorn, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, forward looking statements are provided as a general guide only and actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

Forward-looking statements in this Offer Booklet speak only at the date of this Offer Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, Thorn does not, in providing this information, undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any such statement is based. Accordingly, you are cautioned not to place undue reliance on forward looking statements contained in this document.

Neither Thorn nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement will actually occur.

### Past performance

Investors should note that Thorn's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Thorn's future performance including Thorn's future financial position or share price performance.

### Underwriter

Shaw and Partners Limited ACN 003 221 583 (**Underwriter**) has acted as lead manager and underwriter to the Entitlement Offer (including the Retail Entitlement Offer). Neither the Underwriter, nor any of their

affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor their respective directors, employees, officers, representatives, agents, partners, consultants and advisers (together the **Underwriter Parties**), have authorised, permitted, approved or verified any forward looking statements or caused the issue or lodgement, submission, despatch or provision of this Offer Booklet (or any other materials released by Thorn) and none of them makes or purports to make any statement in this Offer Booklet and there is no statement in this Offer Booklet which is based on any statement by any of them.

To the maximum extent permitted by law, the Underwriter and Underwriter Parties expressly disclaim all liabilities (including, without limitation, any liability arising from fault or negligence on the part of any person) and any direct, indirect, consequential or contingent loss or damage whatsoever arising from, make no representations regarding, and take no responsibility for, any part of this Offer Booklet and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Offer Booklet.

The Underwriter and Underwriter Parties make no recommendation as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and by returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or additional New Shares (in excess of your entitlement) through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Underwriter and Parties in relation to the New Shares, additional New Shares (in excess of your entitlement) or the Entitlement Offer generally.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Thorn and the Underwriter. To the maximum extent permitted by law, each of Thorn and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion. To the maximum extent permitted by law, the Underwriter Parties disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Offer Booklet being inaccurate or due to information being omitted from this Offer Booklet, whether by way of negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Offer Booklet. The Underwriter Parties take no responsibility for any part of this Offer Booklet or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Offer Booklet or otherwise arising in connection with either of them.

Shareholders should note that the Underwriter (whether in that capacity, as nominee in accordance with section 615 of the Corporations Act (if applicable) or otherwise) is not acting as agent for securityholders (including Ineligible Shareholders); manages the institutional bookbuild, and the sale process under section 615 of the Corporations Act in respect of the Entitlement Offer (if applicable), for and at the request of Thorn only; owes no duties (fiduciary or otherwise) to securityholders (including Ineligible Shareholders); is not obliged to return any entitlements to, or act at the direction, or consider the interests, or the requests, of any shareholders (including Ineligible Shareholders); may determine in its discretion to whom it allocates entitlements and New Shares in accordance with its arrangements with Thorn and subject to pro-rata entitlements of eligible securityholders under the Entitlement Offer; that there is no guarantee that any proceeds will be realised from the sale of entitlements or New Shares in relation to any sale process under section 615 of the Corporations Act in respect of the Entitlement Offer (if applicable); and that it is not liable for failure to sell such entitlements or New Shares at any particular price or at all.

#### **Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet or in the Investor Presentation. Any information or representation that is not contained in this Offer Booklet or in the Investor Presentation may not be relied on as having been authorised by Thorn in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Thorn, or any other person, warrants or guarantees the future performance of Thorn or any return on any investment made pursuant to the Entitlement Offer.

#### **No financial product advice**

This Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances

and having regard to the merits or risks involved. If after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

### **Foreign offer restrictions**

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution by you of this Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities law. See Section 6.4, "Foreign jurisdictions", of this Offer Booklet for more information.

### **New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Thorn with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **United States disclaimer**

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form may be distributed to any US Person or any other person in the United States.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, pledged or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

### **Nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in Australia or New Zealand, irrespective of whether they participate in the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Thorn. Nominees and custodians should consider carefully the contents of that letter and note in particular whether the beneficiaries on whose behalf they hold Shares satisfy the criteria of an Eligible Retail Shareholder.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand, including but not limited to the United States, except, with the express written consent of Thorn, to beneficial shareholders resident in certain other countries where Thorn may determine it is lawful and practical to make the Entitlement Offer.

Thorn is not required to determine whether any Shareholder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Retail Entitlement Offer by the beneficiary, complies with all applicable foreign laws.

### **Privacy**

Thorn and the Share Registry may have already collected certain personal information from Shareholders. Thorn and the Share Registry also collect information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Thorn. If you do not provide Thorn with your personal information, your Application may not be able to be processed.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Thorn (directly or through the Share Registry). Thorn collects, holds and will use that information to assess your Application. Thorn collects your personal information to process and administer your shareholding in Thorn

and to provide related services to you. Thorn may disclose your personal information for purposes related to your shareholding in Thorn, including to the Share Registry, Thorn's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

In most cases, you can obtain access to your personal information held by (or on behalf of) Thorn or the Share Registry. Thorn aims to ensure that the personal information retained about you is accurate, complete and up to date. To assist Thorn with this, please contact Thorn or the Share Registry if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information Thorn has about you, Thorn will take steps to correct it. To make a request for access to your personal information held by (or on behalf of) Thorn or the Share Registry, please contact Thorn through the Share Registry as follows:

*Computershare Investor Services Pty Limited*  
GPO Box 2975  
Melbourne VIC 3001

### **Currency**

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (A\$).

### **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Offer Booklet are due to rounding.

### **Date and Time**

A reference to date and/or time in this Offer Booklet is to Sydney, Australia date and/or time, unless otherwise stated.

### **Trading New Shares**

Thorn and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holdings statements, whether on the basis of confirmation of the allocation provided by Thorn or the Share Registry or otherwise, or who otherwise trades or purports to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matter you should first consult with your stockbroker, accountant or other professional adviser.

### **Glossary**

Capitalised words, expressions and abbreviations in this Offer Booklet have the meanings given in Section 7.

**For any enquiries please contact Thorn's share registry, Computershare Investor Services Pty Limited on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), 8:30am – 5:00pm (Sydney time), Monday to Friday, or contact your stockbroker, accountant or other professional adviser.**

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## Letter from the Chairman

Dear Shareholder,

On behalf of the Board of Thorn Group Limited (**Thorn**), I am pleased to invite you to participate in a 1 for 1 accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Thorn (**New Shares**) at an offer price of \$0.24 (**Issue Price**) per new share (**Entitlement Offer**).

### Settlement of class action proceedings and growth initiatives

Over the last several years, Thorn's development has been affected by the significant financial and operational headwinds from an ongoing class action; an ASIC investigation and resulting ASIC enforceable undertaking; and a significant debt reduction process.

We are now pleased to be in a position in which Thorn:

1. has signed a settlement deed in respect of the class action against it;
2. is reaching the end of the enforceable undertaking process; and
3. has reduced its corporate debt to \$15 million (compared to \$172 million of net assets as at 31 March 2019).

The proceeds of the Entitlement Offer will allow the company to refocus on its strategic objectives by funding the settlement of the class action and providing Thorn with sufficient capital to invest in the growth of Thorn Business Finance and a restructure of Radio Rentals.

### Entitlement Offer and underwriting arrangements

On 16 September 2019, Thorn announced its intention to raise approximately \$38.7 million through the Entitlement Offer comprising an Institutional Entitlement Offer and a Retail Entitlement Offer.

As announced on 18 September 2019, Thorn successfully completed the Institutional Entitlement Offer raising approximately \$15.4 million. Thorn's three largest shareholders, Somers Limited (**Somers**), Forager Funds Management Pty Ltd (**Forager**) and Investors Mutual Limited (**IML**), who collectively hold approximately 40% of Thorn's issued share capital, have shown their support for the Entitlement Offer by subscribing for their full entitlements under the Institutional Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 1 Share held on the Record Date of 7.00pm (Sydney time) on 18 September 2019 (**Entitlement**).

The Entitlement Offer will also include a Top Up Facility entitling Eligible Shareholders to subscribe for additional New Shares up to the Cap of 100% of their Entitlement. Additional New Shares under the Top Up Facility will be issued to Eligible Shareholders that have applied for participation in the Top Up Facility in priority to and before any allocation of the Shortfall is made to the Underwriter (and any Sub-Underwriters).

Shaw and Partners Limited has been appointed as the underwriter to the Entitlement Offer and has agreed to fully underwrite the Entitlement Offer. Additionally, Somers, Forager and IML have agreed to partially sub-underwrite the Entitlement Offer. Due to participation in any sub-underwriting arrangements by a number of institutional shareholders, including Somers, Forager and IML (who are Eligible Institutional Shareholders of Thorn), it is possible that the Entitlement Offer may have an effect on the control of Thorn, in certain circumstances. These include in the event that no Eligible Retail Shareholders take up all or part of their Entitlements pursuant to the Retail Entitlement Offer and each Sub-Underwriter ultimately sub-underwrites all or part of the Shortfall.

## Other information

This information booklet (**Offer Booklet**) relates to the Retail Entitlement Offer. Please carefully read this Offer Booklet in its entirety, together with all recent ASX announcements of Thorn, before deciding whether or not to invest in Thorn. In particular, you should read and consider Section 5 of this Offer Booklet titled “Risk Factors” which contains a summary of some of the key risks associated with an investment in Thorn.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 2 October 2019 (**Closing Date**).

Accompanying this Offer Booklet is your personalised Entitlement and Acceptance Form, which contains details of your Entitlement. Your Entitlement may have value and therefore it is important that you determine whether to take it up, or do nothing. If you do nothing, your Entitlement will lapse and you will receive no value for your Entitlement. Your Entitlement is non-renounceable meaning that it is personal to you and cannot be traded on the ASX or otherwise transferred.

If you are an Eligible Retail Shareholder and wish to take up all or a portion of your Entitlement under the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate Application Monies to Thorn’s Share Registry, before 5.00pm (Sydney time) on the Closing Date. Further details about your choices in relation to the Retail Entitlement Offer are set out in Section 2 of this Offer Booklet.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser.

On behalf of the Board, I encourage you to consider this investment opportunity carefully and thank you for your ongoing support of Thorn.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Foster'.

David Foster  
Chairman  
Thorn Group Limited



## Key Dates

Event	Date
Trading halt / Entitlement Offer announced	Monday, 16 September 2019
Accelerated Institutional Entitlement Offer opens	Monday, 16 September 2019
Institutional Entitlement Offer closed	Tuesday, 17 September 2019
Trading halt lifted / Thorn shares recommence trading on the ASX on an ex-entitlement basis	By 9.30am on Wednesday 18 September 2019
Record Date	7.00pm (Sydney time) on Wednesday, 18 September 2019
Retail Entitlement Offer opens	Monday, 23 September 2019
Despatch of Entitlement Offer Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	Monday, 23 September 2019
Settlement of New Shares under the Institutional Entitlement Offer	Tuesday, 24 September 2019
Issue of New Shares under Institutional Entitlement Offer	Wednesday, 25 September 2019
New Shares under the Institutional Entitlement Offer commence trading on the ASX on a normal settlement basis	Thursday, 26 September 2019
Retail Entitlement Offer closes	5.00pm on Wednesday, 2 October 2019
Announcement of results of Retail Entitlement Offer	Thursday, 3 October 2019
Shortfall (if any) announced to the ASX	Thursday, 3 October 2019
Settlement of New Shares under the Retail Entitlement Offer	Wednesday, 9 October 2019
Issue of New Shares under the Retail Entitlement Offer	Thursday, 10 October 2019
New Shares under Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Friday 11 October 2019
Despatch of holding statements	Monday 14 October 2019

Dates and times in this Offer Booklet are indicative only and subject to change (except where the date is historical). Any material changes will be notified to ASX. Thorn reserves the right to amend any or all of these dates and times, subject to the consent of the Underwriter, Corporations Act, the ASX Listing Rules and other applicable laws and regulations. In particular, Thorn reserves the right to extend the Closing Date and/or accept late Applications under the Entitlement Offer without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

The issue of New Shares will only be made after permission for their quotation on the ASX has been obtained. The fact that New Shares have been admitted to quotation on the ASX is not to be taken in any way as an indication of the merits of Thorn or the New Shares.

## 1 Overview of the Entitlement Offer

### 1.1 Summary

The Entitlement Offer is an accelerated non-renounceable entitlement offer of 1 New Share for every Share held by Eligible Shareholders on the Record Date at an issue price of A\$0.24 per New Share (**Issue Price**) to raise approximately A\$38.7 million.

The Issue Price represents a discount of 11.1% to the closing price of Thorn's shares of A\$0.27 on 13 September 2019, being the last trading day before the Entitlement Offer was announced and a 14.7% discount to the 9 day volume weighted average price of A\$0.28 being the period since the class action settlement was announced by Thorn to the ASX on 3 September 2019.

As mentioned in the Letter from the Chairman, the Entitlement Offer comprises the Institutional Entitlement Offer and the Retail Entitlement Offer which are both conducted as a non-renounceable entitlement offer of 1 New Share for every 1 Share held by Eligible Shareholders at the Issue Price.

#### *The Institutional Entitlement Offer*

On 17 September 2019 Thorn successfully completed the Institutional Entitlement Offer raising approximately A\$15.4 million. The Institutional Entitlement Offer was conducted at the Issue Price and each participant in that offer, being Somers, Forager and IML, applied for and were allocated their full Entitlements (no Top Up Facility was available to Eligible Institutional Shareholders).

#### *The Retail Entitlement Offer*

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 1 Share held by the Eligible Retail Shareholder as at the Record Date.

Eligible Retail Shareholders who take up their Entitlement in full, may also apply for additional New Shares in excess of their Entitlement up to the Cap, being a maximum of 100% of their Entitlement, under the Top Up Facility.

The Retail Entitlement Offer opens on 23 September 2019 and closes at 5.00pm on 2 October 2019.

### 1.2 Eligible Retail Shareholders

Unless Thorn otherwise determines, the Retail Entitlement Offer is only being made to those Shareholders who:

- (1) are registered as a holder of Thorn's Shares on the Record Date;
- (2) have a registered address on Thorn share register in Australia or New Zealand;
- (3) are not a US Person;
- (4) are not acting for the account or benefit of, directly or indirectly, any US Person;
- (5) are not Eligible Institutional Shareholders and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (6) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

### 1.3 **Ineligible Shareholders**

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. The Retail Entitlement Offer is not being extended to Ineligible Shareholders because of the small number of those Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand. Accordingly, Ineligible Shareholders will not be entitled to participate in the Retail Entitlement Offer. Instead, the following arrangements will apply:

- (1) Thorn has appointed the Underwriter as nominee in relation to Ineligible Shareholders for the purposes of section 615 of the Corporations Act, whose appointment has been approved by ASIC (**Nominee**);
- (2) Thorn will allot to the Nominee, the New Shares that would otherwise be issued to Ineligible Shareholders, had they been included in the Entitlement Offer (**Ineligible Shareholder Shares**); and
- (3) the Nominee will offer the New Shares that would otherwise be issued to Ineligible Shareholders for sale as soon as reasonably practicable. If the price received for such sales (if any) of Ineligible Shareholder Shares exceeds the Issue Price, the Nominee will pay to the Share Registry the sale proceeds, net of all expenses (including brokerage and any applicable taxes and charges) who will distribute to each of the Ineligible Shareholders their proportion of the proceeds of the sale (if any).

Ineligible Shareholders should note that the sale of any Shares may affect their Australian taxation position. It is recommended that Ineligible Shareholders obtain independent tax advice if they are in doubt as to the tax treatment of any cash proceeds they may receive.

Where this Offer Booklet has been despatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances, Thorn may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided that Thorn is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

### 1.4 **What is the entitlement of an Eligible Retail Shareholder?**

The number of New Shares to which you are entitled to apply for under the Retail Entitlement Offer, including additional New Shares under the Top Up Facility described in Section 1.6 below, is shown in the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet.

Your Entitlement is non-renounceable, meaning that it is personal to you and may not be sold or transferred.

Section 2 contains a summary of your choices in relation to the Retail Entitlement Offer.

### 1.5 **Minimum subscription**

There is no minimum subscription for the Retail Entitlement Offer.

### 1.6 **Top Up Facility**

Eligible Retail Shareholders who take up their Entitlement in full, may also apply for additional New Shares in excess of their Entitlement up to the Cap, being a maximum of 100% of their Entitlement, under the Top Up Facility. Eligible Retail Shareholders may

apply for additional New Shares under the Top Up Facility by completing the relevant section of their Entitlement and Acceptance Form, at the Issue Price of A\$0.24 per additional Share (being the same price as the Issue Price per New Share issued under the Retail Entitlement Offer and Institutional Entitlement Offer).

Additional New Shares will only be available under the Top Up Facility to the extent that other Eligible Retail Shareholders do not apply for their 1-for-1 entitlement for New Shares). The total number of additional New Shares available under the Top Up Facility will be the difference between the number of New Shares offered to Eligible Retail Shareholders and the number of New Shares applied for by Eligible Retail Shareholders under the Retail Entitlement Offer.

Decisions regarding the operation of the Top Up Facility (including the issue of any additional New Shares) and any necessary scale back will be made by the Directors in their absolute discretion. Thorn will not issue additional New Shares under the Top Up Facility, where to do so would be likely to result in a breach of its constitution, the Corporations Act or the ASX Listing Rules. In the event that demand for additional New Shares under the Top Up Facility exceeds the number of additional New Shares that are available, the number of additional New Shares issued to Eligible Shareholders under the Top Up Facility will be scaled back on a pro-rata basis. Eligible Shareholders who wish to apply for additional New Shares under the Top Up Facility must do so at the same time as they apply for New Shares under the Retail Entitlement Offer.

Additional New Shares will be issued under the Top Up Facility at the same time as New Shares are issued under the Retail Entitlement Offer. If scale back occurs, Application Monies in relation to additional New Shares applied for but not issued will be refunded as soon as possible following the Closing Date, without interest.

There is no guarantee that Eligible Retail Shareholders will receive any or all of the additional New Shares which they apply for under the Top Up Facility.

#### **1.7 Shortfall allocation policy**

Any New Shares offered under the Entitlement Offer (including under the Top Up Facility) that are not applied for will form the Shortfall Shares. The Shortfall Shares are fully underwritten by the Underwriter and the Sub-Underwriters. The Shortfall Shares will be allotted to one or more of these parties pursuant to the Underwriting Agreement.

#### **1.8 Underwriting**

The Entitlement Offer is fully underwritten. A summary of some of the underwriting terms is set out in Section 3.2.

#### **1.9 Effect of underwriting on control**

The potential effects of the underwriting arrangements on the control of Thorn are described in Section 3.4.

#### **1.10 Issue of New Shares and ASX quotation**

Thorn currently expects that the New Shares under the Retail Entitlement Offer will be issued on 10 October 2019 and will commence trading on 11 October 2019 on the ASX on a normal settlement basis.

#### **1.11 Ranking of New Shares**

When issued, the New Shares will be fully paid and will rank equally with existing Shares on issue.

### 1.12 **Withdrawal of the Retail Entitlement Offer**

Thorn reserves the right to withdraw all or part of the Retail Entitlement Offer and this Offer Booklet at any time, subject to applicable laws. In that case, Thorn will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Thorn will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Thorn.

### 1.13 **Use of proceeds**

The funds raised under the Entitlement Offer will be approximately A\$38.7 million. Thorn intends to use these funds, net of transaction costs and expenses, for the following purposes:

- (1) settlement of the class action proceedings (and associated legal costs); and
- (2) the balance will be applied for working capital purposes to grow Thorn Business Finance and to restructure the Radio Rentals business.

Further details are set out in the Investor Presentation lodged with the ASX on 16 September 2019.

### 1.14 **Effect on capital structure**

The principal effect of the Entitlement Offer on Thorn's issued share capital will be to increase the total number of issued Shares. The following table sets out the number of issued Shares on the Announcement Date and, subject to the rounding of fractional entitlements under the Entitlement Offer, the total number of issued Shares at the completion of the Entitlement Offer (note that the Shares offered under the Retail Entitlement Offer includes Shares that would have otherwise been subscribed for by Ineligible Shareholders):

	<b>Number of Shares</b>
Shares on issue at the Announcement Date	161,175,066
Shares issued under the Institutional Entitlement Offer	64,342,142
Shares offered under the Retail Entitlement Offer	96,832,924
Total Shares on issue on completion of the Entitlement Offer	322,350,132

### 1.15 **Consider the Retail Entitlement Offer carefully**

The Retail Entitlement Offer is being made pursuant to the provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an Application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Thorn and the Retail Entitlement Offer made publicly available, prior to deciding whether to make an Application for any New Shares under the Retail Entitlement Offer or do nothing in respect of your Entitlements. In particular, please refer to this Offer Booklet and

other announcements by Thorn made available at [www.asx.com.au](http://www.asx.com.au) (including announcements which may be made by Thorn after publication of this Offer Booklet).

Please consult with your stockbroker, accountant or other suitable professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the Key Risks Section of this Offer Booklet at Section 5.

## **2 Choices of an Eligible Retail Shareholder in relation to the Retail Entitlement Offer**

### **2.1 What Eligible Retail Shareholders may do**

If you are an Eligible Retail Shareholder, the following choices are available to you:

- (1) accept all of your Entitlement but do not participate in the Top Up Facility (refer to Section 2.2);
- (2) accept all of your Entitlement and apply for additional New Shares under the Top Up Facility (refer to Section 2.3);
- (3) accept part of your Entitlement and allow the balance to lapse (refer to Section 2.4); or
- (4) not take up any of your Entitlement and allow it to lapse (refer to Section 2.5).

If you are an Eligible Retail Shareholder, before taking any of the actions referred to above, ensure that you have read this Offer Booklet in its entirety and considered the risks associated with an investment in Thorn (refer to Section 5). If after reading the Offer Booklet you have any questions about the Retail Entitlement Offer and whether it is a suitable investment for you in light of your own investment objectives and financial circumstances, you should contact your stockbroker, accountant or other suitable professional adviser.

### **2.2 Acceptance of ALL of your Entitlement**

If you wish to accept all of your Entitlement, then an Application for New Shares must be made on the accompanying Entitlement and Acceptance Form in accordance with the instructions in this Offer Booklet and on the Entitlement and Acceptance Form. Please read these instructions carefully.

Please return the completed Entitlement and Acceptance Form (unless you pay by BPAY®), and pay the Application Monies (in full), in accordance with the instructions in Section 2.6, to the Share Registry so that is received at the address listed in Section 2.6 by no later than 5.00pm (Sydney time) on the Closing Date.

### **2.3 Acceptance of ALL of your Entitlement and applying for additional New Shares under the Top Up Facility**

If you wish to accept all of your Entitlement and apply for additional New Shares as part of the Top Up Facility, then applications for New Shares pursuant to your Entitlement and to additional New Shares under the Top Up Facility must be made by completing the relevant Sections in the Entitlement and Acceptance Form, in accordance with the instructions in the Offer Booklet and on the accompanying Entitlement and Acceptance Form. Please read these instructions carefully. The number of additional New Shares under the Top Up Facility that you may subscribe for is subject to a Cap of 100% of your Entitlement.

If you apply for additional New Shares under the Top Up Facility and if your application is successful (in whole or part) your additional New Shares will be issued to you at the same

time as your other New Shares under the Retail Entitlement Offer. New Shares will only be allocated to Eligible Retail Shareholders if available. If you apply for New Shares under the Top Up Facility, there is no guarantee that you will be allocated any New Shares under the Top Up Facility. The Directors may apply any scale-back and reserve their right to allot and issue New Shares under the Top Up Facility at their discretion. Thorn will not issue New Shares under the Top Up Facility where to do so would be likely to result in a breach of its constitution, the Corporations Act or the ASX Listing Rules. Please see Section 1.6 for information about the Top Up Facility.

Please return the completed Entitlement and Acceptance Form (unless you pay by BPAY®), and pay the relevant Application Monies (in full), in accordance with the instructions in Section 2.6, to the Share Registry so that is received at the address listed in Section 2.6 by no later than 5.00pm (Sydney time) on the Closing Date.

#### **2.4 Acceptance of PART of your Entitlement and allowing the balance to lapse**

If you wish to only take up part of your Entitlement, then applications for New Shares under the Offer Booklet must be made on the Entitlement Offer and Acceptance Form, in accordance with the instructions referred to in this Offer Booklet and on the Entitlement and Acceptance Form. Please read these instructions carefully.

Please return the completed Entitlement and Acceptance Form (unless you pay by BPAY®), and pay the relevant Application Monies, in accordance with the instructions in Section 2.6, to the Share Registry so that is received at the address listed in Section 2.6 by no later than 5.00pm (Sydney time) on the Closing Date.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be granted from taking up that Entitlement.

#### **2.5 Allowing your Entitlement to lapse**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Retail Entitlement Offer will firstly form part of Shares available to be subscribed for under the Top Up Facility and then, if applicable, become Shortfall Shares subject to underwriting by the Underwriter or one or more of the Sub-Underwriters.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement. However, the Voting Power of those Shares will decrease following completion of the Entitlement Offer due to the dilutionary impact of the Entitlement Offer. Refer to Section 3.4 for further information regarding the dilutionary impact of the Entitlement Offer.

#### **2.6 Payment**

For Eligible Retail Shareholders participating in the Retail Entitlement Offer, the Application Monies are payable in full on application.

Application Monies must be received by the Closing Date and must be in Australian currency and made by:

- (1) cheque drawn on and payable at any Australian bank;
- (2) bank draft or money order drawn on and payable at any Australian bank; or
- (3) BPAY®.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form.

Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY®. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than the Closing Date.

Thorn will treat you as applying for as many New Shares as your Application Monies will pay for in full.

Cheques, bank drafts and money orders must be made payable to “Thorn Group Limited” and crossed ‘Not Negotiable’. Cash payments will not be accepted. Receipts for payment of Application Monies will not be provided.

Thorn will not be responsible for any postal or delivery delays or delay in the receipt of your Entitlement and Acceptance Form or Application Monies.

Application Monies will be held in trust in a subscription account until New Shares are issued. Any interest earned on Application Monies will be for the benefit of Thorn and will be retained by Thorn irrespective of whether any issue of New Shares takes place.

Unless you are paying by BPAY®, completed Entitlement and Acceptance Forms and payment of Application Monies should be forwarded to the Share Registry by mail in the enclosed prepaid envelope or, if you are outside of Australia or do not use the prepaid envelope, by mail addressed to:

**Computershare Investor Services Pty Limited**  
**GPO Box 505**  
**Melbourne VIC 3001**

Completed Entitlement and Acceptance Forms and Application Monies must be received by the Closing Date.

Please note that all acceptances, once received, are irrevocable.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. Please see above for further details.

## 2.7 **Representations you will be taken to make by acceptance**

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have (including, where applicable, on behalf of each person on whose account you are acting):

- (1) acknowledged that you have fully read and understood this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (2) agreed to be bound by the terms of the Retail Entitlement Offer, the provisions of this Offer Booklet and Thorn’s constitution;
- (3) authorised Thorn to register you as the holder of the New Shares allotted to you;
- (4) declared that all details and statement in the personalised Entitlement and Acceptance Form submitted by you are complete and accurate and not misleading or deceptive (including by omission);
- (5) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;



- (6) acknowledged that once Thorn receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (7) acknowledged that you have a registered address in Australia or New Zealand or certain other jurisdictions as explicitly consented to by Thorn as at the Record Date;
- (8) agreed to apply for and be issued up to the number of New Shares and additional New Shares under the Top Up Facility specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (9) authorised Thorn, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you;
- (10) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (11) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (12) authorised Thorn, the Underwriter, the Sub-Underwriters, the Share Registry and their respective officer and agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry, using the contact details set out in your Entitlement and Acceptance Form;
- (13) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Thorn and is given in the context of Thorn's past and ongoing continuous disclosure announcements to the ASX;
- (14) acknowledged the risk factors detailed in Section 5 of this Offer Booklet, the Section headed 'Risks Section' in the Investor Presentation lodged with the ASX on 16 September 2019, and that investments in Thorn are subject to risk;
- (15) acknowledged that none of Thorn, the Underwriter or each of their respective related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Thorn, nor do they guarantee the repayment of capital;
- (16) represented and warranted (for the benefit of Thorn, the Underwriter and each of their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (17) agreed to provide any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and your holding of Shares on the Record Date;
- (18) acknowledged and agreed that eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters. Including legal and regulatory requirements, logistical and registry constraints and the discretion of Thorn and/or the

Underwriter, and each of Thorn and the Underwriter and each of their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;

- (19) authorised Thorn to correct any errors in your Entitlement and Acceptance Form;
- (20) represented and warranted (for the benefit of Thorn, the Underwriter and their respective related bodies corporate and affiliates) you are not a US Person and you are not acting for the account or benefit of, either directly or indirectly, a US Person or any other person in the United States;
- (21) acknowledged that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
- (22) acknowledged and agreed you have not sent, and will not send, any materials relating to the Entitlement Offer to any US Person or to any person acting for the account or benefit of a US Person.

## **2.8 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application pursuant to the Entitlement Offer once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

## **2.9 Refunds of excess Application Monies**

Any Application Monies received for more than the number of New Shares issued to you will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any Application Monies. Payment of any refund will be made by cheque mailed to your address as last recorded in Thorn's register of members.

# **3 Underwriting arrangements and effect on control**

## **3.1 Underwriting**

The Entitlement Offer is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

In turn, the Underwriter has entered into sub-underwriting agreements with each Sub-Underwriter which has agreed to sub-underwrite the Entitlement Offer in proportions agreed between the Underwriter and each Sub-Underwriter.

## **3.2 Underwriting Agreement**

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Entitlement Offer at the Issue Price of A\$0.24 on the terms and conditions set out in the Underwriting Agreement. The obligations of the Underwriter are subject to the satisfaction (or waiver) of conditions precedent documented in the Underwriting Agreement.

The Underwriter will receive a fee for providing its underwriting services under the Underwriting Agreement and will be reimbursed for certain expenses (including any underwriting fees paid to any Sub-Underwriter). Additionally, as set out in Section 5.4, the Underwriter may terminate the Underwriting Agreement and can be released from its obligations if certain events occur (as set out in the Underwriting Agreement).

### 3.3 Sub-Underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with a number of institutional investors, including each of Somers, Forager and IML.

To the extent that the Underwriter permits the Sub-Underwriters to participate and New Shares are available to be sub-underwritten, a maximum of 96,832,924 New Shares may be allocated to the Sub-Underwriters, as follows:

- (1) Somers for a maximum of 34,977,579 New Shares (being 36.12% of the sub-underwritten allocation);
- (2) Forager for a maximum of 18,311,283 New Shares (being 18.91% of the sub-underwritten allocation);
- (3) IML for a maximum of 6,044,062 New Shares (being 6.24% of the sub-underwritten allocation); and
- (4) any additional institutional investor/s nominated by the Underwriter for a maximum of 37,500,000 New Shares (being 38.73% of the sub-underwritten allocation).

### 3.4 Dilution and effect on control of Thorn

Shareholders (other than Eligible Institutional Shareholders) should note that the completion of the Institutional Entitlement Offer has resulted in the dilution of their Voting Power. If Eligible Retail Shareholders do not participate in the Retail Entitlement Offer, their shareholdings will be further diluted.

In respect of the Eligible Institutional Shareholders, the table below illustrates each of their Voting Power in Thorn immediately following completion of the Institutional Entitlement Offer.

Shareholder	Shareholding immediately prior to the launch of the Entitlement Offer	% Voting Power immediately prior to the launch of the Entitlement Offer	Entitlements taken up under the Institutional Entitlement Offer	% Voting Power immediately following completion of the Institutional Entitlement Offer <sup>(1)</sup>
Somers	32,224,659	19.99%	32,224,659	28.58%
Forager	18,216,132	11.30%	18,216,132	16.15%
IML	13,901,351	8.63%	13,901,351	12.33%
Remainder of shareholders	96,832,924	60.08%	Nil	42.94%

However, it is anticipated by Thorn that the Voting Power of each of the Eligible Institutional Shareholders is likely to be diluted on the completion of the Retail Entitlement Offer assuming Eligible Retail Shareholders apply for all or part of their Entitlements plus any New Shares available under the Top Up Facility or, to some extent, there is underwriting of any Shortfall Shares.

The following tables show the approximate number of Shares held by, and approximate Voting Power of, the substantial Shareholders and Sub-Underwriters after completion of the Entitlement Offer, assuming different levels of acceptances by Eligible Retail Shareholders.

(1) Retail Entitlement Offer is fully subscribed (no Shortfall)

Shareholder	Following Completion of the Institutional Entitlement Offer		Retail Entitlement Offer is fully subscribed	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Somers	64,449,318	28.58%	64,449,318	19.99%
Forager	36,432,264	16.15%	36,432,264	11.30%
IML	27,802,702	12.33%	27,802,702	8.63%
Other Sub-Underwriters	Nil	Nil	Nil	Nil
Others	96,832,924	42.94%	193,665,848	60.08%
<b>Total</b>	<b>225,517,208</b>	<b>100.0%</b>	<b>322,350,132</b>	<b>100.0%</b>

**Notes:**

This table assumes that any New Shares that would have been otherwise offered to Ineligible Shareholders have been sold to Eligible Retail Shareholders as part of the Top Up Facility.

(2) Retail Entitlement Offer is not fully subscribed (various levels of Shortfall which are fully sub-underwritten)

Shareholder	75% acceptance of Entitlements		50% acceptance of Entitlements		25% acceptance of Entitlements	
	Number of Shares	Voting Power	Number of Shares	Voting Power	Number of Shares	Voting Power
Somers	73,193,713	22.71%	81,938,108	25.42%	90,682,502	28.13%
Forager	41,010,084	12.72%	45,587,906	14.14%	50,165,726	15.56%
IML	29,313,718	9.09%	30,824,732	9.56%	32,335,749	10.03%
Other Sub-Underwriters	9,375,000	2.91%	18,750,000	5.82%	28,125,000	8.72%
Other Shareholders	169,457,617	52.57%	145,249,386	45.06%	121,041,155	37.55%
<b>Total</b>	<b>322,350,132</b>	<b>100%</b>	<b>322,350,132</b>	<b>100%</b>	<b>322,350,132</b>	<b>100%</b>

**Notes:**

This table assumes that the Underwriter underwrites no New Shares and 100% of the Shortfall is allocated to the Sub-Underwriters in the proportions outlined in Section 3.3.

(3) Effect on control

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's Voting Power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%).

There are certain exceptions to the above prohibition in section 611 of the Corporations Act. Item 10A of the table in section 611 of the Corporations Act (as notionally inserted by *ASIC Corporations (Takeovers – Accelerated Rights Issues) Instrument 2015 / 1069*) (**Rights Issue Exception**) provides an exception for an acquisition of securities pursuant to a rights issue if the following conditions are satisfied:

- (a) the company offers to issue securities to every person who holds securities on a pro-rata basis;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them;
- (c) agreements to issue securities are not entered into until the closing date of the offer; and
- (d) the terms of all offers are the same.

The Rights Issue Exception extends to any underwriters of a rights issue or any sub-underwriters. If the Rights Issue Exception is to be relied upon then section 615 of the Corporations Act (regarding the appointment of a nominee for the sale of foreign shareholders' rights) must be complied with, which includes a requirement for ASIC to approve the nominee.

The Voting Power of Somers immediately following the completion of the Institutional Entitlement Offer and in some scenarios where Somers is required to sub-underwrite some New Shares will exceed 20% (in each case as shown above for various levels of Shortfall). The Rights Issue Exception will be relied upon by Somers in each of these circumstances and, accordingly, Thorn has appointed a nominee pursuant to section 615 of the Corporations Act which was approved by ASIC on 13 September 2019.

(4) Consequences of effect on control of Entitlement Offer

Following completion of the Entitlement Offer, Somers may increase its Voting Power in Thorn as detailed in this Section 3.4. Notably, this may affect the issued capital of Thorn, including in the following ways:

- (a) Somers will obtain an increased ability to block any resolutions that are required to be passed by a special resolution (75% or more of the votes cast at a shareholders' meeting by shareholders entitled to vote). To the extent Somers' Voting Power exceeds 25%, it will be able to veto any resolutions which require such a special resolution;
- (b) the issued capital of Thorn will become more concentrated (and this will more generally become the case where any Eligible Institutional Shareholder participates in the sub-underwriting process);
- (c) there will be a lowering of the free float of Thorn's issued capital (on a proportional basis) which may reduce liquidity and adversely affect the market value of the Shares; and

- (d) Somers will be able to rely on a number of exceptions to the general prohibition provided in section 606 of the Corporations Act (see Section 3.4(3)) to increase its holding by way of an exception pursuant to section 611 of the Corporations Act (including through a takeover bid and scheme of arrangement).

It should be noted that Forager, IML and other Sub-Underwriters will also increase or establish their respective Voting Power in Thorn as detailed in this Section 3.4 which may have some similar consequences on the control of Thorn (for example the issued capital of Thorn will become more concentrated if Forager, IML and the other Sub-Underwriters establish or increase their respective Voting Power in Thorn).

## **4 ASX announcements**

A copy of the following documents, as announced and provided to the ASX by Thorn on 16 September 2019, is provided at Annexure A of this Offer Booklet:

- (1) ASX Announcement in respect of the Entitlement Offer;
- (2) Investor presentation; and
- (3) Cleansing Notice.

## **5 Risk Factors**

### **5.1 Overview**

There are a number of factors, both specific to Thorn and of a general nature, which may affect the future performance of Thorn and the outcome of an investment in Thorn. There can be no guarantees that Thorn will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section 5 describes certain, but not all, risks associated with an investment in Thorn. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer Booklet or of which they are otherwise aware. Directors emphasise that the risk factors set out in this Section 5 are not the only risk factors that could affect the operations of Thorn, its financial position and the value of Shares.

Nothing in this Offer Booklet is financial product advice and this document has been prepared without taking into account your investment objectives, financial situation or particular needs. You should also consider consulting your financial or legal adviser so as to ensure you understand fully the terms of the Offer and the inherent risks associated with Thorn before applying for New Shares.

### **5.2 Specific risk factors**

The specific risks associated with a holding of Shares include the following:

- (1) Credit / payment risk

Thorn is a specialised alternative lending business focused on consumer leasing of household appliances, technology and furniture through its Radio Rentals division (under its brands Radio Rentals, RR and Rentlo Reinvented), and asset financing to small and medium sized enterprises (SMEs) through its Thorn Business Finance division.

The Radio Rentals customers and target market are primarily consumers in the lower income demographic who are credit constrained. Thorn Business Finance's customers and target market are sub-prime SMEs.

Thorn and its subsidiaries accept credit risk when leasing goods through Radio Rentals or lending or advancing money through Thorn Business Finance to or on behalf of customers, being the risk that customers may not fulfil their contractual obligations in a timely manner or at all, causing Thorn financial loss. Credit risk is a significant risk in relation to Thorn's business.

Thorn relies on its credit risk framework to define the appropriate credit processes, set appropriate parameters for its risk grades to assess credit risk, set pricing appropriate to those risk levels given the expected levels of default and monitor portfolio credit risk. While Thorn expects to generate some losses in relation to its portfolio, the credit risk framework seeks to set these at a level where Thorn continues to generate an appropriate return for shareholders from its financing activities.

Thorn uses information from third party credit agencies and third party technology vendors (such as Equifax and Illion) in its credit assessment process. Thorn relies on the availability and accuracy of this information to make informed credit assessments of potential customers. Consequently, Thorn could face significant additional costs of business disruption if a change in access to data services such as banks changing or restricting access to their customer data or credit reporting bodies such as Equifax or Illion changing the inputs relied upon by Thorn to make credit decisions.

Arrears management is a main focus in managing credit risk and the associated loan loss provisioning. Thorn utilises in-house resources and outsourced collection specialists where required in conducting collection activities. Arrears are highly sensitive to external factors and can fluctuate. For example, the arrears for Thorn Business Finance have increased by 0.4% since the beginning of Thorn's current financial year but this has remained within a 0.6% band for this financial year.

Thorn is also a member of the Australian Financial Complaints Authority (AFCA). Thorn's customers may notify complaints to AFCA and AFCA may make determinations against Thorn. AFCA may also from time to time refer systemic issues and possible serious contraventions and other breaches of law in relation to Thorn to ASIC. In this regard, Thorn was advised in March 2019 by AFCA that it is investigating whether the customers of a number of financial firms, including Thorn Business Finance, were misled when entering into rental agreements as part of advertising packages with Halast Media, now Viewble. AFCA also indicated that ASIC had been advised of the investigation. Thorn is cooperating with the investigation.

Thorn through its Radio Rentals division is subject to ongoing service and maintenance costs in relation to the goods leased to customers and cannot be certain as to the condition of the goods while in the possession of its customers.

If Thorn's customers do not fulfil or are released from their obligations, or the cost of maintaining its products or arrears and bad debts exceed budget, then Thorn may experience a decrease in revenue, an increase in expenses (including an increase in impairment expenses and an increase in enforcement and funding costs), and/or a decrease in operating cash flows, which may have a material adverse effect on the financial performance and prospects of Thorn.

(2) Loss of key business relationships

Thorn has a number of key business relationships governed by contracts and arrangements, both written, unwritten, current and being managed on terms that have expired.

A key business relationship Radio Rentals has is with the Department of Human Services in relation to the use of the Centrepay services. This is governed by the Centrepay Policy and Terms. Radio Rentals offers its customers Centrepay as an automated payment method.

The termination or amendment of any of these key contracts or arrangements may have a material adverse effect on the financial performance and prospects of Thorn.

(3) White label contracts

Thorn Business Finance originates a substantial part of its receivables through white label partners, who may enter into a disclosed or undisclosed principal-agency relationship with Thorn for the purposes of writing business as Thorn's agent and who may sell receivables to Thorn secured by leases and loans along with the corresponding financed equipment. Thorn's ability to generate revenue is reliant on the ability of white label partners to write business for and on behalf of Thorn, noting that the white label partners do not exclusively originate products on behalf of Thorn. Thorn Business Finance's largest white label introducer currently accounts for approximately 20% of its monthly business originations and the second largest approximately 15% of originations. If Thorn loses any of its key principal-agency relationships, this may have a material adverse effect on the financial performance and prospects of Thorn.

(4) Changes to key licences / authorisations

Thorn's businesses are subject to numerous compliance frameworks including the National Consumer Credit Protection Act 2009 (Cth). Changes to legislation or the manner in which legislation or key authorisations under legislation is applied would be likely to disrupt the processes by which Thorn conducts its businesses, including the ability of Thorn to obtain or retain key licences, the time taken to complete transactions and the cost of compliance. These factors may have a material adverse effect on the financial performance and prospects of Thorn.

(5) Potential acquisitions and divestments

As part of its business strategy, Thorn may make acquisitions of, or significant investments in, complementary companies, products or technologies and may make asset divestments. Any such transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, and any divestment activity could result in realising values less than fair value, a decrease in revenue and stranded costs.

(6) Failure to retain key management personnel, employees and board members

Thorn relies on key staff and its ability to attract and retain key staff is a fundamental driver of its performance. As Thorn's business is centred around relationships with third party originators, the loss of key staff or the inability to attract key staff may adversely affect Thorn's ability to generate revenue. Thorn has in place employment contracts with key employees and has the objective of providing attractive employment conditions to assist in retaining key employees. However, there is no guarantee that Thorn can or will retain its key employees. If



Thorn loses key employees or cannot attract key employees, this may have a material adverse effect on the financial performance and prospects of Thorn.

On 12 August 2019 Thorn announced that its Chief Executive Officer, Tim Luce, had indicated his intention to leave the company. Mr Luce has advised that he remains committed to working with the Board through its current strategic review process and the recruitment of a suitable replacement before leaving the company. The position of General Counsel is currently being filled on an interim basis and the position of Chief Risk Officer will be become vacant in the near future.

The Thorn Board is undergoing a period of renewal. At Thorn's Annual General Meeting on 30 August 2019, one of the existing directors retired and three new directors were elected to the Board. The remaining existing directors have also indicated their intention to retire and that this will occur on an orderly basis and that at all times there will be 3 independent directors on the Board that constitute a majority, in accordance with the ASX Corporate Governance Principles and Recommendations. A search has commenced for suitably qualified independent executive directors.

(7) Technology / IT systems risk

Thorn's business is dependent on maintaining relationships with key third party vendors, information technology suppliers, and software and infrastructure providers. For example, Thorn uses a third party software provider to store and maintain its client files and business data. Thorn could face significant additional costs from business disruption if the availability of or its access to its file management system was adversely affected. Thorn has identified, and is in the processes of remediating, a number of information technology process issues regarding the protection of data, including the monitoring of super-user activity (including changes to the data and production) in the relevant applications, the user access review process, change management controls and developer access to the production environment.

(8) Litigation, claim and dispute risks

Thorn may be subject to litigation, claims, disputes, arbitration, mediation or other proceedings with third parties in the course of, or in connection with, its business. These may include, but are not limited to, contractual disputes with customers, suppliers, contractors or employees and regulatory investigations or related proceedings.

On 2 September 2019 Thorn announced that it and its subsidiary, Thorn Australia Pty Limited ("TAPL"), had agreed settlement with the Applicant in the class action of Casey Cheryl Simpson v Thorn Australia Pty Ltd and others (Federal Court Proceeding NSD 448/2017). Under the terms of the settlement, in full and final settlement of the class action, Thorn and TAPL will pay A\$25 million to the Applicant on behalf of the class. Thorn's insurer will also make a separate contribution towards the settlement. Thorn and TAPL will release the insurer from any related claims they have with the insurer under their relevant insurance policies.

The settlement does not involve any admission of liability and remains subject to Court approval. There can be no guarantee that Thorn will not in the future be the subject of further class actions.

The cost of defending and/or settling litigation, claims, disputes, arbitration, mediation, class actions or other proceedings may be significant. Additionally, any major dispute, litigation, class action or other proceedings could damage Thorn's business relationships and reputation, lead to an increase in insurance premiums,

a reduction in insurance coverage or an inability to secure insurance, expose Thorn and its directors and officers to potential or actual liability and have a material adverse effect on the financial performance and prospects of Thorn.

Thorn may also commence litigation, arbitration, mediation or other proceedings or make a claim against third parties for losses or liabilities suffered or incurred in the course of, or in connection with, its business. There is no guarantee that Thorn will be successful in any such litigation or proceedings or recovering any such losses or liabilities. If Thorn is unsuccessful, it may be subject to adverse costs orders in addition to having to pay its own accrued legal costs. If these amounts are significant, this could have a material adverse effect on the financial performance and prospects of Thorn.

(9) Loss of reputation

Thorn's core businesses rely on Thorn's strong reputation which has been built on good client relationships and core branding. Damage to Thorn's reputation may have a material adverse effect on the financial performance and prospects of Thorn.

(10) Competition

The consumer leasing and asset finance markets are highly competitive and are subject to rapid change, including as a result of the introduction of new entrants and products. Actions by new or existing competitors, or the entry of market disruptors with new products or business models (such as the rapidly growing "buy now pay later" market), or the development and introduction of new technologies, could place pressure on Thorn's business models or result in a reduction in business volumes, both of which could have a material adverse effect on the financial performance and prospects of Thorn.

(11) Funding and going concern risks

Thorn's funding for its consumer leasing and asset finance businesses is generated through a mixture of a debt facility with a financial institution and the periodic securitisation of receivables into a funding warehouse structure in which Thorn holds a subordinated class of security. Thorn's ability to generate new commercial equipment business is subject on its ability to securitise its portfolio of receivables and sell those to the warehouse structure. To the extent Thorn is not able to generate business which is able to be sold to the warehouse structure, Thorn will have a reduced funding base from which to finance new inventory and receivables.

If Thorn's current sources of funding prove insufficient or are withdrawn, it may be forced to seek alternative funding. The availability of funding, and the terms on which it may be made available, will depend on a number of factors, including market conditions, the availability of credit and Thorn's credit standing.

An inability to manage the funding risks for Thorn may result in forced asset sales, defaults and lower origination of receivables rates. These factors may have a material adverse effect on the financial performance and prospects of Thorn.

In Thorn's Annual Report for 2019, Thorn's auditors noted at pages 26 – 27 (in the Consolidated Statement of Profit and Loss and other Comprehensive Income for the year ended 31 March 2019) that the continuing viability of the Thorn group and its ability to continue as a going concern was dependent upon the group returning to profitability, maintaining the support of its lender and progressing the strategic review. The auditors further stated that as a consequence of these matters a material uncertainty existed that may cast significant doubt as whether Thorn will

be able to continue as a going concern. Thorn has been addressing these matters but some are not entirely within its control. For example, whilst it presently has the support of its banker, it cannot guarantee that this will always be the case. Also, whilst Thorn expects to move back to profitability (before abnormal matters) in the 2020 financial year, in light of the difficult retail and economic conditions, shifts in consumer preferences and other risk factors referred to in this Section 5, there is a risk that its trading results may deteriorate and affect its viability as a going concern.

(12) Debt facility risk

Thorn has entered into a debt facility with its financier under which it must comply with various covenants. If a breach of any of those covenants occurs, Thorn's financier may seek to exercise enforcement rights under the debt facility, including requiring immediate repayment, which may lead to forced asset sales or default and have a material adverse effect on the financial performance and performance of Thorn. If Thorn is unable to secure a similar debt facility, Thorn may be unable to implement its business strategy, and may not be able to meet its working capital and general financing needs.

(13) Changes in borrowing costs

Changes in interest rates can affect the volume of new customers wanting to enter into new lease commitments. Thorn borrows primarily on a fixed rate basis and as such margins on lease and financing contracts already on foot are not affected. However, to the extent that interest rate rises cannot be passed on, this may have a material adverse effect on the financial performance and prospects of Thorn.

(14) Access to inventory

Changes in the cost and availability of consumer and commercial goods can affect the ability of Thorn to generate revenue.

Radio Rentals has access to suppliers directly and is a member of the National Associated Retail Traders of Australia (NARTA) buying group for certain product categories. Arrangements are in place with multiple suppliers as a measure to mitigate against the risk of supplier failure and exclusive product arrangements are not entered into.

Suppliers typically provide payment credit terms to Thorn which assists with the management of its cash flow. The continuing provision of inventory by suppliers is subject to the risk that suppliers or their credit insurers may withdraw or limit their credit terms or insurance cover to Thorn.

Pricing changes are also managed in the supplier terms with agreed notice periods which allows Thorn to make any required retail/rental pricing adjustments.

Forward demand planning is managed by the Radio Rentals Supply team which provides suppliers with forecasted quantities of stock it expects to procure and orders are made sufficiently in advance in order to secure good product availability.

Any Thorn cash constraints can restrict the availability and quantity of stock for Thorn, therefore, affecting Thorn's ability to meet consumer demand. If this occurs on a sustained basis, it may have a material adverse effect on the profitability and prospects of Thorn.

(15) Governance and insurance risks

Thorn cannot guarantee that its internal policies and controls will be effective in each case to ensure that it is protected from negligent, reckless or criminal acts committed by its directors, officers, employees, consultants, agents, service providers or business partners, including fraud or conduct that would violate any anti-bribery or corruption laws. Any such improper actions could subject Thorn to civil or criminal investigations that could lead to substantial criminal, monetary and non-monetary penalties against Thorn. It could also damage Thorn's reputation and result in significant expenditure in investigating and responding to such actions which may, in turn, have a material adverse effect on the financial performance and prospects of Thorn.

Thorn's Directors' and Officers', Civil Liability, Crime and Cyber insurance policies are due for renewal on 30 November 2019. There is no certainty that such policies can be renewed on the same or substantially the same terms or for the same premium or at all.

(16) Compliance with laws and regulations

Thorn and its related bodies corporate conduct their businesses in highly regulated sectors and are subject to various legislative requirements, including the Corporations Act 2001 (Cth), the Australian Investments and Securities Commission Act 2001 (Cth), the National Consumer Credit Protection Act 2009 (Cth), the Competition and Consumer Act 2010 (Cth), the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth), the Financial Transaction Reports Act 1988 (Cth), the Financial Sector (Collection of Data) Act 2001 (Cth) and the Privacy Act 1988 (Cth) and related regulations.

This regulatory regime is complex and is presently undergoing significant change. Any failure to comply with regulatory or legislative requirements may result in breaches, fines, payments of compensation to customers, regulatory action and reputational effects, which could have a material adverse effect on the financial performance and prospects of Thorn.

Thorn and its related bodies corporate are subject to oversight by regulators regarding its compliance with legislative and regulatory requirements. These regulators include, amongst others, the Australian Securities and Investments Commission (ASIC), the ASX Group (ASX), the Australian Competition and Consumer Commission (ACCC), the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Office of the Australian Information Commissioner (OAIC) and the Australian Prudential Regulation Authority (APRA) (as a registered financial corporation).

On 23 January 2018 ASIC announced a package of regulatory outcomes against Thorn's consumer leasing businesses Radio Rentals, RR and Rentlo Reinvented. The package included \$6.1 million in refunds to customers, a write-off of default fees, and an additional \$13.8 million in customer refunds in relation to excess lease payments. Thorn also entered into an Enforceable Undertaking (EU) with ASIC at the same time. ASIC also commenced civil penalty proceedings with the Federal Court of Australia. Thorn Australia Pty Ltd has paid a \$2 million penalty for contravening its responsible lending obligations.

Thorn continues to comply with the EU and to remediate certain customers as part of the EU. During 2019, ASIC issued its interim compliance report. The summary reports from Deloitte, the Independent Expert, were also released. The Deloitte Final Remediation report was lodged with ASIC on 7 August 2019 and the Deloitte Further Compliance Report was lodged with ASIC on 30 August 2019. ASIC is

expected to release its public report in due course commenting on the Final Remediation Report and the Further Compliance Report.

If Thorn does not meet the requirements of its regulators, this may affect the recoverability of its receivables and it may be required to take remedial actions and also incur penalties, such as fines or obligations, to pay compensation to affected customers, or the cancellation or suspension of its authority to conduct business. These consequences in turn may have a material adverse effect on the financial performance and prospects of Thorn.

(17) Changes to laws, regulations or government policies

Changes to laws, regulations or government policies (including in relation to taxation, financial services law, ASX operating rules or accounting standards) that apply to Thorn from time to time could have a material adverse effect on the financial performance and prospects of Thorn.

Any added complexity to Thorn's regulatory regime will increase its costs of compliance and the risk of non-compliance. Changes to Thorn's regulatory regime may result in either one-off costs or ongoing expenses to Thorn and may require Thorn to change its business model. These increased costs may not be able to be reduced or passed on to customers which may adversely affect Thorn's operations and profitability.

There are a number of current regulatory developments that could affect Thorn. These include the legislative and regulatory outcomes of the findings of the Banking Royal Commission into Australia's banking, superannuation and financial services sectors. Other regulatory changes that are being foreshadowed that could affect Thorn's businesses include potential changes to the regulatory guidance on the responsible lending requirements and the proposed strengthening of the regulation of small amount credit contracts and consumer leases under the National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2018.

(18) Risk Management

Thorn has implemented risk management strategies and internal controls involving processes and procedures to identify, monitor and mitigate risks.

Material business risks for Thorn include credit risk, operational risks (including workplace health and safety risks), financial risks (interest rate movements, liquidity and capital), strategic risk, legal and compliance risks, and regulatory risk and culture and conduct risk.

There are inherent limitations with any risk management framework, as there may exist or emerge in the future, risks that Thorn has not anticipated or fully identified. If any of Thorn's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, this could have a material adverse effect on the financial performance and prospects of Thorn.

(19) Cyber-risk

Cybercriminal networks seek to exploit vulnerabilities in systems, leading to loss of critical systems or third parties obtaining access to corporate or customer personal data. There is an increase in cybercriminal activity on a global level. A failure of any of Thorn's controls designed to prevent cyber-criminal activity, or the cost of complying with the security requirements of third parties providing access by Thorn to their systems or platforms, could have a material adverse effect on the financial performance and prospects of Thorn.

### 5.3 General risk factors

(1) Nature of investment

Any potential investor should be aware that subscribing for New Shares involves inherent risks. The New Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares and it is possible that an Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid, among other reasons, due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares; and
- (c) Thorn is placed in administration, receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some, of their initial investment.

(2) Securities market

The New Shares may trade on the ASX at higher or lower prices than the Issue Price following listing. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

The Shares are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of Thorn and by external factors over which the Directors and Thorn have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

(3) Economic factors

The operating and financial performance of Thorn is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy, retail conditions and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse effect on the financial performance and prospects of Thorn, including its ability to fund its activities, particularly if it is unable to reduce costs to match any decrease in revenues.

A major systemic shock could occur which causes an adverse impact on the Australian or other financial systems. The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and global economic conditions. Given this, there can be no assurance that any market disruptions will not spread. Any such market disruptions could have a material adverse effect on the financial position and prospects of Thorn.

(4) Dilution risk

In the future, Thorn may determine to issue new Shares or engage in other fundraisings involving the issue of new securities in Thorn (including to fund any acquisitions that Thorn may decide to make). Whilst Thorn will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

(5) Force majeure events may occur

Events may occur within or outside Australia that could impact upon the Australian or the global economy, Thorn's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Thorn's services and its ability to conduct business. Thorn only has a limited ability to obtain insurance against some of these risks.

(6) Unforeseen risks

There may be other risks of which Thorn is unaware at the time of issuing this document which may impact Thorn, its operations and/or the valuation and performance of its securities. There may also be liabilities or obligations that Thorn fails to or is unable to discover in due diligence regarding this document. The discovery of any material undisclosed liabilities could have a material adverse effect on Thorn's financial performance and the value of its securities.

The above risks and others not specifically referred to above may in the future materially adversely affect the financial performance and prospects of Thorn.

#### 5.4 Underwriting Risk

Thorn has entered into the Underwriting Agreement with the Underwriter who has in turn entered into sub-underwriting agreements with each of the Sub-Underwriters. The Underwriter may terminate the Underwriting Agreement and can be released from its obligations if certain events occur (as set out in the Underwriting Agreement). If the Underwriter terminates the Underwriting Agreement, the Entitlement Offer may not raise the full amount proposed to be raised or the Retail Entitlement Offer may not proceed at all. Further, as a result of the sub-underwriting arrangements in respect of the Entitlement Offer, there is potential that the Sub-Underwriters establish or increase (as applicable) their Voting Power in Thorn following the issue of New Shares. Under certain circumstances (some of which are shown at Section 3.4), Somers may increase its Voting Power in Thorn to above 25% which will provide it with the ability to veto special resolutions of Thorn (where it is entitled to cast a vote).

## 6 Further Information

### 6.1 Taxation

Taxation implications of participating in the Entitlement Offer will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders are advised to obtain their own professional taxation advice before making a decision in relation to the Entitlement Offer.

## 6.2 This Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*). In general terms, section 708AA of the Corporations Act relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of Thorn, refer to disclosures made by Thorn to the ASX (which are available for inspection on the ASX website [www.asx.com.au](http://www.asx.com.au) and on Thorn's website at [www.thorn.com.au](http://www.thorn.com.au)) and seek the advice of your professional adviser.

## 6.3 Holding Statements and trading of New Shares

Thorn participates in the Clearing House Electronic Sub-Register System (**CHES**), in accordance with the ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together make up Thorn's principal register. Consequently, Thorn will not issue certificates to security holders but they will be provided with a holding statement, which will set out the number of Shares allotted to them under this Entitlement Offer.

It is your responsibility to determine your holding of New Shares before trading to avoid the risk of selling New Shares you do not own. To the maximum extent permitted by law, Thorn disclaims any liability to persons who trade New Shares before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Thorn or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

## 6.4 Foreign jurisdictions

### (1) General restrictions

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Booklet outside Australia and New Zealand should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of New Shares outside Australia and New Zealand and the New Shares may not be offered outside Australia and New Zealand except to the extent permitted below.

Return of the Entitlement and Acceptance Form or payment of Application Monies will be taken by Thorn as a representation by you that there has been no breach of any such laws.

### (2) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Thorn with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority.





This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### 6.5 **Governing law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer are governed by the laws applicable in New South Wales, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## 7 Glossary and interpretation

### 7.1 Definitions

In this Offer Booklet, the following words have the following meanings unless the context requires otherwise:

<b>Announcement Date</b>	16 September 2019
<b>Applicant</b>	a Shareholder as at the Record Date applying for New Shares under this Entitlement Offer
<b>Application</b>	the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies
<b>Application Monies</b>	the sum of the relevant New Shares applied for under the Entitlement Offer and any Shortfall Shares multiplied by the Issue Price
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
<b>ASX Listing Rules</b>	the official listing rules of the ASX as amended or replaced from time to time
<b>Board</b>	the board of directors of Thorn
<b>Cap</b>	a maximum of 100% of an Eligible Shareholder's Entitlements
<b>Closing Date</b>	the deadline for accepting the Retail Entitlement Offer, being 5.00 pm (Sydney time) on 2 October 2019 (which is subject to change)
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Directors</b>	the directors of Thorn
<b>Eligible Institutional Shareholder</b>	each of Somers, Forager and IML
<b>Eligible Retail Shareholder</b>	has the meaning given in Section 1.2
<b>Eligible Shareholder</b>	each Eligible Institutional Shareholders and each Eligible Retail Shareholder
<b>Entitlement</b>	in respect of an Eligible Shareholder, the number of New Shares that Eligible Shareholders is entitled to subscribe for under the Entitlement Offer
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form to subscribe for New Shares accompanying this Offer Booklet
<b>Entitlement Offer</b>	the accelerated non-renounceable offer of New Shares to Eligible Shareholders in accordance with the terms of this Offer Booklet
<b>Forager</b>	Forager Funds Management Pty Ltd (ABN 78 138 351 345)
<b>Ineligible Shareholder</b>	has the meaning given in Section 1.3
<b>Institutional Entitlement Offer</b>	the accelerated, institutional component of the Entitlement Offer made to Eligible Institutional Shareholders
<b>Investor Presentation</b>	the investor presentation prepared in connection with the Offer lodged with ASX on 16 September 2019

<b>IML</b>	Investors Mutual Limited (ACN 078 030 752)
<b>Issue Price</b>	the price payable for each New Share under the Entitlement Offer, being A\$0.24
<b>New Shares</b>	the Shares offered pursuant to the Entitlement Offer
<b>Nominee</b>	has the meaning given in Section 1.3
<b>Offer Booklet</b>	this Entitlement Offer Booklet
<b>Record Date</b>	7.00 pm (Sydney time) on 18 September 2019
<b>Retail Entitlement Offer</b>	the retail component of the Entitlement Offer made to Eligible Retail Shareholders under this Offer Booklet
<b>Rights Issue Exception</b>	has the meaning given to it in Section 3.4(3)
<b>Share</b>	a fully paid ordinary share in the capital of Thorn
<b>Shareholder</b>	a registered holder of Shares
<b>Share Registry</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
<b>Shortfall</b>	New Shares not applied for by Eligible Retail Shareholders under the Entitlement Offer before the Closing Date (including as part of the Top Up Facility)
<b>Shortfall Shares</b>	New Shares constituting the Shortfall that may be applied for by the Underwriter and Sub-Underwriters
<b>Somers</b>	Somers Limited, a Bermuda incorporated company (Company no.: 64661), and its associates (including ICM Limited and Permanent Mutual Ltd)
<b>Sub-Underwriters</b>	Somers, Forager, IML and any other institutional investors nominated by the Underwriter
<b>Subsidiary</b>	a body corporate that is a subsidiary of Thorn within the meaning of the Corporations Act
<b>Thorn</b>	Thorn Group Limited (ACN 072 507 147)
<b>Top Up Facility</b>	the top up offer under which Eligible Shareholders may apply for additional New Shares in excess of their Entitlement, up to the Cap
<b>Underwriter</b>	Shaw and Partners Limited (ACN 003 221 583)
<b>Underwriter Parties</b>	has the meaning given to it in the Important Information Section of this Offer Booklet
<b>Underwriting Agreement</b>	the underwriting agreement dated on or about 16 September 2019 between Thorn and the Underwriter
<b>United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Person</b>	has the meaning ascribed to such term in Rule 902(k) of Regulation S under the US Securities Act
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended
<b>Voting Power</b>	has the meaning given in section 610 of the Corporations Act

## 7.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (1) the singular includes the plural, and vice versa;

- (2) words importing one gender include other genders;
- (3) other parts of speech and grammatical forms of a word or phrase defined in this document have corresponding meanings;
- (4) terms used in this document and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (5) other grammatical forms of a word or phrase defined in this document have a corresponding meaning; and
- (6) a reference to a Section is a reference to a Section of this Offer Booklet.

## 8 Corporate Directory

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<b>Thorn</b>	Thorn Group Limited (ASX: TGA) Level 1 62 Hume Highway Chullora NSW 2190 <a href="http://www.thorn.com.au">www.thorn.com.au</a>
<b>Underwriter</b>	Shaw and Partners Limited Level 7, Chifley Tower 2 Chifley Square Sydney NSW 2000
<b>Share registry</b>	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001
<b>Corporate adviser</b>	Gresham Advisory Partners Limited Level 17 167 Macquarie Street Sydney NSW 2000
<b>Legal adviser</b>	Norton Rose Fulbright Australia Level 18, Grosvenor Place 225 George Street Sydney NSW 2000

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## Annexure A

**Not for release or distribution in the United States**

## **ASX & MEDIA RELEASE**

**16 September 2019**

### **Fully underwritten accelerated non-renounceable entitlement offer to raise approximately \$38.7 million**

Thorn Group Limited (ASX: TGA) (Thorn) today announces that it intends to raise approximately A\$38.7 million through a 1 for 1 fully underwritten, accelerated, non-renounceable entitlement offer of new fully paid ordinary shares (New Shares) at an offer price of A\$0.24 per New Share (Offer Price) to existing eligible shareholders with registered addresses in Australia and New Zealand to the extent permitted under the "Offer Restrictions" section of the investor presentation lodged with the ASX today.

The Offer Price represents a discount of 11.1% to the closing price of Thorn's shares of A\$0.27 per share on 13 September 2019, being the last trading day before the Entitlement Offer was announced and a 14.7% discount to the 9 day VWAP of A\$0.28 being the period since the class action settlement was announced on 3 September 2019.

The Entitlement Offer is fully underwritten by Shaw and Partners Limited.

Funds raised from the Entitlement Offer will be used to fund the class action settlement (announced by Thorn to the ASX on 3 September 2019), provide additional working capital for Thorn Business Finance and to restructure the Radio Rentals business, and pay for the costs of this equity raising.

#### **About the Entitlement Offer**

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 New Share for every existing Thorn share held as at 7.00 pm (Sydney time) on 18 September 2019 (Record Date) at the Offer Price.

The Entitlement Offer will consist of:

- an accelerated institutional component to be conducted from 16 September 2019 to 17 September 2019 (Institutional Entitlement Offer); and
- a retail component which will open on 23 September 2019 and close at 5.00pm (AEST) on 2 October 2019 (Retail Entitlement Offer).

Each New Share will rank equally with existing fully paid ordinary shares in Thorn on issue. Thorn will seek quotation for the New Shares on ASX.

#### **Participation**

Eligible institutional shareholders (Eligible Institutional Shareholders) will be invited to participate in the Institutional Entitlement Offer which opens on 16 September 2019 and will close on 17 September 2019. Thorn's three largest shareholders (Somers Limited, Forager Funds Management Pty Ltd and Investors Mutual Limited) have all committed to subscribe for their entitlement in full as part of the Institutional Entitlement Offer.

Eligible retail shareholders with a registered address in Australia and New Zealand on the Record Date (Eligible Retail Shareholders) will be able to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on 23 September 2019 and close at 5.00pm (Sydney time) on 2 October 2019. Eligible Retail Shareholders will have the opportunity to participate and acquire New Shares at the same Offer Price and offer ratio as Eligible Institutional Shareholders under the Institutional Entitlement Offer.

The Entitlement Offer will include a Top Up Facility entitling Eligible Shareholders to subscribe for additional New Shares up to a cap of 100% of their Entitlement. Additional New Shares under the Top Up Facility will be issued to Eligible Shareholders that have applied for participation in the Top Up Facility in priority to and before any allocation of the Shortfall is made to the Underwriter (and possibly the Sub-Underwriters).

Eligible Retail Shareholders will receive an information booklet (Entitlement Offer Booklet) and a personalised Entitlement and Acceptance Form which will provide further details of how to participate in the Entitlement Offer. A copy of the Entitlement Offer Booklet will also be lodged with the ASX. Those shareholders who Thorn determines to be ineligible shareholders will also be notified.

### Entitlement Offer Key Dates

Event	Date
Trading halt, announcement of the Offer, lodgement of cleansing notice and Appendix 3B	Monday , 16 September 2019
Accelerated Institutional Entitlement Offer opens	Monday , 16 September 2019
Institutional Entitlement Offer closes	Tuesday, 17 September 2019
Trading halt lifted and shares recommence trading on ASX	Wednesday, 18 September 2019
Record Date for determining Entitlements to subscribe for New Shares under the Entitlement Offer	7:00 pm (Sydney time) Wednesday, 18 September 2019
Retail Entitlement Offer opens	Monday, 23 September 2019
Retail Entitlement Offer Booklet despatched to eligible shareholders	Monday, 23 September 2019
<b>Settlement of Institutional Entitlement Offer</b>	<b>Tuesday, 24 September 2019</b>
Issue of New Shares under the Institutional Entitlement Offer	Wednesday, 25 September 2019
Commencement of trading of New Shares issued under the Institutional Entitlement Offer	Thursday, 26 September 2019
Retail Entitlement Offer closes	5.00pm (Sydney time) Wednesday, 2 October 2019
Announcement of results of Retail Entitlement Offer	Thursday, 3 October 2019
Book-build for New Shares that would otherwise be offered to ineligible foreign shareholders	Thursday, 3 October 2019
<b>Settlement of Retail Entitlement Offer</b>	<b>Wednesday, 9 October 2019</b>
Allotment of New Shares issued under the Retail Entitlement Offer and lodgement of Appendix 3B	Thursday, 10 October 2019



Commencement of trading of New Shares issued under the Retail Entitlement Offer	Friday, 11 October 2019
Despatch of holding statements in respect of new Shares issued under the Retail Entitlement Offer	Monday, 14 October 2019

*Entitlement Offer key dates are indicative only and subject to change in consultation with ASX and the Underwriter. All dates and times are references to Sydney, Australia time (Australian Eastern Standard Time).*

*Thorn reserves the right to amend any or all of these dates and times, subject to the consent of the Underwriter, the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws and regulations. In particular, Thorn reserves the right to extend the closing dates for either the Institutional Entitlement Offer or Retail Entitlement Offer (Closing Dates) and/or accept late applications under the Entitlement Offer without prior notice. Any extension of the Closing Dates may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.*

## **Strategic Review**

The Board announced on 1 April 2019 that it would undertake a strategic review of Thorn.

As part of the review process, the Board and its advisers examined a variety of alternative scenarios to fund the present and future needs of Thorn. These included a sale of assets and the raising of new capital. After due consideration of all relevant matters, the Board believes that an equity raising under and on the terms of the Entitlement Offer is in the best interests of Thorn and has the potential to maximise value for shareholders.

Thorn's Chair David Foster said: "Over the last several years, Thorn's development has been affected by the significant financial and operational headwinds from an ongoing class action, an ASIC investigation and resulting Enforceable Undertaking, and a significant debt reduction process."

"We are now pleased to be in a position in which Thorn has signed a settlement deed in respect of the class action, is reaching the end of the Enforceable Undertaking process, and has reduced its corporate debt to \$15 million (compared to \$172 million of net assets as at 31 March 2019)."

"The proceeds of the Entitlement Offer will allow Thorn to refocus on its strategic objectives by funding the settlement of the class action and providing Thorn with additional working capital to invest in Thorn Business Finance and a restructure of Radio Rentals."

## **Investor presentation and further information**

An investor presentation providing an update on Thorn's recent activities and details relating to the Entitlement Offer has been lodged with the ASX today. The investor presentation contains important information, including a summary of key risks associated with an investment in Thorn's shares and foreign selling restrictions with respect to participation in the Entitlement Offer.

If you have any questions in relation to the Entitlement Offer, please contact the Thorn Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) 8.30am – 5.00pm Monday to Friday (Sydney time). For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

## **Not for release or distribution in the United States**

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the **US Securities Act**), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

### **Forward looking statements**

This announcement may contain certain ‘forward-looking statements’ within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘may,’ ‘should,’ ‘expect,’ ‘anticipate,’ ‘estimate,’ ‘scheduled’ or ‘continue’ or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. None of Thorn or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

End of release.

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**Peter Forsberg**  
**CFO and Company Secretary**  
**0401 700 909**  
[peter.forsberg@thorn.com.au](mailto:peter.forsberg@thorn.com.au)

#### **ABOUT THORN GROUP LIMITED (ASX: TGA, [www.thorn.com.au](http://www.thorn.com.au))**

Thorn Group is a diversified financial services company providing financial solutions to consumers and businesses. Thorn’s consumer leasing business, Radio Rentals (RR Rentlo Reinvented in South Australia), is a leader in the household goods consumer leasing market, operating since 1937 and with 61 retail stores nationally. Thorn Business Finance is a provider of leasing and other financial services to small and medium enterprises. Thorn employs approximately 550 people, has been listed on the ASX since 2006, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.



# Investor Presentation

## Underwritten Entitlement Offer to Raise \$38.7m

### September 2019

## Important notices and disclaimer

This investor presentation (**Presentation**) has been prepared by Thorn Group Limited (ACN 072 507 147) (**Thorn** or the **Company**). This Presentation has been prepared in relation to the Company's proposed equity raising, as described in this document (**Offer**). The Offer is proposed to be made to eligible institutional shareholders of the Company and eligible retail shareholders of the Company without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

This Presentation contains summary information about Thorn, its subsidiaries and their activities which is current as at the date of this Presentation, unless otherwise indicated. The information in this Presentation is of a general nature and does not purport to be complete, nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Thorn. This Presentation should be read in conjunction with Thorn's other periodic and continuous disclosure announcements which are available at [www.asx.com.au](http://www.asx.com.au) or [www.thorn.com.au](http://www.thorn.com.au).

#### **Not an offer**

This Presentation, including the information contained in this disclaimer, is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (**Corporations Act**) or other offering document under Australian law, or any other law. This document does not contain all the information that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This document has not been lodged with the Australian Securities and Investment Commission (**ASIC**). This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The new Thorn ordinary shares to be issued under the Offer (**New Shares**) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Thorn has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Persons who come into possession of this document who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may violate applicable securities laws.

#### **Not investment or financial product advice**

This Presentation, and the information provided in it, does not constitute, and is not intended to constitute, investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares. It does not and will not form any part of any contract for the acquisition of New Shares. This Presentation should not be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Any investment decision should be made based solely upon appropriate due diligence. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Recipients of this document are advised to consult their own professional advisers. An investment in any listed company, including Thorn, is subject to significant risks of loss of income and capital.

#### **Future performance and projected financial information**

This Presentation contains certain "forward-looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Presentation regarding the conduct, approximate size and outcome of the Offer, any discussions with lenders as part of a recapitalisation proposal, the use of proceeds, and Thorn's outstanding debt. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Thorn nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

Any forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates, and guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of Thorn. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in this Presentation. Except as required by applicable law or regulation, Thorn undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

#### **Past performance**

Prospective investors should note that past performance in this Presentation is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Thorn performance including future share price performance. The historical information is not represented as being indicative of Thorn's views on its future financial condition and/or performance.

## Important notices and disclaimer

### Investment risk

An investment in New Shares is subject to known and unknown risks, a number of which are beyond the control of Thorn. Thorn does not guarantee any particular rate of return or the performance of Thorn nor does it guarantee the repayment of capital from Thorn or any particular tax treatment. Prospective investors should have regard to the risk factors outlined in this Presentation when making their investment decision and should make their own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Thorn and the impact that different future outcomes may have on Thorn.

### Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. The actual calculation of these figures may differ from the figures set out in this Presentation.

### Reliance on third party information

The information and views expressed in this Presentation were prepared by Thorn and may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility or liability is accepted by Thorn, its officers, employees, agents or contractors for any errors, misstatements in or omissions from this Presentation.

You should make your own assessment in considering an investment in Thorn and should not rely on this document. In all cases, you should conduct your own investigations and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of Thorn and its business, and the contents of this document.

### Disclosure and disclaimer

The underwriter, together with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, margin lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. Shaw and Partners Limited (**Shaw**), in conjunction with its affiliates, is acting as a sole lead manager, arranger, bookrunner and underwriter to the pro-rata, accelerated and non-renounceable entitlement offer of fully paid ordinary shares by Thorn. Shaw and/ or its affiliates may receive fees and customary expenses for acting in this capacity.

In the ordinary course of its various business activities, the underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currencies, credit default swaps and/ or other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/ or instruments of Thorn, its related entities and/ or persons and entities with relationships with Thorn and/ or its related entities. The underwriter and/ or its affiliates, or their respective officers, employees, consultants or agents may, from time to time, have long or short positions in, buy or sell (on a principal basis or otherwise), and may act as market makers in, the securities or derivatives, or serve as a director of any entities mentioned herein. The underwriter and/ or its affiliates may hold, or may continue to hold, equity, debt and/ or related derivative securities of Thorn and/ or its related entities.

None of Shaw nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you (or other statements upon which you may rely) concerning this Entitlement Offer or any such information. The engagement of Shaw by Thorn is not intended to and does not create any agency, custodial, fiduciary or other legal relationship between the underwriter and any securityholder or other investor. Neither Shaw nor any of its related bodies corporate or affiliates or their officers, employees, agents or associates have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation, make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. They expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this presentation. They do not guarantee the repayment of capital or any particular rate of income or capital return on an investment in Thorn. Readers agree, to the maximum extent permitted by law, that they will not seek to sue or hold these parties liable in any respect in connection with this presentation.

### Institutional bookbuild

Shareholders should note that Shaw (whether in that capacity, as nominee in accordance with section 615 of the Corporations Act (if applicable) or otherwise) is not acting as agent for securityholders (including Ineligible Shareholders); manages the institutional bookbuild, and the sale process under section 615 of the Corporations Act in respect of the Offer (if applicable), for and at the request of Thorn only; owes no duties (fiduciary or otherwise) to securityholders (including Ineligible Shareholders); is not obliged to return any entitlements to, or act at the direction, or consider the interests, or the requests, of any shareholders (including Ineligible Shareholders); may determine in its discretion to whom it allocates entitlements and New Shares in accordance with its arrangements with Thorn and subject to pro-rata entitlements of eligible securityholders under the Entitlement Offer; that there is no guarantee that any proceeds will be realised from the sale of entitlements or New Shares in relation to any sale process under section 615 of the Corporations Act in respect of the Entitlement Offer (if applicable); and that it is not liable for failure to sell such entitlements or New Shares at any particular price or at all.

### Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing the Presentation, you acknowledge and agree to the terms set out in this 'Important notice and disclaimer.'

<b>1</b>	<b>Offer Details</b>	<b>5</b>
<b>2</b>	<b>Company Overview</b>	<b>12</b>
<b>Additional Information</b>		
<b>A</b>	<b>Key Risks</b>	<b>22</b>
<b>B</b>	<b>Offer Restrictions</b>	<b>27</b>

# 1 Offer Details

## Details of the Offer

<b>Offer Size and Structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 1 accelerated, non-renounceable Entitlement Offer to eligible shareholders of Thorn to raise total proceeds of approximately \$38.7 million</li> <li>The Entitlement Offer will include a Top Up Facility entitling Eligible Retail Shareholders to subscribe for additional Shares up to a cap of 100% of their Entitlement</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>\$0.24 per New Share (<b>Offer Price</b>)</li> <li>11.1% discount to the last traded price of \$0.27 on 13<sup>th</sup> September 2019</li> <li>14.7% discount to the 9 day VWAP of \$0.28 being the period since the class action settlement was announced on 3<sup>rd</sup> September 2019</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Settle the class action</li> <li>Provide additional working capital to grow Thorn Business Finance and restructure Radio Rentals</li> <li>Pay for the costs of the equity raising</li> </ul>
<b>Timetable</b>	<ul style="list-style-type: none"> <li>The Institutional Entitlement Offer to eligible Institutional shareholders will be conducted on Monday 16<sup>th</sup> September 2019 and Tuesday 17<sup>th</sup> September 2019</li> <li>The Retail Entitlement Offer will be open on 9:00am Monday 23<sup>rd</sup> September 2019 and is expected to close 5:00pm (Sydney time) Wednesday 2<sup>nd</sup> October 2019</li> <li>New Shares that would have otherwise been offered to ineligible foreign shareholders will be sold through a bookbuild process to be conducted on Thursday 3<sup>rd</sup> October 2019</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>The Offer is fully underwritten by Shaw and Partners Limited</li> <li>A nominee has been appointed, and approved by ASIC, for the purposes of section 615 of the Corporations Act, so as to deal with New Shares that would have otherwise been offered to ineligible foreign shareholders</li> <li>The Company's largest shareholders, Somers, Forager and IML have confirmed they will take up their full entitlement under the Entitlement Offer and have also agreed to partially sub-underwrite the Entitlement Offer</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares from their time of issue</li> </ul>

## Sources and Uses of Funds

### Source and Uses of Funds

Source of Funds	\$'000	Uses of Funds	\$'000
Entitlement offer	38,682	Class action settlement	25,000
		Working capital	9,457
		Costs of equity raising	4,225
<b>Total Sources</b>	<b>38,682</b>	<b>Total Uses</b>	<b>38,682</b>

### Use of Proceeds

- Proceeds of the Offer will be used to:
  - Settle the Class Action
  - Working capital to:
    - Grow Thorn Business Finance
    - Restructure Radio Rentals
  - Pay for the costs of the equity raising
- Due to tight cash-flow in FY2019, the Board adopted a prudent cash management approach and no dividend was paid. For the same reason, a dividend will not be paid for the half year of FY2020, and with the class action settlement of \$25 million due over the coming months (subject to Court approval), and whilst no final decision has been made by the Board, it is unlikely that a dividend will be paid for the full year of FY2020

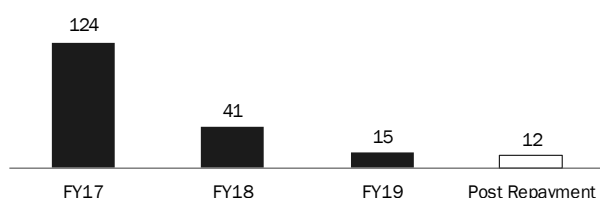
## Funding

### Corporate Facility

- Thorn has been banked by one Australian major bank for over 50 years
- The corporate facility has been paid down from \$41 million in March 2018 to \$15 million in March 2019
- Excluding the Thorn Business Finance warehouse, gearing is low at 4%<sup>(1)</sup>
- The maturity date of the corporate facility is 30 November 2020, with the next review scheduled for 10 February 2020
- The bank has requested a \$3 million repayment of the facility and has reduced the facility limit to the \$12 million which would be drawn at the time of that repayment. The bank guarantee and unrestricted overdraft facility of a combined \$5 million, remain

### Drawn Borrowings under Corporate Facility

\$Millions, March financial year end



(1) Gearing is defined as corporate debt less free cash divided by equity.

### Securitised Warehouse

- The securitised warehouse is a special purpose vehicle where the borrowings advanced by the bank and mezzanine financier are secured by the loan / rental payments from customers and are non-recourse to Thorn beyond the subordinated notes Thorn holds
- The warehouse facility availability was recently renewed to 10 February 2020, and is then subject to periodic reviews
- Positive amendments have recently been made to the eligibility criteria allowing assets held on Thorn's balance sheet to be sold into the warehouse
- Thorn expects to be able to securitise approximately \$12 million in additional receivables through this change, which will net approximately \$11 million in additional cash
- This cash released will be used to repay part of the corporate facility, the remaining remediation under the enforceable undertaking, the advisory costs of the class action settlement and costs of the strategic review
- The warehouse facility currently has undrawn headroom of approximately \$71 million

## Regulatory Matters

### Class Action

- Thorn's class action settled on 2 September 2019
- In full and final settlement of the class action, the Company and Thorn Australia Pty Ltd ("TAPL") will pay \$25 million to the Applicant on behalf of the class. The Company's insurer will also make a separate contribution towards the settlement. The Company and TAPL will consequently release the insurer from the claims they made against the insurer in relation to the class action
- The settlement does not involve any admission of liability and remains subject to Court approval
- The parties to the settlement will make an application to the Federal Court to seek its approval, a process which may take a number of weeks to finalise
- Legal costs associated with the class action, which have not yet been paid, total approximately \$2 million

### Enforceable Undertaking

- Thorn continues to comply with the Enforceable Undertaking agreed with ASIC in 2018. All milestones have been met thus far. ASIC issued its interim compliance report in May 2019. Summary reports from Deloitte, the Independent Expert, have also been provided to ASIC
- The Deloitte Compliance Report showed that Thorn's systems, processes, policies and training procedures were all compliant with general conduct and responsible lending obligations under our credit license. The Further Compliance Report was lodged with ASIC on 30 August 2019
- The Deloitte interim remediation report found no deficiencies in Thorn's remediation of affected customers under the Enforceable Undertaking up to February 2019. The Deloitte Final Remediation report was lodged on 7 August 2019
- ASIC is expected to release its public report in due course commenting on the Final Remediation Report and the Further Compliance Reports

## Pro Forma Balance Sheet

A pro forma balance sheet is presented displaying adjustments to reflect the resolution of the class action and the capital raising using the 31 March 2019 audited Balance Sheet

\$'000	31-Mar-19 Audited	Resolution of Class Action	Notes	Impact of Rights Issue	Notes	31-Mar-19 Pro Forma
<b>Assets</b>						
Cash and cash equivalents – Free	7,947			34,457	2	42,404
Cash and cash equivalents – Securitisation vehicle	22,680					22,680
Other current assets	187,130					187,130
<b>Total current assets</b>	<b>217,757</b>			34,457		<b>252,214</b>
Trade and other receivables	289,547					289,547
Deferred tax assets	5,541					5,541
<b>Total non-current assets</b>	<b>295,088</b>					<b>295,088</b>
<b>Total assets</b>	<b>512,845</b>			34,457		<b>547,302</b>
<b>Liabilities</b>						
Loans and borrowings – corporate	15,000					15,000
Loans and borrowings – warehouse	107,490					107,490
Provisions	2,767	25,000	1			27,767
Other current liabilities	29,515					29,515
<b>Total current liabilities</b>	<b>154,772</b>	<b>25,000</b>				<b>179,772</b>
Loans and borrowings – warehouse	181,154					181,154
Other non-current liabilities	4,879					4,879
<b>Total non-current liabilities</b>	<b>186,033</b>					<b>186,033</b>
<b>Total liabilities</b>	<b>340,805</b>	<b>25,000</b>				<b>365,805</b>
<b>Net Assets</b>	<b>172,040</b>	<b>-25,000</b>		34,457		<b>181,497</b>
<b>Total equity</b>						
<b>Total equity</b>	<b>172,040</b>	<b>-25,000</b>		34,457		<b>181,497</b>
Shares on issue (thousands)	161,175			161,175		322,350
Net Tangible Assets per share (\$ per share)	\$1.07					\$0.56

(1) Provision adjustment reflects the \$25 million to settle class action

(2) Cash balance adjustment reflects the net proceeds of the offer (\$38.68 million less \$4.23 million)

## Indicative Offer Timetable

Event	Date & Time <sup>(1)</sup>
Trading halt, announcement of the Offer, lodgement of cleansing notice and Appendix 3B	Monday , 16 September 2019
Accelerated Institutional Entitlement Offer opens	Monday , 16 September 2019
Institutional Entitlement Offer closes	Tuesday, 17 September 2019
Trading halt lifted and shares recommence trading on ASX	Wednesday, 18 September 2019
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Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Monday, 14 October 2019

(1) All dates and times are indicative and subject to change in consultation with ASX and the Underwriter.  
 (2) Australian Eastern Standard Time

## 2 Company Overview



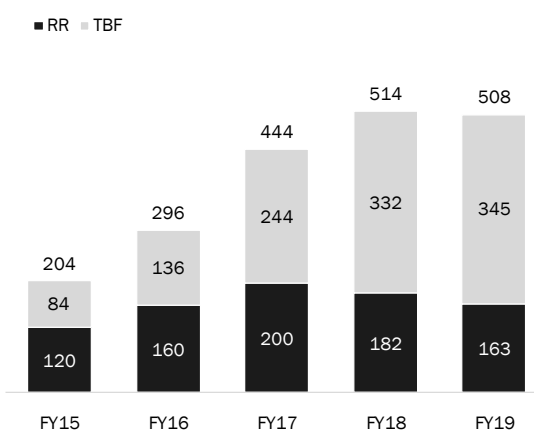
# Thorn Group

## Overview

- Thorn is a consumer leasing and SME focused lending business with an 80 year operating history, which listed on the ASX in 2006
- Thorn operates across two core businesses, which service large and addressable consumer and SME lending markets:
  - Thorn Business Finance (“TBF”)
  - Radio Rentals (“RR”)
- Thorn Business Finance’s core competencies are commercial risk assessment and servicing of loans and leases up to \$1 million across a broad range of commercial assets, partnership funding and broker relationship management
- Radio Rentals is a leading consumer leasing company focused on household goods including: furniture, appliances and electronics

## Gross Receivables

\$Millions<sup>(1)</sup>, March financial year end



radio rentals

(1) Gross book before provisions. Does not include capitalised interest.

## Senior Leadership and Governance

### Senior Leadership

<p><b>Tim Luce</b> CEO and Managing Director</p>	<ul style="list-style-type: none"> <li>• Tim joined the group as CEO in February 2018. Prior to Thorn, Tim previously served as Group COO of Courts Asia and has 20+ years experience in the retail industry. Tim announced his intention to leave the Company to pursue other interests on 12 August 2019. A search for a new CEO is underway</li> </ul>
<p><b>Peter Forsberg</b> CFO &amp; Company Secretary</p>	<ul style="list-style-type: none"> <li>• Peter joined the group as CFO in September 2015 and prior to the appointment of Tim Luce, served as acting CEO. Peter previously held CFO roles at St Vincent’s Health Australia, DCA Group, Blake Dawson Waldron and Goodman Fielder</li> </ul>
<p><b>Phil Chaplin</b> GM, Thorn Business Finance</p>	<ul style="list-style-type: none"> <li>• Phil joined the group in March 2016 and continues to focus on the continued growth and development of Thorn Business Finance. Phil has 20+ years’ experience in the finance industry and is the current Chair for the Equipment Finance division of Australian Finance Industry Association (AFIA)</li> </ul>

### Recent Board Appointments (as elected at AGM, 30-Aug 2019)

<p><b>Warren McLeland</b> Non-independent Director</p>	<ul style="list-style-type: none"> <li>• Warren has 40+ years’ experience in financial services, in wholesale and retail sectors at senior business management and CEO levels. He is currently a non-executive director of Resimac Group (ASX-RMC)</li> </ul>
<p><b>Allan Sullivan</b> Non-independent Director</p>	<ul style="list-style-type: none"> <li>• Allan has 30+ years’ experience in senior management roles in Switzerland, Holland, Korea, Hong Kong and Australia. Allan was previously the CEO and Director of ASX-ERG Group (now VIX technology) from 2004-07 and since 2007 has acted as a consultant to VIX Verify Group and Allectus Capital Group</li> </ul>
<p><b>Kent Bird</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Kent has 25+ years’ experience in commercial and investment banking. Kent has held positions with Credit Agricole CIB Australia and was recently the Managing Director – Head of Loan Syndications Australia and Head of DCM Origination Australia for the last 3 years, ending December 2018</li> </ul>

### Existing Board (planning to retire in an orderly manner as stated in AGM address, 30-Aug 2019)

<p><b>David Foster</b> Independent Chairperson</p>	<ul style="list-style-type: none"> <li>• David was appointed as a Director in December 2014 and has an extensive career in financial services</li> </ul>
<p><b>Belinda Gibson</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Belinda was appointed as a Director in July 2016 with experience in securities and financial markets</li> </ul>
<p><b>Andrew Stevens</b> Independent Director</p>	<ul style="list-style-type: none"> <li>• Andrew was appointed as a Director in June 2015 with over 30 years’ experience in business and technology</li> </ul>

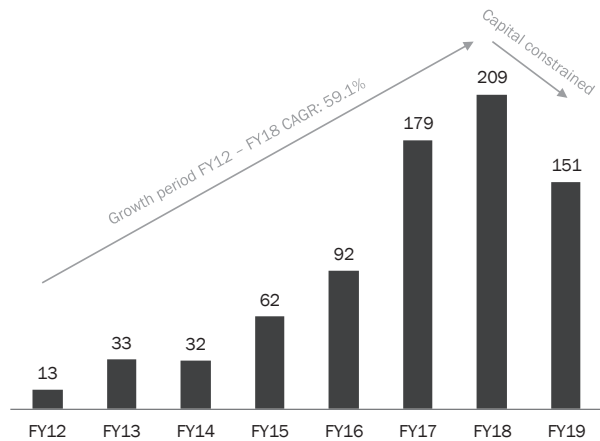
## Thorn Business Finance

### Overview

- Through a network of brokers and partners, TBF provides established businesses and experienced professionals with funding to acquire capital equipment
- TBF differentiates itself through a broad asset appetite, customer service, and the commercial acumen of its business development managers and credit underwriters
- Over the last three years TBF has built a strong operating platform that has allowed for the establishment of a publicly rated warehouse facility and enhanced policies and procedures to better service partners
- Demand for SME finance continues to grow, particularly via finance brokers. TBF is positioned to capitalise through both its current suite of lending products and by leveraging its expansive distribution network to deliver new revenue accretive finance products

### Originations

\$Millions, March financial year end



## Thorn Business Finance Business Evolution

### ✓ Proven Growth Capability



\$700,000 originated in FY10/11

Growing to over \$200 million in FY17/18

Capital constraints have forced the business to moderate growth



Approximately 300 select brokers and strong relationships with key aggregator groups

Wholesale funder to niche industry players

Ability to distribute new lending products through an established network

### ✓ Stable & Scalable Platform



Over \$850 million of lending originated on current systems

Processing approximately 375 loans and leases each month

Diverse portfolio of assets, industries, and geographies



Dedicated Commercial Credit Risk functions

Strong Eastern States presence, expanding into Western Australia as capital spending returns

### ✓ Favourable Market Conditions



Broker introduced finance transactions growing year on year

Banks focussing on transactional services expanding market gaps

Continued government incentives for SME capital investment



Opportunity for market consolidation and operational synergies

The Equipment Finance Market originates approximately \$40 billion per year

## Thorn Business Finance Growth Opportunities

### Key Near-Term Focus

#### Organic Growth

- Thorn Business Finance has substantial opportunity for organic growth within the existing broker base and anticipates increased volumes when not constrained by capital limitations
- Growth is driven through acquiring "share of wallet" from existing introduction sources (brokers) as well as through the acquisition of new introducers
- Material Introducers include broker aggregators (capture many brokers at once) and new "White Label" partners

### Medium Term Opportunities

#### Adjacent Lending Products

- "Adjacent" products are those which can be supported within the current operating model (fixed term, fixed interest business lending)
- Products include unsecured loans for established businesses in the gap between bank and Fintech lenders, e.g. business improvement loans for identifiable assets with low recoverability, for example refurbishments

#### Acquisition

- TBF has built and evidenced its loan origination and servicing capabilities, allowing for the creation of a market leading publically rated funding warehouse
- A strategic acquisition of one or more smaller financiers with their own origination niches would drive further scale efficiencies across operations, acquisition and funding

#### Appetite Diversification

- Originations are balanced between risk criteria and the rate charged to market
- Thorn currently targets medium risk transactions at a medium price with a price floor based on cost of funds
- While higher price / risk opportunities are available, the greater proportion of accessible volume is in lower price / lower risk

#### Alternative Lending Products

- Alternative lending products are those which align broadly to the business lending remit, but require changes to systems and operating model to deliver. Thorn has strong penetration into the broker market and is seen as an SME specialist so it makes sense to focus on products in which the broker market can drive scale
- For example, competing directly with Fintech lenders on cashflow based lending products (short term business loans, merchant cash advance facilities). Products which provide a fast cycle of capital could also be delivered (invoice factoring)

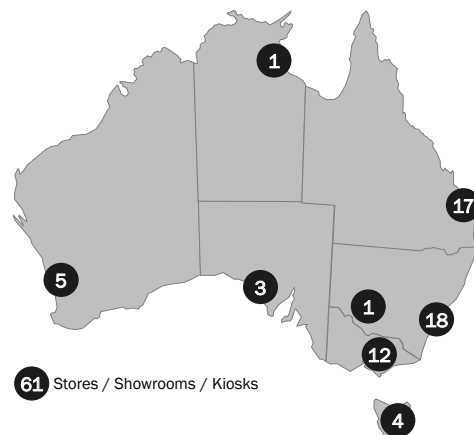
## Radio Rentals

### Overview

- Radio Rentals is a leading Australian consumer leasing company focused on household goods including: furniture, appliances and electronics
- Radio Rentals operates 61<sup>(1)</sup> stores nationally, offering full-service consumer leases
- Comprises an active client base of ~85,000 customers as at March 2019
- Radio Rentals revenue is underpinned by long dated customer rental contracts of up to 5 years
- Radio Rentals has undergone a number of key initiatives to help overcome its recently challenging trading conditions including the shift to online, reducing arrears and improving operational efficiencies

### National Store Footprint

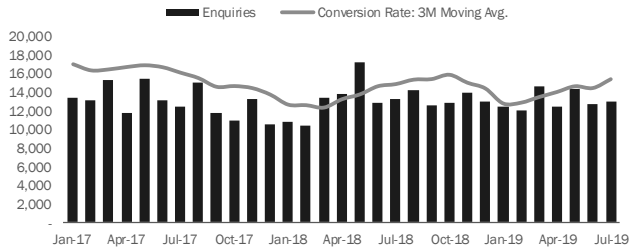
radio  rentals



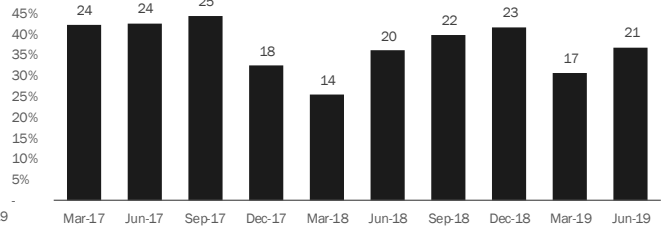
(1) After the 8 store closures announced.

## Radio Rentals Enquiries & Installations

### Enquiries<sup>(1)</sup> per Month



### Installations per Quarter Thousands



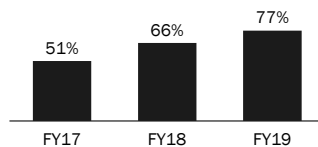
- Enquiries have been improving in the last 12 months off the back of a period of instability
- The business has seen stronger demand via enquiry for household and furniture goods
- Enquiry levels are shifting to online (see next page)
- New systems and processes were introduced for credit assessment resulting in lower installations late 2017, early 2018
- Installations have recovered in more recent quarters across most product segments

(1) Enquiry defined as when a customer begins an application process and leaves enough information to be contacted.

## Radio Rentals Key Initiatives

### ✓ Aligning Store Network with Customer's Shift Online

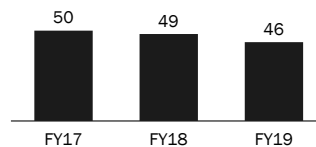
#### Web/Digital Enquiries % Total Enquiries



- Originations continue to shift from stores to online
- Store rationalisation process has commenced with 6 stores recently closed and a further 2 stores to be closed in the coming weeks
- The closures will reduce retail costs of doing business while retaining 61 stores nationwide plus online capability

### ✓ Improving Efficiency

#### Store Network Opex \$Millions

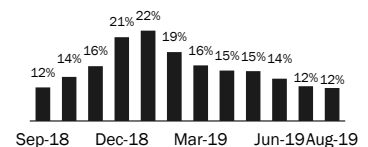


- Efficiency improvements have been pursued across the store network and head office
- Operating expenditure for the store network is being reduced

### ✓ Reducing Arrears

#### Back-end Arrears

Overdue amounts on 30+ day accounts as a % of total monthly billings



- Arrears rose substantially in the second half of FY19
- Management has successfully reduced arrears, with arrears in August 2019 in-line with September 2018

# Additional Information

## A Key Risks

## B Offer Restrictions

### A Key Risks

#### Credit / payment risk

Thorn is a specialised alternative lending business focused on consumer leasing of household appliances, technology and furniture through its Radio Rentals division (under its brands Radio Rentals, RR and Rentlo Reinvested), and asset financing to small and medium sized enterprises (SMEs) through its Thorn Business Finance division.

The Radio Rentals customers and target market are primarily consumers in the lower income demographic who are credit constrained. Thorn Business Finance's customers and target market are sub-prime SMEs.

Thorn and its subsidiaries accept credit risk when leasing goods through Radio Rentals or lending or advancing money through Thorn Business Finance to or on behalf of customers, being the risk that customers may not fulfil their contractual obligations in a timely manner or at all, causing Thorn financial loss. Credit risk is a significant risk in relation to Thorn's business

Thorn relies on its credit risk framework to define the appropriate credit processes, set appropriate parameters for its risk grades to assess credit risk, set pricing appropriate to those risk levels given the expected levels of default and monitor portfolio credit risk. While Thorn expects to generate some losses in relation to its portfolio, the credit risk framework seeks to set these at a level where Thorn continues to generate an appropriate return for shareholders from its financing activities.

Thorn uses information from third party credit agencies and third party technology vendors (such as Equifax and Illion) in its credit assessment process. Thorn relies on the availability and accuracy of this information to make informed credit assessments of potential customers. Consequently, Thorn could face significant additional costs of business disruption if a change in access to data services such as banks changing or restricting access to their customer data or credit reporting bodies such as Equifax or Illion changing the inputs relied upon by Thorn to make credit decisions.

Arrears management is a main focus in managing credit risk and the associated loan loss provisioning. Thorn utilises in-house resources and outsourced collection specialists where required in conducting collection activities. Arrears are highly sensitive to external factors and can fluctuate. For example, the arrears for Thorn Business Finance have increased by 0.4% since the beginning of Thorn's current financial year but this has remained within a 0.6% band for this financial year.

Thorn is also a member of the Australian Financial Complaints Authority (AFCA). Thorn's customers may notify complaints to AFCA and AFCA may make determinations against Thorn. AFCA may also from time to time refer systemic issues and possible serious contraventions and other breaches of law in relation to Thorn to ASIC. In this regard, Thorn was advised in March 2019 by AFCA that it is investigating whether the customers of a number of financial firms, including Thorn Business Finance, were misled when entering into rental agreements as part of advertising packages with Halast Media, now Viewble. AFCA also indicated that ASIC had been advised of the investigation. Thorn is cooperating with the investigation.

Thorn through its Radio Rentals division is subject to ongoing service and maintenance costs in relation to the goods leased to customers and cannot be certain as to the condition of the goods while in the possession of its customers.

If Thorn's customers do not fulfil or are released from their obligations, or the cost of maintaining its products or arrears and bad debts exceed budget, then Thorn may experience a decrease in revenue, an increase in expenses (including an increase in impairment expenses and an increase in enforcement and funding costs), and/or a decrease in operating cash flows, which may have a material adverse effect on the financial performance and prospects of Thorn.

#### Loss of key business relationships

Thorn has a number of key business relationships governed by contracts and arrangements, both written, unwritten, current and being managed on terms that have expired.

A key business relationship Radio Rentals has is with the Department of Human Services in relation to the use of the Centrepay services. This is governed by the Centrepay Policy and Terms. Radio Rentals offers its customers Centrepay as an automated payment method.

The termination or amendment of any of these key contracts or arrangements may have a material adverse effect on the financial performance and prospects of Thorn.

#### White label contracts

Thorn Business Finance originates a substantial part of its receivables through white label partners, who may enter into a disclosed or undisclosed principal-agency relationship with Thorn for the purposes of writing business as Thorn's agent and who may sell receivables to Thorn secured by leases and loans along with the corresponding financed equipment. Thorn's ability to generate revenue is reliant on the ability of white label partners to write business for and on behalf of Thorn, noting that the white label partners do not exclusively originate products on behalf of Thorn. Thorn Business Finance's largest white label introducer currently accounts for approximately 20% of its monthly business originations and the second largest approximately 15% of originations. If Thorn loses any of its key principal-agency relationships, this may have a material adverse effect on the financial performance and prospects of Thorn.

#### Changes to key licences / authorisations

Thorn's businesses are subject to numerous compliance frameworks including the National Consumer Credit Protection Act 2009 (Cth). Changes to legislation or the manner in which legislation or key authorisations under legislation is applied would be likely to disrupt the processes by which Thorn conducts its businesses, including the ability of Thorn to obtain or retain key licences, the time taken to complete transactions and the cost of compliance. These factors may have a material adverse effect on the financial performance and prospects of Thorn.

#### Potential acquisitions and divestments

As part of its business strategy, Thorn may make acquisitions of, or significant investments in, complementary companies, products or technologies and may make asset divestments. Any such transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, and any divestment activity could result in realising values less than fair value, a decrease in revenue and stranded costs.

## A Key Risks (cont'd)

### **Failure to retain key management personnel, employees and board members**

Thorn relies on key staff and its ability to attract and retain key staff is a fundamental driver of its performance. As Thorn's business is centred around relationships with third party originators, the loss of key staff or the inability to attract key staff may adversely affect Thorn's ability to generate revenue. Thorn has in place employment contracts with key employees and has the objective of providing attractive employment conditions to assist in retaining key employees. However, there is no guarantee that Thorn can or will retain its key employees. If Thorn loses key employees or cannot attract key employees, this may have a material adverse effect on the financial performance and prospects of Thorn.

On 12 August 2019 Thorn announced that its Chief Executive Officer, Tim Luce, had indicated his intention to leave the company. Mr Luce has advised that he remains committed to working with the Board through its current strategic review process and the recruitment of a suitable replacement before leaving the company. The position of General Counsel is currently being filled on an interim basis and the position of Chief Risk Officer will be become vacant in the near future.

The Thorn Board is undergoing a period of renewal. At Thorn's Annual General Meeting on 30 August 2019, one of the existing directors retired and three new directors were elected to the Board. The remaining existing directors have also indicated their intention to retire and that this will occur on an orderly basis and that at all times there will be 3 independent directors on the Board that constitute a majority, in accordance with the ASX Corporate Governance Principles and Recommendations. A search has commenced for suitably qualified independent executive directors.

### **Technology / IT systems risk**

Thorn's business is dependent on maintaining relationships with key third party vendors, information technology suppliers, and software and infrastructure providers. For example, Thorn uses a third party software provider to store and maintain its client files and business data. Thorn could face significant additional costs from business disruption if the availability of or its access to its file management system was adversely affected. Thorn has identified, and is in the processes of remediating, a number of information technology process issues regarding the protection of data, including the monitoring of super-user activity (including changes to the data and production) in the relevant applications, the user access review process, change management controls and developer access to the production environment.

### **Litigation, claim and dispute risks**

Thorn may be subject to litigation, claims, disputes, arbitration, mediation or other proceedings with third parties in the course of, or in connection with, its business. These may include, but are not limited to, contractual disputes with customers, suppliers, contractors or employees and regulatory investigations or related proceedings.

On 2 September 2019 Thorn announced that it and its subsidiary, Thorn Australia Pty Limited ("TAPL"), had agreed settlement with the Applicant in the class action of Casey Cheryl Simpson v Thorn Australia Pty Ltd and others (Federal Court Proceeding NSD 448/2017). Under the terms of the settlement, in full and final settlement of the class action, Thorn and TAPL will pay A\$25 million to the Applicant on behalf of the class. Thorn's insurer will also make a separate contribution towards the settlement. Thorn and TAPL will release the insurer from any related claims they have with the insurer under their relevant insurance policies.

The settlement does not involve any admission of liability and remains subject to Court approval. There can be no guarantee that Thorn will not in the future be the subject of further class actions. The cost of defending and/or settling litigation, claims, disputes, arbitration, mediation, class actions or other proceedings may be significant. Additionally, any major dispute, litigation, class action or other proceedings could damage Thorn's business relationships and reputation, lead to an increase in insurance premiums, a reduction in insurance coverage or an inability to secure insurance, expose Thorn and its directors and officers to potential or actual liability and have a material adverse effect on the financial performance and prospects of Thorn.

Thorn may also commence litigation, arbitration, mediation or other proceedings or make a claim against third parties for losses or liabilities suffered or incurred in the course of, or in connection with, its business. There is no guarantee that Thorn will be successful in any such litigation or proceedings or recovering any such losses or liabilities. If Thorn is unsuccessful, it may be subject to adverse costs orders in addition to having to pay its own accrued legal costs. If these amounts are significant, this could have a material adverse effect on the financial performance and prospects of Thorn.

### **Loss of reputation**

Thorn's core businesses rely on Thorn's strong reputation which has been built on good client relationships and core branding. Damage to Thorn's reputation may have a material adverse effect on the financial performance and prospects of Thorn.

### **Competition**

The consumer leasing and asset finance markets are highly competitive and are subject to rapid change, including as a result of the introduction of new entrants and products. Actions by new or existing competitors, or the entry of market disruptors with new products or business models (such as the rapidly growing "buy now pay later" market), or the development and introduction of new technologies, could place pressure on Thorn's business models or result in a reduction in business volumes, both of which could have a material adverse effect on the financial performance and prospects of Thorn.

## A Key Risks (cont'd)

### **Funding and going concern risks**

Thorn's funding for its consumer leasing and asset finance businesses is generated through a mixture of a debt facility with a financial institution and the periodic securitisation of receivables into a funding warehouse structure in which Thorn holds a subordinated class of security. Thorn's ability to generate new commercial equipment business is subject on its ability to securitise its portfolio of receivables and sell those to the warehouse structure. To the extent Thorn is not able to generate business which is able to be sold to the warehouse structure, Thorn will have a reduced funding base from which to finance new inventory and receivables.

If Thorn's current sources of funding prove insufficient or are withdrawn, it may be forced to seek alternative funding. The availability of funding, and the terms on which it may be made available, will depend on a number of factors, including market conditions, the availability of credit and Thorn's credit standing.

An inability to manage the funding risks for Thorn may result in forced asset sales, defaults and lower origination of receivables rates. These factors may have a material adverse effect on the financial performance and prospects of Thorn.

In Thorn's Annual Report for 2019, Thorn's auditors noted at pages 26 – 27 (in the Consolidated Statement of Profit and Loss and other Comprehensive Income for the year ended 31 March 2019) that the continuing viability of the Thorn group and its ability to continue as a going concern was dependent upon the group returning to profitability, maintaining the support of its lender and progressing the strategic review. The auditors further stated that as a consequence of these matters a material uncertainty existed that may cast significant doubt as to whether Thorn will be able to continue as a going concern. Thorn has been addressing these matters but some are not entirely within its control. For example, whilst it presently has the support of its banker, it cannot guarantee that this will always be the case. Also, whilst Thorn expects to move back to profitability (before abnormal matters) in the 2020 financial year, in light of the difficult retail and economic conditions, shifts in consumer preferences and other risk factors referred to in this section 5, there is a risk that its trading results may deteriorate and affect its viability as a going concern.

### **Debt facility risk**

Thorn has entered into a debt facility with its financier under which it must comply with various covenants. If a breach of any of those covenants occurs, Thorn's financier may seek to exercise enforcement rights under the debt facility, including requiring immediate repayment, which may lead to forced asset sales or default and have a material adverse effect on the financial performance and performance of Thorn. If Thorn is unable to secure a similar debt facility, Thorn may be unable to implement its business strategy, and may not be able to meet its working capital and general financing needs.

### **Changes in borrowing costs**

Changes in interest rates can affect the volume of new customers wanting to enter into new lease commitments. Thorn borrows primarily on a fixed rate basis and as such margins on lease and financing contracts already on foot are not affected. However, to the extent that interest rate rises cannot be passed on, this may have a material adverse effect on the financial performance and prospects of Thorn.

### **Access to inventory**

Changes in the cost and availability of consumer and commercial goods can affect the ability of Thorn to generate revenue.

Radio Rentals has access to suppliers directly and is a member of the National Associated Retail Traders of Australia (NARTA) buying group for certain product categories. Arrangements are in place with multiple suppliers as a measure to mitigate against the risk of supplier failure and exclusive product arrangements are not entered into.

Suppliers typically provide payment credit terms to Thorn which assists with the management of its cash flow. The continuing provision of inventory by suppliers is subject to the risk that suppliers or their credit insurers may withdraw or limit their credit terms or insurance cover to Thorn.

Pricing changes are also managed in the supplier terms with agreed notice periods which allows Thorn to make any required retail/rental pricing adjustments.

Forward demand planning is managed by the Radio Rentals Supply team which provides suppliers with forecasted quantities of stock it expects to procure and orders are made sufficiently in advance in order to secure good product availability.

Any Thorn cash constraints can restrict the availability and quantity of stock for Thorn, therefore, affecting Thorn's ability to meet consumer demand. If this occurs on a sustained basis, it may have a material adverse effect on the profitability and prospects of Thorn.

### **Governance and insurance risks**

Thorn cannot guarantee that its internal policies and controls will be effective in each case to ensure that it is protected from negligent, reckless or criminal acts committed by its directors, officers, employees, consultants, agents, service providers or business partners, including fraud or conduct that would violate any anti-bribery or corruption laws. Any such improper actions could subject Thorn to civil or criminal investigations that could lead to substantial criminal, monetary and non-monetary penalties against Thorn. It could also damage Thorn's reputation and result in significant expenditure in investigating and responding to such actions which may, in turn, have a material adverse effect on the financial performance and prospects of Thorn.

Thorn's Directors' and Officers', Civil Liability, Crime and Cyber insurance policies are due for renewal on 30 November 2019. There is no certainty that such policies can be renewed on the same or substantially the same terms or for the same premium or at all.

## A Key Risks (cont'd)

### Compliance with laws and regulations

Thorn and its related bodies corporate conduct their businesses in highly regulated sectors and are subject to various legislative requirements, including the Corporations Act 2001 (Cth), the Australian Investments and Securities Commission Act 2001 (Cth), the National Consumer Credit Protection Act 2009 (Cth), the Competition and Consumer Act 2010 (Cth), the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth), the Financial Transaction Reports Act 1988 (Cth), the Financial Sector (Collection of Data) Act 2001 (Cth) and the Privacy Act 1988 (Cth) and related regulations.

This regulatory regime is complex and is presently undergoing significant change. Any failure to comply with regulatory or legislative requirements may result in breaches, fines, payments of compensation to customers, regulatory action and reputational effects, which could have a material adverse effect on the financial performance and prospects of Thorn.

Thorn and its related bodies corporate are subject to oversight by regulators regarding its compliance with legislative and regulatory requirements. These regulators include, amongst others, the Australian Securities and Investments Commission (ASIC), the ASX Group (ASX), the Australian Competition and Consumer Commission (ACCC), the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Office of the Australian Information Commissioner (OAIC) and the Australian Prudential Regulation Authority (APRA) (as a registered financial corporation).

On 23 January 2018 ASIC announced a package of regulatory outcomes against Thorn's consumer leasing businesses Radio Rentals, RR and Rentlo Reinvented. The package included \$6.1 million in refunds to customers, a write-off of default fees, and an additional \$13.8 million in customer refunds in relation to excess lease payments. Thorn also entered into an Enforceable Undertaking (EU) with ASIC at the same time. ASIC also commenced civil penalty proceedings with the Federal Court of Australia. Thorn Australia Pty Ltd has paid a \$2 million penalty for contravening its responsible lending obligations.

Thorn continues to comply with the EU and to remediate certain customers as part of the EU. During 2019, ASIC issued its interim compliance report. The summary reports from Deloitte, the Independent Expert, were also released. The Deloitte Final Remediation report was lodged with ASIC on 7 August 2019 and the Deloitte Further Compliance Report was lodged with ASIC on 30 August 2019. ASIC is expected to release its public report in due course commenting on the Final Remediation Report and the Further Compliance Report.

If Thorn does not meet the requirements of its regulators, this may affect the recoverability of its receivables and it may be required to take remedial actions and also incur penalties, such as fines or obligations, to pay compensation to affected customers, or the cancellation or suspension of its authority to conduct business. These consequences in turn may have a material adverse effect on the financial performance and prospects of Thorn.

### Changes to laws, regulations or government policies

Changes to laws, regulations or government policies (including in relation to taxation, financial services law, ASX operating rules or accounting standards) that apply to Thorn from time to time could have a material adverse effect on the financial performance and prospects of Thorn.

Any added complexity to Thorn's regulatory regime will increase its costs of compliance and the risk of non-compliance. Changes to Thorn's regulatory regime may result in either one-off costs or ongoing expenses to Thorn and may require Thorn to change its business model. These increased costs may not be able to be reduced or passed on to customers which may adversely affect Thorn's operations and profitability.

There are a number of current regulatory developments that could affect Thorn. These include the legislative and regulatory outcomes of the findings of the Banking Royal Commission into Australia's banking, superannuation and financial services sectors. Other regulatory changes that are being foreshadowed that could affect Thorn's businesses include potential changes to the regulatory guidance on the responsible lending requirements and the proposed strengthening of the regulation of small amount credit contracts and consumer leases under the National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2018.

### Risk Management

Thorn has implemented risk management strategies and internal controls involving processes and procedures to identify, monitor and mitigate risks.

Material business risks for Thorn include credit risk, operational risks (including workplace health and safety risks), financial risks (interest rate movements, liquidity and capital), strategic risk, legal and compliance risks, and regulatory risk and culture and conduct risk.

There are inherent limitations with any risk management framework, as there may exist or emerge in the future, risks that Thorn has not anticipated or fully identified. If any of Thorn's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, this could have a material adverse effect on the financial performance and prospects of Thorn.

### Cyber-risk

Cybercriminal networks seek to exploit vulnerabilities in systems, leading to loss of critical systems or third parties obtaining access to corporate or customer personal data. There is an increase in cybercriminal activity on a global level. A failure of any of Thorn's controls designed to prevent cyber-criminal activity, or the cost of complying with the security requirements of third parties providing access by Thorn to their systems or platforms, could have a material adverse effect on the financial performance and prospects of Thorn.

### Nature of investment

Any potential investor should be aware that subscribing for New Shares involves inherent risks. The New Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares and it is possible that an Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- the price at which the Applicant is able to sell the New Shares is less than the price paid, among other reasons, due to changes in market circumstances;
- the Applicant is unable to sell the New Shares; and
- Thorn is placed in administration, receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some, of their initial investment.

## A Key Risks (cont'd)

### Securities market

The New Shares may trade on the ASX at higher or lower prices than the Issue Price following listing. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

The Shares are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of Thorn and by external factors over which the Directors and Thorn have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

### Economic factors

The operating and financial performance of Thorn is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy, retail conditions and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse effect on the financial performance and prospects of Thorn, including its ability to fund its activities, particularly if it is unable to reduce costs to match any decrease in revenues.

A major systemic shock could occur which causes an adverse impact on the Australian or other financial systems. The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and global economic conditions. Given this, there can be no assurance that any market disruptions will not spread. Any such market disruptions could have a material adverse effect on the financial position and prospects of Thorn.

### Dilution risk

In the future, Thorn may determine to issue new Shares or engage in other fundraisings involving the issue of new securities in Thorn (including to fund any acquisitions that Thorn may decide to make). While Thorn will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

### Force majeure events may occur

Events may occur within or outside Australia that could impact upon the Australian or the global economy, Thorn's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Thorn's services and its ability to conduct business. Thorn only has a limited ability to obtain insurance against some of these risks.

### Unforeseen risks

There may be other risks of which Thorn is unaware at the time of issuing this document which may impact Thorn, its operations and/or the valuation and performance of its securities. There may also be liabilities or obligations that Thorn fails to or is unable to discover in due diligence regarding this document. The discovery of any material undisclosed liabilities could have a material adverse effect on Thorn's financial performance and the value of its securities.

The above risks and others not specifically referred to above may in the future materially adversely affect the financial performance and prospects of Thorn.

### Underwriting Risk

Thorn has entered into the Underwriting Agreement with the Underwriter who has in turn entered into sub-underwriting agreements with each of the Sub-Underwriters. The Underwriter may terminate the Underwriting Agreement and can be released from its obligations if certain events occur (as set out in the Underwriting Agreement). If the Underwriter terminates the Underwriting Agreement, the Entitlement Offer may not raise the full amount proposed to be raised or the Retail Entitlement Offer may not proceed at all. Further, as a result of the sub-underwriting arrangements in respect of the Entitlement Offer, there is potential that the Sub-Underwriters establish or increase (as applicable) their Voting Power in Thorn following the issue of New Shares. Under certain circumstances, Somers may increase its Voting Power in Thorn to above 25% which will provide it with the ability to veto special resolutions of Thorn (where it is entitled to cast a vote).

## B Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### British Virgin Islands

The New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

### Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

### European Union

This document has not been, and will not be, registered with or approved by any national securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

### Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## B Offer Restrictions (cont'd)

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). In relation to the institutional component of the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor". In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### United States

This document and any other materials relating to the Entitlement Offer and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds ordinary shares in Thorn Group and is acting for the account or benefit of a person in the United States).

The New Shares and the Entitlements have not been, and will not be, registered under the US Securities Act of 1933 or the US state securities laws. The New Shares may only be offered and sold in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the New Shares are only being offered and sold in "offshore transactions" in compliance with Regulation S under the US Securities Act.

### Bermuda

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.



16 September 2019

ASX Market Announcements  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**Thorn Group Limited (ASX:TGA)**

**Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84**

- 1.1 Thorn Group Limited (ASX: TGA) (ABN 54 072 507 147) (**Thorn**) today announced a fully underwritten accelerated pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in Thorn (**Shares**) to existing eligible shareholders to raise approximately \$38.7 million (**Entitlement Offer**). The Entitlement Offer consists of an offer of 1 new Share in Thorn (**New Share**) for every existing Share held as at 7.00pm (Sydney time) on Wednesday 18 September 2019 (**Record Date**) by eligible shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) at an issue price of \$0.24 per New Share.
- 1.2 This notice is given by Thorn under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by the *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* (**Instrument 2016/84**). References in this notice to section 708AA of the *Corporations Act* are to that section as modified by Instrument 2016/84.
- 1.3 The Entitlement Offer is fully underwritten by Shaw and Partners Limited subject to the terms and conditions of an underwriting agreement. The Entitlement Offer will also be sub-underwritten by a number of institutional shareholders, including Somers Limited (**Somers**), Forager Funds Management Pty Ltd (**Forager**), and Investors Mutual Limited (**IML**) (each being current shareholders of Thorn), subject to the terms and conditions of their respective sub-underwriting agreements, in the following amounts:
  - (1) Somers for a maximum of 34,977,579 New Shares (being 36.12% of the sub-underwritten allocation);
  - (2) Forager for a maximum of 18,311,283 New Shares (being 18.91% of the sub-underwritten allocation);
  - (3) IML for a maximum of 6,044,062 New Shares (being 6.24% of the sub-underwritten allocation); and
  - (4) any additional institutional investor/s nominated by the underwriter for a maximum of 37,500,000 New Shares (being 38.73% of the sub-underwritten allocation).
- 1.4 Thorn advises that:
  - (1) the New Shares will be offered for issue under the Entitlement Offer without disclosure under Part 6D.2 of the *Corporations Act*;
  - (2) as at the date of this notice, Thorn has complied with:
    - (a) the provisions of Chapter 2M of the *Corporations Act*, as they apply to Thorn; and

- (b) section 674 of the Corporations Act as it applies to Thorn;
- (3) as at the date of this notice, there is no “excluded information” of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act; and
- (4) the potential effect the issue of New Shares will have on the control of Thorn and the consequences of that effect will depend on a number of factors, including investor demand and the extent to which Eligible Shareholders take up their entitlements. The potential effect that the issue of New Shares under the Entitlement Offer will have on the control of Thorn, and the consequences of that effect, are broadly as follows:
  - (a) if all Eligible Shareholders take up their entitlement in full under the Entitlement Offer, there will be no significant effect on the control of Thorn;
  - (b) if Eligible Shareholders do not take up some or substantially all of their entitlement under the Entitlement Offer, the shareholding interests of those Eligible Shareholders will be diluted;
  - (c) the proportional interests of shareholders that are not Eligible Shareholders will be diluted because those shareholders are not entitled to participate in the Entitlement Offer; and
  - (d) the voting power of Somers, Forager, and IML, who prior to the Entitlement Offer held approximately 19.99%, 11.30% and 8.63% of voting power in Thorn respectively, may increase their voting power to the extent that they participate as sub-underwriters under the Entitlement Offer.

Signed for **Thorn Group Limited**:



**Peter Forsberg**  
Company Secretary  
Thorn Group Limited

**For all enquiries:**

**Phone:**



(within Australia) 1300 855 080  
(outside Australia) 61 3 9415 4000

**Web:**



[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

TGA

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

**Make your payment:**



See overleaf for details of the Offer and how to make your payment

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## Non Renounceable Entitlement Offer — Entitlement and Acceptance Form

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 **Your payment must be received by 5:00pm (Sydney time) Wednesday 2 October 2019**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. In addition to your Entitlement, you can apply for additional New Shares under the Top Up Facility to a Cap of 100% of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Entitlement Offer Booklet dated 23 September 2019.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip with BPAY payment.

**By Mail:** Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Thorn Group Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

# Entitlement and Acceptance Form with Top Up Facility Shares

## STEP 1 Registration Name & Offer Details

X 9999999991 I ND

**Registration Name:** MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

 For your security keep your SRN/  
HIN confidential.

Entitlement No: 12345678

**Offer Details:** Existing shares entitled to participate as at  
7:00pm (Sydney time) Wednesday 18 September 2019:

Entitlement to New Shares  
on a 1 for 1 Basis:

Maximum number of New Shares  
you may apply for under the Top Up Facility:

Amount payable on full acceptance  
at \$0.24 per New Share:


4,000

1


1

\$0.01

## STEP 2 Make Your Payment

	Biller Code: 99999 Ref No: 1234 5678 9123 4567 89
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### Pay by Mail:

 Make your cheque, bank draft or money order payable to "**Thorn Group Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:

**Computershare Investor Services Pty Limited**  
**GPO BOX 505 Melbourne Victoria 3001 Australia**

Contact your financial institution to make your payment from your cheque or savings account.

### Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (Sydney time) Wednesday 2 October 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Thorn Group Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (Sydney time) Wednesday 2 October 2019. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Thorn Group Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#)

## Thorn Group Limited Acceptance Payment Details

Entitlement taken up:

Number of New Shares applied for under the Top Up Facility:

Total Shares applied for:

Amount enclosed at \$0.24 per New Share: **A\$**



Entitlement No: 12345678

**Payment must be received by 5:00pm (Sydney time) Wednesday 2 October 2019**

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Contact Details

**Contact Name** \_\_\_\_\_ **Daytime Telephone** \_\_\_\_\_

## Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

123456789123456789+000000001-3051+14



