

THORN GROUP LIMITED
(ACN 072 507 147)
NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE is hereby given of the 2019 Annual General Meeting of Shareholders of Thorn Group Limited (ACN 072 507 147) (the “**Company**”) (the “**Meeting**”) to be held:

Date: Friday 30 August 2019
Time: 11.30am (Sydney time)
Venue: Thorn Group’s offices, Level 1, 62 Hume Highway, Chullora, NSW 2190

BUSINESS

1. Chair’s address and CEO’s review of operations

2. Receipt of Annual Financial Report

Receipt and consideration of the Company’s Financial Report, the Directors’ Report and the Auditor’s Report for the year ended 31 March 2019.

3. Adoption of Remuneration Report (Resolution 1)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That for the purpose of Section 250R(2) of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for the adoption of the Remuneration Report (which is set out in and forms part of the Directors’ Report) for the year ended 31 March 2019.”

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Company will disregard any votes cast on this Resolution by certain persons. Details of the voting exclusions applicable to this Resolution are set out in the “Voting Exclusions” section on pages 4 and 5 below.

4. Re-election of Mr Stephen Kulmar as a director (Resolution 2)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That Mr Stephen Kulmar, who retires in accordance with rule 48(a) of the Company’s constitution and being eligible for re-election in accordance with rule 48(b) of the Company’s constitution, be re-elected as a director of the Company.”

5. Election of Mr Kent Bird as a director (Resolution 3)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That Mr Kent Bird, being duly nominated to be appointed as a director of the Company in accordance with rule 45(b) of the Company’s constitution, be elected as a director of the Company.”

6. Election of Mr Allan Sullivan as a director (Resolution 4)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That Mr Allan Sullivan, being duly nominated to be appointed as a director of the Company in accordance with rule 45(b) of the Company’s constitution, be elected as a director of the Company.”

7. Election of Mr Warren McLeland as a director (Resolution 5)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That Mr Warren McLeland, being duly nominated to be appointed as a director of the Company in accordance with rule 45(b) of the Company’s constitution, be elected as a director of the Company.”

8. Increase in the maximum aggregate amount of annual directors’ fees payable to non-executive directors (Resolution 6)

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.17, rule 49(b) of the Company’s constitution and for all other purposes, the maximum aggregate amount of directors’ fees that may be paid to non-executive directors of the Company for their services in any financial year be increased by \$150,000 from \$650,000 to \$800,000.”

The Company will disregard any votes cast on this Resolution by certain persons. Details of the voting exclusions applicable to this Resolution are set out in the “Voting Exclusions” section on page 5 below.

Dated: 26 July 2019

By order of the Board

David Lines
Company Secretary

VOTING BY PROXY

- (a) **(right to appoint):** Each Shareholder has the right to appoint a proxy to attend and vote for the Shareholder at this Meeting.
- (b) **(two proxies):** To enable a Shareholder to divide their voting rights, a Shareholder may appoint 2 proxies. Where 2 proxies are appointed:
- (i) a separate Proxy Form should be used to appoint each proxy; and
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and, if it does not do so, each proxy may exercise half of the votes.
- (c) **(who may be a proxy):** A Shareholder can appoint any other person to be their proxy. A proxy may be an individual or a body corporate and need not be a Shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, "the Chair of the meeting".
- (d) **(signature(s) of individuals):** In the case of Shareholders who are individuals, the Proxy Form must be signed:
- (i) if the shares are held by one individual, by that Shareholder; or
 - (ii) if the shares are held in joint names, by any one of them.
- (e) **(signatures on behalf of companies):** In the case of a Shareholder who is a company, the Proxy Form must be signed:
- (i) if it has a sole director who is also sole company secretary, by that director in the appropriate box; or
 - (ii) in the case of any other company, by either 2 directors or a director and company secretary.
- (f) **(other authorised persons):** If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of paragraph (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place or in the manner set out in paragraph (g) below.
- (g) **(lodgement place and deadline):** A Proxy Form accompanies this Notice of Meeting.
- (i) To be effective, Proxy Forms (duly completed and signed) must be received by the Company:
 - (A) at Computershare Investor Services Pty Limited
GPO Box 242 Melbourne VIC 3001; or
 - (B) by facsimile (within Australia) on 1800 783 447 or
(outside Australia) +61 3 9473 2555,no later than 11.30am (Sydney time) Wednesday 28 August 2019.
 - (ii) For custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com no later than 11.30am (Sydney time) Wednesday 28 August 2019.
- (h) **(online voting)** If you are unable to attend the Meeting, you can cast your vote online at www.investorvote.com.au. To use this facility, please follow the instructions on your enclosed Proxy Form.

A proxy is not revoked by the relevant Shareholder attending and taking part in the Meeting unless the Shareholder actually votes at the Meeting on the resolution for which the proxy is proposed to be used.

Shareholders who appoint a proxy should consider how they wish to direct the proxy to vote, that is, whether the Shareholder wishes the proxy to vote “for” or “against”, or abstain from voting, on each Resolution, or whether to leave the decision to the appointed proxy after discussion at the Meeting.

THE CHAIR OF THE MEETING ACTING AS PROXY

You may appoint the Chair of the Meeting as your proxy. The Chair is deemed to be appointed where a signed Proxy Form is returned which does not contain the name of the proxy.

If you direct the Chair how to vote on an item of business, on a poll, the Chair must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chair, the Chair intends to vote all available proxies in favour of each of Resolutions 1, 2, 3, 4, 5, and 6 inclusive.

In relation to the remuneration-related Resolutions (being Resolution 1 and Resolution 6), if the Chair is appointed as your proxy, and you have not directed your proxy how to vote on the Resolution, please note that by completing and returning the Proxy Form you will be expressly authorising the Chair to exercise your undirected proxy on this Resolution even though it is connected with the remuneration of the Company’s KMP.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

For the purposes of this Meeting and in accordance with regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that a person is entitled to vote at the Meeting if that person is set out in the register of Shareholders as at 7.00pm (Sydney time) on Thursday 29 August 2019.

VOTING EXCLUSIONS

The *Corporations Act 2001* (Cth) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on certain Resolutions to be considered at the Meeting. These voting exclusions are described below.

Item 3 (Resolution 1)

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on Resolution 1:

- (i) any member of KMP whose remuneration details are included in the Remuneration Report (and any Closely related party of such a KMP, and any person voting on behalf of such a KMP or Closely related party), unless the person does so as a proxy and:
 - (i) the vote is not cast on behalf of any KMP whose remuneration details are included in the Remuneration Report (or any Closely related party of such KMP); and
 - (ii) either:
 - (i) that person is appointed as a proxy by writing that specifies how the proxy is to vote on the Resolution; or
 - (ii) that person is the Chair and the proxy appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP; and

- (ii) any KMP whose remuneration details are not included in the Remuneration Report (and any Closely related party of such a KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the Resolution, unless:
 - (i) the proxy is the Chair; and
 - (ii) the proxy appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

Item 8 (Resolution 6)

The following persons may not vote, and the Company will disregard any votes cast in favour of the resolution by the following persons, on Resolution 6:

- (i) any Director of the entity;
- (ii) any associate of a Director of the entity; and
- (iii) any member of KMP and their closely related parties, acting as proxy,

However, the Company need not disregard a vote in respect of Resolution 6 if:

- (iv) it is cast by a person (including the Chair) as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (v) it is cast by the person Chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

In this Notice of Meeting, the terms below have the following meanings:

1. **ASX Listing Rule(s)** means the Listing Rules of ASX Limited.
2. **Board** means the board of directors of the Company.
3. **Chair** means the chair of the Meeting appointed by the Directors in accordance with the Constitution.
4. **Closely related party** includes, but is not limited to, a KMP's spouse, dependant and certain other close family members, as well as any companies controlled by the KMP, as defined in the Corporations Act.
5. **Company** means Thorn Group Limited (ACN 072 507 147).
6. **Corporations Act** means the *Corporations Act 2001* (Cth).
7. **Director(s)** means the directors of the Company, and includes executive and non-executive directors.
8. **KMP** stands for 'key management personnel', which means each of those persons having authority and responsibility for planning, directing and controlling the activities of the Thorn Group, either directly or indirectly, including any Directors.
9. **Meeting** means the 2019 Annual General Meeting of the Company.
10. **Proxy Form** means the proxy form that accompanies this Notice of Meeting.
11. **Shareholder** means a shareholder of the Company.
12. **Thorn Group** means the consolidated group of companies making up the Thorn corporate group.

BUSINESS

Item 1: Chair's address and CEO's review of operations

The Chair will make his address and the CEO will present a review of the Company's operations.

Item 2: Receipt of Annual Financial Report

As required by the Corporations Act, the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 31 March 2019 will be laid before the Meeting. There is no requirement for a formal resolution on this item. However, the Chair will allow a reasonable opportunity for the Shareholders as a whole at the Meeting to ask questions about, or make comments on, those reports.

Shareholders should refer below in relation to asking questions directed to the auditor.

Item 3: Adoption of Remuneration Report (Resolution 1)

The Remuneration Report is set out, under the heading "Remuneration Report - Audited", on pages 9 to 19 of the Company's Annual Report for the year ended 31 March 2019. The Remuneration Report:

- (i) provides discussion of the Board's policy on remuneration of Directors and senior managers of the Company and the relationship between such policy and the Company's performance; and
- (ii) sets out prescribed information in relation to the Directors and senior managers of the Company, including their fixed remuneration and any performance related remuneration.

The Company's approach to remuneration is framed by the strategy and operational demands of the business, the desire for superior sustained shareholder returns, the complex and onerous regulatory environment and high standards of governance. The remuneration structure has been designed to balance both shareholder and executive interests. It consists of a mix of fixed and 'at-risk' pay where the at-risk element seeks to balance both short and long term performance.

The Chair will allow a reasonable opportunity for the Shareholders at the Meeting to ask questions about, or make comments on, the Remuneration Report.

Under section 250R(3) of the Corporations Act, the vote on the Resolution to adopt the Remuneration Report is advisory only and does not bind the Directors or the Company.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Item 3 (Resolution 1).

A voting exclusion statement applies in relation to this Item 3 (Resolution 1), as set out in the Notice of Meeting.

The Chair intends to vote all undirected proxies in favour of this Item 3 (Resolution 1).

Item 4: Re-election of Mr Stephen Kulmar as a director (Resolution 2)

Stephen Kulmar was appointed by the Board as a non-executive Director on 15 April 2014. Stephen was subsequently elected as a Director by Shareholders at the annual general meeting of the Company held on 26 August 2014 and re-elected as a Director by Shareholders at the annual general meeting of the Company held on 23 August 2016.

Rule 48(a) of the constitution of the Company provides that a Director must not hold office for a continuous period of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for election or re-election.

Rule 48(b) of the constitution of the Company provides that a retiring Director under rule 48(a) is eligible for re-election without needing to give any prior notice of an intention to submit for re-election and holds office as a Director until the end of the meeting at which the Director retires.

Accordingly, Stephen retires as a Director in accordance with rule 48(a) of the constitution of the Company and, being eligible under rule 48(b) of the constitution of the Company, offers himself for re-election as a Director.

Stephen is the former Managing Director and Chair of IdeaWorks and is currently the Managing Director of Retail Oasis, a retail marketing and business consultancy. Stephen has over 40 years' experience in advertising and has extensive experience in retail strategy, brand strategy, channel to market strategy, digital and social strategy, business re-engineering and new retail business development.

Recommendation

The Directors (other than Mr Stephen Kulmar) unanimously recommend that Shareholders vote in favour of Item 4 (Resolution 2).

The Chair intends to vote all undirected proxies in favour of this Item 4 (Resolution 2).

Item 5: Election of Mr Kent Bird as a director (Resolution 3)

Kent Bird provided the Company with a notice of candidature and consent to act as a Director on 12 July 2019 in accordance with rule 45(b) of the constitution of the Company. Kent has a close personal relationship with Steve Johnson, the Chief Investment Officer at Forager Funds Management Pty Ltd (Forager), who has a relevant interest in approximately 11.3% of the issued shares in the Company. Kent has no business relationship with Forager and the Board does not consider the relationship between Kent and Steve Johnson will interfere with Kent's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole. On this basis, if appointed, the Board would regard Kent as an independent Director.

Kent is a banking and finance professional with 25 years' experience in commercial and investment banking. Kent has a Bachelor of Business (Property Studies) from the University of Queensland and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Kent was with Credit Agricole CIB Australia Limited for 12 years and was the Managing Director – Head of Loan Syndications Australia and Head of DCM Origination Australia for the last 3 years, ending in December 2018. Prior to this, Kent was a Senior Relationship Manager – Corporate Institutional Banking with Suncorp Limited for more than six years.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Item 5 (Resolution 3).

The Chair intends to vote all undirected proxies in favour of this Item 5 (Resolution 3).

Item 6: Election of Dr Allan Sullivan as a director (Resolution 4)

A notice of candidature and consent to act as a Director was provided to the Company in respect of Dr Allan Sullivan by Somers Limited and ICM Limited on 12 July 2019 in accordance with rule 45(b) of the constitution of the Company. Somers Limited and ICM Limited collectively has a relevant interest in approximately 19.89% of the issued shares in the Company. Allan has been a professional advisor to Allectus Capital Limited (owned by UIL Limited and ICM Limited) and a UK listed company since October 2018. For 11 years prior to October 2018, Allan was a professional advisor to companies in which ICM Limited or its predecessors had financial interests. On this basis, if appointed, the Board would regard Allan as a non-independent Director.

Allan has had a professional career spanning over 30 years involving senior management roles in Switzerland, Holland, Korea, Hong Kong and Australia. Allan has a Bachelor of Science, a Bachelor of Engineering and a Doctor of Engineering from the University of Sydney.

Allan was the Chief Executive Officer and Director of the listed ASX-ERG Group of Companies based in Perth (now Vix Technology) from 2004 to 2007. Since 2007, Allan has acted as a consultant to the VIX Verify Group and the Allectus Capital Group in relation to their technology businesses. More recently, Allan has acted as Executive Chairman of the VIX Verify Group, managing the successful sale of VIX Verify Global Identification business to the UK listed GB Group.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Item 6 (Resolution 4).

The Chair intends to vote all undirected proxies in favour of this Item 6 (Resolution 4).

Item 7: Election of Mr Warren McLeland as a director (Resolution 5)

A notice of candidature and consent to act as a Director was provided to the Company in respect of Mr Warren McLeland by Somers Limited and ICM Limited on 12 July 2019 in accordance with rule 45(b) of the constitution of the Company. Somers Limited and ICM Limited collectively has a relevant interest in approximately 19.89% of the issued shares in the Company. Warren is the Chairman of Somers Limited and is director of other companies which Somers Limited has a substantial interest. On this basis, if appointed, the Board would regard Warren as a non-independent Director.

Warren has over 40 years' experience in financial services (half in Australia and half internationally), in wholesale and retail sectors at top business management and CEO levels. Warren's experience has been gained in organisations such as Bain and Co and Chase Manhattan (now JP Morgan Chase). Warren was previously the CEO and Chairman of Resimac Group Limited.

Warren is currently a non-executive director of ASX Listed Resimac Group Limited and UIL Limited.

Warren's formal education was obtained from the University of Sydney and the University of New South Wales.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Item 7 (Resolution 5).

The Chair intends to vote all undirected proxies in favour of this Item 7 (Resolution 5).

Item 8: Increase in the maximum aggregate amount of annual directors' fees payable to non-executive directors (Resolution 6)

The Company is seeking Shareholder approval for an increase in the maximum aggregate annual remuneration payable to its non-executive Directors by way of Directors' fees (**Fee Pool**) by \$150,000 from \$650,000 per annum to \$800,000 per annum. Approval for this increase is being sought pursuant to Listing Rule 10.17, rule 49(b) of the Company's constitution and for all other purposes. The current Fee Pool limit has not been increased since it was approved by Shareholders at the Annual General Meeting of the Company held in 2013.

Fees paid to non-executive Directors out of the Fee Pool are reviewed periodically to ensure that they are appropriate. Details of fees paid to non-executive Directors of the Company for the financial year ended 31 March 2019 are set out under the heading "Remuneration Report - Audited", on pages 9 to 19 of the Company's Annual Report for the year ended 31 March 2019.

The current Fee Pool of \$650,000 was approved by Shareholders in 2013 at a time when the Company only had 4 non-executive Directors. If Resolutions 3, 4 and 5 (Items 5, 6 and 7) are approved by Shareholders, the Company will have 7 non-executive Directors immediately following this Meeting. The proposed increase to the Fee Pool of \$150,000 will not see non-executive Directors' individual remuneration increase, but will ensure that the Company has the ability to pay Directors' fees to those newly appointed non-executive Directors at a sufficiently competitive rate to attract and retain those non-executive Directors (and any other non-executive Directors of the necessary

qualifications and calibre appointed by the Board or by the Shareholders in a general meeting), having regard to the amount of Directors' fees paid to non-executive directors by companies listed on the ASX.

There have been no securities issued to a non-executive director under rule 10.11 or 10.14 with the approval of the holders of the Company's ordinary security at any time in the preceding 3 years.

Recommendation

Given their interest in the subject matter, the Directors make no recommendation to Shareholders on this Item 8 (Resolution 6).

A voting exclusion statement applies in relation to this Item 8 (Resolution 6), as set out in the Notice of Meeting.

The Chair intends to vote all undirected proxies in favour of this Item 8 (Resolution 6).

QUESTIONS AND COMMENTS ON MANAGEMENT OF THE COMPANY AND ITEMS OF BUSINESS

The Chair will allow a reasonable opportunity for the Shareholders at the Meeting to ask questions about, or make comments on, the management of the Company and the items of business set out in the Notice of Meeting.

In addition, Shareholders may submit written questions to the Company no later than the fifth business day before the day on which the Meeting is held.

QUESTIONS TO THE AUDITOR

Any Shareholder may submit to the Company a written question directed to the Company's auditor, PWC, if the question is relevant to:

- (a) the content of the Auditor's Report to be considered at the Meeting; or
- (b) the conduct of the audit of the annual Financial Report to be considered at the Meeting.

Any relevant written question must be received by the Company no later than the fifth business day before the day on which the Meeting is held.

The Chair will allow a reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representatives questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.