



THORNEY

OPPORTUNITIES
TOP

ASX Announcement: **14 November 2022**

ASX Code: **TOP**

TOP 2022 AGM CHAIRMAN'S ADDRESS

In accordance with Listing Rule 3.13.3 please find below a reproduction of the Chairman's address to be delivered by Mr Alex Waislitz at the TOP 2022 Annual General Meeting commencing at 9:30am today.

INVESTMENT PHILOSOPHY

TOP undertakes thorough due diligence to identify fundamentally mispriced or undervalued companies and combine that with constructive advocacy with boards and management to implement change when required.

INVESTMENT OBJECTIVES

- Producing absolute returns for shareholders over the medium- to long-term
- Delivering a strong fully franked dividend stream to shareholders

KEY CONTACTS

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ABOUT THORNEY OPPORTUNITIES LTD

Thorney Opportunities Ltd (TOP) is an ASX-listed investment company that invests in listed and unlisted equities and financial assets, in a variety of sectors, including media, automotive, energy, engineering and mining services and financial services.

Our primary focus is on the careful selection of investments which enables us to be a constructive catalyst towards unlocking the value in the companies identified. TOP is managed by the privately owned Thorney Investment Group pursuant to a long-term investment management agreement. You can invest in TOP by purchasing shares on the Australian Securities Exchange (ASX).

For more information visit: <https://thorney.com.au/thorney-opportunities/>

THORNEY OPPORTUNITIES LTD

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TOP 2022 AGM CHAIRMAN'S ADDRESS

"Ladies and gentlemen,

I am pleased that the TOP investment portfolio performed soundly over the 2022 financial year in the face of negative sentiment across markets worldwide as inflation and interest rate concerns drove down the performance of equities.

Despite a fall over the financial year, TOP (including the benefit of dividends), outperformed the S&P Small Ordinaries Index by 16.2%, declining 3.3% compared to a fall of 19.5% in the Index.

Net tangible assets (NTA) after tax and fees at 30 June 2022 stood at 66.4 cps – a decrease of 5.7% over that from 12 months ago.

Directors declared a fully franked final dividend of 1.40 cps which, on top of the interim dividend of 1.00 cps, brings TOP's total dividend payout for the year to 2.40 cps fully franked. This represents an increase in total dividends paid compared to the prior year of 11.6% and a yield of approximately 5.1% pre-franking and 6.8% post-franking.

The higher dividend payout is in line with TOP's previously stated aim of delivering increased dividends to shareholders whenever possible over time.

Since the beginning of FY2023, global equity markets have remained volatile but TOP's value and theme-based portfolio has proved to be a comparatively defensive space to be in. At the end of October TOP's NTA stood at 69.9 cents, compared to 68.4 cents the previous month and 66.4 cents at June 30 as stated above.

TOP's performance is a reflection of our investment strategy. TOP aims to deliver positive returns to shareholders over the medium to long term through the careful selection of investments in which we can, when necessary, be a constructive catalyst towards unlocking more value in the companies identified.

There are a number of examples in the portfolio where this has been the case, in particular in the infrastructure and resource services sector, when management has strengthened balance sheets and improved performance. Some of these companies are enjoyed strong returns over the financial year despite the ongoing equity market decline.

One of our key holdings in the sector, MMA Offshore Limited (MRM.ASX) continues to secure a number of key long-term vessel contracts and reduce its debt, with additional vessel sales anticipated.

Austin Engineering Ltd (ANG.ASX) and Southern Cross Electrical Engineering Ltd (SXE.ASX) each demonstrated the underlying strengths in their businesses and the experience in their

management teams. Both companies retain very strong forward order books, and we are optimistic about the ability of these firms to deliver higher earnings performance in the future.

Whilst the share price of one of our largest listed holdings, Money3 Corporation Limited (MNY.ASX) declined over the financial year, we remain enthusiastic about its outlook and earnings potential and are confident that the market will recognise its value over time. Indeed Money 3 shares rose strong in last Friday's sharemarket rally.

Money3's share buyback continues to operate and reflects the strong confidence of the Board and Management in the Group's financial performance and future growth prospects.

COG Financial Services Ltd (COG.ASX) had a successful year of achievements in FY2022, as the company continued to expand its network and advisory groups. We anticipate further growth from the company in FY2023 and beyond.

Two investments where profitable outcomes were achieved in FY2022 were Ardent Leisure Group Ltd (ALG.ASX) and Angel Seafood Holdings (AS1.ASX). TOP's ALG investment was liberated early in July 2022, returning approximately \$5.6m for redeployment following completion by ALG of the sale of its Main Event business in the USA.

On a smaller scale, the takeover of AS1 was completed in June 2022, returning capital to TOP for redeployment.

AMA Group Ltd (AMA.ASX) has been a disappointing investment for TOP as it continues to be impacted by labour and supply chain constraints and some onerous contracts. The Company has continued to divest businesses in line with its announced strategy in 2020 to focus on the collision repair and associated parts and consumables business. We still regard AMA as a highly prospective positive turnaround situation and continue to work closely with the company.

Our largest unlisted holding, Australian Community Media (ACM) continues its business transformation and the strategic consolidation of various digital real estate businesses. Post financial year end, ACM announced plans to launch a new digital property group, View Media Group (VMG), following an investment of cash and media services by Seven West Media Limited.

VMG initially consists of a 72% stake in portal Real Estate View, shareholdings in advertising group, The Today Business, data business Propic and utilities comparison connection firm Beevo. ACM also announced the acquisition of leading proptech company, The Today Business (TTB), which delivers market-leading digital marketing and technology solutions for the property development sector and the residential real estate market.

More recently ACM completed the acquisition of the Apartment Developments Group, making further steps to consolidate the proptech sector and execute its strategic plan. AD Group is a purpose-built property portal for off-the-plan apartment developments and house & land sales.

The Company also entered into an unconditional contract to sell a further surplus real estate asset in Fyshwick, ACT, at a valuation significantly above previous valuations.

TOP owns 25% of ACM and it has already proved to be an excellent investment, returning initial outlays and more. We expect View Media and other developments in the pipeline to continue to add significant value to TOP's holding in ACM over time.

Whilst I am very optimistic about TOP's long-term growth prospects, like all shareholders, I remain disappointed that TOP's share price has continued to trade below its NTA. Directors, the investment team and I remain focused on initiatives to eliminate discount, including the on-going share buyback which benefits all TOP shareholders equally.

Looking ahead, equity markets are expected to continue to be volatile due to ongoing concerns about inflation, rising interest rates, a possible global recession and geopolitical tensions.

Volatility and uncertainty are currently the 'new normal' in investment markets and the TOP investment management team remains vigilant and focused.

Whilst continuing to make minor trading adjustments on a day-to-day basis we maintain our view that the TOP portfolio is well placed to deliver positive shareholder returns over the medium to long term.

On balance we believe there is now more upside potential than downside risk. We remain cognisant that because of its liquidity, the share market suffers first in looming economic downturns, but it is also the first sector to lead the economy out when recovery signs emerge.

As always, our goal will remain to keep delivering positive returns for TOP shareholders over time.

My sincere thanks to my fellow TOP Directors, to the outstanding Thorney investment management team and to you, our TOP shareholders for your continued support."

Alex Waislitz
Chairman
14 November 2022