



ASX Announcement: **14 November 2022**

ASX Code: **TEK**

TEK 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 TEK 2022 Annual General Meeting commencing at 10:30am today.

INVESTMENT PHILOSOPHY

TEK seeks to identify early-stage companies with new and disruptive technology and business models, investing in a broad range of areas of technology, such as fin-tech, e-commerce, education, agriculture, medical, telecommunication, robotics and AI.

INVESTMENT OBJECTIVES

- Deploy investment capital into listed and unlisted technology companies
- Producing absolute returns for shareholders over the medium- to long-term

KEY CONTACTS

Corporate

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ABOUT THORNEY TECHNOLOGIES

Thorney Technologies Ltd (TEK) is an ASX-listed investment company (LIC), with a broad mandate to invest in technology-related investments at all phases of the investment lifecycle. As well, TEK seeks to identify early-stage companies with new and disruptive technology and business models and invests in a broad range of areas of technology, such as fin-tech, e-commerce, education, agriculture, medical, telecommunication, robotics and AI. High quality deal flow is generated via our networks established in Australia, Israel and USA for investment opportunities in both listed and unlisted entities.

TEK is managed by the privately owned Thorney Investment Group pursuant to a long-term investment management agreement.

You can invest in TEK by purchasing shares on the Australian Securities Exchange (ASX).

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



TEK 2022 AGM CHAIRMAN'S ADDRESS

"Ladies and gentlemen,

The 2022 financial year was a challenging one for tech sector investors, with many disruption-focused and growth-based technology stocks feeling the impact of the global equity market correction.

Like all tech investment companies, the TEK portfolio was not immune to these gyrations. As a result, TEK's Net Tangible Assets (NTA) after tax and fees stood at 36.4 cents per share at 30 June 2022 compared to 48.5 cents per share a year earlier.

Generally negative markets - especially in the tech sector - has continued into the current financial year. At the end of October 2022 TEK's NTA stood at 35.5 cents.

Nonetheless, TEK remains committed to maintaining its exposure to the ongoing global technology revolution which will continue to make a huge impact on the way we live and do business for the foreseeable future. I remain as optimistic as ever that, over the long term, the TEK portfolio has the right mix of early-stage, developing and positive cash generating companies to deliver superior returns to shareholders. I continue to build my personal holdings in TEK.

The value readjustment which has taken place in the tech sector over the past 12 months is not without some positives. With capital now increasingly difficult to obtain, tech founders and operators, both listed and unlisted, generally are taking a more pragmatic view of recent valuation downgrades. They are focusing on managing cash burn and delivering their technology-based solutions in the belief that ongoing success will bring valuation increases over time. This environment is leading to some unique investment opportunities without having to pay the tech valuation premiums which prevailed two years ago.

Three of TEK's largest listed investments at year end were Calix Ltd (CXL.ASX), Imugene Limited (IMU.ASX) and Nitro Software (NTO.ASX).

Calix experienced a 128% increase in its share price during FY2022. The Company's core, multi-application technology is helping to tackle global issues like climate change through emissions reduction in the cement industry as well as improving agriculture and aquaculture processes. Calix also has a solid balance sheet - further improved with a recent capital raise - and a good management team. We are optimistic about CXL's position to deliver on its global scalable potential.

As an example, Calix announced that its subsidiary, Leilac – which enables the sustainable decarbonisation of cement and lime – signed a perpetual global licence agreement for the use of its decarbonisation technology with Heidelberg Materials, one of the world's largest building materials companies.

The agreement with Heidelberg Materials is a key milestone in Calix's commercialisation of the Leilac technology, and the Company's strategy to develop great businesses that deliver positive

global impact. Cement and lime are amongst the largest industrial contributors to climate change, accounting for roughly 8% of global CO2 emissions.

Imugene, meanwhile, is making progress in its Phase 1 MAST (metastatic advanced solid tumours) study evaluating the safety of its novel cancer-killing virus VAXINIA, dosing its first patient as part of the intravenous (IV) cohort 1 in September. The company has also obtained a licence to expand the trial in Australia, with the study aiming to recruit 100 patients across approximately 10 clinical trial sites in Australia and the US.

Nitro Software is the subject of M&A activity, with KKR-owned productivity firm Alludo offering \$2 a share, above the \$1.80 a share bid by Potentia Capital, with the latter having been rejected by the Nitro Board as undervaluing the company.

We believe at \$2 the company is still significantly undervalued and the Board should encourage other bidders or have the current bidders reassess their offers. Nitro is really well positioned – it has a good management team, good product set, good exposure to now both Europe and the US for market share opportunities, and priced well compared to its competitors, and it has cash.

Increased takeover activity in the tech sector, especially from overseas bidders has highlighted the risk of some Australian tech companies being “sold too cheap.” I believe this would be to the long-term detriment of Australia's tech sector and, where appropriate, TEK will not hesitate to call out and resist opportunistic offers which are pitched at less than appropriate value.

TEK's largest unlisted investment, Updater Inc., continues to grow its market share in the US real estate relocation industry. The Company recently released a 1H2022 financial and operational update, announcing continuing revenue growth and team restructure to refocus investments on core growth initiatives. This will result in a further reduction in cash burn. As at 30 June 2022, Updater had more than US\$60 million in unrestricted cash and we believe is sufficiently funded to achieve profitability. A recent US court decision in favour of a consortium of which Updater is a member should ensure significant additional revenue for the company by giving its access to the multitude of personnel relocations undertaken by the US military every year.

The TEK investment team continually monitors the progress of Updater and all other companies in the TEK portfolio. In the case of unlisted positions, TEK takes a risk adjusted approach to valuations.

This approach has stood us in good stead to weather the current “choppy” market and we intend to remain highly prudent going forward.

The widespread share price discount to NTA issue which many LIC's including TEK are facing in the current cycle may present opportunities for TEK going forward. We will be monitoring developments closely.

Regardless of the considerable challenges that the world is currently facing, I remain cautiously optimistic about the year and years ahead. I still believe that there has never been a better time to be investing in the exciting technology space and that those investors who take the long-term view will be rewarded over time.

My sincere thanks go to my fellow TEK Directors, the outstanding Thorney investment management team and to, you, TEK shareholders for your continued support.”

Alex Waislitz
Chairman
14 November 2022