

INVESTMENT UPDATE AND NTA REPORT

FEBRUARY 2023



PORTFOLIO SNAPSHOT: NET TANGIBLE ASSET BACKING PER SHARE (NTA)

NTA Current Month	Before Tax ¹	After Tax ¹
28-Feb-23	77.4 cents	73.9 cents
NTA Previous Month	Before Tax ¹	After Tax ¹
31-Jan-23	75.6 cents	72.6 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 28 FEBRUARY 2023)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$105.4 million
Share Price	55.0 cents
Shares on Issue	191,566,561
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcg
Manager	Thorney Investment Group

INVESTMENT PERFORMANCE*

As at 28 February 2023	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	6.65%	4.70%	2.95%	10.12%
S&P Small Ordinaries Accum. Index	-1.21%	-2.01%	-7.97%	8.30%
Performance versus Index	7.86%	6.71%	10.92%	1.82%

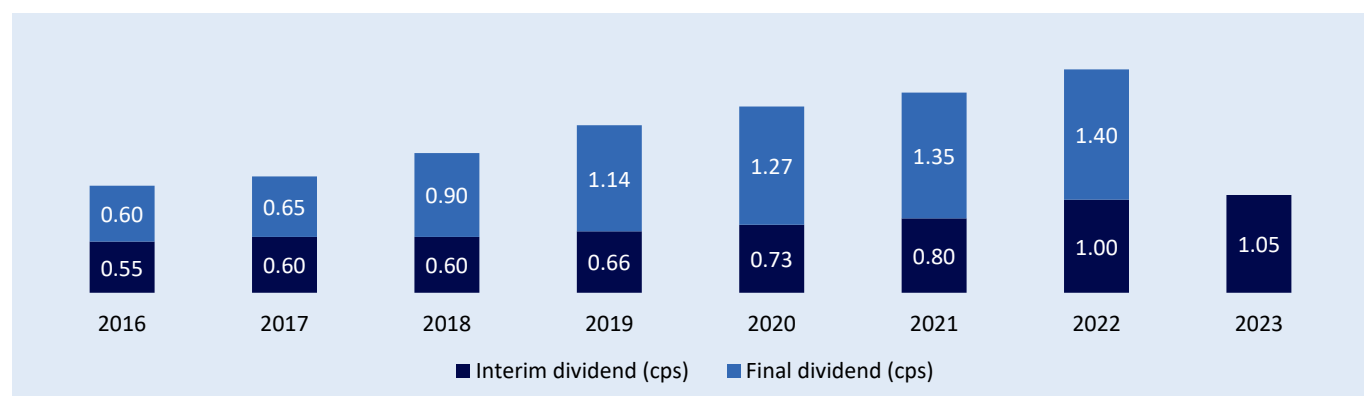
* Investment performance is calculated on a pre-tax NTA plus dividends basis.

TOP SECURITIES

Rank	Company	% of Portfolio
1	20 Cashews Pty Ltd (ACM)*	25.1
2	MMA Offshore	19.1
3	Austin Engineering	11.4
4	Solvar Ltd (formerly Money3 Corporation)	10.7
5	Southern Cross Electrical Engineering	6.8
6	Retail Food Group	4.7
7	Service Stream	4.5
8	Consolidated Operations Group	4.3
9	AMA Group	3.7
10	Decmil Group	2.9

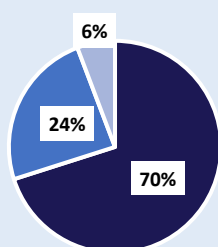
* TOP's investment in ACM is via its holding of 20 Cashews Pty Ltd which has an underlying investment in ACM.

TOP FULLY FRANKED DIVIDEND HISTORY

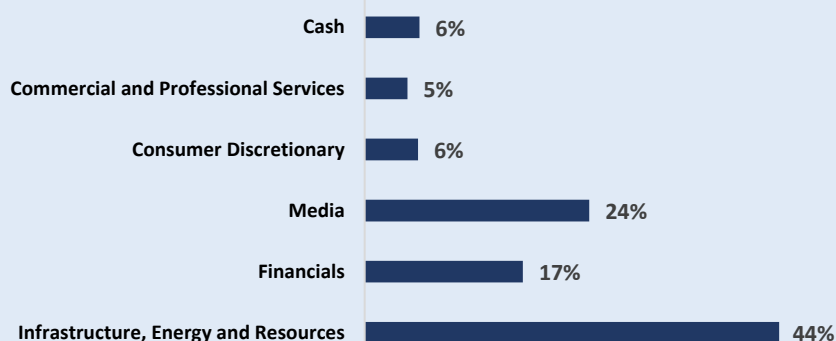


ALLOCATION OF INVESTMENTS

- ASX-listed securities
- Unlisted securities
- Cash



PORTFOLIO SECTORS



AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX.ANG) announced it had been selected by the Western Australian (WA) Government for a grant of up to \$5 million to boost its advanced manufacturing program at its Perth-based operations in Kewdale.
- The grant funding has been allocated under the Government's Investment Attraction Fund (IAF), which seeks to bring further investment, jobs and economic diversity into WA, increasing demand for local goods and services, securing trade in new sectors and within new markets.
- The grant will support greater automation and production efficiency at ANG's Perth manufacturing facilities as part of the continued rollout of its global advanced manufacturing plan. The Company launched the program in 2021 under the Austin 2.0 strategy to transform the business through increased efficiency and capability across its major mining equipment production facilities.
- The program has involved upgrades to its manufacturing equipment and processes in Perth using the latest technology and innovation to streamline and increase production and improve quality.
- ANG also reported a strong 1H FY23 result, with Revenue up 43% to \$114.1 million driven by a strong order book increase in the half and EBITDA up 22% to \$12.2 million in line with the historical seasonal split.
- Thorney view: ANG is well positioned to continue to deliver strong earnings performance due to its leverage to the buoyant resources markets, operational efficiencies and a strong order book.**

MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX.MRM) reported revenue for 1H FY23 up 16.6% to \$160.0 million and net profit after tax of \$81.7 million up more than 100% from the previous corresponding period (pcp).
- Utilisation of the vessel fleet has been a major driver of the improvement in earnings while rates firming has also directly improved the bottom line, it said.
- MRM also continued to execute and support several offshore wind developments in Taiwan and South Korea during the half, with this key growth sector accounting for 18% of MRM's total revenue for the period.
- The subsea business had an excellent 1H FY23 delivering a number of significant project scopes including a major integrated pipeline services scope in Qatar utilising the multi-purpose supply vessel "MMA Pinnacle". Subsea revenue increased by 101.3% on the pcp and EBITDA increased from \$0.5m to \$5.4 million as a result of increased demand for the subsea services together with the benefit of significant operational improvements made over the past two years.
- MRM said the outlook for activity in its key markets of oil and gas, renewables and government services continues to be positive with significant activity projected in FY24 and beyond.
- The current recovery in oil and gas activity combined with the growth in offshore wind developments presents a unique opportunity for MRM to maximise the returns from the existing business whilst positioning the Company for future growth.
- On 3 March 2023, the Company announced the award of three contracts to support its offshore windfarm developments in Taiwan, worth up to \$45 million of potential revenue.
- Thorney view: We are confident in MRM's continued earnings potential due to the recovery in oil and gas markets, as well as increased fleet utilisation. We anticipate continued share price strength as the discount to NTA narrows further.**

SOLVAR LIMITED

- Solvar Limited (ASX.SVR) reported strong results for 1H FY23, with total revenue of \$103.6 million, net profit after tax of \$25.7 million and a 7.5 cent fully franked dividend.
- SVR continues to grow its loan book, with new lending increasing 38.4% in Q2 over Q1. This accelerated new lending will drive further revenue growth in future periods, the Company said.
- SVR said FY23 is on track to be a year of record lending. It anticipates that the withdrawal of covid-related stimulus will result in a reduction in the early repayment of loans. This is expected to result in an increase in loan book across all segments with a commensurate increase in revenue in future periods.
- **Thorney view: We maintain our optimism for SVR as it continues to grow its loan book, deliver increased fully franked dividends and executes a sensible capital management strategy.**

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

- Southern Cross Electrical Engineering Limited (SXE.ASX) said it remains on track to deliver on its full year guidance of EBITDA in the range of \$36 million to \$38 million after reporting revenues of \$255.4 million for 1H FY23 up 1.0% on the pcp and EBITDA of \$19.0 million up 34.7% on the pcp.
- It also reported a record period end cash balance of \$70.3 million.
- The reiteration of guidance is despite the Company's forecast that full year revenues will be lower than FY22 due to the completion of larger resources projects in the first half of the year and a later-than-expected award of new contracts.
- SXE said with a large opportunity pipeline, particularly in the NSW commercial and infrastructure sectors, and several key awards anticipated in the second half, it expects activity to return to high levels in FY24.
- It added that the record cash balance was an exceptional result and leaves it well funded for future growth including through further acquisitions where we have a successful track record.
- **Thorney view: We remain enthusiastic about SXE for its strong order pipeline following the Company's recent success in winning a number of new contracts.**

CHAIRMAN'S COMMENTS

Alex Waislitz said: "We remain confident that our holdings in the resource and infrastructure sectors will continue to deliver returns, with a buoyant earnings outlook for these names as they continue to enjoy strong market conditions and robust order books.

We announced an increased fully franked interim dividend to be paid on 31 March 2023.

We also announced a new on-market buyback program for TOP shares for a period of 12 months from 9 March 2023 to 8 March 2024, one of the initiatives designed to address our share discount to NTA."

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/>

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