

INVESTMENT UPDATE AND NTA REPORT OCTOBER 2023



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

NTA Current Month	Before Tax ¹	After Tax ¹
31-Oct-23	69.5 cents	69.1 cents

NTA Previous Month	Before Tax ¹	After Tax ¹
30-Sep-23	71.0 cents	70.1 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 31 OCTOBER 2023)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$82.2 million
Share Price	43.5 cents
Shares on Issue	188,943,886
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcg
Manager	Thorney Investment Group

INVESTMENT PERFORMANCE*

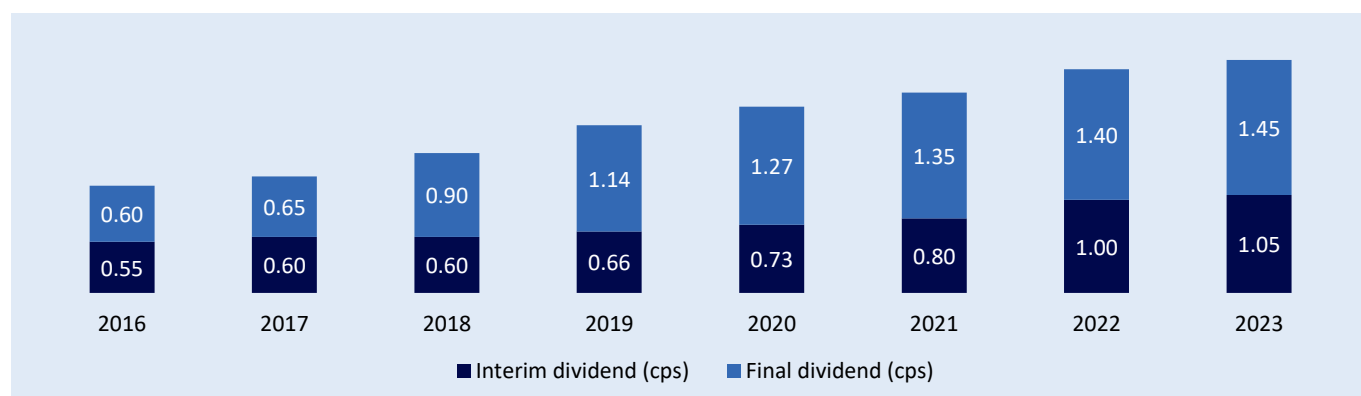
As at 31 October 2023	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	-3.75%	-6.21%	0.02%	8.05%
S&P Small Ordinaries Accum. Index	-10.45%	-10.28%	-5.10%	6.21%
Performance versus Index	6.70%	4.07%	5.12%	1.84%

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

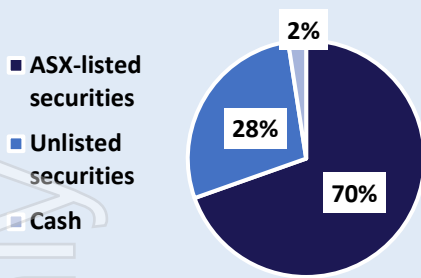
TOP SECURITIES

Rank	Company	% of Portfolio
1	20 Cashews Pty Ltd	27.4
2	MMA Offshore	19.3
3	Austin Engineering	9.0
4	Southern Cross Electrical Engineering	8.5
5	Solvar	6.9
6	Decmil Group	6.1
7	Service Stream	5.6
8	Consolidated Operations Group	4.2
9	Retail Food Group	2.7
10	Earlypay	1.8

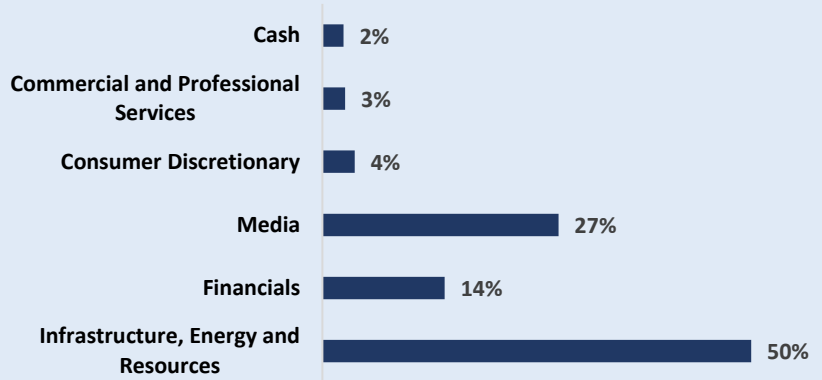
TOP FULLY FRANKED DIVIDEND HISTORY



ALLOCATION OF INVESTMENTS



PORTFOLIO SECTORS



CASH BALANCE AND AVAILABLE FACILITIES

- Cash held short-term with the major banks \$3.3 million
- Prime broker and margin lending facilities available: undrawn as at 31 October 2023

OVERVIEW

- The TOP NTA as at 31 October 2023 was slightly down compared to 30 September 2023 as the portfolio tracked sideways.

INVESTEE COMPANY UPDATES

AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX.ANG) achieved a significant development milestone, securing a US\$20 million (AU\$31 million) grant and loan package through the City of Mills, Wyoming and the Wyoming Business Council.
- The funds will be used for a major rebuild and expansion of ANG's US manufacturing base in Casper, Wyoming in what would be the Company's biggest capacity expansion to date.
- The proposed works include the construction of a new ~69,000-square foot manufacturing facility and a 15,000-square foot paint and blast building on the site of ANG's existing manufacturing facility. The grant and loan facility is made to the City of Mills, which will build the facility to Austin's requirements and lease it to the Company.
- North America is ANG's strongest performing business unit on a revenue and margin basis and the facility expansion would significantly increase the manufacturing capacity for its customised mining haul truck bodies primarily for the US and Canada. The expanded facility would also be capable of manufacturing other product lines such as mining buckets, water tanks and tyre handlers, ANG said.
- The grant and loan package requires final approval from the Wyoming State Attorney General and the ANG Board after a full review of the business case. The ANG Board does not expect to give final development approval for the new facility until the end of the calendar year after the business case has been completed and assessed.
- If final approval is given, construction could commence sometime in late FY2024 with the build forecast to take up to two years. As part of the investment, ANG would need to commit a further \$US5 million in capital funding for the facility, the majority of which would need to be spent during FY2025 and FY2026.
- **Thorney view: ANG is well positioned to deliver strong earnings performance in FY2024 due to its leverage to the resources markets, expanded capacity and product offering, operational efficiencies and a strong order book.**

MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX.MRM) announced it was awarded a contract by the Australian Department of Defence to provide familiarisation services to the Royal Australian Navy on robotic, remote and autonomous maritime systems, worth c. \$30 million.
- The award aligns with the Company's strategy of extending its marine and subsea capability into the Government & Defence sector.
- The project will encompass the provision of a vessel(s), a broad range of robotic and autonomous systems and suitably skilled and experienced personnel to deliver familiarisation and practical learning services to Navy personnel including generic autonomous, un-crewed and deep ocean systems for geospatial data gathering, seabed feature identification and maritime hydrographic survey.
- The project is expected to take place between November 2023 and June 2024.
- **Thorney view: We are confident in MRM's continued earnings potential due to increased fleet utilisation, rising vessel rates and growing service revenue, associated with the recovery in the oil and gas markets and the surge in offshore wind construction. We are optimistic that these factors are likely to lead to a further increase in the NTA per share.**

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

- Southern Cross Electrical Engineering Limited (ASX.SXE) announced it received contract awards for works in the infrastructure, commercial and resources sectors across New South Wales, Western Australia and New Zealand totalling over \$50 million.
- The contracts include:
 - The electrical design and construct works at the NEXTDC SYD03 Artamon NSW Data Centre for Multiplex Constructions Pty Ltd;
 - The electrical services design and construct contract for the City Tattersall's Club redevelopment project located on Pitt Street in Sydney for Richard Crookes Constructions Pty Ltd;
 - A switchboard replacement project for BHP Iron Ore Pty Ltd in the Pilbara region of Western Australia; and
 - The supply of power distribution equipment to the CI Data Centre in Auckland, New Zealand for Siemens New Zealand.
- SXE Managing Director Graeme Dunn said: "These awards demonstrate the geographic diversity and sectoral range SXE has across the Australian economy. Data Centres are a strong area for us, and this announcement shows the multiple touch points that our businesses have in that segment with project wins for both Heyday and Trivantage."
- SXE also announced that Derek Parkin OAM retired as Chairman following the AGM on 31 October 2023.
- Independent Non-Executive Director Karl Paganin has been appointed as his successor.
- **Thorney view: SXE's strong order pipeline following the Company's recent success in winning a number of new contracts and continued diversification of revenue provides the basis for Thorney's continued optimism for the company.**

SOLVAR LIMITED

- Solvar Limited (ASX.SVR) provided a trading update for the first quarter of FY2024 to 30 September 2023 with the Company reporting an 8.2% increase in revenue to \$55.2 million compared to the prior corresponding period (pcp) and a 12.8% increase in cash collections to \$135.4 million over pcp.
- SVR said its group loan book increased to \$925.7 million as at 30 September 2023 while Net Profit After Tax for the quarter was \$6.2 million.
- It added that its balance sheet remains robust with cash of \$144.0 million (\$69.9 million unrestricted) and \$367.5 million in shareholder equity; and Net Tangible Assets per share was \$1.62 per share as at 30 September 2023.
- SVR said that Q1 trading has been broadly consistent with the outlook statements made on 3 and 15 August 2023.
- It revised its full-year guidance for normalised NPAT for FY2024 to \$25-30 million.
- **Thorney view: We maintain our optimism for SVR as it continues to grow its loan book and look forward to it returning to improved profitability beyond FY2024.**

COG FINANCIAL SERVICES LIMITED

- COG Financial Services Limited (ASX.COG) announced unaudited results for Q1 FY2024, with an underlying trading performance for the quarter of \$6.2 million NPATA attributable to shareholders, an increase of 19% on the prior comparative period (Q1 FY23).
- NPATA for COG's Finance Broking & Aggregation (FB&A) segment decreased 4% to \$2.4 million while NPATA for Novated Leasing (previously part of FB&A, separate reporting segment as of 1 July 2023) increased 167% to \$2.4 million.
- Funds Management & Lending NPATA declined 27% to \$2.2 million.
- **Thorney view: We anticipate further positive momentum from COG in FY2024 due to strong growth in both organic and acquisition earnings.**

AVADA GROUP LIMITED

- Avada Group Limited (ASX.AVD) announced it has completed the acquisition of leading Victorian traffic group STA Traffic Management (STA), the Group's second acquisition in Victoria and its third since listing in December 2021.
- It provides AVD with the opportunity to diversify and expand its client base and brings valuable synergies and integration benefits through optimal resource allocation and streamlined back-office efficiencies.
- STA reported unaudited EBITDA of \$2.8 million for FY2023. The acquisition consideration of \$8.5 million, represents a multiple of 3.0 times normalised EBITDA.
- The acquisition will be funded via the recently completed two-tranche institutional placement which raised approximately \$7 million at \$0.60 per share.
- **Thorney view: Having experienced a challenging operating environment during Covid together with material weather disruptions, AVD is now poised for growth with the business seeing a substantial pipeline of work and a tender win rate ahead of target.**

COMPANY NEWS

TOP Investment Forum

TOP will hold an Investment Forum which will take place after the completion of the formal TOP Annual General Meeting being held virtually on 14 November 2023.

At the forum, Alex Waislitz will be conducting a fireside chat with the following senior executives of TOP portfolio companies:

- **Antony Catalano**, Executive Chairman, View Media Group (20 Cashews)
- **David Ross**, Managing Director of MMA Offshore Limited
- **Graeme Dunn**, Managing Director and CEO of Southern Cross Electrical Engineering Limited

We are looking forward to hosting this event and we hope you are able to attend.

Date: Tuesday, 14 November 2023

Location: Online – access via this link: <https://meetnow.global/MY2JS6Y>

Note: Once you have clicked on the above link, please register as a shareholder or guest

Time: 9:45am AEDT (approximate start)

CHAIRMAN'S COMMENTS

Alex Waislitz said: *“Whilst markets are likely to be unpredictable over the months ahead given the spectre of further rate rises, we believe there are signals that the underperformance of small caps over the past 12 to 18 months is coming to an end. We believe the sector looks to be very good value with a number of buying opportunities.*

TOP continues to be positive on our infrastructure, mining and resources services names as they are performing well, with strong order books and buoyant earnings outlooks.

Our on-market buyback program for TOP shares, which commenced 9 March 2023 will continue for a period of 12 months to 8 March 2024, is one of the initiatives designed to address the share price discount to NTA.

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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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