

INVESTMENT UPDATE AND NTA REPORT APRIL 2024



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

NTA Current Month	Before Tax ¹	After Tax ¹
30-Apr-24	92.7 cents	86.5 cents
NTA Previous Month	Before Tax ¹	After Tax ¹
31-Mar-24	89.5 cents	84.0 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 30 APRIL 2024)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$121.5 million
Share Price	66 cents
Shares on Issue	184,032,259
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcp, high watermark
Manager	Thorney Investment Group

INVESTMENT PERFORMANCE*

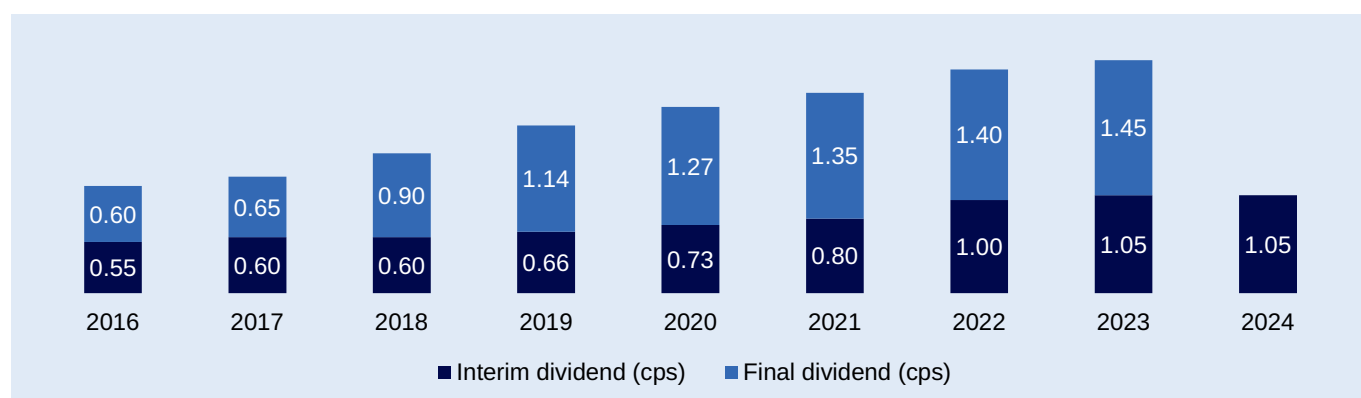
As at 30 April 2024	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	11.82%	28.60%	20.61%	12.64%
S&P Small Ordinaries Accum. Index	3.33%	19.66%	7.36%	8.99%
Performance versus Index	8.49%	8.94%	13.25%	3.65%

*Investment performance is calculated on a pre-tax NTA plus dividends basis and after accrued management fees.

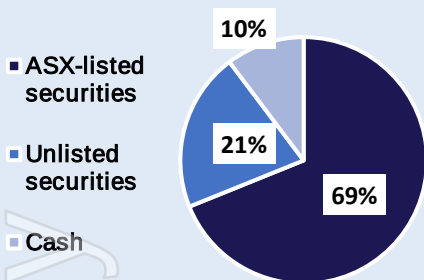
TOP SECURITIES

Rank	Company	% of Portfolio
1	20 Cashews	20.4
2	MMA Offshore	18.5
3	Austin Engineering	12.2
4	Southern Cross Electrical Engineering	9.3
5	Decmil Group	7.7
6	Service Stream	4.7
7	Solvar	4.5
8	Retail Food Group	3.0
9	COG Financial Services	2.8
10	Cooper Energy	1.8

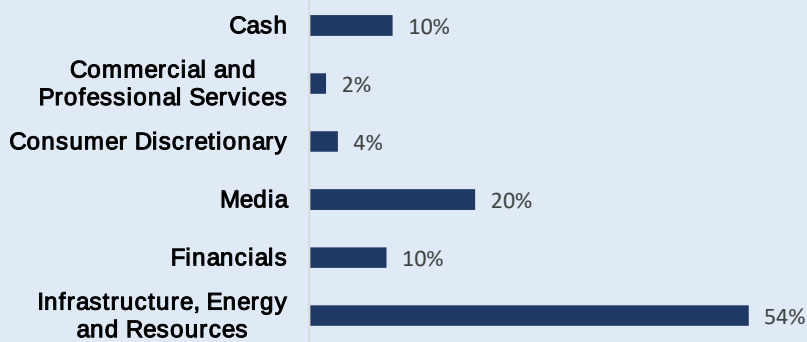
TOP FULLY FRANKED DIVIDEND HISTORY



ALLOCATION OF INVESTMENTS



PORTFOLIO SECTORS



CASH BALANCE AND AVAILABLE FACILITIES

- Cash held short-term with the major banks: \$18.5 million
- Prime broker and margin lending facilities available: undrawn as at 30 April 2024

OVERVIEW

- The TOP NTA as at 30 April 2024 was 2.98% higher compared to 31 March 2024 driven by contributions from ANG, SXE and DCG.

INVESTEE COMPANY UPDATES

DECMIL GROUP LIMITED

- On 16 April 2024, Decmil Group Limited (ASX.DCG) announced it had entered into a Scheme Implementation Deed with Macmahon Holdings (ASX.MAH) for a proposed 30 cent all cash per ordinary share acquisition.
- The offer provides DCG shareholders with premium of 76.5% to DCG's closing price as at 15 April and 81.8% to the 30-day VWAP of DCG shares to 15 April. DCG said that the premium and the cash offer provides shareholders with enhanced certainty and accelerated value.
- MAH also intends to acquire all DCG redeemable convertible preference shares (DCG RCPS) on issue for the aggregate of \$0.343 per DCG RCPS via a separate, inter-conditional, contemporaneous scheme of arrangement.
- MAH intends to operate DCG as a wholly owned subsidiary and to maintain DCG's own branding, with the existing MAH civil business to merge under this umbrella.
- The DCG board unanimously recommends securityholders vote in favour of the Schemes.
- Subject to the approval of the Scheme Participants and all other conditions of the Schemes being satisfied, the Schemes are expected to be implemented by the end of August 2024.
- **Thorney view: Rod Heale, DCG's CEO, and his management team have done a great job managing through various contract issues and in restructuring and repositioning the company.**

MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX.MRM) issued a trading update, including earnings guidance for FY2024 of underlying EBITDA in the range of \$136-142 million and underlying EBIT in the range of \$86-92 million.
- MRM said its vessel division is forecasting higher-than-expected fleet utilisation for the second half of the current financial year and its larger multipurpose vessels are now anticipated to operate at approximately 95% utilisation with overall fleet utilisation forecast to reach approximately 90% for the second half.
- The Company added that whilst these levels are very pleasing, they are unprecedented and unlikely to be sustainable under its current short-term contracting strategy.
- MRM also said the subsea division has successfully delivered a number of key standalone and integrated projects at higher-than-forecast margins and has secured additional work scopes which will further contribute to better-than-expected second half earnings.
- MRM said its contract profile for FY2025 remains materially unchanged with the business now focused on building its backlog of contracted work for FY2025 and securing longer term contract positions to improve the overall stability of earnings for the coming years.
- **Thorney view: We understand that completion of this transaction remains on the stated timetable. We have also taken the opportunity to sell down some of TOP's position at prices above the proposed transaction price.**

20 CASHEWS

- Across its interests in both Australian Community Media (ACM) and View Media Group (VMG), continued execution of the respective strategic plans remain the focus.
 - For VMG, significant achievements in listings, real estate agent and developer support as well as brand and product awareness has seen a strong increase in key metrics.
 - The advertising support of both strategic shareholder, Seven West Media, and ACM, has been a key factor in the increased visibility of VMG.
 - For ACM and all key news content creators in Australia, the announcement by Meta to cease paying for news content was a disappointing one. That being said, ACM was prepared for this scenario and has in place various initiatives to offset the effects.
 - Positively for ACM, digital subscriber numbers continue to grow, being now in excess of 144k, and various adjacent opportunities within the highly profitable agri-publication business have begun to gain traction.
 - Separately, the 20 Cashews has continued to increase its shareholding interest in Southern Cross Media Group Limited, to over 8.1%.
 - **Thorney view: We continue to be encouraged by the strategic achievements of the respective management teams within both ACM and VMG.**
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COG FINANCIAL SERVICES LIMITED

- COG Financial Services Limited (ASX.COG) released unaudited segment results for Q3 FY2024 which showed that YTD NPATA was 6.5% above pcp.
 - Finance Broking & Aggregation NPATA was \$2.2 million, down 27% on the previous corresponding period (pcp: Q3 FY2023).
 - Novated Leasing NPATA was \$2.4 million, up 200% on the pcp, while Asset Management & Lending NPATA was \$1.3 million, down 41% on the pcp.
 - COG CEO Andrew Bennett said: "Our diversified business model continues to prove resilient in the face of some challenging trading conditions. We are particularly encouraged by the ongoing strong performance of our Novated Leasing segment that continues to grow organically while also benefiting from the acquisition of Paywise. Our Asset Management & Lending segment has achieved strong originations growth but has been adversely impacted by a margin squeeze due to increased funding interest rates on historical originations. With the stabilisation (and prospect of decreasing) interest rates, we are confident of future growth in both volume and margin over time."
 - **Thorney view: We anticipate further positive momentum from COG in FY2024 due to strong growth in both organic and acquisition earnings.**
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AMA GROUP LIMITED

- AMA Group Limited (ASX.AMA) released results for Q3 FY2024, with the Company reporting further indications of an operational turnaround as it heads into the historically strong fourth quarter.
- AMA's Capital SMART business performed ahead of expectations and Project SHIFT was completed ahead of plan.
- AMA maintained FY2024 guidance at \$42 - 49 million normalised pre-AASB 16 EBITDA.
- The Group is projecting positive operating cash flows in FY2024, including all lease payments and changes in working capital.
- AMA said a return to historical trading terms is now expected to occur in FY2025 once its debt refinancing has been completed (expected 2H FY2024).
- **Thorney view: The AMA investment has been a disappointing one for TOP, however, we continue to closely monitor its progress.**

COOPER ENERGY LIMITED

- Cooper Energy Limited (ASX.COE) provided updated FY2024 guidance as follows:
 - Production: narrowed to 60.5 – 64.0 terrajoule equivalent per day (TJe/d) (previous: 58.5 – 65.2 TJe/d)
 - Production expenses: reduced and narrowed to \$57 – 63 million (previous: \$60 – 68 million)
 - Capital expenditure: unchanged at \$240 – 280 million
- COE said the narrowing of production guidance was a result of improved performance across the Gippsland, Otway and Cooper Basin production assets relative to assumptions used in setting guidance, together with point forward scenario analysis.
- COE also released quarterly results for Q3 FY2024, with Orbost production records set during the quarter with a major step-change in Orbost performance during January and February, setting multiple production records including 55.8 TJ/d across a 60-day period.
- Total production was up 2% from the previous quarter to 63.1 TJe/d, while revenue was up 2% to \$55.9 million.
- **Thorney view: The upcoming six months we see as a period of de-risking for COE with the scheduled completion of the BMG abandonment and improved average daily production rates at Orbost. Following transition to new management and the completion of the transfer of operations from APA at Orbost, other operational efficiencies can now be implemented. These factors along with Government clarity that COE is deemed a “small domestic supplier” and therefore exempt from pricing provisions should provide the stock with some steady trading periods.**

CHAIRMAN'S COMMENTS

“I believe the takeover bids for both DCG and MMA mark the long forecast return to increased activity in, and focus on, the micro and small caps sector and this validates TOP's conviction in the inherent value in its portfolio. In my view, there is likely to be increased M&A activity, despite the negative influence of stubborn inflation data and the prospects of an interest rate easing now being pushed into 2025.

As I have been saying for some time the share price discount to TOP's NTA is unjustified. I believe that the current discount to NTA and the inherent exceptional value remaining in the TOP portfolio makes for a compelling buying opportunity.

It is for this reason that I have recommenced the acquisition of shares under the company's on-market share buyback. The buyback, along with the high watermark are initiatives designed to address the share price 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

CONTACT

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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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