

INVESTMENT UPDATE AND NTA REPORT

MARCH 2024



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

NTA Current Month	Before Tax ¹	After Tax ¹
31-Mar-24	89.5 cents	84.0 cents

NTA Previous Month	Before Tax ¹	After Tax ¹
29-Feb-24	82.5 cents	78.6 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 31 MARCH 2024)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$106.7 million
Share Price	57.5 cents
Shares on Issue	185,648,988
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*

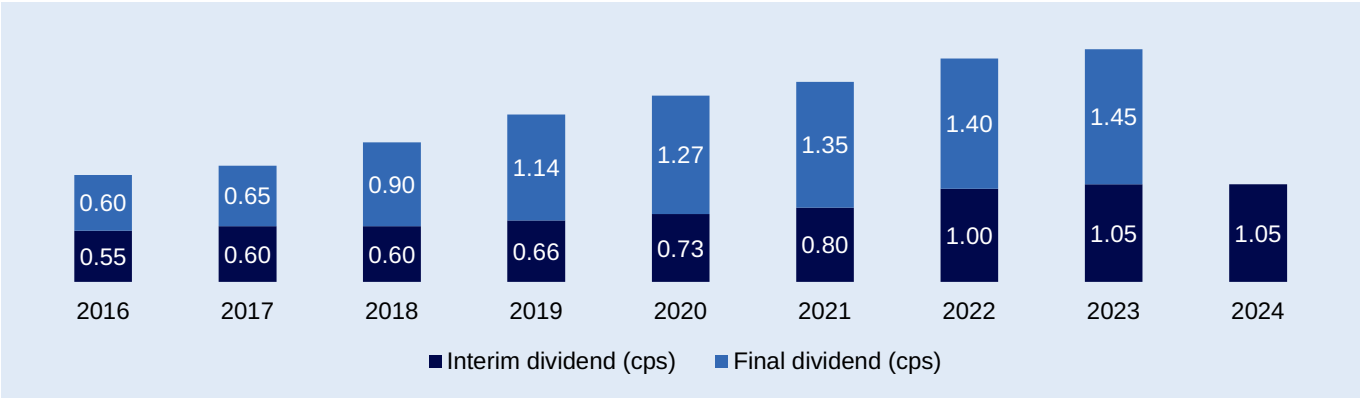
As at 31 March 2024	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	11.65%	22.66%	17.81%	12.06%
S&P Small Ordinaries Accum. Index	7.55%	16.71%	13.83%	9.66%
Performance versus Index	4.10%	5.95%	3.98%	2.40%

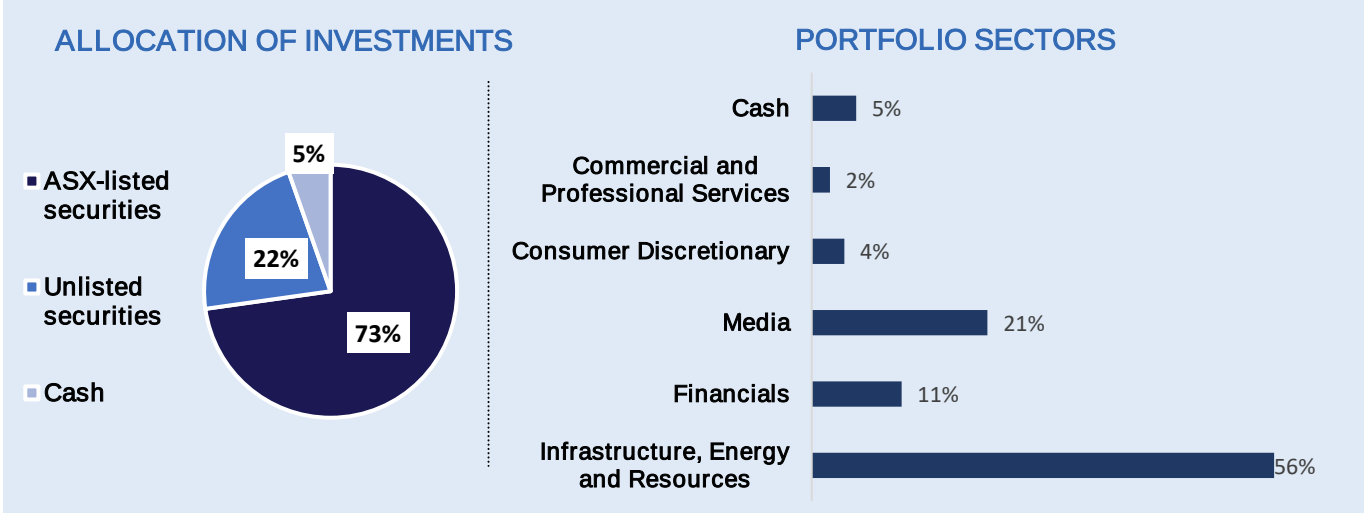
*Investment performance is calculated on a pre-tax NTA plus dividends basis.

TOP SECURITIES

Rank	Company	% of Portfolio
1	MMA Offshore	23.4
2	20 Cashews	21.4
3	Austin Engineering	12.3
4	Southern Cross Electrical Engineering	8.3
5	Service Stream	5.2
6	Solvar	5.2
7	Decmil Group	4.9
8	COG Financial Services	3.5
9	Retail Food Group	3.4
10	Cooper Energy	2.0

TOP FULLY FRANKED DIVIDEND HISTORY





CASH BALANCE AND AVAILABLE FACILITIES

- Cash held short-term with the major banks \$9.3 million
- Prime broker and margin lending facilities available: undrawn as at 31 March 2024

OVERVIEW

- The pre-tax TOP NTA as at 31 March 2024 was 9.14% higher compared to 29 February 2024 driven by contributions from ANG and SXE, as well as a significant uplift in the value of MRM following the announced scheme of arrangement.

INVESTEE COMPANY UPDATES

MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX.MRM) entered into a binding Scheme Implementation Deed with Cyan MMA Holdings Pty Ltd (Cyan) for Cyan's proposed acquisition of 100% of the shares in MRM via a scheme of arrangement between MRM and its shareholders.
- If the Scheme is approved, each MRM shareholder will receive a cash amount of \$2.60 per MRM share, representing an 11% premium to the closing share price of \$2.35 per MMA share on 22 March 2024; a 91% premium to the Company's net tangible assets at 31 December 2023; and a 7.7x multiple on annualised H1 FY2024 EBITDA.
- The MRM Board unanimously recommends MRM shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding in its Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of shareholders.
- **Thorney view: David Ross, MRM CEO, and his management team have done a great job and are now benefitting from the cycle having turned positively. MRM represents a prime example of Thorney's successful investment philosophy. During a period where the company was under duress, Thorney provided significant financial and shareholder support, and since then has been patiently waiting for the cycle to turn positive. If the scheme is approved, TOP will have reaped gains in excess of \$44 million from its investment in MRM, including recent sales at prices above the proposed transaction price.**

AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX.ANG) confirmed it has now been awarded purchase orders for significant previously anticipated programs that will contribute to the order book for the current and subsequent financial years as follows:
 - ANG in Chile has been awarded the first tranche of purchase orders for OEM-style truck trays worth circa A\$7 million to be delivered in the remainder of this financial year as announced in February 2024 with the award of a test tray. Importantly this program is expected to be the first in a series of ongoing orders from the customer in several of ANG's jurisdictions.
 - ANG in the USA has now signed an extension for up to five years (three years upfront and two one-year extension options) for its biggest ongoing single supply arrangement for truck trays, with deliveries into the USA, Canada and Chile.
 - ANG in Indonesia has now delivered the first two refurbished haul truck chassis frames to its customer at the start of what is expected to be a multi-year, production program that will increase over time.
- ANG said that all three programs are expected to provide regular recurring income over several years, however they are subject to the regular placement of purchase orders.
- The Company maintained its FY24 guidance for full year revenue to grow by circa 24% to \$310 million - \$330 million and NPAT to increase by circa 75% to \$31 million - \$33 million.
- **Thorney view: We believe ANG's strong performance will continue into the medium term due to its leverage to the resources market, expanded capacity and product offering along with operational efficiencies.**

SOUTHERN CROSS ENGINEERING LIMITED

- Southern Cross Engineering Limited (ASX.SXE) announced it has received a range of awards in the data centre and resources sectors, in New South Wales and Western Australia, respectively, totalling over \$70 million.
- The awards include:
 - SXE subsidiary Heyday being awarded by Multiplex Constructions Pty Ltd the electrical design and construct works package associated with Separable Portion 14 – Stage 2 Phase 3 at the NEXTDC SYD03 Artarmon NSW Data Centre.
 - SCEE Electrical being selected by Hamersley Iron Pty Limited for supply, installation, testing and commissioning support for the electrical equipment and auxiliary items, at selected substations of Rio Tinto’s Marandoo iron ore mine.
 - SCEE Electrical awarded by BHP Iron Ore Pty Ltd a Decarbonisation Project – Battery Electric Locomotive Charging Stations on Rail Network – in the Pilbara in Western Australia.
- SXE was added to the All Ordinaries Index effective prior to market open on 18 March 2024.
- **Thorney view: SXE operates in a very favourable macro environment driven by investment in renewable energy, electrification, data centre growth and infrastructure spend. In addition, SXE has flagged further acquisitions, supported by a strong balance sheet, hence we believe the company is well-positioned for growth in FY2025 and beyond.**

CHAIRMAN’S COMMENTS

Alex Waislitz said: *“Whilst the outlook for Australian equities remains volatile despite the recent rally, given recent mixed macroeconomic indicators and the Reserve Bank of Australia’s view that the economy remains on a narrow path to a soft landing, we are pleased with the announced transaction involving MRM which has delivered significant gains for TOP shareholders. Our confidence in small and micro-caps remains intact, especially at these levels, with numerous stocks continuing to look undervalued and prospects for further M&A activity.*

“We continue to be positive on our key infrastructure, mining and resources services names given recent strong financial results and a buoyant outlook for both order books and earnings for FY2024.

“At the Company’s 2023 AGM, I announced the proposed introduction of a high watermark for TOP, commencing 1 July 2023. The high watermark is an additional initiative designed to address the share price discount to NTA. We also continue with our on-market buyback program for TOP shares, which commenced 9 March 2023 and will remain in place for a period of 12 months to 10 March 2025.

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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