

INVESTMENT UPDATE AND NTA REPORT

DECEMBER 2023



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

NTA Current Month	Before Tax ¹	After Tax ¹
31-Dec-23	79.5 cents	76.5 cents

NTA Previous Month	Before Tax ¹	After Tax ¹
30-Nov-23	74.2 cents	72.5 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 31 DECEMBER 2023)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$98.1 million
Share Price	52 cents
Shares on Issue	188,688,869
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcg
Manager	Thorney Investment Group

INVESTMENT PERFORMANCE*

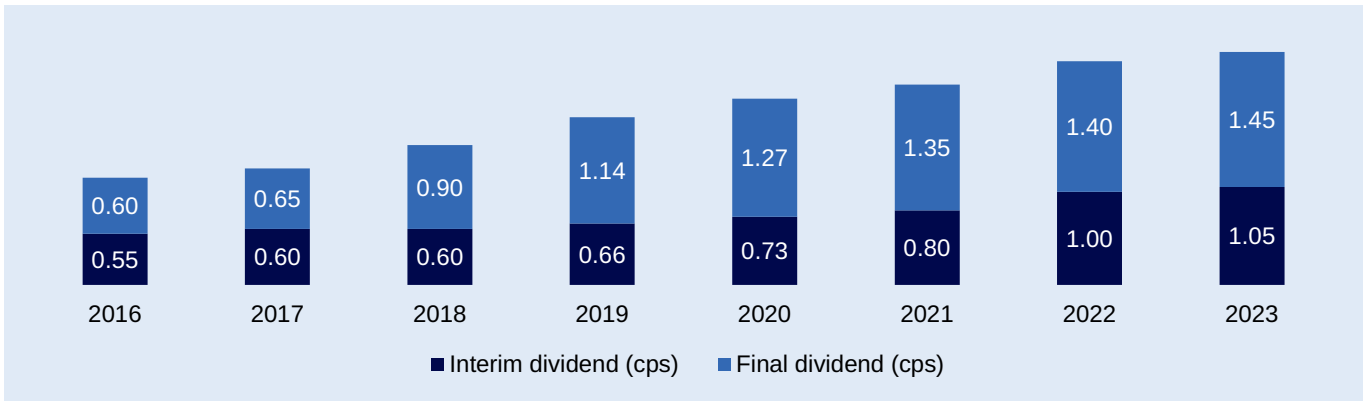
As at 31 December 2023	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	9.85%	11.99%	11.17%	10.02%
S&P Small Ordinaries Accum. Index	8.52%	6.42%	7.82%	8.50%
Performance versus Index	1.33%	5.57%	3.35%	1.52%

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

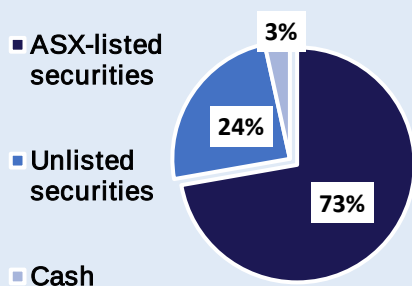
TOP SECURITIES

Rank	Company	% of Portfolio
1	20 Cashews	23.8
2	MMA Offshore	22.8
3	Austin Engineering	9.9
4	Southern Cross Electrical Engineering	7.5
5	Solvar	7.1
6	Decmil Group	5.7
7	Service Stream	5.2
8	COG Financial Services	4.0
9	Retail Food Group	3.4
10	Earlypay	1.8

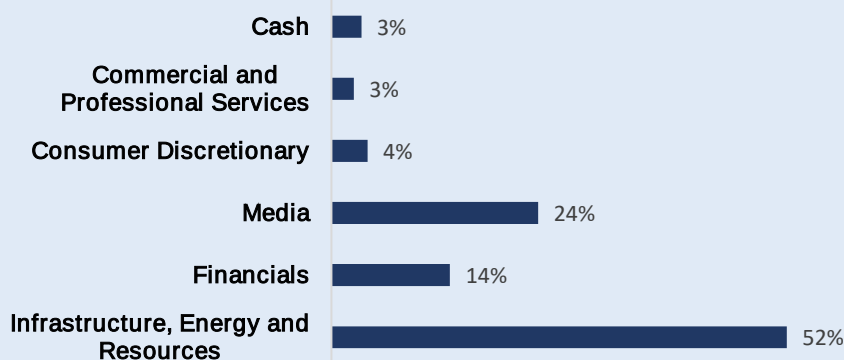
TOP FULLY FRANKED DIVIDEND HISTORY



ALLOCATION OF INVESTMENTS



PORTFOLIO SECTORS



CASH BALANCE AND AVAILABLE FACILITIES

- Cash held short-term with the major banks \$5.3 million
- Prime broker and margin lending facilities available: undrawn as at 31 December 2023

OVERVIEW

- The TOP NTA as at 31 December 2023 was 5.5% higher compared to 30 November driven principally by contributions from MRM and SVR.

INVESTEE COMPANY UPDATES

DECMIL GROUP LIMITED

- Decmil Group Limited (ASX.DCG) announced the award of a \$78 million contract by Major Road Projects Victoria (MRPV) for the Ison Road Rail Overpass project (Ison Road Project) in Werribee, west of Melbourne.
- It encompasses the provision of a new road overpass for the Melbourne-Geelong rail line that will connect Ison Road in the north with the Ison Road extension to the south at Browns Road, Werribee.
- Works include the construction of a new four-lane road (two lanes in each direction) including shared user paths. Work on site has commenced and is expected to be completed during 2025.
- This is the third project DCG has been awarded as part of MRPV's new Program Delivery Approach, which has a strong focus on collaborative, panel-based procurement during the tender phase leading to the delivery works.
- DCG said the award extends its strong order book under its highly selective tender strategy centred on high-quality larger-sized contracts.
- **Thorney view: We are optimistic that the refreshed DCG Board and Management team has 'righted the ship'. DCG returned to positive EBITDA in FY2023 and with positive industry sentiment and activity as well as an improving balance sheet, we anticipate further earnings growth into 2024.**

SERVICE STREAM LIMITED

- Service Stream Limited (ASX.SSM) secured extensions across several major operation and maintenance contracts in the telecommunications and utility sectors, with a combined value of approximately \$540 million over their respective terms.
- The contract extensions are as follows:
- A three-year contract extension for the telecommunications division's national wireless agreement with Optus which will see SSM continue to support Optus with the provision of site acquisition, design, construction, and upgrade services across its national wireless infrastructure networks.
- A three-year contract extension with Multinet Gas Networks in Victoria which will see SSM continue to provide specialist operations, maintenance and capital works across Multinet's Victorian gas network supporting over 700,000 residential, commercial and industrial customers.
- A three-year extension and scope expansion for the utility division across its existing metering services agreement with Energy Queensland expanding SSM's metering services operations to incorporate two additional regions: South East Queensland and North Queensland, complementing the current works across Energy Queensland's Southern Region.
- SSM said the annuity-style revenues from the agreements will further strengthen its secured work in hand profile and position the business well for continued profitable growth.
- **Thorney view: We are optimistic that SSM will complete the troubled Utility project, fully provisioned. The NBN term extension and operational diversification from the Lend Lease Services acquisition, now fully integrated, provides a sound platform for the business to move forward.**

EARLYPAY LIMITED

- On 21/12/23, Earlypay Limited (ASX.EPY) announced the signing of its new \$220M Invoice and Trade Finance warehouse facility with a major bank, with settlement expected January 2024. Benefits include a 1% reduction in overall funding costs, transactional and operational efficiencies and the release of \$20M in cash which can be used for capital management activities.
- EPY also recently announced the resolution of all outstanding legal proceedings relating to the RevRoof Pty Ltd recovery process. Approximately \$8.4M of proceeds from the sale of the RevRoof business held in trust pending the resolution of legal disputes will now be released. However recovery expenses associated with this matter are expected to be approximately higher than previously advised with \$1.0 million expected to be recognised in FY2024.
- The company reaffirmed that FY2024 NPAT is expected to exceed FY2023's underlying proforma NPAT of \$4.8 million.
- **Thorney view: We have a positive outlook for EPY's earnings, driven by a reduction in funding costs and credit losses in FY2024, refinancing of its debt facilities and completion of the Timelio acquisition. In addition, we are optimistic about the company recommencing the payment of dividends and/or share buyback.**

CHAIRMAN'S COMMENTS

Alex Waislitz said: *"We are positive on the outlook for markets in 2024 given the strong pickup in M&A activity over the past couple of months and increasing hopes for interest rate cuts and a softer economic landing.*

Small and microcap stocks look especially well-placed to benefit given the heavy sell-off across the sector over the past 18 months. We continue to be bullish on our infrastructure, mining and resources services names as they are performing well, with strong order books and buoyant earnings outlooks.

At the Company's 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 8 March 2024.



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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