

THORNEY OPPORTUNITIES LTD

1H FY23 Results

February 2023

ABOUT TOP

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.



01

Producing absolute
returns for shareholders
over the medium- to
long-term



02

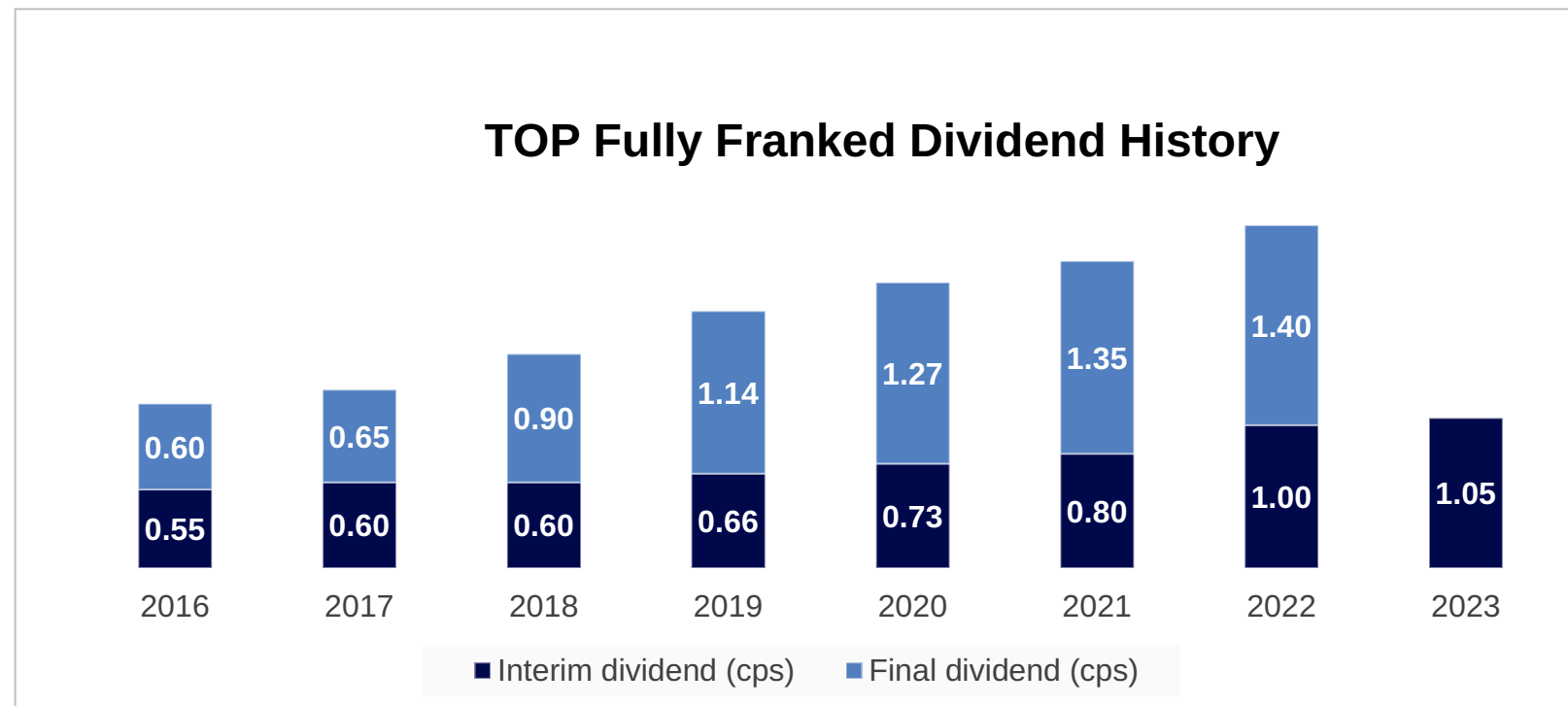
Delivering a strong
fully franked
dividend stream to
shareholders

KEY 1H FY23 HIGHLIGHTS



Net gain after tax for the half year	\$10.1m	
Fully franked interim dividend per share	1.05 cents	Up 5.0% on 1H FY22
NTA per share (before tax)	72.5 cents	Down 3.3% on 1H FY22
NTA per share (after tax)	70.5 cents	Down 2.9% on 1H FY22

Subject to performance, TOP continues to anticipate growth in total dividends for FY2023.

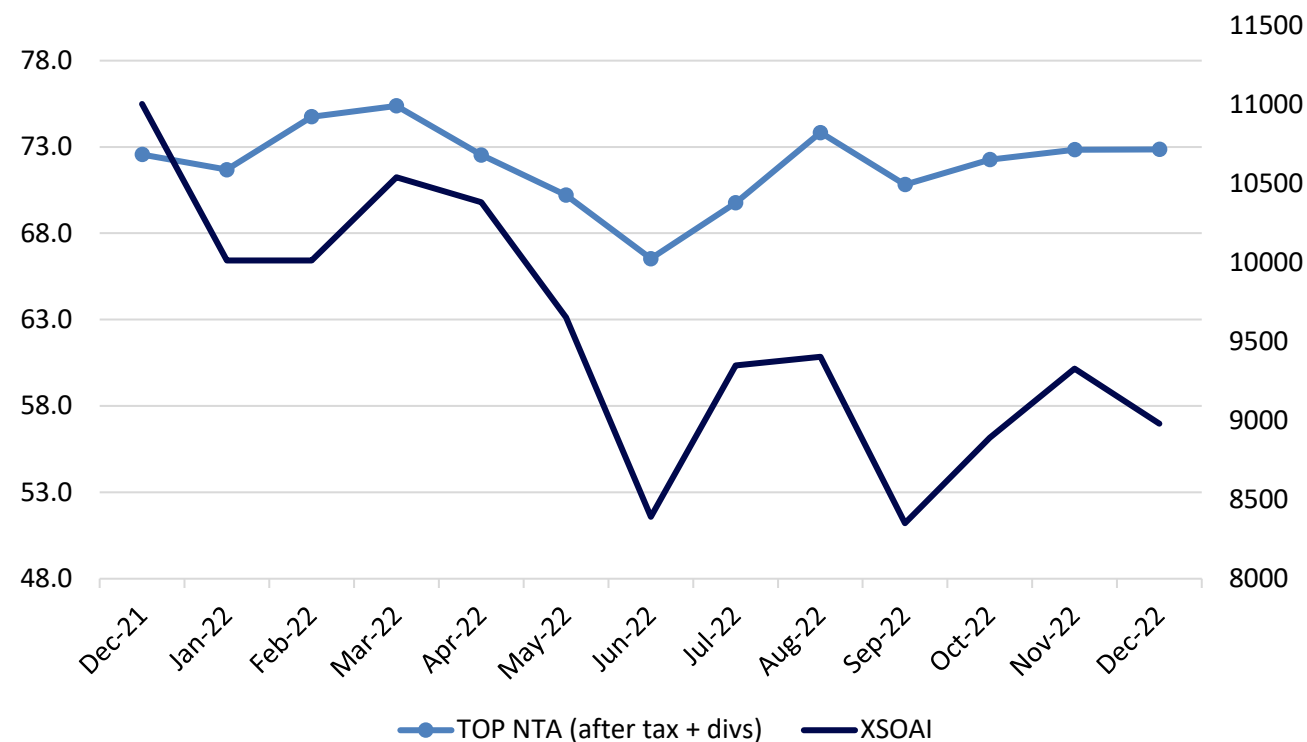


TOP 10 INVESTMENTS AS AT 31 DECEMBER 2022



RANK	COMPANY	% OF PORTFOLIO
1	20 Cashews Pty Ltd*	26.9
2	MMA Offshore	17.9
3	Solvar (formerly Money3 Corporation)	10.3
4	Austin Engineering	9.8
5	Southern Cross Electrical Engineering	7.3
6	Retail Food Group	5.3
7	Consolidated Operations Group	4.6
8	Service Stream	4.3
9	AMA Group	3.4
10	Decmil Group	2.6

TOP NTA V S&P SMALL ORDINARIES ACCUM. INDEX 12 MONTHS TO 31 DECEMBER 2022



The TOP investment portfolio finished the half-year ended 31 December 2022 up 9.97%, outperforming the S&P Small Ordinaries Accumulation Index which gained 7.03%, an outperformance of 2.94%.

The decline in the NTA over the period was largely due to continued market volatility on inflationary concerns and interest rates rises both in Australia and the US.

The Directors have declared an interim dividend of 1.05 cents per share, fully franked, an increase over the prior corresponding period of 5.0%. The interim dividend will be paid on 31 March 2023.

View Media Group was formally launched in August, following an investment of cash and media services by Seven West Media Limited (SWM.ASX). In February 2023, a \$50 million investment by ANZ (ASX.ANZ) was completed, a step which validates VMG's ambitions to disrupt the real estate transaction market. During 1H FY23, VMG continued to execute on its strategic plan to consolidate targeted proptech companies with the acquisitions of property portal AD Group and proptech company, The Today Business.

ACM's business transformation also progressed during the half, including the ongoing rationalisation of the publication portfolio, disposal of surplus real estate and further investment in the digital subscription business. The continued strength in the agricultural sector has ensured a consistent strong performance for the company's agri-publications.

TOP has revised the carrying value of the 20 Cashews investment up to approximately \$37 million.

Money3 Corporation Ltd changed its name to Solvar Ltd (SVR.ASX) in December in order to better reflect its business aims as the Company expands its commercial lending operations, its presence in New Zealand and broadens its credit appetite.

SVR continues to make solid progress towards its goal of growing its loan book well beyond \$1 billion. It recently declared a record interim dividend for 1H FY23 and its share buyback continues to operate and reflects the strong confidence of the Board and Management in the Group's financial performance and future growth prospects. The Company is well positioned to expand product offering into adjacent markets and well capitalised to take advantage of acquisition opportunities.

TOP's largest engineering and mining services holdings, MMA Offshore Ltd (MRM.ASX) and Austin Engineering Ltd (ANG.ASX) were key contributors to the positive performance for the half as the companies enjoy a buoyant operating environment and favourable market recognition.

Both MRM and ANG along with Southern Cross Electrical Engineering Ltd (SXE.ASX) are enjoying strong order books with ANG increasing production capacity due to its strong pipeline and SXE winning a number of new contracts. We are optimistic on the ability of these firms to deliver exceptional earnings performance in the future.

MRM also enjoys a strong balance sheet, and the Company can consider capital management initiatives, including dividends.

Retail Food Group Ltd (RFG.ASX) was also a strong performer during the half with an improvement in market conditions driving positive momentum in the business after a challenging few years due to COVID-19. We are confident that RFG's turnaround journey remains firmly on the right track and that its earnings performance will be stronger in FY23 as conditions continue to improve.

COG Financial Services Ltd (COG.ASX) continues to enjoy strong earnings growth driven by growth in organic and acquisition earnings. We anticipate further growth from the company in 2H FY23 and beyond.

Service Stream Ltd (SSM.ASX) was another beneficiary from buoyant market conditions in the resources and infrastructure sector with further earnings growth expected as long-term sector fundamentals remain attractive across all the Group's industry sectors.

AMA Group Ltd (AMA.ASX) has started to turnaround after a difficult few years due to challenging macroeconomic conditions and an increasing cost and complexity of repairs. We expect the Company to continue to transition for the remainder of FY23 as it implements repricing with major customers and network optimisation.

Decmil Group Limited (DCG.ASX) commenced a restructure of its operations with a number of management changes in the half, including the appointment of a new CEO, reviewing current projects resetting its balance sheet and resolving legacy issues. We expect earnings to improve as the Company focuses on efficiently delivering its robust orderbook.

OUTLOOK

TOP believes equity markets are likely to remain uncertain for some time due to weakening leading economic indicators, increasing pressure on company earnings, and the lagged effect of interest rate rises from central banks.

Despite this, we believe that our engineering and mining services holdings should perform well due to strong order books and higher earnings and as investors reposition their portfolios towards the energy and materials sectors.

Longer term, we believe the market's reorientation away from growth investing and towards value should benefit TOP and that our investment approach will deliver strong performance for shareholders over time.

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