

NAOS Ex-50
OPPORTUNITIES
COMPANY LIMITED

(ASX: NAC)
ABN 49 169 448 837



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NAOS Ex-50 Opportunities Company Limited

ASX Code: NAC ACN: 169 448 837

Appendix 4E | Results for Announcement to the Market

Results Announcement for the year ended 30 June 2023

All comparisons are to the year ended 30 June 2022

	\$	up/down	% change
Revenue from ordinary activities	10,536,037	up	145%
Profit from ordinary activities before tax attributable to shareholders	7,909,490	up	130%
Profit from ordinary activities after tax attributable to shareholders	5,823,397	up	132%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2023 Final quarterly dividend	1.65c	1.65c	30%
2023 First quarterly dividend	1.40c	1.40c	30%
2023 Second quarterly dividend	1.40c	1.40c	30%
2023 Third quarterly dividend	1.55c	1.55c	30%
Final Quarterly Dividend Dates			
Ex-dividend date			6 September 2023
Record date			7 September 2023
Last date for DRP election			8 September 2023
Payment date			27 September 2023
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked final quarterly dividend of 1.65 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
		30 June 2023	30 June 2022
		\$	\$
(Post Tax) Net tangible asset backing per share		1.04	0.96
This report is based on the annual report which has been subject to independent audit by the auditors, Deloitte Touche Tohmatsu Australia. The audit report is included with the Company's Annual Report, which accompanies this Appendix 4E. All the documents comprise the information required by the Listing Rule 4.3A.			

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NAOS EX-50 OPPORTUNITIES
COMPANY LIMITED

ANNUAL REPORT 2023

ACN 169 448 837

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

KEY DATES

2023 ANNUAL GENERAL MEETING

Tuesday 14 November 2023

NAOS Ex-50 Opportunities Company Limited advises that its Annual General Meeting (AGM) will be held at 11.00 am (AEDT) on Tuesday 14 November 2023 at The Fullerton Hotel, No. 1 Martin Place, Sydney NSW 2000.

Further details relating to the AGM will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately after dispatch.

In accordance with the ASX Listing Rules, valid nominations for the position of Director are required to be lodged at the registered office of the Company no later than 5.00 pm (AEST) on 19 September 2023.

FY23 FINAL QUARTERLY DIVIDEND DATES

Ex-Dividend Date:

Wednesday 6 September 2023

Record Date:

Thursday 7 September 2023

Last Date for DRP Election:

Friday 8 September 2023

Payment Date:

Wednesday 27 September 2023

NAOS INVESTOR ROADSHOW

The NAOS Investor Roadshow will be coming to a city near you this October. Join us as the investment team discusses its investment philosophy and process and provides an outlook on the market. We will also highlight a selection of stocks that are held within our Listed Investment Companies (LICs).

We invite you to come along with a guest, meet us in person, and understand more about NAOS Asset Management (NAOS) and our LICs. Register today to secure your seat.

Adelaide

Thursday 12 October
10.30 am–12.00 pm

Mayfair Hotel
45 King William Street
Adelaide SA 5000

Canberra

Tuesday 24 October
10.30 am–12.00 pm

Hyatt Hotel Canberra
120 Commonwealth
Avenue
Canberra ACT 2600

Melbourne

Tuesday 17 October
10.30 am–12.00 pm

The Westin Melbourne
205 Collins Street
Melbourne VIC 3000

Perth

Tuesday 24 October
11.00 am–12.30 pm

InterContinental Perth
City Centre
815 Hay Street
Perth WA 6000

Brisbane

Thursday 19 October
10.30 am–12.00 pm

Customs House
399 Queen Street
Brisbane QLD 4000

Sydney

Thursday 26 October
10.30 am–12.00 pm

Australian Museum
1 William Street
Sydney NSW 2010

Newcastle

Monday 23 October
10.30 am–12.00 pm

Rydges Newcastle
Wharf Road and
Merewether Street
Newcastle NSW 2300

Visit naos.com.au/events for more information.

NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

NAOS Ex-50 Opportunities Company Limited (ASX: NAC) seeks to provide long-term, concentrated exposure to Australian emerging companies while providing a sustainable, growing stream of dividends franked to the maximum extent possible, and long-term investment performance above the Benchmark Index, being the S&P/ASX 300 Industrials Accumulation Index (XKIAI).

KEY HIGHLIGHTS

+18.15%

FY23 Investment Portfolio Performance

+6.50%

FY23 Investment Portfolio Outperformance to Benchmark

6.0 cps

Fully Franked FY23 Dividend

\$5.8 million

FY23 Net Profit After Tax

KEY METRICS AS AT 30 JUNE 2023

Pre-tax Net Tangible Assets per Share

\$1.03

Post-tax Net Tangible Assets per Share

\$1.04

Fully Franked FY23 Dividend (cents per share)

6.0 cents

Fully Franked Dividend Yield

6.82%

Share Price

\$0.88

Shares on Issue

43,832,995

Convertible Note Price (ASX: NACGA)

\$94.50

Convertible Notes on Issue

175,000

Directors' Shareholding (number of shares)

8,895,413

Profits Reserve (cents per share)

46.4 cents

INVESTMENT PORTFOLIO PERFORMANCE AS AT 30 JUNE 2023

	NAC Investment Portfolio Performance*	S&P/ASX 300 Industrials Accumulation Index	Performance Relative to Benchmark
1 Year	+18.15%	+11.65%	+6.50%
3 Years (p.a.)	+11.42%	+8.92%	+2.50%
5 Years (p.a.)	+8.35%	+5.67%	+2.68%
8 Years (p.a.)	+10.89%	+6.47%	+4.42%
Inception (p.a.)	+11.18%	+6.62%	+4.56%
Inception (Total Return)	+149.67%	+73.82%	+75.85%

*Investment Portfolio Performance is post all operating expenses before fees, taxes, interest, initial IPO commissions and all subsequent capital-raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and Total Return) includes part performance for the month of November 2014. Returns compounded for periods greater than 12 months.

BOARD OF DIRECTORS



SARAH WILLIAMS

Independent Chair

Sarah Williams was appointed as an Independent Director in January 2019, and was elected Independent Chair on 1 December 2022. Sarah is also the Independent Chair of NAOS Emerging Opportunities Company Limited (ASX: NCC) and an Independent Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC).

Sarah has over 25 years' experience in executive management, leadership, IT and risk management in the financial services and IT industries. Most recently, Sarah was an executive director at Macquarie Group and head of IT for the group's asset management, investment banking and leasing businesses. During her 18-year tenure at Macquarie Group, she also led the Risk and Regulatory Change team and the Equities IT team, and developed the IT M&A capability. Sarah has also held senior roles with JP Morgan and PricewaterhouseCoopers in London.

Sarah has been a director of charitable organisations, including Cure Cancer Australia Foundation and Make A Mark Australia. Sarah holds an honours degree in engineering physics from Loughborough University.



SEBASTIAN EVANS

Director

Sebastian Evans has been a Director of the Company since its inception. Sebastian is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010.

Sebastian is the CIO across all investment strategies. He holds a Master of Applied Finance (MAppFin) majoring in investment management, as well as a Bachelor of Commerce majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.



DAVID RICKARDS OAM

Independent Director

David Rickards OAM has been an Independent Director of the Company since its inception. David is also an Independent Director of NAOS Emerging Opportunities Company Limited (ASX: NCC) and Independent Chair of NAOS Small Cap Opportunities Company Limited (ASX: NSC). He is also Co-Founder of Social Enterprise Finance Australia Limited (Sefa) and was a director and treasurer of Bush Heritage Australia for nine years.

David has over 25 years of equity market experience, most recently as an executive director at Macquarie Group, where he was head of equities research globally, as well as equity strategy from 1989 until he retired in mid-2013. David was also a consultant for the financial analysis firm Barra International.

David holds a Master of Business Administration majoring in accounting and finance from the University of Queensland. He also has a Bachelor of Engineering (Civil Engineering) and a Bachelor of Engineering (Structural Engineering) from the University of Sydney, and a Bachelor of Science (Pure Mathematics and Geology).



WARWICK EVANS

Director

Warwick Evans has been a Director of the Company since its inception. Warwick is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chair of NAOS Asset Management Limited, the Investment Manager.

Warwick has over 35 years of equity market experience, most notably as Managing Director of Macquarie Equities (globally) from 1991 to 2001, and as an executive director for Macquarie Group. He was founding Chairman and CEO of the Newcastle Stock Exchange (NSX) and was also Chairman of the Australian Stockbrokers Association. Prior to these positions, Warwick was an executive director at County NatWest.

Warwick holds a Bachelor of Commerce majoring in economics from the University of New South Wales.

LETTER FROM THE CHAIR

SARAH WILLIAMS
Independent Chair

Dear fellow shareholders,

On behalf of the Board, welcome to the Annual Report of NAOS Ex-50 Opportunities Company Limited for the financial year ended 30 June 2023. I would like to thank all shareholders for your continued support and welcome all new shareholders.

For the financial year ending 30 June 2023 (FY23), the Company recorded an after-tax profit of \$5.82 million (FY22: after-tax loss of \$18.29 million). I am pleased to report that the NAC Investment Portfolio returned +18.15% for the financial year, outperforming the Benchmark S&P/ASX 300 Industrials Accumulation Index, which returned +11.65%.

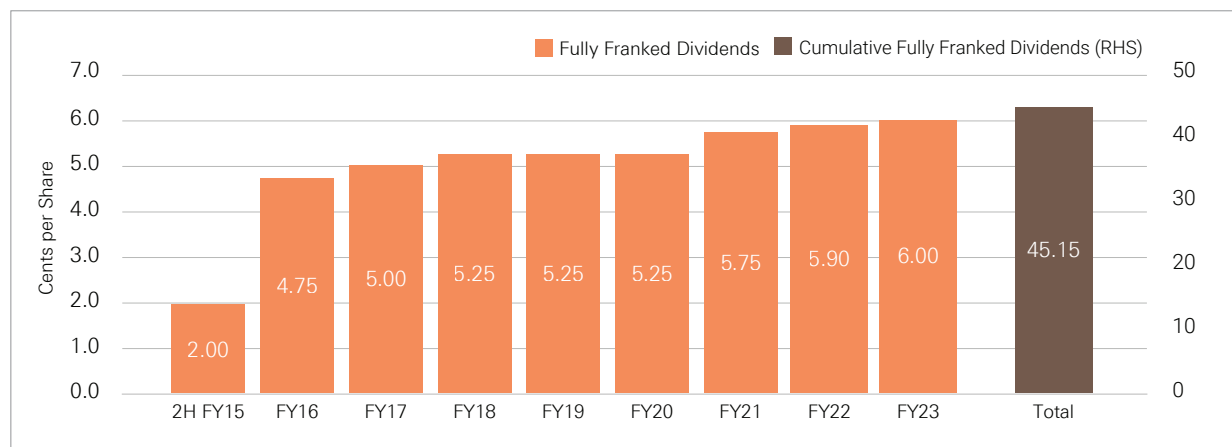
One of the objectives of the Company is to deliver a sustainable, growing stream of quarterly dividends to shareholders, franked to the maximum extent possible. I am pleased to announce the Board has declared an increased fully franked final quarterly dividend of 1.65 cents per share, which brings the FY23 fully franked dividend to a record 6.0 cents per share. This represents a 6.82% net yield, based on the 30 June 2023 share price of \$0.88. The profit reserve balance at year end was \$20.34 million, or 46.4 cents per share, and since inception in 2014, the Company has now declared a total of 45.15 cents per share in fully franked dividends.

The key change in FY23 for equity market investors was a substantial increase in the risk-free rate (interest rates), which directly impacts what investors are willing to pay for businesses. With interest rates having risen at the second-fastest rate in history to combat inflation, the impact of these movements will no doubt be more keenly felt in FY24, even if the Reserve Bank of Australia (RBA) is now nearing the end of its rate-hiking cycle.

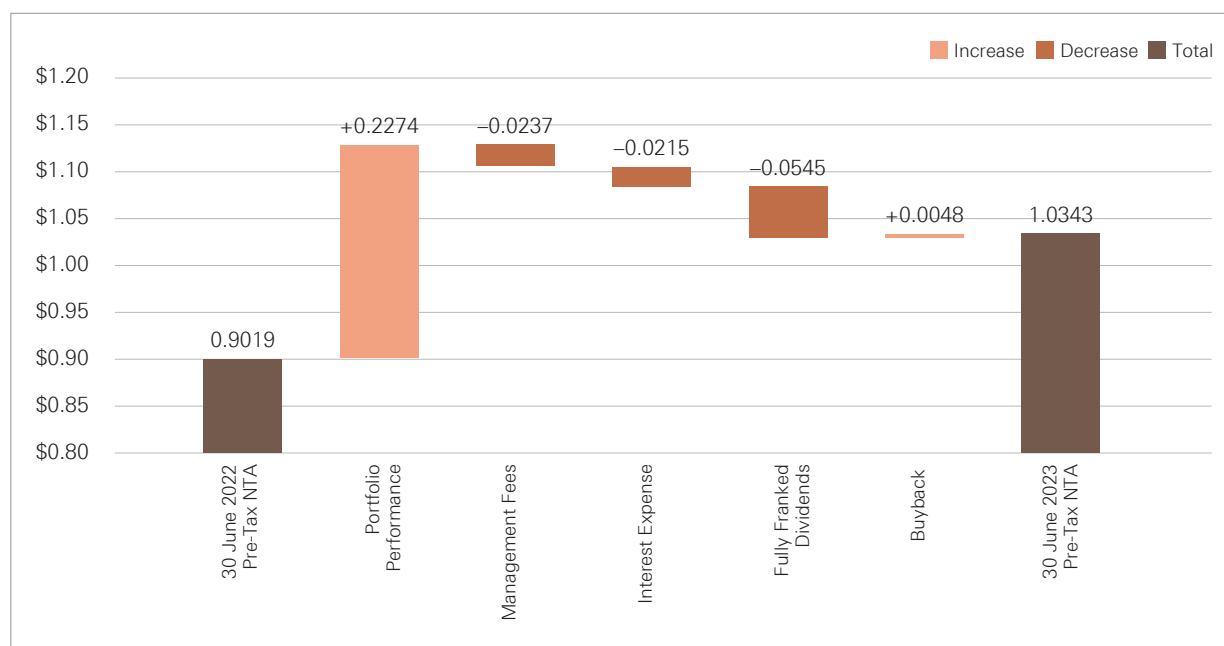
Despite the rapid interest rate rises, the Australian employment market has remained very tight, with both employment and participation rates at record highs. A noticeable shift through the latter part of FY23 has been a change in consumer preferences, particularly away from discretionary spending, as debt servicing, broad inflation and a more uncertain economic outlook have dampened consumer optimism. Amid this ongoing macroeconomic uncertainty, the Company will abide by its long-term investment approach by ensuring all investments have the financial and human resources not only to survive in such times, but also lay the foundations to maximise future earnings growth when more accommodating macro conditions return.

“The Board has declared an increased fully franked final quarterly dividend of 1.65 cents per share, which brings the FY23 fully franked dividend to a record 6.0 cents per share.”

NAC Fully Franked Dividend History



NAC Pre-Tax NTA Performance



The pre-tax Net Tangible Asset (NTA) backing per share of the Company increased from \$0.90 to \$1.03 over the financial year, with positive performance of the Investment Portfolio increasing the NTA per share by 22.74 cents. 5.45 cents per share was paid to shareholders in fully franked dividends, and management fees and interest expense on convertible notes decreased the NTA by 2.37 cents per share and 2.15 cents per share respectively. As the buyback of shares by the Company at a discount is accretive to NTA per share, this was a positive contributor to the Company's NTA during the financial year, adding a further 0.48 cents per share.

The Total Shareholder Return (TSR), which measures the change in the share price together with dividends paid over the period, was +7.30%. This measure does not include the benefit of franking credits received by shareholders through franked dividends. The TSR is reflective of the positive performance of the Investment Portfolio but was impacted by a widening of the share price discount to pre-tax NTA, which closed the year at -14.56%.

The Board remains committed to closing this discount through several key initiatives:

- **On-market Share Buyback:** The Company continued its active share buyback program in FY23, acquiring and cancelling 1.17 million shares in FY23, which has been accretive for all shareholders. The Directors believe a share buyback program is a vital part of its capital management strategy to maximise value for all shareholders over the long term. When shares are trading below NTA, it allows shares to be acquired at not only a discount to the current NTA of the Company, but also at what may prove to be a greater discount to the potential future value of the investee companies.
- **No Dilutionary Share Issues:** The Company will not issue shares below the post-tax NTA per share of the Company, as the Board does not believe this to be in

the best interests of shareholders. As an example, for those shareholders who participated in the Dividend Reinvestment Plan (DRP) it is important to note the Company did not issue shares at a discount to NTA, but instead acquired shares on market to ensure this capital management activity was completed without any potential dilution for existing shareholders.

- **Differentiated and Consistent Investment Strategy:** The Company continues to follow its investment strategy and there will be no significant deviation from this strategy over the long term, ensuring that all shareholders understand what the Company is aiming to provide. The Board believes the strategy is unique and differentiated, with little scope for it to be replicated.
- **Alignment:** The Directors as well as the staff of the Investment Manager have increased their ownership of NAC shares significantly since inception and will endeavour to continue to do so, ensuring strong alignment with all shareholders. As at the end of the financial year, Directors own a total of 8.90 million NAC shares.
- **Dividends:** The Company will continue to focus on delivering a sustainable, growing stream of dividends, franked to the maximum extent possible while maintaining an adequate profit reserve balance.
- **Shareholder Communications:** The Company places a high priority on providing shareholders with timely, regular updates on the Company's performance and investment philosophy, and the performance of the underlying businesses held in the Investment Portfolio. These updates are delivered in the form of monthly NTA and portfolio updates, a new Quarterly Investment Report, quarterly Investor Update Webinars and regular investment insights, along with an Annual Investor Roadshow.

While the current macro environment may continue to prove challenging for smaller companies as we move through FY24, the Board believes the NAOS investment philosophy will continue to generate strong performance for shareholders over the longer term.

On behalf of the Board of Directors, I would like to thank the staff of the Investment Manager for their efforts over the course of the financial year.



Sarah Williams

Independent Chair

22 August 2023

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INVESTMENT MANAGER'S REVIEW

SEBASTIAN EVANS

*Managing Director
and Chief Investment Officer,
NAOS Asset Management Limited*

Dear fellow shareholders,

For the financial year ending 30 June 2023 (FY23), the NAC Investment Portfolio returned +18.15%, outperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI), which increased by +11.65%. This brings Investment Portfolio performance since inception to +11.18% p.a., outperforming the XKIAI return of +6.62% p.a. over the past 9 years and 8 months.

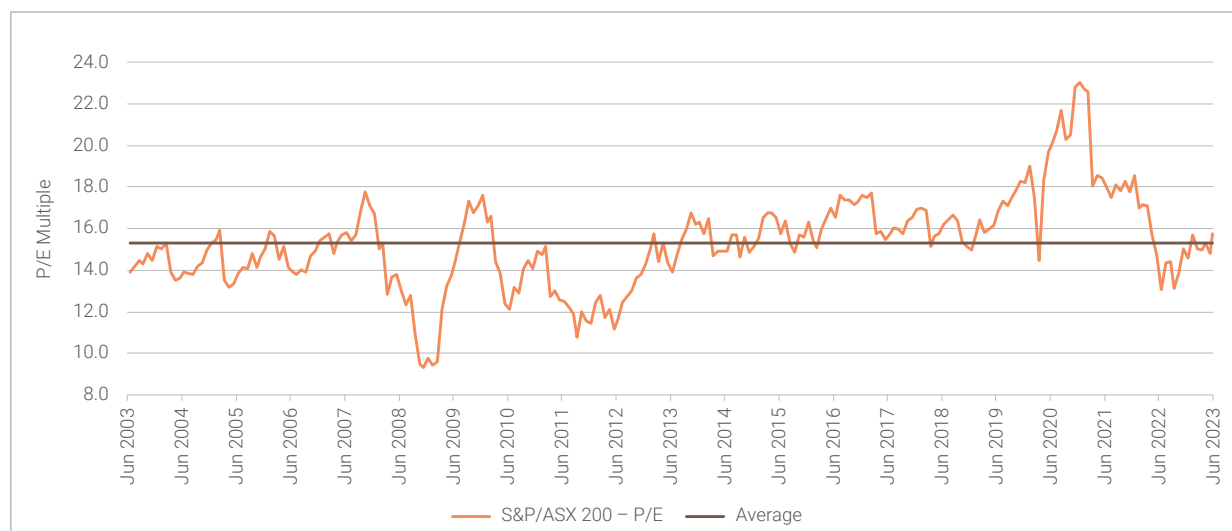
WAS IT REALLY TRANSITORY?

It felt like the term most frequently used (and often misused) during the last 12 months was 'transitory'. However, as investors persisted through FY23, the use of the word gradually declined to the point where it seemed to have almost vanished from everyone's vocabulary. FY23 taught us an important lesson: certain macro movements and events, such as inflation, interest rate rises, labour shortages and even wars, have proven to be anything but transitory. None of the aforementioned factors have shown any signs of reversing soon. The graph below illustrates that valuation compression has not subsided, and the recent stabilisation of price-to-earnings (P/E) valuations for industrial businesses within the S&P/ASX 200 can be attributed more to the slowing or declining earnings of these businesses rather than stock prices moving higher.

The actions of the Reserve Bank of Australia (RBA) in raising interest rates to combat persistently high inflation has resulted in lower risk, or risk-free investments, providing increasingly acceptable returns for investors, particularly when compared to numerous equity investments. When this tightening cycle commenced in FY22 there was a noticeable shift among investors, who began reassessing their overall exposure to equities due to the availability of alternative, risk-free returns, and equity markets consequently experienced declines, especially in sectors with inflated or irrational valuations.

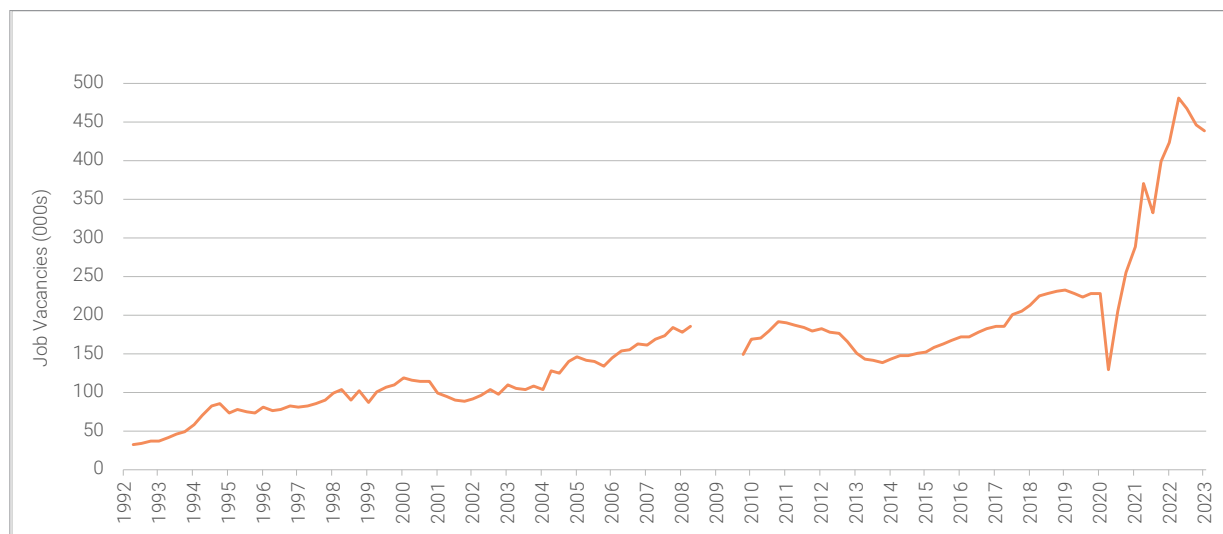
Over the last 12 months, interest rate rises and inflationary pressures have continued to generate the most headlines, and their impact has extended into the wider economy, with the effects keenly felt by the consumer, businesses, and asset prices. Labour shortages also continue to be a significant challenge in the post-COVID environment, with many businesses desperate to hire staff, as shown in the graph on the following page.

S&P/ASX 200 – Valuation (Price to Earnings)



Source: FactSet

Job Vacancies – Australia



Source: FactSet

These various factors have led to a significant increase in uncertainty around the earnings trajectories of many listed businesses, particularly retail and consumer discretionary stocks. Towards the end of FY23, several companies provided trading updates confirming that the current macro environment was now adversely impacting their operations in a significant manner. Such examples included retailers Universal Store Holdings (ASX: UNI), Michael Hill International (ASX: MHJ), City Chic Collective (ASX: CCX), Dusk Group (ASX: DSK) and Baby Bunting (ASX: BBN).

Arguably, the investing environment we face today was last experienced more than a decade ago. During that period, interest rates offered a reasonable return, businesses with negative cash flows were not valued on revenue multiples, and economic cycles occurred. Admittedly, economic cycles can bring with them short-term pain for investors and businesses alike, but they can also bring extraordinary opportunities. The two following graphs highlight how depressed the

current opportunity set is within emerging companies. The first graph compares the price performance of small cap industrial businesses relative to their larger peers over the past three years, highlighting that small cap industrials have underperformed their larger peers by ~40% on a peak-to-trough analysis or by 15% over the three-year period.

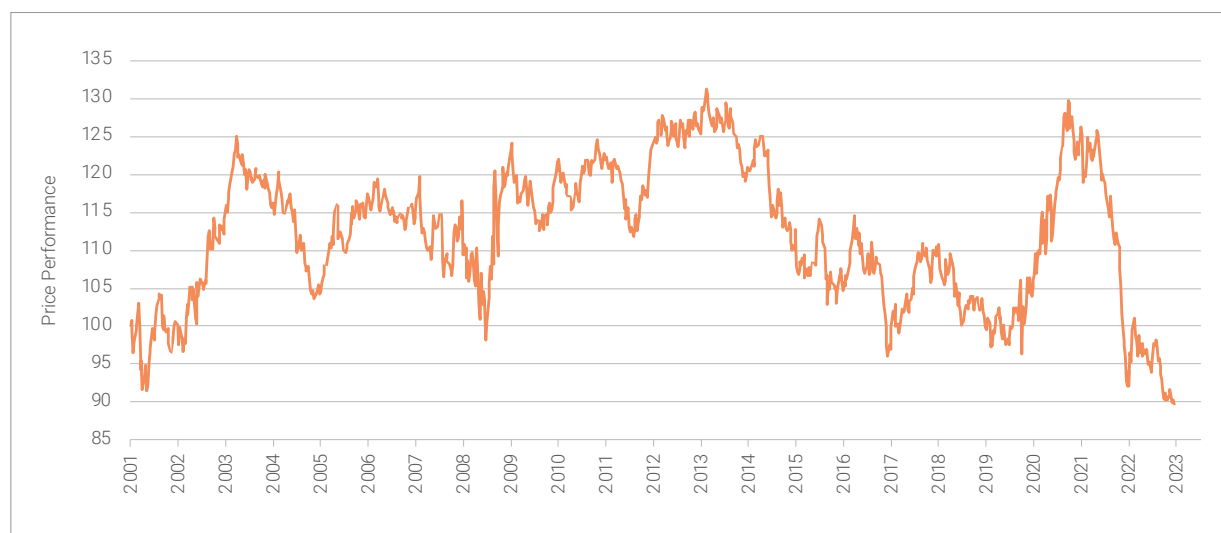
“Price movements can often be indiscriminate, but one thing the share price movements of emerging businesses taught us during both the GFC and the COVID-19 pandemic, was that investing in quality, proven and well-funded businesses during such times can yield fantastic returns.”

S&P/ASX Small Industrials Relative to S&P/ASX 200 Industrials – 2020 to 2023



Source: FactSet

S&P/ASX Small Industrials Relative to S&P/ASX 200 Industrials – 22-Year History



Source: FactSet

When we review the data over a longer period (in this case since June 2001), the underperformance is significantly more pronounced, with the discount of emerging industrial businesses to their larger counterparts at its widest level, even when factoring in the global financial crisis (GFC) and tech wreck in the early 2000s. Price movements can often be indiscriminate, but one thing the share price movements of emerging businesses taught us during both the GFC and the COVID-19 pandemic, was that investing in quality, proven and well-funded businesses during such times can yield fantastic returns. Another important lesson learned is that picking share price lows is a futile exercise, especially when investing in large dollar amounts, and while there may be short-term pain in some cases, we firmly believe the long-term gains will be significantly outsized for many emerging businesses.

EVENTS OF SIGNIFICANCE

In my experience of over 16 years in investing, one thing that has become abundantly clear is that share price movements are typically the culmination of a series of prior events related to the business and accompanied by a considerable amount of hard work. With this in mind, I highlight below several events that transpired in FY23, which, in our view, have the potential to generate outsized shareholder returns in the coming years.

Urbanise.com Successful Implementation of Colliers Contract

As at the end of June 2023, Urbanise.com (ASX: UBN) had a market capitalisation of just \$35 million, so when the company announced the successful implementation of the UBN software into the Colliers platform, it marked a significant milestone in what could be a company-defining process.

We believe this is a significant event for many reasons, including the following:

Tier-1 client: Colliers represents the first Tier-1 client to roll out the Urbanise FM software across an entire division nationwide. Given the highly competitive nature of the facilities management and real estate services sector, in our view the adoption of UBN's platform is an indicator of its potential to deliver productivity and efficiency gains. If Colliers has a positive experience with this platform, we believe other Tier-1 providers will consider UBN's solution.

FM client of scale: Colliers has stated that the UBN software has been rolled out to approximately 400 employees. Additionally, we believe subcontractors working with Colliers will also need to use the UBN software, meaning over 1,000 further individuals will have direct contact with the UBN platform. If UBN is able to prove it can handle such scale, it will further strengthen its credentials for future client tenders.

Growth avenues: Positive feedback from Colliers opens up the potential for further expansion within Colliers, i.e. New Zealand, Singapore, and other Australian divisions. UBN should also be well placed to win work with other Tier-1 providers in the industry, such as CBRE, Lendlease, JLL and others. Additionally, UBN's work with Colliers could attract interest from adjacent industries, such as aged-care businesses (a vertical in which UBN has existing customers) or any organisations with large property portfolios requiring regular maintenance to meet regulatory requirements.

MOVE Logistics CEO Appointment

In early CY23, Craig Evans was appointed CEO of MOVE Logistics (ASX/NZX: MOV), filling a role that had been vacant since July 2021. We strongly believe Craig's appointment will play a pivotal role in MOVE's potential success as a highly profitable and efficient business. Craig Evans had an impressive 34-year tenure at Mainfreight (NZX: MFT), starting in 1987 as a branch manager and eventually being appointed New Zealand country manager in 2015. When Craig announced his retirement from MFT, this excerpt from the MFT Team Newsletter praised his contribution with the following statement:

"Craig Evans, a legend of our business, has announced his intention to finish in the New Year, after 34 years of service with Mainfreight. Craig has played a key role for us across many and various leadership roles, of late leading our New Zealand team. During this time, the business has developed tremendously and is achieving record levels of growth and profitability. Our network intensity and customer reach has increased, with many new facilities built under his guidance."

Over his six-year tenure as country manager, this division of MFT grew from a revenue base of \$563 million with EBITDA of \$78 million, to a revenue base of \$1.13 billion with a PBT of \$137 million (which we estimate implies an EBITDA of ~\$165 million). While we acknowledge that no individual alone can determine the fate of a business, we believe that Craig is exceptionally qualified to lead the MOVE business.

Craig's appointment builds on the complete overhaul of the MOVE executive team, which consists of more than 10 executives with prior experience with the likes of Mainfreight, Toll Holdings and Linfox.

Given that Craig joined MOVE in the second half of the financial year, tangible progress in terms of strategy and financial results for FY23 is yet to be seen by investors. However, we have confidence that Craig and his team will develop a strategic plan that maximises MOVE's potential for all stakeholders. The details of this plan are expected to be made public early in FY24, providing the market with insight into the growth opportunities and potential improvements in both profit margins and revenue profile for the business.

MaxiPARTS' Acquisition of Forch Australia

Despite being a standalone business for just two years post the divestment of the trailer business in 2021, MaxiPARTS (ASX: MXI) has hit the ground running on the acquisition front. It started with the acquisition of Truckzone in FY22, and was followed by the recent acquisition of Forch Australia, a distributor of workshop consumables, in March 2023.

While the estimated EBITDA of \$2.5 million from the Forch acquisition may not be a transformative deal on its own, it is worth noting that over 80% of the current EBITDA is generated in a single state, Western Australia. As such, we believe there is the potential for significant EBITDA growth as the business expands into other states such as New South Wales and Victoria. We believe there is only a single meaningful competitor to Forch: Germany-based Würth Group. Based on the public information we could source, this business recorded >\$175 million of revenue in CY22, highlighting the opportunity that MXI has with this recent acquisition.

Although MXI may not appear to be a business that has significant earnings growth potential given it is not operating in a high-growth industry, we continue to believe that in a few years' time, the company has the potential to organically generate EBITDA of ~\$35 million, a significant increase on the ~\$14 million it generated in FY22. We also expect MXI to have numerous capital management options as the business should be in a significant net cash position in the next 12–18 months.

FY23 NOTABLE INVESTMENT PORTFOLIO CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

Gentrack Group (ASX: GTK)

From a share price perspective it has been an outstanding year for GTK, with the share price increasing by 201% over FY23. It never ceases to amaze me how sentiment around listed businesses can change so quickly in such a short period of time, which often leads to a high level of volatility within the valuation applied to these businesses due to the subjectivity involved.

Just last year, many investors had concerns around potential client churn (particularly in the UK), poor client experience and the competitive landscape. However, fast forward to today, and the management of GTK has been able to upgrade revenue guidance on a number of occasions as a result of minimal client churn, numerous new client wins, and upgrade works for existing customers. GTK's management now has a level of confidence in its software offering, customer needs and also the industry drivers, which has enabled the company to commence a global expansion strategy starting in South-East Asia, with early successes in Singapore.

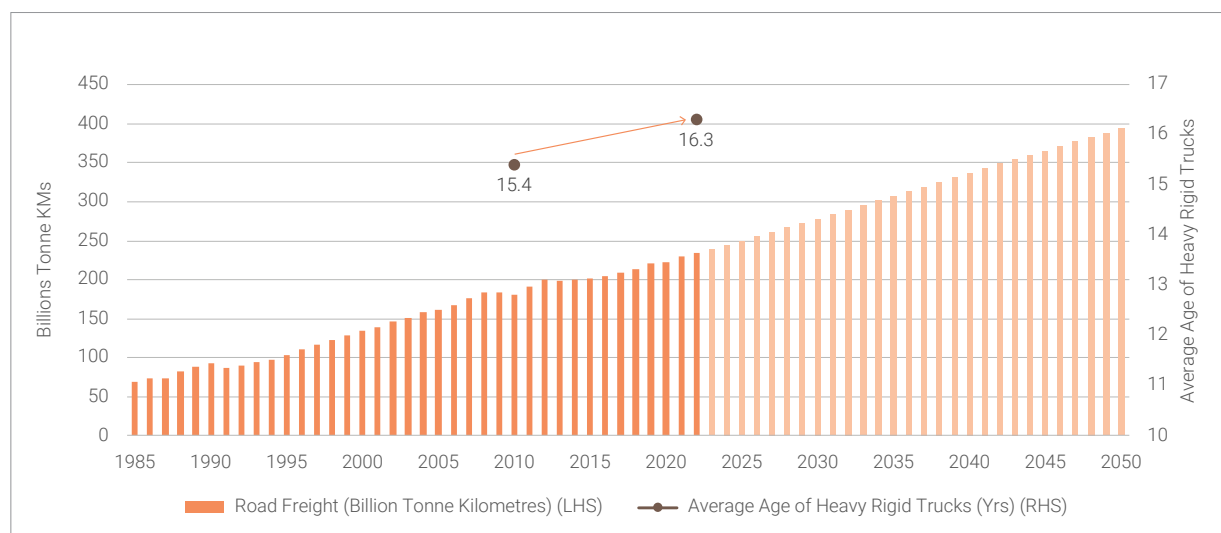
We believe the recent re-rate of the GTK share price has been predominantly driven by the valuation of the existing business and does not fully capture the potential for GTK to accelerate earnings growth. The renewable energy transformation is creating a significant 'once-in-a-generation'-type churn event, as current and prospective utility-provider customers look to upgrade their billing platforms to ensure they can operate effectively going forward. This is because renewables bring with it an added layer of complexity from a billing perspective; something many incumbent systems cannot cater for effectively. In our opinion, this presents an opportunity for GTK to grow earnings at a faster rate over time.

MaxiPARTS (ASX: MXI)

As mentioned in the above section, MXI's management has not wasted any time as a standalone business and are laser-focused on maximising the growth potential of the business over the next three to five years. In FY23, MXI shares re-rated in a moderate manner, driven by a strong half-year result followed by the acquisition of Forch Australia.

From an industry point of view, Australia has one of the oldest truck fleets globally, with the average age of a heavy truck at 16.3 years compared to the European Union (14.2 years), United States (14.5 years) and United Kingdom (7.6 years). While supply chain issues are still affecting the manufacturing and delivery of new trucks to Australia, trucks are being used for longer rather than being retired, and are also being used more, with the number of kilometres increasing steadily since 1985, as shown in the following chart.

An Increasingly Ageing Truck Fleet is Hauling More Freight



Source: Bureau of Infrastructure and Transport Research Economics

We believe MXI will demand a significant valuation re-rate as the business demonstrates its ability to scale in a highly profitable manner. Unlike BRI, MXI fortunately has a clear comparable from a valuation perspective, in the form of direct competitor, Supply Network Limited (ASX: SNL). SNL is a business of similar size but with a long history of delivering outsized returns to shareholders in a capital efficient manner. Currently, SNL trades on a P/E multiple of approximately 22 times, which we consider reasonable for a business of SNL's calibre, but it is a valuation multiple we believe, based on consensus, estimates to be over 50% above that of MXI's.

DETRACTORS

Eureka Group Holdings (ASX: EGH)

In the case of EGH, the warning signs were apparent in FY22, and things worsened in FY23 as margins were eroded when interest costs were not adequately hedged, and the business then completed an equity raising to deleverage the balance sheet and embark on greenfield expansions. As we stated in a number of our previous investor communications, we lost confidence in management's ability to consistently grow earnings in an accretive manner, and we would argue a lack of transparency and an unsatisfactory capital management strategy has resulted in a poor earnings per share (EPS) profile over the past few years. In our view, a significant opportunity cost existed and as such, we exited our investment and reinvested the funds into other investment opportunities we believed could compound our capital at a higher rate.

Urbanise.com (ASX: UBN)

As mentioned earlier, FY23 was a year of transition for UBN, during which the company took several steps to mature as a business and ensure the future looks brighter than the recent past. In our view, these steps resulted in lower short-term revenue growth and cash inflows, and consequently the UBN share price suffered a significant decline over FY23.

Some of the notable steps taken by UBN included:

- the appointment of a highly regarded director with extensive experience in software and technological businesses;
- value-added product redesigns and successful implementation of Tier-1 customer Colliers onto the UBN software platform;
- completion of a placement to ensure sufficient funding and eliminate potential distractions during client tender processes;
- remodelling of the product roadmap to ensure customer needs are met on a timely basis;
- significant change in the executive team, including the appointment of a full-time CEO (previously CFO), a new CFO, and adjustments to the business development teams.

FY24 will be a critical year for UBN, with the focus on converting the pipeline of potential customers and achieving revenue growth of at least 15% per annum.

FY24 OUTLOOK

As we move into FY24, the prevailing sense of uncertainty has led to very little conviction amongst the investment community as well as many business leaders. In our experience, uncertainty generally leads to lower valuations, especially for emerging businesses. However, when taking a step back and applying a small dose of objectivity and rationalisation, it becomes evident for a number of areas within the economy that while the wheels may indeed slow, they will continue to turn. Over time, it is not unreasonable to expect that these sectors will regain momentum and, consequently, valuations will also increase.

I use this analogy as we want all our investments to be exposed to industries that will grow over time, as we have found this not only greatly reduces the risk of entering into a poor investment, but also increases the probability of the investment generating outsized positive returns over the long term. We believe many, if not all, of our core investments have exposure to industries with significant tailwinds that include:

- continued build-out of large-scale industrial and apartment projects (Urbanise.com);
- ageing and more complex trucking fleet(s) (MaxiPARTS);
- completing the infrastructure project backlog (COG Financial Services);
- supply-chain pressures and risk-mitigation strategies (MOVE Logistics);
- transition to renewable energy generation (Gentrack Group);
- managing the cyber-security threat to SMEs and MEs (Dropsuite).

One other thematic we also believe will come to the forefront over the next 12–18 months will be the advantage public businesses will have relative to their private counterparts, given the challenging macroeconomic conditions that are likely to persist. Numerous industries are dominated by private businesses that have founders from the baby-boomer generation. Many of these founders will be approaching decisions regarding succession or potential expansion opportunities. Both pathways can be fraught with financial risk and a level of uncertainty, which can lead a founder to seek the sale of an entire business so as to provide certainty to all parties involved. COG and MXI have already made strategic acquisitions in this regard, and we expect them to continue pursuing such opportunities.

Furthermore, we believe that MOVE, Dropsuite and Gentrack will also seize on similar opportunities if they make financial and strategic sense.

FY24 may well prove to be another turbulent year for emerging equities, but we remain steadfast in our commitment to providing our shareholders exposure to businesses that are led by capable and aligned management teams, are not overly reliant on capital, maintain strong balance sheets for financial flexibility, and have significant exposure to industries with long-term growth potential. We firmly believe the long-term future of all of our investee companies to be bright, and although the next 12 months may see further share price volatility, we fully expect these businesses to emerge from FY24 in improved strategic and financial positions.

The entire team is acutely aware of the trust you have placed in us to manage your capital and we greatly appreciate your ongoing support.

Kind regards,



Sebastian Evans

Managing Director and Chief Investment Officer
NAOS Asset Management Limited

NAC CORE INVESTMENTS

MOVE LOGISTICS

ASX/NZX: MOV



MOVE Logistics is one of the largest freight and logistics providers in New Zealand. It has a large network of 41 branches across the two main islands of New Zealand, with capability to serve more than 3,500 customers. Originally listed on the New Zealand stock exchange, the business dual listed on the ASX in July 2022.

MAXIPARTS

ASX: MXI



MaxiPARTS (MXI) is a supplier of commercial truck and trailer aftermarket parts to the road transportation industry. In operation for over 30 years, MXI is one of the largest operators in Australia, with a unified support and distribution network providing over 50,000 different parts across 27 sites nationwide.

GENTRACK GROUP

ASX: GTK



Gentrack (GTK) is a global software specialist operating in six countries, whose solutions support energy utilities, water companies and airports. GTK's customer- and billing-focused products are mission-critical for utility-retailing companies across the UK, Australia, New Zealand and Singapore. GTK's Veovo airport operations software is used by more than 120 airports and transport authorities globally.

DROPSUITE

ASX: DSE



Dropsuite (DSE) is a partner-centric cloud-based software platform enabling businesses and organisations globally to backup, archive, recover and protect important business information. DSE helps to protect more than one million users globally from data loss on platforms such as Microsoft 365 and Google Workspace.

URBANISE.COM

ASX: UBN



Urbanise.com is an Australia-headquartered cloud-based software business, providing solutions for both the strata management industry as well as the facilities management industry in the Asia-Pacific and Middle East regions. The Urbanise Strata Platform is a market-leading accounting and administration software system used by strata managers across ~700,000 individual strata lots. The Urbanise Facilities Management Platform is used to aid the maintenance of property assets and supervision of contractors across various sectors including aged care, retail, commercial and essential infrastructure.

COG FINANCIAL SERVICES

ASX: COG



COG Financial Services (COG) is Australia's leading aggregator of finance brokers and equipment-leasing services to small and medium-sized enterprises (SMEs). COG's operations are spread across three complementary business divisions: Finance Broking & Aggregation (FB&A), Lending & Funds Management, and Novated Leasing, all of which service the financial needs of SMEs nationwide. At 1H FY23, COG had a ~21% market share of the Australian Asset Finance Broking market, with the COG network financing \$6.7 billion in assets for SMEs in FY22. COG has been highly acquisitive in recent years, acquiring finance brokers, insurance brokers, as well as fund management and novated-leasing businesses.

INVESTING WITH NAOS ASSET MANAGEMENT

NAOS Asset Management is a specialist fund manager providing concentrated exposure to quality public and private emerging companies.

NAOS takes a concentrated and long-term approach to investing and aims to work collaboratively with businesses rather than be a passive shareholder. NAOS seeks to invest in businesses with established moats and significant exposure to structural industry tailwinds, which are run by proven, aligned and transparent management teams who have a clear understanding of how to compound capital.

We look to build large investments in businesses and from time to time will seek board representation or look to appoint highly regarded independent directors. Importantly, NAOS, its Directors and staff are significant shareholders in the NAOS LICs, ensuring strong alignment with all shareholders.

NAOS is B Corp Certified. As a B Corp in the financial services industry, we are counted among businesses that are leading a global movement for an inclusive, equitable and a regenerative economy.

NAOS launched its first LIC in 2013 with 400 shareholders. Today, NAOS manages approximately \$300 million across three LIC vehicles and one private investment fund, for more than 7,000 shareholders.



OUR VALUES

ENCOURAGE INDEPENDENT THINKING

Rather than follow the crowd, we prefer to pave the way with innovation and provide a better outcome for our stakeholders. We have a disciplined investment process and do not get caught up in the hype and noise of the market.

DO ONE THING AND DO IT REALLY, REALLY WELL

At NAOS, we focus on providing concentrated exposure to quality public and private emerging companies – and we strive to be the best at this.

TELL IT LIKE IT IS

At NAOS, we are honest and transparent. We continue to exist due to the earned trust of our shareholders.

HAVE THE RIGHT PEOPLE IN THE RIGHT ENVIRONMENT

Each NAOS employee has been specifically chosen for their unique ability, proven experience and willingness to learn. At NAOS, we have created an inclusive work culture and one that supports all our employees.

BE INVESTED AND ALIGNED

As NAOS Directors and employees, we have a significant interest in NAOS' investment strategies. This means we are invested alongside our shareholders, creating a strong alignment of interests.

HAVE A LONG-TERM PERSPECTIVE

We believe in investing in businesses where the earnings today are not a fair reflection of what the same business may earn over the longer term. Prior to investing in a business, we ask ourselves: Do we want to own this business forever?

ACT RESPONSIBLY

We are responsible for investing our fellow shareholders' funds and we do not take this responsibility lightly. At NAOS we seek to always act responsibly and diligently in all matters – from our investment choices through to our shareholder communications.

BE AN OWNER

NAOS employees strive to make NAOS a success by taking ownership of their tasks and responsibilities. In addition, NAOS Asset Management Limited is majority owned by employees and Directors.

GIVE BACK

As a company, we have committed to pledge 1% of our revenue, time and knowledge to movements and missions that matter. We want to make a difference and aim to contribute to economic, social and environmental change.

VALUE WITH LONG-TERM GROWTH



We believe in investing in businesses where the earnings today are not a fair reflection of what the same business will earn over the longer term. Ultimately, this earnings growth can be driven by many factors, including revenue growth, margin growth, cost cutting, acquisitions and even share buybacks. The result is earnings growth over a long-term investment horizon, even if the business was perceived to be a value-type business at the time of the initial investment.

QUALITY OVER QUANTITY



Excessive diversification, or holding too many investments, may be detrimental to overall portfolio performance. We believe it is better to approach each investment decision with conviction. In our view, to balance risk and performance most favourably, the ideal number of quality companies in each portfolio would generally be zero to 20.

INVEST FOR THE LONG TERM



As investors who are willing to maintain perspective by taking a patient and disciplined approach, we believe we will be rewarded over the long term. If our investment thesis holds true, we persist. Many of our core investments have been held for three or more years, where management execution has been consistent and the value proposition is still apparent.

MANAGEMENT ALIGNMENT



We believe in backing people who are proven and aligned with their shareholders. One of the most fundamental factors consistent across the majority of company success stories in our investment universe is a high-quality, proven management team with 'skin in the game'. NAOS Directors and employees are significant holders of shares on issue across our strategies, so the interests of our shareholders are well aligned with our own.

IGNORE THE INDEX



This means we are not forced holders of stocks with large index weightings that we are not convinced are attractive investment propositions. We actively manage each investment to ensure the best outcome for our shareholders and only invest in companies that we believe will provide excellent, sustainable, long-term returns.

OUR INVESTMENT BELIEFS

PURE EXPOSURE TO INDUSTRIALS



With the big four banks making up a large proportion of total domestic equity holdings for the self-managed superannuation funds (SMSF) investor group, many Australian investors are at risk of being overexposed to one sector and may be missing out on opportunities to invest in quality companies in industries such as media, advertising, agriculture or building materials. Australian listed industrial companies outside the ASX 200 are our core focus and we believe the LICs we manage provide pure access to these companies, which may be lesser known by the broader investment community.

PERFORMANCE VS. LIQUIDITY FOCUS



We believe in taking advantage of inefficient markets. The perceived risk associated with low liquidity (or difficulty buying or selling large positions) combined with investor short-termism, presents an opportunity to act based purely on the long-term value proposition where the majority may lose patience and move on. Illiquidity is often caused by aligned founders or management having significant holdings in a company. The NAOS LICs benefit from a closed-end structure, which means they do not suffer 'redemption risk' and we can focus on finding quality, undervalued businesses regardless of their liquidity profile.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors is associated with a sustainable business model over the longer term. This benefits not only shareholders, but also the broader economy. NAOS is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is guided by these principles in incorporating ESG into its investment practices. NAOS is also B Corp certified.

CONSTRUCTIVE ENGAGEMENT



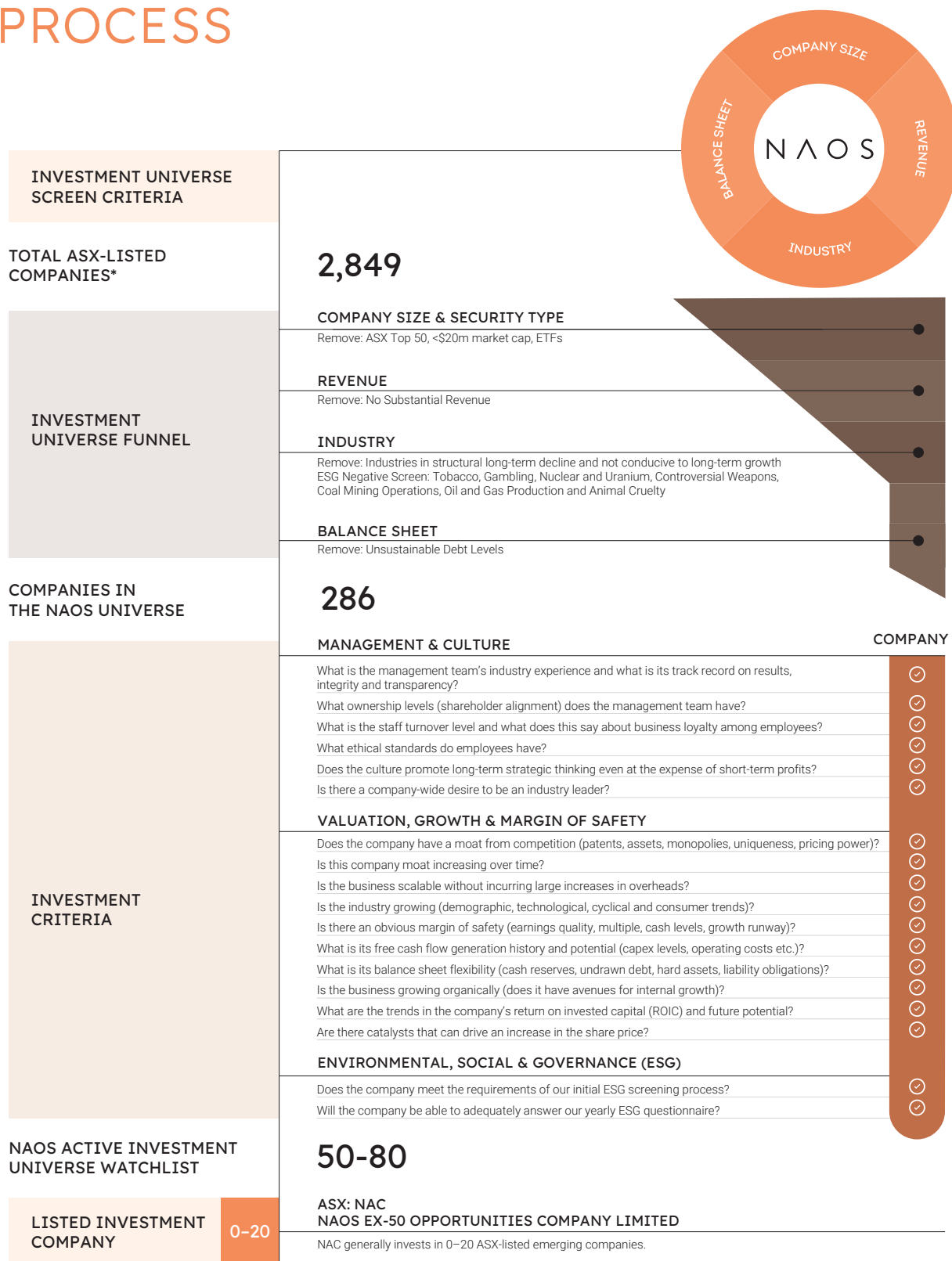
At NAOS we seek to work collaboratively with businesses and their respective management teams. We are often the largest shareholder in the businesses we invest in, and from time to time we will seek board representation either via an independent or a non-independent representative. This approach allows us to supportively engage with the boards and/or management teams of our portfolio holdings and maximise the potential for our invested capital to compound at a satisfactory rate over the long term.

Examples of constructive engagement where the NAOS investment team looks to add value include:

- growth capital if/when required;
- messaging and communications;
- capital management decisions;
- company strategy;
- board composition.

OUR INVESTMENT PROCESS

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*Source: Bloomberg Data June 2023.

NAOS QUALITATIVE INFORMATION SOURCES

The NAOS investment team undertakes fundamental analysis on potential and current investments. Some examples of key focus areas include:

INTERNAL ENGAGEMENT	EXECUTIVE TEAM INCLUDING CEO, CFO, COO AND CTO	●
	BOARD OF DIRECTORS (INDEPENDENT AND NON-INDEPENDENT)	●
	WIDER MANAGEMENT TEAM AND STAFF	●
	e.g. General managers and sales executives to assistants/associates	
EXTERNAL ENGAGEMENT	FORMER EMPLOYEES	●
	LISTED AND UNLISTED COMPETITORS	●
	SUPPLIERS (CURRENT AND FORMER)	●
	CUSTOMERS (CURRENT AND FORMER)	●
	INDUSTRY CONTACTS AND INDUSTRY ASSOCIATIONS	●
HANDS ON	COMPANY ANNOUNCEMENTS AND REPORTS	●
	PRODUCT/SERVICE SAMPLING AND TESTING	●
	COLD CALLING	●
RESEARCH	COMPANY ANNOUNCEMENTS AND REPORTS	●
	TRANSCRIPTS (COMPANY SPECIFIC AND OTHER)	●
	INDUSTRY REPORTS AND JOURNALS	●
	SOCIAL MEDIA AND INDUSTRY FORUMS	●
	SURVEYS, RATINGS AND PROPRIETARY ANALYTICAL TOOLS	●
	ESG & POSITIVE IMPACT ANALYSIS	●

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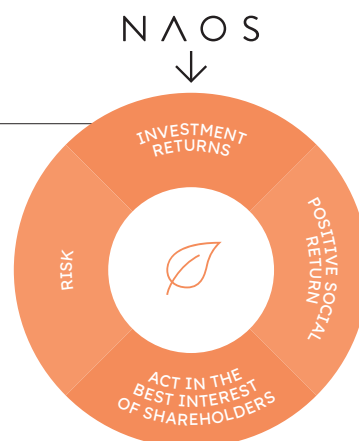
OUR ESG PROCESS

01 OUR COMMITMENT TO RESPONSIBLE INVESTMENT

As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors is associated with a sustainable business model over the longer term which benefits not only shareholders but also the broader economy.

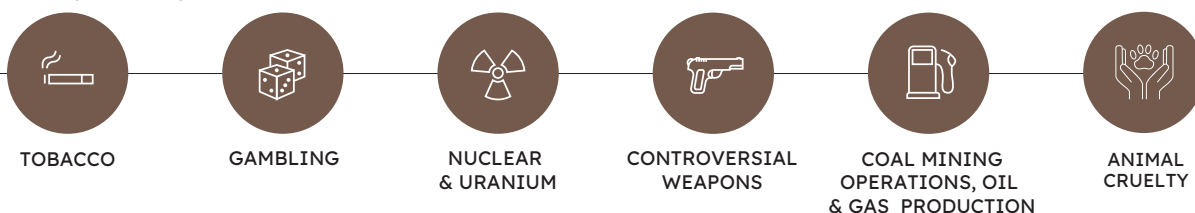
We recognise the material impacts that ESG factors can have on investment returns and risk, and also the wider implications for achieving a positive social return.

NAOS is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is guided by these principles in incorporating ESG into its investment practices.



02 NEGATIVE SCREENS

NAOS systematically excludes investing in specific industries and companies that do not align with our responsible investment goals.



03 ESG FRAMEWORK

The types of ESG factors we consider are represented by the following, although from time to time we will consider factors outside this group.



04 THE INCORPORATION OF ESG AND COMPANY QUESTIONNAIRE

The incorporation of ESG considerations into the investment process applies across all NAOS investments. NAOS aims to have a thorough understanding of the companies it invests in. Once invested, NAOS regularly reviews and monitors the ESG performance of its investee companies through questionnaires. The results provide valuable information and allow us to assess ESG opportunities and risks, and to assist and support our investee companies in attaining their ESG goals.



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NAOS

OUR INVESTEE COMPANIES AND THEIR ESG JOURNEY



Urbanise.com Limited
(ASX: UBN)

Urbanise completed the NAOS ESG questionnaire during FY23.

>2 YEARS

NAOS first invested

\$35.42 MILLION

Urbanise's market capitalisation as at 30 June 2023

Urbanise.com is an Australia-headquartered cloud-based software business, providing solutions for facilities and strata managers across the Asia-Pacific and Middle East.

KEY ACHIEVEMENTS IN FY23:



- The Board has created an ESG subcommittee, which meets monthly to discuss and implement ESG initiatives.
- Internal administrative processes (including record keeping) are now 100% digitised and cloud-based, minimising the use of paper.
- A Health and Safety Policy has been introduced.

ENVIRONMENTAL:



- The Urbanise head office is in a 5.0-star NABERS energy-rated office building.
- Some offices, including Melbourne, operate almost entirely remotely.
- Urbanise's largest business cost – its cloud-computing supplier – is committed to using 100% renewable energy by 2030.

SOCIAL:



- The workforce comprises 39% from under-represented social groups based on gender and ethnic groups.
- An Employee Assistance Program (EAP) has been provided for employees. This includes confidential counselling support and advice services.
- There are various review processes in place, which include:
 - employee feedback on job satisfaction;
 - review of training and development requirements; and
 - review of pay rates for individual roles and incentives across the organisation.
- Last year, female employees increased from 26% to 31% of total employees.

GOVERNANCE:



- Urbanise's Chair chairs the newly formed ESG committee, and the CEO also attends these meetings.

AREAS FOR IMPROVEMENT:



- Provide environmental metrics where possible. Measurement will assist with developing ESG strategies.
- Formalise an environmental policy.
- Investigate renewable energy sources, such as green power, to reduce Scope 2 emissions.
- Provide a policy on waste management.
- Finalise the company's modern slavery policy.
- Engage with local communities by providing donations or donating time to charities with environmental and/or social goals.
- Set targets for female participation across the workforce, management and Board.
- Increase the number of independent Board members.

“People are critical to the Group and our customers’ success, and we prioritise the attraction and retention of key talent. This includes a focus on our team’s wellbeing and their continuing career development.”

(Excerpt from Urbanise.com's FY22 Annual Report)

OUR TEAM

SEBASTIAN EVANS

*Chief Investment Officer
and Managing Director*



Sebastian is a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), NAOS Ex-50 Opportunities Company Limited (ASX: NAC), and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010. Sebastian is the CIO across all investment strategies.

Sebastian holds a Master of Applied Finance (MAppFin) majoring in investment management as well as a Bachelor of Commerce majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

BRENDAN YORK

Portfolio Manager



Brendan joined NAOS in July 2021 as a portfolio manager. Brendan is also a non-executive director of Big River Industries Limited (ASX: BRI), BSA Limited (ASX: BSA), Saunders International Limited (ASX: SND), Wingara AG Limited (ASX: WNR), BTC health Limited (ASX: BTC) and MitchCap Pty Ltd.

Brendan has over 19 years' finance, accounting and M&A experience. Most recently, Brendan had a 15-year career with ASX-listed marketing services business Enero Group Limited, initially in finance roles and ultimately as CFO and Company Secretary for a nine-year period. Prior to that, Brendan spent four years at KPMG.

Brendan is a chartered accountant and holds a Bachelor of Business Administration and a Bachelor of Commerce from Macquarie University.

ROBERT MILLER

Portfolio Manager



Robert joined NAOS in September 2009 as an investment analyst. Robert has been a portfolio manager since November 2014 and is currently Portfolio Manager across all NAOS LICs: NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), and NAOS Ex-50 Opportunities Company Limited (ASX: NAC), and the NAOS Private Opportunities Fund. Robert is also a Non-Executive Director of Ordermentum Pty Ltd.

Robert holds a Bachelor of Business from the University of Technology, Sydney, and a Master of Applied Finance (MAppFin) from the Financial Services Institute of Australasia/Kaplan.

JARED TILLEY

Senior Investment Analyst



Jared joined NAOS in April 2021 as Senior Investment Analyst. Jared has over 16 years' financial services experience. Most recently Jared was an investment analyst at Contact Asset Management and prior to that he spent nine years at Colonial First State.

Jared holds a Bachelor of Commerce majoring in accounting and finance from the University of Notre Dame, Sydney, and is a CFA Charterholder.

NELSON DE MESTRE

Associate Analyst



Nelson joined NAOS as an associate analyst in July 2020. He has a Bachelor of Commerce from the University of Sydney.

JULIE COVENTRY

ESG Officer



Julie joined NAOS in November 2012 as Compliance Officer and in January 2021, commenced the role of ESG Officer.

Prior to joining NAOS, Julie worked within compliance and performance teams at BZW Investment Management, Commonwealth Bank, Colonial First State, and QBE.

Julie holds a Bachelor of Business majoring in finance and economics from the University of Technology, Sydney, and she also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

RAJIV SHARMA

Head of Legal and Compliance



Rajiv is Head of Legal and Compliance at NAOS and holds a Bachelor of Laws (First Class Honours), a Bachelor of Business (accounting major) and a Graduate Diploma in Legal Practice from the University of Technology, Sydney.

Rajiv has over 13 years' experience, having most recently held senior legal roles at Custom Fleet, part of Element Fleet Management (TSX: EFN), and also at Magellan Financial Group (ASX: MFG). He has also previously worked at law firms Johnson Winter & Slattery, and Clayton Utz.

Rajiv is a member of the Law Society of New South Wales, an Associate of the Governance Institute of Australia, and is admitted to the Supreme Court of New South Wales and the High Court of Australia.

RICHARD PREEDY

Chief Financial and Operating Officer



Richard joined NAOS in October 2015 as Chief Financial and Operating Officer. Richard has over 16 years' financial services experience in the UK and Australia, beginning his career in London with Deloitte & Touche before relocating to Sydney in 2013.

Richard holds a Bachelor of Arts (Hons) in Business Management from the University of Sheffield, is a qualified chartered accountant and is a member of the Governance Institute of Australia.

ANGELA ZAMMIT

Marketing and Communications Manager



Angela joined NAOS in May 2020 in the capacity of Marketing and Communications Manager.

Prior to joining NAOS, Angela held marketing roles for companies in both Australia and the UK, including SAI Global, American Express, Citibank, and Arete Marketing.

Angela holds a Bachelor of Communications majoring in advertising and marketing from the University of Canberra.

NAOS Asset Management is committed to keeping all shareholders up to date. We endeavour to produce timely updates and relevant communications throughout the financial year. We also welcome shareholder feedback, so please email any feedback or suggestions to enquiries@naos.com.au



NAOS GIVING BACK

To be caretakers of the next generation we must actively support positive change. Supporting our commitment to ESG issues, NAOS Asset Management (the management company) donates 1% of recurring revenue to the community and the environment.

NAOS is proud to be supporting:



Healthy, productive landscapes where people and nature thrive



Together, we're returning the bush to good health



To provide excellence in aeromedical and primary health care across Australia



Empowering young people to thrive beyond the impacts of family mental illness.

CORPORATE GOVERNANCE STATEMENT

The Board of NAOS Ex-50 Opportunities Company Limited is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Company has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of its activities.

The Board has adopted the ASX Corporate Governance Principles and Recommendations, which are complemented by the Company's core principles of honesty and integrity. The corporate governance policies and practices adopted by the Board are outlined in the Corporate Governance section of the Company's website naos.com.au/corporate-governance.

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DIRECTORS' REPORT

The Directors present their report together with the financial report of NAOS Ex-50 Opportunities Company Limited (the Company) for the year ended 30 June 2023.

COMPANY INFORMATION

The Company is a listed investment company (LIC) and its shares are listed on the Australian Securities Exchange (ASX). The Company has outsourced its investment management function to NAOS Asset Management Limited (ACN 107 624 126) (Australian Financial Services Licence Number 273 529) (the Investment Manager).

PRINCIPAL ACTIVITIES

The Company invests primarily in a concentrated portfolio of listed equities with the objective of providing investors with a long-term concentrated exposure to Australian emerging companies (excluding resource companies).

DIRECTORS AND OFFICERS

Directors

The following persons held office as Directors of the Company during or since the end of the year.

Name	Appointment Date	Period of Office
Sarah Williams (Independent Chair)	31 January 2019	31 January 2019 – present
David Rickards OAM	8 May 2014	8 May 2014 – present
Warwick Evans	8 May 2014	8 May 2014 – present
Sebastian Evans	8 May 2014	8 May 2014 – present

The qualifications and experience of each person who has been a Director of the Company at any time since 1 July 2022 are provided below.

DIRECTORS' INFORMATION

Sarah Williams – Independent Chair

Sarah Williams has been an Independent Director of the Company since 31 January 2019, and was elected Independent Chair on 1 December 2022. Sarah is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC) and NAOS Small Cap Opportunities Company Limited (ASX: NSC).

Sarah has over 25 years' experience in executive management, leadership, IT and risk management within the financial services and IT industries. Most recently, Sarah was an executive director at Macquarie Group holding the role of head of IT for the group's asset management, investment banking and leasing businesses. During her 18-year tenure at Macquarie Group she also led the Risk and Regulatory Change team, the Equities IT team, and developed the IT M&A capability. Sarah has also held senior roles with JP Morgan and PricewaterhouseCoopers in London.

Sarah has also been a director of charitable organisations including Cure Cancer Australia Foundation and Make A Mark Australia. Sarah holds an honours degree in engineering physics from Loughborough University.

David Rickards OAM – Independent Director

David Rickards has been an Independent Director of the Company since inception (2014), and was also Independent Chair until he retired on 1 December 2022. David is also an Independent Director of NAOS Emerging Opportunities Company Limited (ASX: NCC) and NAOS Small Cap Opportunities Company Limited (ASX: NSC). He is also Co-Founder of Social Enterprise Finance Australia (Sefa) and was a director and treasurer of Bush Heritage Australia for nine years.

David has over 25 years' of equity market experience, most recently as an executive director at Macquarie Group, where David was head of equities research globally as well as equity strategy since 1989 until he retired in mid-2013. David was also a consultant for the financial analysis firm Barra International.

David holds a Masters of Business Administration majoring in accounting and finance from the University of Queensland as well as two bachelor degrees, one in Engineering (Civil and Structural) from the University of Sydney, and a bachelor's degree in Science (Pure Mathematics and Geology).

DIRECTORS' INFORMATION (CONTINUED)

Warwick Evans – Non-Independent Director

Warwick Evans has been a Director of the Company since inception (2014). Warwick is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), and NAOS Asset Management Limited, the Investment Manager.

Warwick has over 35 years of equity market experience, most notably as Managing Director for Macquarie Equities (globally) from 1991 to 2001, as well as being an executive director for Macquarie Group. He was the founding Chairman and CEO of the Newcastle Stock Exchange (NSX), and was also Chairman of the Australian Stockbrokers Association. Prior to these positions he was an executive director at County NatWest.

Warwick holds a Bachelor's degree in Commerce majoring in Economics from the University of New South Wales.

Sebastian Evans – Non-Independent Director

Sebastian Evans has been a Director of the Company since inception (2014) and also joint company secretary since 10 July 2019. Sebastian is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC) and NAOS Small Cap Opportunities Company Limited (ASX: NSC); and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010. Sebastian is the CIO across all investment strategies.

Sebastian holds a Masters of Applied Finance majoring in investment management (MAppFin) as well as a bachelor's degree in commerce, majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

COMPANY SECRETARY

The following persons held office as company secretary during or since the end of the year.

Name	Appointment Date	Period of Office
Rajiv Sharma	12 March 2021	12 March 2021 – present
Sebastian Evans	10 July 2019	10 July 2019 – present

COMPANY SECRETARY INFORMATION

Rajiv Sharma – Company Secretary

Rajiv is Head of Legal and Compliance at NAOS Asset Management and holds a Bachelor of Laws (First Class Honours), a Bachelor of Business (accounting major) and a Graduate Diploma in Legal Practice from the University of Technology, Sydney. Rajiv has over 13 years' experience, having most recently held senior legal roles at Custom Fleet, part of Element Fleet Management Group (TSX: EFN) and Magellan Financial Group (ASX: MFG). He has also previously worked at law firms Johnson Winter & Slattery and Clayton Utz.

Rajiv is a member of the Law Society of New South Wales, an Associate of the Governance Institute of Australia and is admitted to the Supreme Court of New South Wales and the High Court of Australia.

MEETINGS OF DIRECTORS

The following table shows the number of Board meetings for the year ended 30 June 2023.

Year ended 30 June 2023	Eligible to attend	Attended
Sarah Williams (Chair)	11	11
David Rickards (Director)	11	11
Warwick Evans (Director)	11	11
Sebastian Evans (Director)	11	11

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

The Company's operating profit before tax for the year ended 30 June 2023 was \$7,909,490 (30 June 2022: operating loss before tax of \$26,195,393), and operating profit after tax for the year was \$5,823,397 (30 June 2022: operating loss after tax of \$18,287,297). The profit for the year is primarily attributable to the performance of the Investment Portfolio, which returned +18.15% for the financial year, outperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAL), which returned +11.65% for the financial year.

The post-tax Net Tangible Asset (NTA) value per share of the Company increased from \$0.96 to \$1.04 during the course of the financial year, which was mainly driven by the positive performance of the Investment Portfolio. After adjusting for the 5.45 cents per share of fully franked dividends paid to shareholders during the year, the NTA return was +14.01%.

The on-market share buyback continued to be active during the financial year to take advantage of the discount of the share price relative to NTA. During the financial year, a total of 1,173,836 shares were bought back for a total consideration of \$961,037. The buyback of shares by the Company at a discount is accretive to NTA per share and as such the Board considers the buyback program to be an integral part of an effective capital management strategy.

Please refer to the Investment Manager's Review on page 12 for further information regarding the performance of the Company.

FINANCIAL POSITION

The net tangible asset value of the Company as at 30 June 2023 was \$45,534,671 (2022: \$43,106,483). Further information on the financial position of the Company is included in the Chair's Letter.

DIVIDENDS PAID

Year ended 30 June 2023	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2022 Final quarterly dividend (declared 18 August 2022)	1.10	493,865	100%	21 September 2022
2023 First quarterly interim dividend (declared 18 October 2022)	1.40	626,884	100%	30 November 2022
2023 Second quarterly interim dividend (declared 23 February 2023)	1.40	624,663	100%	31 March 2023
2023 Third quarterly interim dividend (declared 19 April 2023)	1.55	688,760	100%	5 June 2023
		2,434,172		

Year ended 30 June 2022	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2021 Final quarterly dividend (declared 19 August 2021)	1.55	697,602	100%	20 September 2021
2022 First quarterly interim dividend (declared 20 October 2021)	1.60	739,513	100%	30 November 2021
2022 Second quarterly interim dividend (declared 17 February 2022)	1.60	727,610	100%	25 March 2022
2022 Third quarterly interim dividend (declared 20 April 2022)	1.60	724,181	100%	6 June 2022
		2,888,906		

Since 30 June 2023, the Company has declared a final quarterly dividend of 1.65 cents per share, fully franked, to be paid on 27 September 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company.

SUBSEQUENT EVENTS

On 22 August 2023, the Company declared a fully franked quarterly dividend of 1.65 cents per share, to be paid on 27 September 2023.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS

The Company will continue to be managed in accordance with the Constitution and its investment objectives.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a state or territory. There have been no known significant breaches of any other environmental requirements applicable to the Company.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid premiums in respect of contracts insuring the Directors' against a liability incurred as a Director or executive officer to the extent permitted by the *Corporations Act 2001* (Cth). The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability as such an officer or auditor.

NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu, the Company's auditor, performed other services in addition to their statutory duties for the Company as disclosed in Note 12 to the Financial Statements.

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 12 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to the auditor independence in accordance with the APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 42.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report to shareholders. The report is a requirement under section 300A (1) of the *Corporations Act 2001* and covers the following information:

- the Board's policy for determining the nature and amount of remuneration of Directors and other key management personnel (if any) of the Company;
- a discussion of the relationship between such policy and the Company's performance; and
- the details of the remuneration of the Directors and other management personnel (if any).

Remuneration of Directors

The Board from time to time determines remuneration of Directors within the maximum amount approved by shareholders. This is the only remuneration that Directors are entitled to.

Payments to Directors reflect the demands and responsibilities of their roles and are reviewed annually by the Board. The Company determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Directors (Continued)

Directors' base fees are set at a maximum of \$100,000 per annum. Directors do not receive bonuses. The maximum fees paid to Directors may not be increased without approval from the Company at a general meeting.

Directors' remuneration received for the year ended 30 June 2023 and 30 June 2022 are disclosed below:

	Short-term employee benefits	Post- employment benefit	
	Directors fees	Superannuation	Total
30 June 2023	\$	\$	\$
Sarah Williams (Chair)	21,493	2,257	23,750
David Rickards (Director)	19,231	2,019	21,250
Warwick Evans (Director)	9,050	950	10,000
	49,774	5,226	55,000

	Short-term employee benefits	Post- employment benefit	
	Directors fees	Superannuation	Total
30 June 2022	\$	\$	\$
David Rickards (Chair)	27,397	2,603	30,000
Sarah Williams (Director)	13,699	1,301	15,000
Warwick Evans (Director)	9,091	909	10,000
	50,187	4,813	55,000

Mr Sebastian Evans is remunerated by the Investment Manager and is currently not entitled to Directors' remuneration from the Company.

Interests in Shares and Options of the Company

During the year ended 30 June 2023 and the year ended 30 June 2022, the relevant interests of the Directors and their related parties in the shares and bonus options of the Company were:

Ordinary shares	Opening balance	Acquired	Sold	Closing balance
Year Ended 30 June 2023	No of shares	No of shares	No of shares	No of shares
Sarah Williams (Chair)	16,605	1,112	–	17,717
David Rickards (Director)	884,298	59,171	–	943,469
Warwick Evans (Director)	1,907,043	132,654	–	2,039,697
Sebastian Evans (Director)	5,586,533	307,997	–	5,894,530

Ordinary shares	Opening balance	Acquired	Sold	Closing balance
Year Ended 30 June 2022	No of shares	No of shares	No of shares	No of shares
David Rickards (Chair)	849,921	34,377	–	884,298
Sarah Williams (Director)	15,658	947	–	16,605
Warwick Evans (Director)	1,677,462	229,581	–	1,907,043
Sebastian Evans (Director)	5,580,226	6,307	–	5,586,533

REMUNERATION REPORT (AUDITED) (CONTINUED)

Interests in Shares and Options of the Company (Continued)

Bonus options Year Ended 30 June 2023	Opening balance No of bonus options	Acquired No of bonus options	Expired No of bonus options	Closing balance No of bonus options
Sarah Williams (Chair)	7,731	–	(7,731)	–
David Rickards (Director)	371,875	–	(371,875)	–
Warwick Evans (Director)	821,568	–	(821,568)	–
Sebastian Evans (Director)	2,443,672	–	(2,443,672)	–

Bonus options Year Ended 30 June 2022	Opening balance No of bonus options	Acquired No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
David Rickards (Chair)	371,875	–	–	371,875
Sarah Williams (Director)	7,731	–	–	7,731
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,319,672	124,000	–	2,443,672

Consequences of Company's Performance and Shareholder Wealth

The following table summarises Company performance and Directors' remuneration. Directors' fees are not linked to the Company's performance.

	2023	2022	2021	2020	2019
Operating profit/(loss) after tax (\$)	5,823,397	(18,287,297)	19,365,236	4,113,325	(1,058,206)
Fully franked dividends (cents per share)	6.00	5.90	5.75	5.25	5.25
NTA after tax (\$ per share)	1.04	0.96	1.44	1.05	1.01
Total Directors' remuneration (\$)	55,000	55,000	55,000	55,000	46,250
Number of Directors	4	4	4	4	4
Shareholders' equity (\$)	45,534,671	43,106,483	63,710,353	49,621,846	52,572,209

End of Remuneration Report (Audited)

Signed in accordance with a resolution of the Directors of the Company made pursuant to section 298 (2) of the *Corporations Act 2001*.



Sarah Williams

Independent Chair

22 August 2023

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

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The Board of Directors
NAOS Ex-50 Opportunities Company Limited
Level 34, 25 Martin Place
Sydney NSW 2000

22 August 2023

Dear Directors,

NAOS Ex-50 Opportunities Company Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of NAOS Ex-50 Opportunities Company Limited.

As lead audit partner for the audit of the financial statements of NAOS Ex-50 Opportunities Company Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jonathon Corbett".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Jonathon Corbett".

Jonathon Corbett
Partner
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report to the Members of NAOS Ex-50 Opportunities Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NAOS Ex-50 Opportunities Company Limited (the "Company", which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Valuation and existence of Level 1 financial assets held at fair value through profit or loss</p> <p>The Company's listed equity securities are the most significant driver of the Company's net tangible assets and the profit or loss attributable to shareholders.</p> <p>As at 30 June 2023, the Company's listed equity securities held at fair value through profit or loss totaled circa \$62 million, as disclosed in Notes 7 and 17.</p> <p>Listed equity securities are fair valued using the unadjusted</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating key controls in place at the outsourced service providers (i.e. administrator and custodian) in relation to the valuation and existence of financial assets at fair value through profit or loss, including any exceptions noted; • Obtaining confirmation of the investment holdings directly from the custodian; • On a sample basis, agreeing the valuation of listed equity securities to an independent pricing source;

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last sale price quoted on the Australian Securities Exchange. Changes in the fair value of the listed securities are recognised through profit or loss.

Given the significance of the listed equity securities, the key audit matter is whether the Company has ownership of the listed equity securities and has accurately recorded the fair value movements for the reporting period.

- On a sample basis, agreeing the investment holdings to the external custodian's holdings statement; and
- Reperforming a reconciliation of the financial assets balance for the period ended 30 June 2023, including purchases, sales, other relevant transactions.

We also assessed the appropriateness of the disclosures in Notes 7 and 17 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

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on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 41 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of NAOS Ex-50 Opportunities Company Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett

Jonathon Corbett
Partner
Chartered Accountants

Sydney, 22 August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Income	3	10,536,037	(23,216,963)
Expenses			
Management fees	16	(1,060,326)	(1,412,316)
Interest expense on convertible notes		(962,795)	(962,500)
Amortisation expense on convertible note		(82,008)	(82,009)
Administration fees		(51,381)	(60,958)
Directors' remuneration		(55,000)	(55,000)
Australian securities exchange fees		(53,516)	(53,337)
Auditor's remuneration	12	(56,300)	(49,980)
Custody fees		(35,988)	(37,499)
Registry fees		(46,591)	(46,591)
Other expenses		(222,642)	(218,240)
Profit/(loss) before income tax (expense)/benefit		7,909,490	(26,195,393)
Income tax (expense)/benefit	4(a)	(2,086,093)	7,908,096
Profit/(loss) for the year attributable to shareholders of the Company		5,823,397	(18,287,297)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income/(loss) for the year attributable to shareholders of the Company		5,823,397	(18,287,297)
Basic and diluted earnings/(loss) per share (cents per share)	18	13.16	(39.92)

The accompanying notes to the financial statements should be read in conjunction with this statement.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 \$	As at 30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	13(a)	1,174,916	2,344,784
Trade and other receivables	6	72,775	3,077,811
Financial assets at fair value through profit or loss	7	62,041,382	54,991,358
Total current assets		63,289,073	60,413,953
Non-current assets			
Deferred tax assets	4(b)	292,723	2,302,889
Total non-current assets		292,723	2,302,889
Total assets		63,581,796	62,716,842
Liabilities			
Current liabilities			
Trade and other payables	8	801,466	2,541,297
Total current liabilities		801,466	2,541,297
Non-current liabilities			
Deferred tax liabilities	4(c)	94,589	–
Borrowings	9	17,151,070	17,069,062
Total non-current liabilities		17,245,659	17,069,062
Total liabilities		18,047,125	19,610,359
Net assets		45,534,671	43,106,483
Equity			
Issued capital	10	45,445,923	46,406,960
Profits reserve	11(a)	20,342,523	22,776,695
Accumulated losses	11(b)	(20,253,775)	(26,077,172)
Total equity		45,534,671	43,106,483

The accompanying notes to the financial statements should be read in conjunction with this statement.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	45,834,627	24,789,804	(6,914,078)	63,710,353
Loss for the Year	–	–	(18,287,297)	(18,287,297)
Transfer to profits reserve	–	875,797	(875,797)	–
Dividends paid	–	(2,888,906)	–	(2,888,906)
Purchase of shares on market for DRP	280,544	–	–	280,544
DRP shares allotted	(280,544)	–	–	(280,544)
Share options exercised	3,213,939	–	–	3,213,939
Shares bought back from shareholders	(2,641,606)	–	–	(2,641,606)
Balance at 30 June 2022	46,406,960	22,776,695	(26,077,172)	43,106,483

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	46,406,960	22,776,695	(26,077,172)	43,106,483
Profit for the Year	–	–	5,823,397	5,823,397
Dividends paid	–	(2,434,172)	–	(2,434,172)
Purchase of shares on market for DRP	281,360	–	–	281,360
DRP shares allotted	(281,360)	–	–	(281,360)
Shares bought back from shareholders	(961,037)	–	–	(961,037)
Balance at 30 June 2023	45,445,923	20,342,523	(20,253,775)	45,534,671

The accompanying notes to the financial statements should be read in conjunction with this statement.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Cash flows from operating activities			
Payments for purchase of investments		(62,588,582)	(78,302,433)
Proceeds from sale of investments		65,882,724	89,657,374
Dividends received		1,196,555	779,792
Interest received		26,543	61
Income tax received/(paid)		232,365	(1,523,419)
Management fees paid		(1,052,427)	(1,465,995)
Performance fee paid		–	(3,492,440)
Interest paid on convertible notes		(964,388)	(963,218)
Directors' remuneration paid		(55,000)	(55,000)
Administration and tax service fee paid		(57,981)	(75,572)
ASX fees paid		(53,516)	(53,337)
Audit fees paid		(53,612)	(53,393)
Custody fees paid		(35,425)	(38,835)
Registry fees paid		(38,787)	(43,791)
Other receipts		–	248,178
Other payments		(215,506)	(199,951)
Net cash provided by operating activities	13(b)	2,222,963	4,418,021
Cash flows from financing activities			
Dividends paid net of amounts reinvested		(2,150,434)	(2,599,074)
Purchase of shares on market for DRP		(281,360)	(280,544)
Share buybacks		(961,037)	(2,641,606)
Share options exercised		–	3,213,939
Net cash used in financing activities		(3,392,831)	(2,307,285)
Net (decrease)/increase in cash and cash equivalents		(1,169,868)	2,110,736
Cash and cash equivalents at the beginning of the financial year		2,344,784	234,048
Cash and cash equivalents at end of year	13(a)	1,174,916	2,344,784

The accompanying notes to the financial statements should be read in conjunction with this statement.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

NAOS Ex-50 Opportunities Company Limited (the "Company") is a public company listed on the Australian Securities Exchange (ASX: NAC) registered and domiciled in Australia. The Company was constituted on 8 May 2014 and commenced operations on 12 November 2014.

The registered office and principal place of business of the Company is Level 34, 25 Martin Place, Sydney NSW 2000.

NAOS Asset Management Limited (the "Investment Manager") is the investment manager for the Company. The financial statements were authorised for issue by the Directors on 22 August 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the "AASB"), and the *Corporations Act 2001* in Australia. For the purposes of preparing financial statements, the Company is a for-profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value through profit or loss.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

b) Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements.

c) Statement of Compliance

The financial report of the Company, comprising the financial statements and notes thereto, complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB").

d) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

e) Going Concern Basis

This financial report has been prepared on a going concern basis.

f) Revenue and Income Recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the period end and the fair value at the previous valuation point. Net gains/(losses) also include realised gain/losses, and do not include interest or dividend income.

Dividends

Dividend income is recognised on the ex-dividend date with any corresponding foreign withholding tax recorded as an expense.

Interest income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Investments in Financial Instruments

Investments in financial instruments, as defined by AASB 132 *Financial Instruments: Presentation*, are categorised in accordance with AASB 9 *Financial Instruments*. This classification is determined by the purpose underpinning the acquisition of the investment.

(i) Initial recognition, measurement and derecognition

The Company recognises financial assets and financial liabilities on the date that it becomes party to the contractual agreement (trade date).

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(ii) Classification and subsequent measurement

Financial assets and liabilities held at fair value through profit or loss

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current close price and the quoted market price for financial liabilities is the current close price.

Financial liabilities

Financial liabilities include trade and other payables, and borrowings. Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes which are able to be converted to share capital at the option of the noteholder, and the number of shares to be issued will not vary with changes in their fair value. The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets excluding investments that are measured at fair value through profit and loss.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The amount of the impairment loss will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

i) Expenses

All expenses, including the Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1(f) above. Receivables also include such items as Reduced Input Tax Credits ("RITC").

k) Payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

l) Taxation

The income tax expense/(benefit) comprises current tax and movements in deferred tax.

Current income tax expense/(benefit) is the tax payable/(receivable) on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Current and deferred tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be used.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, and where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

m) Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

n) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

o) Profits Reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Earnings Per Share

Basic earnings per share are calculated by dividing net profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing net profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

r) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management are required to make judgements, estimates and assumptions about carrying values of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New or Amended Accounting Standard and Interpretations Adopted in the Current Period

The Company has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These Standards and Interpretations did not have a material impact on these financial statements.

New Accounting Standards and Interpretations Not Yet Adopted

There are no new accounting standards or interpretations applicable that would have a material impact for the Company.

3. INCOME

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Net gains/(losses) on financial instruments held at fair value through profit or loss	9,312,940	(23,862,652)
Interest income	26,543	61
Dividend income	1,196,554	645,628
	10,536,037	(23,216,963)

4. INCOME TAX

a) Income tax expense/(benefit)

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Prima facie income tax expense/(benefit) calculated at 30%	2,372,847	(7,858,618)
Less the tax effect of:		
Imputation credit gross up	124,948	30,376
Franking credit offset	(416,494)	(101,254)
Other non-assessable items	4,792	21,400
	2,086,093	(7,908,096)
Effective tax rate	26%	30%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INCOME TAX (CONTINUED)

a) Income tax expense/(benefit) (Continued)

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Total Income tax expense/(benefit) results in:		
Over provision from prior year	(18,661)	–
Current tax liability	–	360,727
Change in deferred tax liability	94,589	(7,094,617)
Change in deferred tax asset	2,010,165	(1,174,206)
	2,086,093	(7,908,096)

b) Deferred tax assets

	As at 30 June 2023 \$	As at 30 June 2022 \$
Tax losses	241,122	–
Unrealised losses	–	2,239,944
Accruals	18,469	13,455
Capitalised share issue and convertible note issue costs	33,132	49,490
	292,723	2,302,889

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Movement in deferred tax assets		
Balance at the beginning of the period	2,302,889	1,128,684
Tax losses	241,122	–
(Charged)/credited to the Statement of Profit or Loss and Other Comprehensive Income	(2,234,930)	1,190,562
Capitalised share issue and convertible note issue costs	(16,358)	(16,357)
At reporting date	292,723	2,302,889

c) Deferred tax liabilities

	As at 30 June 2023 \$	As at 30 June 2022 \$
Temporary differences in relation to:		
Unrealised gains on investments	94,589	–

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Movement in deferred tax liabilities		
Balance at the beginning of the year	–	7,094,617
Charged/(credited) to the Statement of Profit or Loss and Other Comprehensive Income	94,589	(7,094,617)
At reporting date	94,589	–

5. DIVIDENDS PAID AND PAYABLE

Year ended 30 June 2023	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2022 Final quarterly dividend (declared 18 August 2022)	1.10	493,865	100%	21 September 2022
2023 First quarterly interim dividend (declared 18 October 2022)	1.40	626,884	100%	30 November 2022
2023 Second quarterly interim dividend (declared 23 February 2023)	1.40	624,663	100%	31 March 2023
2023 Third quarterly interim dividend (declared 19 April 2023)	1.55	688,760	100%	5 June 2023
		2,434,172		

Year ended 30 June 2022	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2021 Final quarterly dividend (declared 19 August 2021)	1.55	697,602	100%	20 September 2021
2022 First quarterly interim dividend (declared 20 October 2021)	1.60	739,513	100%	30 November 2021
2022 Second quarterly interim dividend (declared 17 February 2022)	1.60	727,610	100%	25 March 2022
2022 Third quarterly interim dividend (declared 20 April 2022)	1.60	724,181	100%	6 June 2022
		2,888,906		

As at 30 June 2023, the outstanding dividend payable was \$48,265 (30 June 2022: \$45,888).

Dividend Franking Information

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Franking credits available for shareholders from previous financial periods	1,044,492	631,267
Impact on the franking account of dividends paid during the period	(1,043,217)	(1,238,105)
Impact on the franking account of dividends received during the period	416,494	127,914
Impact on franking account of income tax (refunded)/paid	(232,635)	1,523,416
Franking account balance at reporting date	185,134	1,044,492

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 \$	As at 30 June 2022 \$
GST receivable	38,309	37,772
Unsettled trade receivables	–	2,795,647
Prepaid expenses	34,466	30,689
Income tax receivable	–	213,703
Total	72,775	3,077,811

Receivables are non-interest bearing and unsecured. Outstanding trades, i.e. 'unsettled trade receivables', are on the terms operating in the investment management industry which usually require settlement within two days of the date of the transaction. None of the receivables are past due or impaired at the end of the reporting period (2022: nil).

7. INVESTMENTS IN FINANCIAL INSTRUMENTS

Financial assets at Fair Value through Profit or Loss

	As at 30 June 2023 \$	As at 30 June 2022 \$
Investment in listed equities	62,041,382	54,915,643
Investments in listed options	–	75,715
Total financial assets at fair value through profit or loss	62,041,382	54,991,358

Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value as they are either cash/cash equivalents and/or short term in nature such as trade and other payables/receivables.

8. TRADE AND OTHER PAYABLES

	As at 30 June 2023 \$	As at 30 June 2022 \$
Auditors' remuneration payable	18,770	16,082
Management fees payable	100,621	92,722
Unsettled trades payable	338,302	2,102,722
Interest payable on convertible notes	242,755	244,347
Other payables	101,018	85,424
Total	801,466	2,541,297

Payables are non-interest bearing and unsecured. Unsettled trades are on the terms operating in the investment management industry which usually require settlement within two days of the date of the transaction.

9. BORROWINGS

On 17 November 2020, the Company issued 175,000 unsecured, redeemable, convertible notes with a total face value of \$17.5 million, listed under the ticker code (ASX:NACGA). The convertible notes carry a fixed interest entitlement of 5.5% per annum until 30 September 2025, and are convertible into ordinary shares at a conversion price of \$1.15 at any time until 30 September 2025. Interest is paid half-yearly on 31 March and 30 September. The maturity date of the convertible notes is 30 September 2027. Terms of the convertible notes are regulated under a trust deed between the Company and Melbourne Securities Corporation Limited. As at 30 June 2023, a total of \$242,755 interest is payable on the convertible notes.

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Opening balance of convertible notes	17,069,062	16,987,053
Add amortisation of costs for period	82,008	82,009
At reporting date	17,151,070	17,069,062

10. ISSUED CAPITAL

	30 June 2023		30 June 2022	
	No of shares	\$	No of shares	\$
Issued and paid-up capital – Ordinary shares	43,832,995	45,445,923	45,006,821	46,406,960

Detailed provisions relating to the rights attaching to these shares are set out in the Company's Constitution and the *Corporations Act 2001*. The detailed provisions relating to the rights attaching to shares under the Constitution and the *Corporations Act 2001* are summarised below.

Each share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the *Corporations Act 2001*;
- the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting which may attach to or be imposed on shares (at present there are none);
- the right to receive dividends;
- the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of shareholders by special resolution); and
- subject to the *Corporations Act 2001* and the ASX Listing Rules, shares are fully transferable.

Movements in Ordinary Share Capital

	No of shares	\$
Opening balance 1 July 2021	44,292,032	45,834,627
DRP shares allotted	260,521	280,544
Purchase of shares on market for DRP	(260,521)	(280,544)
Shares bought back	(2,405,526)	(2,641,606)
Share options exercised	3,120,315	3,213,939
Closing balance 30 June 2022	45,006,821	46,406,960
Opening balance 1 July 2022	45,006,821	46,406,960
DRP shares allotted	337,490	281,360
Purchase of shares on market for DRP	(337,490)	(281,360)
Shares bought back	(1,173,826)	(961,037)
Closing balance 30 June 2023	43,832,995	45,445,923

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROFITS RESERVE AND ACCUMULATED LOSSES

a) Profits Reserve

	30 June 2023 \$	30 June 2022 \$
Balance at the beginning of the year	22,776,695	24,789,804
Transfer to profits reserve	–	875,797
Dividends paid	(2,434,172)	(2,888,906)
Balance at reporting date	20,342,523	22,776,695

To the extent possible under the *Corporations Act 2001* and applicable tax laws, the profits reserve is preserved for future dividend payments.

b) Accumulated Losses

	30 June 2023 \$	30 June 2022 \$
Balance at the beginning of the year	(26,077,172)	(6,914,078)
Transfer to profits reserve	–	(875,797)
Profit/(loss) for the year attributable to the members of the Company	5,823,397	(18,287,297)
Balance at reporting date	(20,253,775)	(26,077,172)

12. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non-audit related services:

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Audit and other assurance services – Deloitte Touche Tohmatsu		
Audit and review of financial reports	50,000	49,980
Total remuneration for audit and other assurance services	50,000	49,980
Taxation Services		
Tax compliance services	6,300	6,600
Total remuneration for non-audit services	6,300	6,600
Total remuneration	56,300	56,580

13. CASH AND CASH EQUIVALENTS

a) Components of Cash and Cash Equivalents

	As at 30 June 2023 \$	As at 30 June 2022 \$
Cash at bank	1,174,916	2,344,784

b) Reconciliation of Net Profit for the Year to Cash Provided by Operating Activities

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Profit/(loss) for the year attributable to shareholders after tax	5,823,397	(18,287,297)
Adjustments for:		
Change in value of financial assets designated at fair value through profit or loss	(7,050,024)	35,920,552
Income tax expense/(benefit) recognised in the Statement of Profit or Loss and Other Comprehensive Income	2,086,093	(7,908,096)
Income tax refunded/(paid)	232,365	(1,523,419)
Income tax receivable	–	213,703
Amortisation expense on convertible notes	82,008	82,009
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,791,332	(2,618,488)
Decrease in trade and other payables	(1,742,208)	(1,460,943)
Net cash provided by operating activities	2,222,963	4,418,021

14. KEY MANAGEMENT PERSONNEL

a) Key Management Personnel Compensation

The remuneration of the Company key management personnel and their related entities for the year ended 30 June 2023 was \$55,000 (2022: \$55,000).

There were no shares or options granted during the reporting period as compensation to the Directors. Transactions with related parties have taken place at arms-length and in the ordinary course of business.

b) Related Party Shareholdings

NAOS Asset Management Limited

The Company has outsourced its investment management function to NAOS Asset Management Limited. As at 30 June 2023, NAOS Asset Management Limited holds 5,420,000 shares (12.37%) (2022: 5,420,000 shares (12.04%)) in the Company, and nil bonus options (2022: 2,366,156 bonus options).

Other than the disclosure at Note 16 there were no transactions entered into by the Company with other entities also managed by the key management personnel.

Holdings of Shares by Key Management Personnel

During the year, the relevant interests of the Directors and their related parties in the shares and bonus options of the Company were:

Ordinary shares Year ended 30 June 2023	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Sarah Williams (Chair)	16,605	1,112	–	17,717
David Rickards (Director)	884,298	59,171	–	943,469
Warwick Evans (Director)	1,907,043	132,654	–	2,039,697
Sebastian Evans (Director)	5,586,533	307,997	–	5,894,530

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. KEY MANAGEMENT PERSONNEL (CONTINUED)

b) Related Party Shareholdings (Continued)

Holdings of Shares by Key Management Personnel (Continued)

Ordinary shares Year ended 30 June 2022	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
David Rickards (Chair)	849,921	34,377	–	884,298
Sarah Williams (Director)	15,658	947	–	16,605
Warwick Evans (Director)	1,677,462	229,581	–	1,907,043
Sebastian Evans (Director)	5,580,226	6,307	–	5,586,533

Bonus options Year ended 30 June 2023	Opening balance No of bonus options	Acquired No of bonus options	Expired No of bonus options	Closing balance No of bonus options
Sarah Williams (Chair)	7,731	–	(7,731)	–
David Rickards (Director)	371,875	–	(371,875)	–
Warwick Evans (Director)	821,568	–	(821,568)	–
Sebastian Evans (Director)	2,443,672	–	(2,443,672)	–

Bonus options Year ended 30 June 2022	Opening balance No of bonus options	Acquired No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
David Rickards (Chair)	371,875	–	–	371,875
Sarah Williams (Director)	7,731	–	–	7,731
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,319,672	124,000	–	2,443,672

c) Other Transactions Within the Company

Apart from those details disclosed in this Note, no other key management personnel have entered into a material contract with the Company during the financial period and there were no material contracts involving key management personnel interests existing at year end.

15. SEGMENT INFORMATION

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the investment portfolio.

16. RELATED PARTY INFORMATION

Transactions with related parties have taken place at arms-length and in the ordinary course of business.

Management Fees

In return for the performance of its duties, as Investment Manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.146% (excluding GST) of the gross value of the portfolio calculated on the last business day of each month representing an annualised management fee of 1.75% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the year ended 30 June 2023:

- Management fees of \$1,060,326 (2022: \$1,412,316) (excluding RITC*) were incurred during the year.
- Management fees payable at 30 June 2023 were \$100,621 (2022: \$92,722) (including RITC*).

Performance Fees

In the event that the portfolio outperforms the Benchmark, being the S&P/ASX 300 Industrials Accumulation Index (XKIAI), the Company must pay the Investment Manager a performance fee equal to 20% (excluding GST) per annum of the amount the portfolio outperforms the Benchmark. No performance fee is payable if the portfolio underperforms the Benchmark. Any underperformance to the Benchmark is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. At its discretion and subject to shareholder approval, the Investment Manager may elect to receive the performance fee in shares.

The following performance fees were paid or payable to the Investment Manager during the year ended 30 June 2023:

- Performance fees of \$nil (2022: \$nil) (excluding RITC*) were incurred during the year.
- Performance fees payable at 30 June 2023 were \$nil (2022: \$nil (including RITC*)).

*RITC – Reduced Input Tax Credit on GST of 75%.

In addition, for the year ended 30 June 2023 the Investment Manager was paid total fees of \$89,000 for the provision of company secretarial, administrative, financial and accounting services (2022: \$89,000) under the terms of a services agreement.

17. FINANCIAL RISK MANAGEMENT

Risks arising from holding financial instruments are inherent in the Company's activities. These risks are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk, and market risk.

Financial instruments of the Company comprise investments in financial assets held for the purpose of generating a return on the investment made by shareholders. In addition, the Company also holds cash and cash equivalents, and other financial instruments such as trade receivables and payables, which arise directly from the operations of the Company. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Investment Manager of the Company.

The method used to measure the risks reflects the expected impact on the performance of the Company as well as the assets attributable to shareholders of the Company resulting from reasonably possible changes in the relevant risk variables. Information regarding the Company's risk exposure is prepared and monitored by the Investment Manager against established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Company as well as the level of risk the Company is willing to accept. Information about these risk exposures at reporting date is disclosed below.

a) Credit Risk

Credit risk represents the risk that the Company will incur financial loss as a result of a failure by a counterparty to discharge a contractual obligation to a financial instrument. The Investment Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of Financial Position, is the carrying amount net of any provision for impairment of those assets.

The Investment Manager is responsible for ensuring that counterparties are of sufficient quality to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk. The exposure to credit risk for cash and cash equivalents is considered to be low as all counterparties (National Australia Bank) have a rating of A or higher.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and other price risks and liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

(i) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The unsecured, redeemable convertible notes that were issued on 17 November 2020 pay a fixed rate of 5.50% per annum until 30 September 2025. It will then pay a fixed rate of 6.50% per annum from 30 September 2025 to 30 September 2026 and a fixed rate of 7.50% per annum from 30 September 2026 to 30 September 2027. Interest is payable half-yearly on 31 March and 30 September each year.

The Company's exposure to interest rate risk is set out in the following table:

	Floating interest rate \$	Non-interest bearing \$	Total \$
30 June 2023			
Assets			
Cash and cash equivalents	1,174,916	–	1,174,916
Trade and other receivables	–	72,775	72,775
Financial assets at fair value through profit or loss	–	62,041,382	62,041,382
Total assets	1,174,916	62,114,157	63,289,073
Liabilities			
Trade and other payables	–	801,466	801,466
Total liabilities	–	801,466	801,466
Net exposure	1,174,916	61,312,691	62,487,607
30 June 2022			
Assets			
Cash and cash equivalents	2,344,784	–	2,344,784
Trade and other receivables	–	3,077,811	3,077,811
Financial assets at fair value through profit or loss	–	54,991,358	54,991,358
Total assets	2,344,784	58,069,169	60,413,953
Liabilities			
Trade and other payables	–	2,541,297	2,541,297
Total liabilities	–	2,541,297	2,541,297
Net exposure	2,344,784	55,527,872	57,872,656

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Market Risk (Continued)

(i) Interest Rate Risk (Continued)

The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 250 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

	Change in basis points increase/(decrease)	Impact on operating profit/ Net assets attributable to shareholders (\$)
30 June 2023		
AUD interest rate	250bps/(250bps)	29,373/(29,373)
30 June 2022		
AUD interest rate	250bps/(250bps)	58,620/(58,620)

(ii) Price Risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

As at 30 June 2023 and 2022, a 10% sensitivity would have had an impact in the Company's Statement of Profit or Loss and Other Comprehensive Income and net assets attributable to shareholders as shown in the table below.

	Impact on operating profit/Net assets attributable to shareholders	
	-10%	+10%
	\$	\$
30 June 2023	(6,204,138)	6,204,138
30 June 2022	(5,499,136)	5,499,136

The Company's industry sector weighting of the investment portfolio as at the reporting date is as below:

	% of Portfolio	
Industry	30 June 2023	30 June 2022
Industrials	36.40%	12.72%
Information Technology	36.20%	23.19%
Financials	27.10%	14.46%
Commercial & Professional Services	0.30%	0.72%
Real Estate	0.00%	33.54%
Travel & Leisure	0.00%	15.37%
Total	100.00%	100.00%

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Investment Manager. The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Investment Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount, the Company can alter its cash outflows as appropriate. The assets of the Company are largely in the form of tradeable securities which (if liquidity is available), can be sold on the market if necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity Risk (Continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2023 and 30 June 2022 to the contractual maturity date.

	Less than 1 year \$	>1 year to 5 years \$	5+ years \$	Total \$	Carrying amount \$
30 June 2023					
Trade and other payables	801,466	–	–	801,466	801,466
Borrowings	–	17,500,000	–	17,500,000	17,151,070
Total financial liabilities	801,466	17,500,000	–	18,301,466	17,952,536
	Less than 1 year \$	>1 year to 5 years \$	5+ years \$	Total \$	Carrying amount \$
30 June 2022					
Trade and other payables	2,541,297	–	–	2,541,297	2,541,297
Borrowings	–	–	17,500,000	17,500,000	17,069,062
Total financial liabilities	2,541,297	–	17,500,000	20,041,297	19,610,359

The amounts in the table are the contractual undiscounted cash flows.

d) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arms-length basis.

Included within level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the quoted closing prices at the end of the reporting period.

Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

Included within Level 2 of the hierarchy are unlisted investments. The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Fair Value Hierarchy (Continued)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2023.

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	62,041,382	–	–	62,041,382
Total	62,041,382	–	–	62,041,382

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	54,991,358	–	–	54,991,358
Total	54,991,358	–	–	54,991,358

e) Capital Management

The Company's objectives for managing capital are:

- to maximise returns to shareholders over the long-term, while safeguarding capital by investing in a concentrated portfolio and closely monitoring the performance of the underlying investments;
- to maintain sufficient liquidity to meet the ongoing expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

The Board manages the Company's capital through share placements, share purchase plans, option issues, the dividend reinvestment plan, share buybacks and the distribution of dividends to shareholders. These capital management initiatives will be used when deemed appropriate by the Board. The Company is not subject to externally imposed capital requirements.

18. EARNINGS PER SHARE

	Year ended 30 June 2023 cents	Year ended 30 June 2022 cents
Basic and diluted earnings/(loss) per share	13.16	(39.92)

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	44,255,784	45,814,565

	\$	\$
Net profit/(loss) used in the calculation of basic and diluted earnings/(loss) per share	5,823,397	(18,287,297)

19. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at 30 June 2023 (30 June 2022: nil).

20. SUBSEQUENT EVENTS

On 22 August 2023, the Company declared a fully franked quarterly dividend of 1.65 cents per share.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of NAOS Ex-50 Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the financial statements and notes are in accordance with the *Corporations Act 2001* including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial year ended 30 June 2023;
- the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 (c) to the financial statements;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the Directors have received the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Board



Sarah Williams

Independent Chair

22 August 2023

ADDITIONAL INFORMATION

INVESTMENT PORTFOLIO

As at 30 June 2023 the Company held the following investments:

Boral Limited	PWR Holdings Limited
COG Financial Services Limited	Qualitas Limited
Dropsuite Limited	Schaffer Corporation Limited
Gentrack Group Limited	Tuas Limited
Maxiparts Limited	Urbanise.com Limited
Move Logistics Group Limited	

During the financial year ended 30 June 2023, the Company had 804 (2022: 817) transactions in investment securities. Total brokerage fees incurred during the year ended 30 June 2023 were \$516,357 (2022: \$738,592).

20 LARGEST SHAREHOLDERS

Details of the 20 largest ordinary shareholders and their respective holdings as at 31 July 2023.

Shareholders	Ordinary shares held	% of issued shares
NAOS Asset Management Limited	5,420,000	12.49%
Nivesa Pty Ltd	1,339,697	3.09%
Myall Resources Pty Ltd	1,213,392	2.80%
Patolo Pty Ltd	886,180	2.04%
Lonceta Pty Ltd	775,500	1.79%
Gold Tiger Investments Pty Ltd	750,000	1.73%
Mr Andrew Graham Daffy & Ms Kim Louise Norman	700,919	1.62%
Alex Land Pty Limited	688,834	1.59%
Radell Pty Limited	555,000	1.28%
Wallbay Pty Ltd	417,387	0.96%
W W E Investments Pty Ltd	400,000	0.92%
R & G Holdings Pty Ltd	367,624	0.85%
Netwealth Investments Limited	356,889	0.82%
Bond Street Custodians Limited	300,000	0.69%
Evans Foundation Pty Ltd	300,000	0.69%
Vasnan Pty Ltd	285,480	0.66%
National Nominees Limited	265,619	0.61%
Mr Paul James Menary	250,000	0.58%
Honnery Cahill Nominees Pty Ltd	246,621	0.57%
Mr Grant David Newton & Mrs Kathyryn Jane Clark	222,473	0.51%
Total	15,741,615	36.29%

ADDITIONAL INFORMATION (CONTINUED)

DISTRIBUTION OF ORDINARY SHARES

Analysis of ordinary shares by size of shareholders as at 31 July 2023.

Category	Number of shareholders	Ordinary shares held	% of issued shares
1–1,000	116	45,630	0.11%
1,001–5,000	163	489,595	1.13%
5,001–10,000	130	1,029,361	2.37%
10,001–100,000	492	18,882,062	43.51%
100,001 and over	68	22,948,066	52.88%
Total	969	43,394,714	100.00%

20 LARGEST CONVERTIBLE NOTE HOLDERS

Details of the 20 largest convertible note holders and their respective holdings as at 31 July 2023.

Convertible note holders	Convertible notes held	% of issued convertible notes
Jetosea Pty Ltd	9,970	5.70%
Mutual Trust Pty Ltd	9,453	5.40%
Davenport Group Pty Ltd	6,900	3.94%
VCM Investments Pty Ltd	5,020	2.87%
Boorne Management Pty Ltd	5,000	2.86%
ACN 101 162 056 Pty Ltd	5,000	2.86%
Mr James Vincent Chester Guest	5,000	2.86%
Dr Graeme Peter Dorahy & Mrs Jean Elizabeth Dorahy	4,477	2.56%
Perpetual Corporate Trust Ltd	3,658	2.09%
Vantage Capital Management Pty Ltd	3,100	1.77%
Pindan Investments Pty Ltd	2,750	1.57%
Earglow Pty Limited	2,700	1.54%
Clendon House Investments Pty Ltd	2,626	1.50%
Mr Graham Denney & Mrs Angela Denney	2,316	1.32%
Mr Paul Fry & Miss Gillian Evans	2,250	1.29%
Beck Havas Pty Ltd	2,110	1.21%
VCM Investments Pty Ltd	2,015	1.15%
Securities & Estates Pty Ltd	2,000	1.14%
MM Thomas Nominees Pty Ltd	2,000	1.14%
IOOF Investment Services Limited	1,948	1.11%
Total	80,293	45.88%

DISTRIBUTION OF CONVERTIBLE NOTES

Analysis of ordinary shares by size of convertible note holders as at 31 July 2023.

Category	Number of convertible note holders	Convertible notes held	% of issued notes
1–1,000	211	67,665	38.67%
1,001–5,000	35	75,992	43.42%
5,001–10,000	4	31,343	17.91%
10,001 and over	–	–	–
Total	250	175,000	100.00%

VOTING RIGHTS

All shareholders registered on the Company's share register have the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting which may attach to or be imposed on shares (at present there are none). Bonus options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the bonus options are exercised and subsequently registered as ordinary shares.

ASX LISTING

Quotation has been granted for all ordinary shares and convertible notes (ASX Code: NAC and NACGA respectively) of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

BUYBACK

For the financial year ended 30 June 2023 the Company has bought back a total of 1,173,826 shares for a consideration of \$961,037 (2022: 2,405,526 shares for a consideration of \$2,641,606).

UNMARKETABLE PARCELS

As at 31 July 2023, the number of shareholdings held in less than marketable parcels was 65.

UNQUOTED SECURITIES

There are currently no unquoted securities on issue by the Company.

RESTRICTIONS ON SHARES

There are currently no restrictions attached to the shares of the Company.

CORPORATE INFORMATION

DIRECTORS

Sarah Williams (Independent Chair)
David Rickards OAM (Independent Director)
Warwick Evans (Director)
Sebastian Evans (Director)

COMPANY SECRETARY

Sebastian Evans
Rajiv Sharma

REGISTERED OFFICE

Level 34
25 Martin Place
Sydney NSW 2000

INVESTMENT MANAGER

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