

NAOS EX-50  
OPPORTUNITIES  
COMPANY LIMITED  
(ASX: NAC)

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11 November 2021

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **Annual General Meeting 2021 – Chairman’s Address and Investor Update Presentation**

Please find enclosed the Chairman’s Address and Investor Update Presentation to be presented at the Annual General Meeting of NAOS Ex-50 Opportunities Company Limited to be held today at 11:15am (AEDT).

Authorised by:

Rajiv Sharma  
Company Secretary

**Chairman's Address – Mr David Rickards OAM**  
**Annual General Meeting of NAOS Ex-50 Opportunities Company Limited**  
**11 November 2021, 11:15am (AEDT)**

Dear fellow shareholders,

The Board would like to thank all shareholders for your continued support and welcome all new shareholders who joined the Company during the 2021 financial year.

For the year ending 30 June 2021, the Company achieved a record after-tax profit of \$19.37 million. I am pleased to report that for the financial year ended 30 June 2021, the NAC Investment Portfolio returned a record financial year return of +63.36%, significantly outperforming the benchmark S&P/ASX300 Industrials Accumulation Index, which returned +27.93%.

Australia's economy has rebounded from the 2020 retreat and has now grown to a level larger than January 2020. More recently, US inflation concerns have caused some volatility in financial markets and we expect this may continue over the short term. When markets are volatile, it is important to remember that they move in cycles, and volatility is a natural part of any economic cycle. The Board is confident that through the NAOS investment team maintaining a disciplined approach in line with the NAOS investment philosophy, shareholders can expect further outperformance over the longer term.

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 a fully franked final quarterly dividend of 1.55 cents per share for the year ended 30 June 2021. This brings the FY21 full-year dividend to 5.75 cents per share, representing an increase of 9.5% on the prior year. The profit reserve balance at year end was \$24.8 million, or 56 cents per share, and since listing, the Company has now declared an aggregate 33.25 cents per share of fully franked dividends.

The pre-tax Net Tangible Asset (NTA) backing per share of the Company increased from \$1.06 to \$1.59 over the financial year, with positive performance of the investment portfolio increasing NTA per share by 71.79 cents over the year.

During the year, 5.40 cents per share was paid to shareholders in fully franked dividends, performance fees and management fees decreased the NTA by 7.16 cents per share and 2.89 cents per share respectively, and interest expense on convertible notes totalled 1.31 cents per share. Corporate tax of 3.14 cents per share was also paid during the year. The franking credits attached to these corporate tax payments are available to be distributed to shareholders through fully franked dividends. As the buyback of shares by the Company at a discount is accretive to NTA per share, this was also a positive contributor to the Company's NTA during the financial year, adding a further 1.85 cents per share.

Total Shareholder Return (TSR) measures the change in the share price together with dividends paid over the financial year, assuming dividends are reinvested. The TSR for NAC for FY21 was +57.25%, which was reflective of the strong performance of the investment portfolio. This measure does not include the benefit of franking credits received by shareholders through franked dividends.

While the share price closed the financial year at \$1.18, the Board acknowledges the current discount to NTA and remains committed to addressing and closing the discount to NTA through a range of initiatives including:

- Dividends: The Company will continue to focus on delivering a growing stream of quarterly dividends franked to the maximum extent possible, while maintaining an adequate profit

reserve balance. The Company has now declared a total of 33.25 cents per share in fully franked dividends since its inception.

- On-market share buyback: Over the course of the financial year, 3.62 million shares were bought back and the Company has now bought back 8.97 million shares, or 17.1% of shares on issue since the buyback commenced in June 2019. The Board renewed the on-market buyback facility for a further 12 months in June 2021, as the buyback of shares at a discount is accretive to NTA and thus of benefit to all shareholders and intends to continue an active buyback in FY22 should a significant discount to NTA persist.
- Dividend Reinvestment Plan (DRP): For those shareholders who participate in the DRP, it is important to note the Company did not issue shares at a discount to NTA but acquired shares on market to ensure this capital management activity was completed without any potential dilution for existing shareholders.
- Alignment: The Board has a strong alignment with our shareholders and continued to increase their holdings over the course of the year through both the purchase of shares on market and participation in the DRP, and now hold a cumulative 8.12 million shares.
- Shareholder communications: The Company maintained a focus on a high standard of marketing and communications so that all current and prospective shareholders have a clear understanding of the NAOS offering. Quarterly investor webinars are delivered to all shareholders along with regular email shareholder updates, which are sent to over 11,000 subscribers.

The Board remains committed to managing the capital base of the Company, using the most appropriate structure for maximising potential shareholder return and scaling the Company to an appropriate size that minimises the expenses and costs for each dollar invested. With this in mind, the Company issued \$17.5 million of listed, convertible notes (NAC Notes) in November 2020. The NAC Notes provide investors with a listed exposure to a fixed interest rate of 5.5%, and the possibility to benefit from an appreciation in the price of the Company's shares above a conversion price of \$1.15, through an optional conversion into ordinary shares at any time until 30 September 2025. The issue of the convertible notes provided the ability to increase the overall size of the investment portfolio without diluting existing NAC shareholders, with the proceeds of the issue invested by the Investment Manager in a number of opportunities that arose during the year. The NAC Notes are listed on the ASX under the code ASX: NACGA.

During the financial year, a total of 718,000 of the 1-for-2 NAC bonus options issued in March 2020 were converted to ordinary shares. The NAC bonus options are listed on the ASX under the code ASX: NACOA, with an exercise price of \$1.03 and an expiry date of 31 March 2023. The Board believes that along with the NAC Notes, the bonus options are a measured way to allow the Company to grow over the next two years without placing undue pressure on the short-term performance and dividend reserves of the Company.

On behalf of the Board of Directors, I would like to congratulate the Investment Manager on their strong investment performance throughout FY21 and thank them for their continued efforts and dedication throughout the year.

David Rickards OAM  
Independent Chairman, NAOS Ex-50 Opportunities Company Limited

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OPPORTUNITIES  
COMPANY LIMITED

Investor Update

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# Important information

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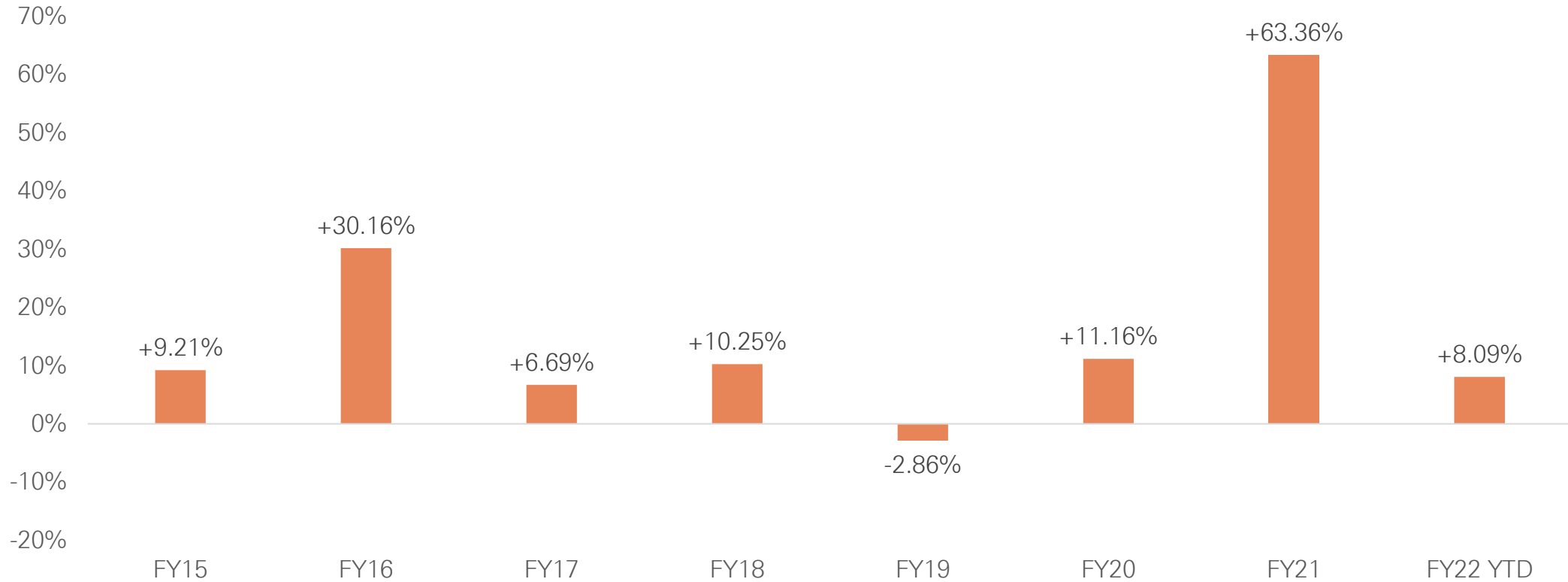
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# NAC investment portfolio financial year returns\*



\* Investment Portfolio Performance is post all operating expenses, before fees, taxes, interest and initial IPO and subsequent capital raising costs. Returns compounded for periods greater than 12 months. Performance has not been grossed up for franking credits received by shareholders. Inception date is November 2014.

# NAC overview as at 31 October 2021

**\$1.67**  
Pre-Tax  
NTA

**\$1.50**  
Post-Tax  
NTA

**\$1.22**  
Share Price

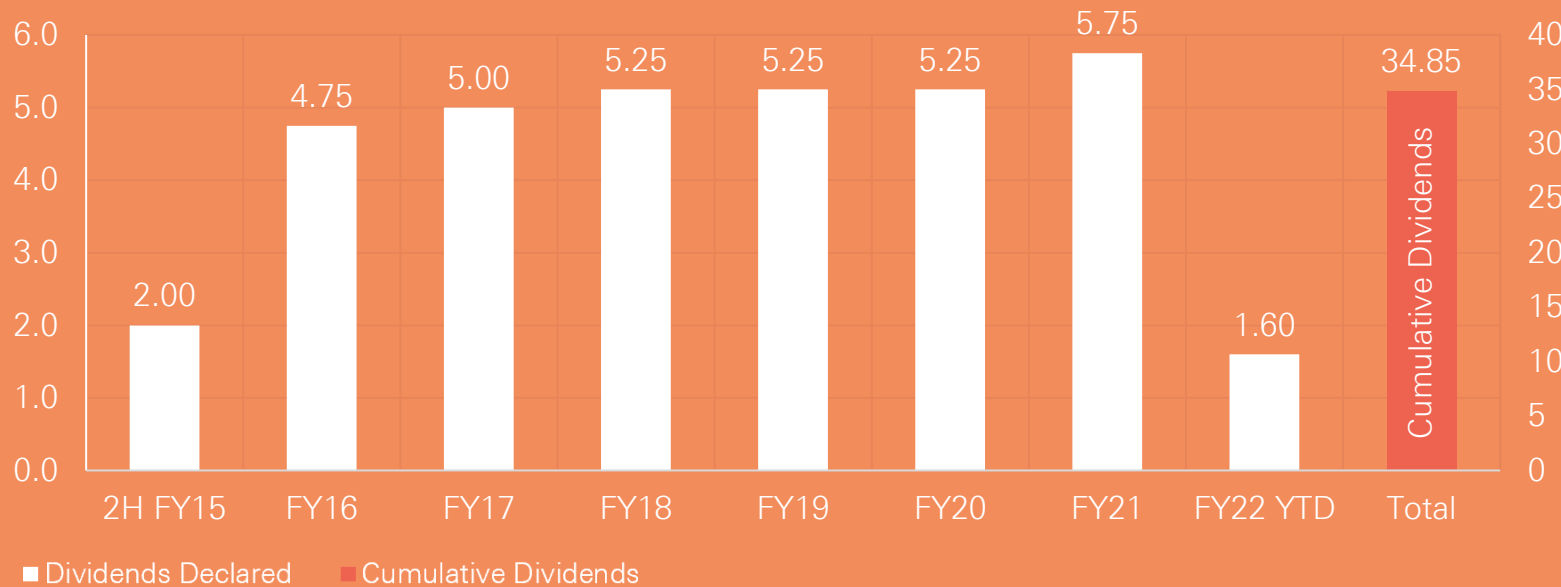
**8**  
Number of  
Holdings

**+18.10%**  
Performance  
since Inception<sup>^</sup>  
p.a.

**+37.89%**  
1 Year  
Performance<sup>^</sup>

**4.88%**  
Fully Franked  
Dividend Yield

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



<sup>^</sup>Investment Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date November 2014.

# Overview and Outlook Q2 FY22

- The easing of lockdown restrictions will have a significant effect on the earnings trajectory of many businesses over the short and medium term.
- Headwinds will continue to pose a challenge for many businesses with a specific focus on:
  - Supply chain issues
  - Employment costs (and lack of quality candidates)
  - Corporate activity
- We expect updates from almost all portfolio companies to occur in Q2 FY22 with AGM updates expected & September year end full year results.
- We will be looking for numerous catalysts to occur across portfolio companies such as:
  - Guidance/outlook commentary for FY22.
  - Post lockdown contract wins as economy reopens.
  - M&A execution.
  - Updates regarding medium/long term company strategies.
- NAOS has continued to constructively engage with numerous portfolio companies, and we will continue to do this to ensure a focus on generating sustainable shareholder returns.