

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 2022

All comparisons are to the year ended 30 June 2021

	\$	up/down	% change
Revenue from ordinary activities	(23,216,963)	down	-170%
Loss from ordinary activities before tax attributable to shareholders	(26,195,393)	down	-195%
Loss from ordinary activities after tax attributable to shareholders	(18,287,297)	down	-194%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2022 Final quarterly dividend	1.10c	1.10c	30%
2022 First quarterly dividend	1.60c	1.60c	30%
2022 Second quarterly dividend	1.60c	1.60c	30%
2022 Third quarterly dividend	1.60c	1.60c	30%
Final Quarterly Dividend Dates			
Ex-dividend date			31 August 2022
Record date			1 September 2022
Last date for DRP election			2 September 2022
Payment date			21 September 2022
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked final quarterly dividend of 1.10 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
		30 June 2022	30 June 2021
		\$	\$
(Post Tax) Net tangible asset backing per share		0.96	1.44
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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ANNUAL REPORT 2022

ACN 169 448 837

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Acknowledgement of Country

We would like to acknowledge the Gadigal People of the Eora Nation, the Traditional Custodians of the land now called Sydney, and pay our respect to the Elders past and present.

KEY DATES

NAOS INVESTOR ROADSHOW

The NAOS Investor Roadshow is back in 2022. Join us as the investment team discusses its investment philosophy and process as well as providing an outlook on the market. We will also highlight a selection of stocks that we hold within our Listed Investment Companies (LICs).

We invite you to come along with a friend, meet us in person, and understand more about NAOS Asset Management (NAOS) and our LICs. Register at a city near you.

Perth

Tuesday 11 October
10.30 am–12.00 pm
Intercontinental Perth
City Centre
815 Hay Street
Perth WA 6000

Newcastle

Monday 24 October
10.30 am–12.00 pm
Rydges Newcastle
Wharf Rd and
Merewether St
Newcastle NSW 2300

Brisbane

Thursday 13 October
10.30 am–12.00 pm
Customs House
399 Queen St
Brisbane City QLD 4000

Canberra

Tuesday 25 October
10.30 am–12.00 pm
Hyatt Hotel
120 Commonwealth Ave
Canberra ACT 2600

Melbourne

Tuesday 18 October
10.30 am–12.00 pm
The Olsen
637–641 Chapel St
South Yarra VIC 3141

Sydney

Thursday 27 October
12.30 pm–2.00 pm
Museum of
Contemporary Art
140 George St
The Rocks NSW 2000

Adelaide

Thursday 20 October
10.30 am–12.00 pm
Mayfair Hotel
45 King William St
Adelaide SA 5000

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

2022 ANNUAL GENERAL MEETING

Thursday 10 November 2022

NAOS Ex-50 Opportunities Company Limited advises that its Annual General Meeting (AGM) will be held at 11.00 am (AEDT) on Thursday 10 November 2022 at The Museum of Contemporary Art Australia, 140 George St, The Rocks 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 15 September 2022.

FY22 FINAL QUARTERLY DIVIDEND DATES

Ex-Dividend Date:

Wednesday 31 August 2022

Record Date:

Thursday 1 September 2022

Last Date for DRP Election:

Friday 2 September 2022

Payment Date:

Wednesday 21 September 2022

NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

NAOS Ex-50 Opportunities Company Limited (ASX: NAC) seeks to protect investor capital 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).

▲
5.90c

Fully Franked FY22 Dividend
(Increase 2.6%)

6.74%

Fully Franked FY22 Dividend Yield

+4.33% p.a.

Investment Portfolio Outperformance to
Benchmark Since Inception

▲
1,028

Shareholders
(Increase by 6.6%)

KEY METRICS AS AT 30 JUNE 2022

Pre-tax Net Tangible Assets per Share \$0.90	Post-tax Net Tangible Assets per Share \$0.96
Fully Franked FY22 Dividend (cents per share) 5.90 cents	Fully Franked Dividend Yield 6.74%
Share Price \$0.875	Shares on Issue 45,006,821
Option Price (ASX: NACOA) \$0.003	Options on Issue 19,948,972
Convertible Note Price (ASX: NACGA) \$94.20	Convertible Notes on Issue 175,000
Directors' Shareholding (number of shares) 8,394,479	Profits Reserve (cents per share) 50.6 cents

INVESTMENT PORTFOLIO PERFORMANCE AS AT 30 JUNE 2022

	NAC Investment Portfolio Performance*	S&P/ASX 300 Industrials Accumulation Index	Performance Relative to Benchmark
1 Month	-7.25%	-8.17%	+0.92%
1 Year	-28.36%	-9.56%	-18.80%
3 Years (p.a.)	+9.16%	+2.20%	+6.96%
5 Years (p.a.)	+6.86%	+4.98%	+1.88%
7 Years (p.a.)	+9.89%	+5.74%	+4.15%
Inception (p.a.)	+10.30%	+5.97%	+4.33%
Inception (Total Return)	+111.32%	+55.68%	+55.64%

*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



DAVID RICKARDS OAM
Independent Chair

David Rickards OAM has been a Director and Chair of the Company since its inception. David is also a Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chair of NAOS Emerging Opportunities Company Limited (ASX: NCC). 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 since 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).



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.



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 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, 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.



SARAH WILLIAMS

Independent Director

Sarah Williams was appointed as an Independent Director during January 2019. Sarah is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC). 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 and has also studied at the Harvard Business School.



CHAIR'S LETTER

DAVID RICKARDS OAM
Independent Chair

Dear fellow shareholders,

On behalf of the Board, welcome to the Annual Report for the NAOS Ex-50 Opportunities Company Limited for the financial year ended 30 June 2022. I would like to thank all shareholders for your continued support and welcome all new shareholders who joined the register during the year.

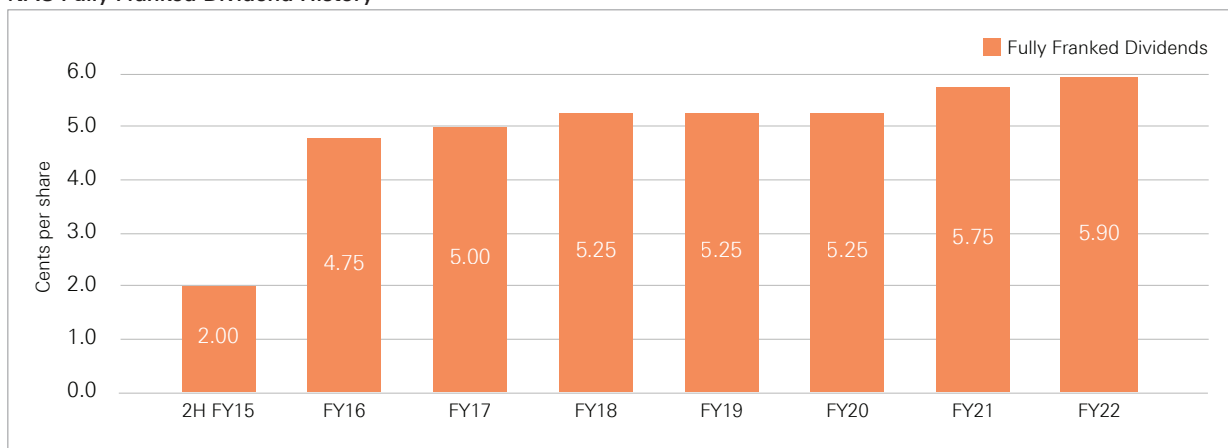
For the financial year (FY) ending 30 June 2022, the Company recorded an after-tax loss of \$18.28 million (FY21: after-tax profit of \$19.37 million). The Board has declared a fully franked final quarterly dividend of 1.10 cents per share for the year ended 30 June 2022, bringing the fully franked FY22 full-year dividend to 5.90 cents per share. This represents an increase of 2.61% on the prior year. Based on the 30 June 2022 share price, this represents a net dividend yield of 6.74% and since listing in 2014, the Company has now declared an aggregate 39.15 cents per share of dividends, all of which have been fully franked.

The Board continues to be mindful of providing shareholders with a sustainable, growing stream of quarterly dividends, franked to the maximum extent possible while also maintaining an adequate profit-reserve balance to enable the Company to pay dividends in periods such as this financial year, where it has been more difficult to generate significant performance. The profit reserve balance at year end was \$22.78 million, or 50.6 cents per share.

FY22 was dominated by macroeconomic concerns that heavily impacted asset prices and equity markets. The second half of FY22 has seen monetary policy tightening at the quickest pace in 22 years, the direct consequences of which has seen an adjustment of return expectations for assets higher on the risk curve (as with other historical rate rises). The third quarter saw sizeable sell-offs in a large cohort of pre-profitability businesses trading at extreme valuations. The relative attractiveness of these businesses has declined substantially in an environment of a rising risk-free rate.

The final quarter of FY22 saw this selling become more indiscriminate, with the emerging sector of the Australian equity market sold off at a greater rate than large-cap stocks. As a result, the S&P/ASX Small Ordinaries index (XSO) declined -21.56% in FY22, compared to a decline of -8.88% for the S&P/ASX 100 index (XTO). The tightening of monetary policy in an effort to curb rampant inflation is likely to continue to act as a headwind for the domestic equity market as we move into FY23. Against this backdrop, the NAC investment portfolio delivered a negative return of -28.36% for FY22, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI), which returned -9.56%.

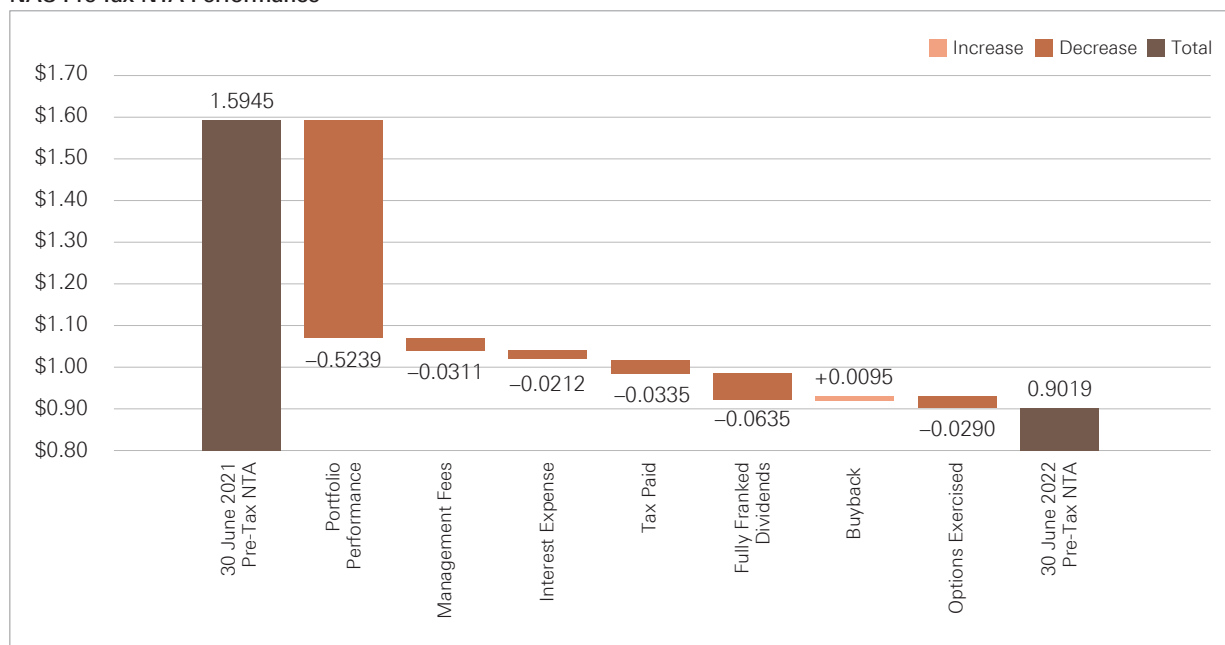
NAC Fully Franked Dividend History



The pre-tax Net Tangible Asset (NTA) backing per share of the Company decreased from \$1.59 to \$0.90 over the financial year, with negative performance of the investment portfolio decreasing the NTA per share by 52.39 cents. 6.35 cents per share was paid to shareholders in fully franked dividends, and management fees and interest expense on convertible notes decreased the NTA by 3.11 cents per share and 2.12 cents per share respectively. 3.35 cents per share of corporate tax was also paid during the year. The franking credits attached to these corporate tax payments are available to be distributed to shareholders through franked dividends. The dilutionary impact of the exercise of NAC bonus options also decreased the NTA per share by 2.90 cents per share. 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 0.95 cents per share.

- **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.
- **On-market share buyback** – 2.41 million shares were bought back over the course of the financial year and the Company has now bought back 11.37 million shares, or 21.64% 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 2022, as the buyback of shares at a discount is accretive to NTA and thus of benefit to all shareholders. The Board intends to continue an active buyback in FY23 should a significant discount to NTA re-emerge.

NAC Pre-Tax NTA Performance



Total Shareholder Return (TSR) measures the change in the share price together with dividends paid over the financial year, and assumes dividends are reinvested. This measure does not include the benefit of franking credits received by shareholders through fully franked dividends. The TSR for NAC for FY22 was -21.36%, which was impacted by the negative performance of the investment portfolio, but was offset slightly by the share price discount to NTA narrowing significantly over FY22. The share price began the financial year trading at a -25.79% discount to pre-tax NTA and closed the year at \$0.875, representing a -2.78% discount to pre-tax NTA.

While it is pleasing to see the share price discount to NTA narrow significantly, the Board remains focused on ensuring the discount to NTA is eliminated through a range of initiatives, including the following:

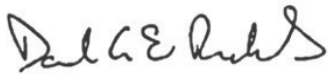
- **Dividend Reinvestment Plan (DRP)** – For those shareholders who participated in the DRP it is important to note the Company did not issue shares at a discount to NTA, but instead acquired shares on-market to ensure this capital management activity was completed without any potential dilution for existing shareholders.
- **Shareholder communications** – The Company continues to focus on a high standard of investor communications, ensuring that all shareholders, alongside the NAOS database of more than 11,000 subscribers, are kept abreast of the Company’s performance and investment philosophy. This communication, in the form of educational pieces, monthly updates, articles, reviews, investment insights and quarterly webinars, is of particular importance in times of market volatility. The Company also places a high priority on prompt and transparent communication with all shareholder enquiries.

The above initiatives contributed to record shareholder numbers, with shareholder numbers increasing by 6.64% over the course of the financial year to total 1,028 at 30 June 2022. Generally, a larger shareholder base corresponds to stronger liquidity, which correlates to a lower discount to NTA.

The Board remains committed to managing the capital base of the Company in a manner that provides the most appropriate structure for maximising potential shareholder return and scaling the Company to an appropriate size that lowers the total expenses and costs for all shareholders. During the financial year a total of 3.12 million of the 1-for-2 NAC bonus options issued in March 2020 were exercised and converted to ordinary shares, raising an additional \$3.21 million of additional capital. 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.

While equity markets may remain vulnerable as we move through FY23, the Board believes that the NAOS investment philosophy will continue to generate strong performance for shareholders over the longer term. The Board has a strong alignment with shareholders through their shareholdings, which continued to increase over the course of the year and now total a cumulative 8.39 million shares.

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



David Rickards OAM
Independent Chair

18 August 2022

“The Board has declared a fully franked final quarterly dividend of 1.10 cents per share for the year ended 30 June 2022, bringing the fully franked FY22 full-year dividend to 5.90 cents per share. This represents an increase of 2.61% on the prior year, and brings total dividends since inception to 39.15 cents per share.”



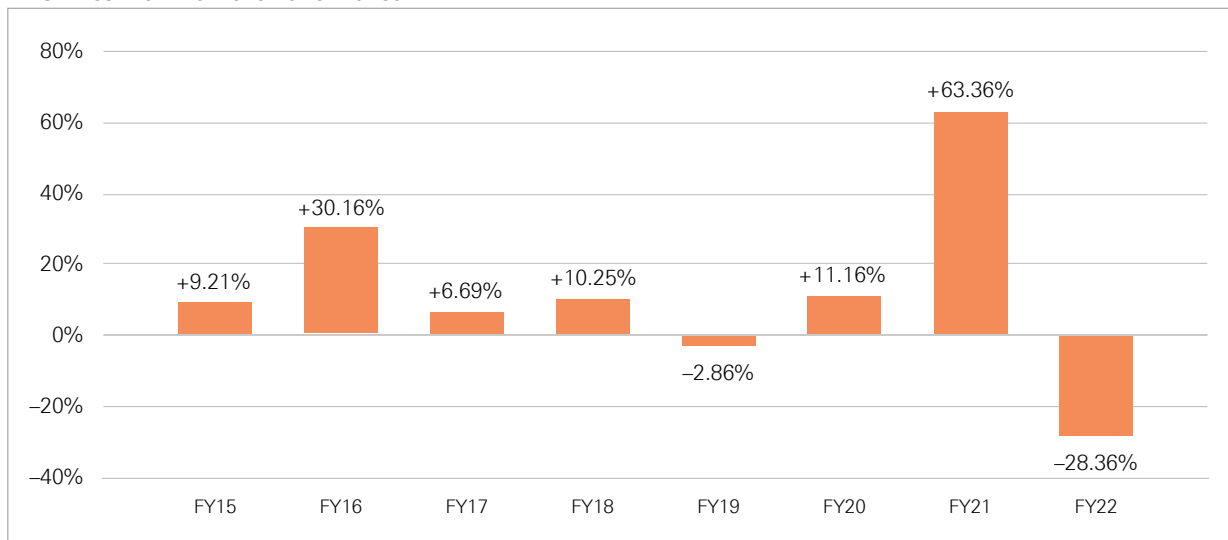
INVESTMENT MANAGER'S REVIEW

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

Dear fellow shareholders,

After the previous year’s record investment portfolio performance of +63.36%, the NAC investment portfolio produced a negative return of –28.36% in FY22, its worst financial year since inception. This compared to the benchmark S&P/ASX-300 Industrials Accumulation Index (XKIAI), which returned –9.56%, and its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index (XSOAI), which returned –19.52% in an exceptionally challenging year for equities.

NAC Investment Portfolio Performance



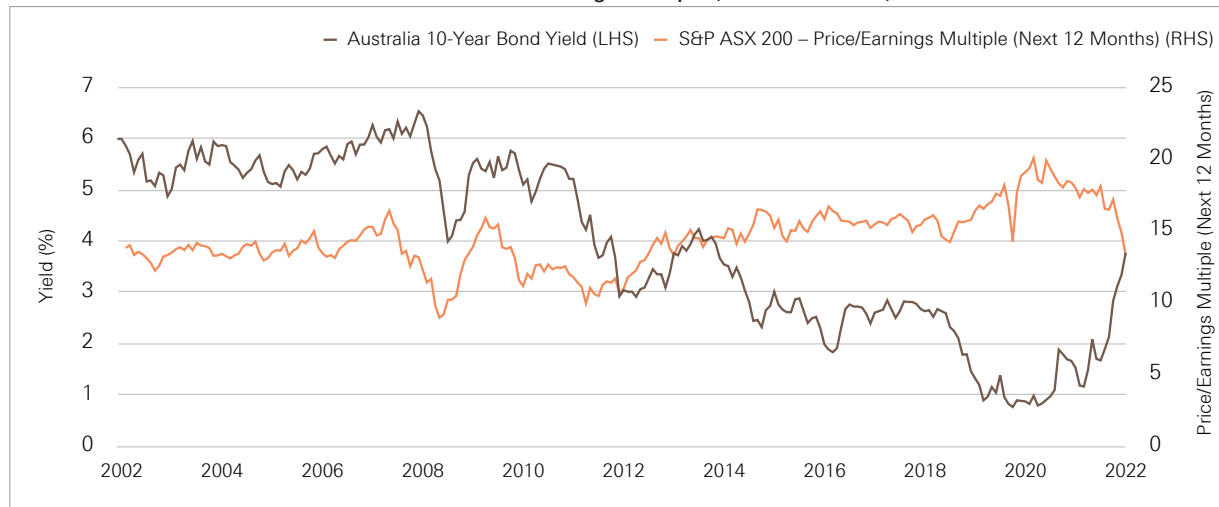
INFLATION, INTEREST RATES AND POST-COVID HEADACHES

As many of our fellow shareholders would be aware, we do not profess to be experts on global macro variables and believe our competitive advantage is derived through the intimate knowledge of a business and the long-term drivers that should lead to positive, sustainable returns for investors. However, as was the case in FY21, FY22 was again dominated by macro events that one way or another led to significant (mostly downward) variances in share prices for several of the NAC core investments, to levels where in many cases we believe the valuation today is not a fair reflection of the long-term earnings potential of the business.

Emerging companies are inherently more susceptible to sharp changes in the macro environment and clearly, the valuations of many emerging businesses today are assuming that these changes will lead to a significant downward revision on these companies’ future earnings bases (together with a lower valuation multiple). Such headwinds include:

- increase in many input costs;
- increase in employment costs and staff shortages;
- reduction in consumer demand;
- change in consumer spending habits;
- longer lead times; and
- increase in freight and logistics costs.

Australia 10-Year Bond Yield & S&P/ASX 200 Price/Earnings Multiple (Next 12 Months)



Source: FactSet

CASH FLOW, SUSTAINABLE PROFITABILITY AND BALANCE SHEET FLEXIBILITY

At least one, if not many, of the variables listed above will affect all our core investments and in most cases they already have. Such headwinds should not be unexpected over the long term, but those businesses that are unable to manage such headwinds effectively should simply not be considered as a core long-term investment and filtered out during our investment process. As long-term investors, we want to ensure our capital is invested within businesses that exhibit many of the following characteristics:

- High returns on capital;
- Structural industry tailwinds driving long-term revenue growth;
- High free cash-flow generation with a reasonable capital expenditure profile;
- A balance sheet that can support organic and inorganic growth opportunities;
- A clear competitive advantage that is difficult to replicate; and
- Strong shareholder alignment from management and directors.

As mentioned above, structural industry tailwinds are a key consideration in any investment decision, and we strongly believe this variable is the most important consideration when it comes to capital preservation. When reviewing each of our core investments against this variable, we believe the demand dynamics for a clear majority of our core investments has never been stronger. To highlight three examples:

- Eureka Group Holdings (ASX: EGH) – demand for affordable rental accommodation for seniors;
- Gentrack Group (ASX: GTK) – demand for new cloud-based customer interface systems (billing systems); and
- MOVE Logistics Group (NZX: MOV) – demand for logistical services and warehouse capability.

Demand dynamics alone will not drive the long-term success of a business but in our view, they provide management with a significant degree of optionality to ensure that sustainable earnings per share growth is achieved over the long term, as well as minimising the risk of a permanent capital loss event.

FY22 NOTABLE INVESTMENT PORTFOLIO CONTRIBUTORS AND DETRACTORS

Overview

Macro events have clearly played a significant role in the valuations of many of our core investments through FY22. However, FY22 was a year full of stock-specific events, including the takeover of a large core investment and the unexpected resignation of a CEO.

Below is a brief summary of the FY22 performance of the NAC core investments, detailing some of the stock-specific events and poor judgement on our behalf that detracted investment portfolio performance, as well as discussing the positions that delivered positive contributions over the course of the financial year.

CONTRIBUTORS

Over The Wire Holdings (ASX: OTW)

After many years of being a large holding in the NAC investment portfolio, OTW was subject to a takeover offer from National Broadband Network (NBN) retail service provider (RSP) Aussie Broadband (ASX: ABB). The takeover enabled us to divest our entire position at a significant gain to our average entry point. The decision to exit the investment as opposed to rolling our OTW scrip into ABB scrip was driven by two reasons. Firstly, the combined market capitalisation of the merged entity would be significant enough for it to be included in the ASX-200 and, in essence, outside the NAOS investment universe. Secondly, we felt the implied valuation of the two businesses did not adequately compensate investors against the risk of earnings growing at a slower rate than expected due to OTW’s recent history of missing guidance

due to non-recurring revenue variances and operational expenditure increases, as well as ABB’s ability to maintain industry-leading customer service and support levels in a business that is many times larger than it was just three years ago.

Objective Corporation (ASX: OCL)

OCL has been a holding within the NAC investment portfolio for a number of years, and more recently has gained significant traction within the investment community, going from a poorly understood and disregarded business to one that is now closely followed by fund managers and brokers alike. Since the start of CY21, OCL’s share price re-rated from just under \$12 to almost \$22 towards the end of the calendar year. We are very fond of the OCL business for reasons that most of our investors would already understand. Even so, there is a fair price for all investments and once again we used strength in the OCL share price to significantly reduce the size of our investment. In our view, there are few businesses that can tick as many boxes as OCL, and together with a laser-focused capital management strategy, OCL is all but certain to again be a larger investment within the NAC investment portfolio in the not-too-distant future.

DETRACTORS

Urbanise.com (ASX: UBN)

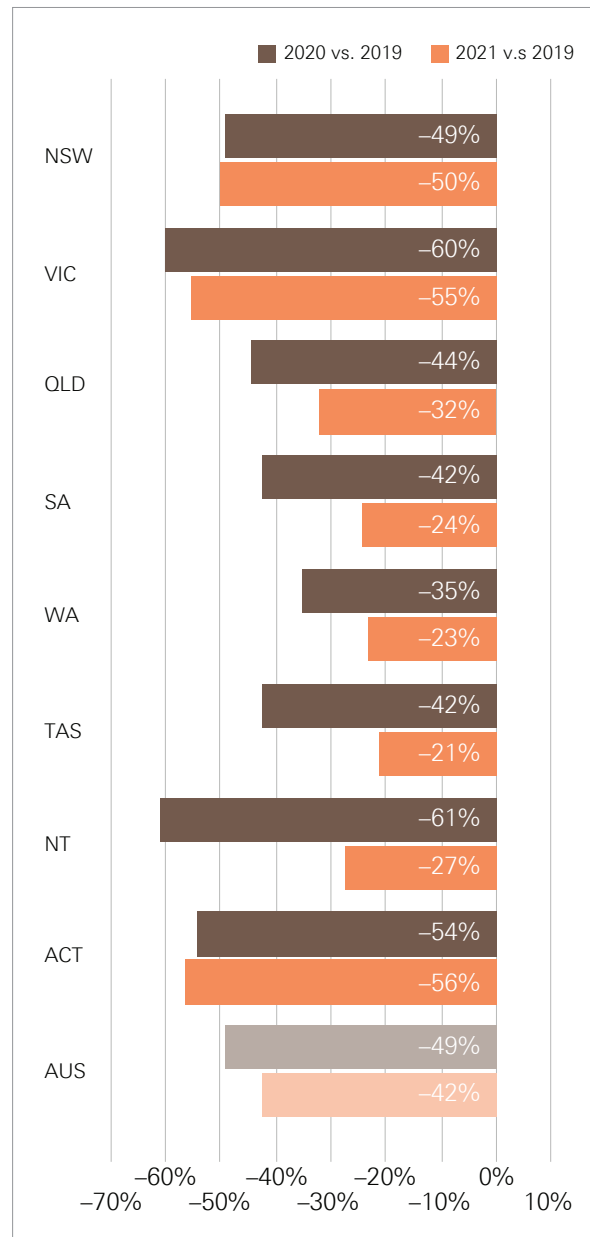
The UBN share price fell sharply through FY22 due to two main factors. The first of these was the significant increase in business development spend, focused on gaining more traction in its facilities management offering. Ultimately, this increase in spend did not translate into increased revenue growth, which in turn led to a significant increase in the cash-burn profile of the business. Secondly, the CEO resigned somewhat abruptly halfway through FY22, which we believe was driven by the necessity to focus more on sales and customer support and less on product development due to the sophistication of the UBN offering. We remain very attracted to the strata software offering, which we believe is market leading with significant potential to gain further market share. This part of the business has grown YOY for several consecutive years, even as a majority of UBN’s resources have been dedicated to growing the facilities management side of the business. In time, we believe UBN will have a scale B2B software offering that will be highly strategic.

Experience Co. (ASX: EXP)

In FY21, EXP was the largest positive contributor to investment portfolio performance by a considerable margin. In FY22 the opposite was the case, as EXP was the biggest detractor to performance even though objectively many (including us) would think the operating environment for EXP has improved significantly. In hindsight, the share price of EXP was factoring in an earnings trajectory that was too optimistic as to the timing of the earnings. In a post-COVID world, more people are travelling (or planning to travel), but much of this travel seems to be focused on reacquainting with friends and relatives rather than family holidays and leisure trips. More recently EXP has also experienced headwinds due to weather-related events (the severe wet weather along Australia’s eastern seaboard), inflationary pressures

associated with staff costs, as well as the lack of available staff to run at 100% capacity due to reduced immigration, all of which have acutely affected the tourism industry. It is worth highlighting that in FY22, EXP completed the acquisition of Treetops Adventure Group, Australia’s largest tree ropes and ziplining experience business, which has significantly diversified the earnings base. Looking forward, we continue to believe that EXP has excellent assets, the majority of which are in a dominant market position. The business has a highly credible and experienced management team, and it will only be a matter of time before it returns to being a very profitable business.

Declines in Total Visitor Spend Across State and Territories



Source: tourism.australia.com

Step One Clothing (ASX: STP)

As a team, we have not found investing in the retail sector to be a fruitful exercise, and our investment in underwear retailer STP only strengthened that view. Listing at \$1.53 and rising to almost \$3 shortly afterwards, STP seemed to have the wind at its back. We sold our investment at approximately \$0.90, and at the time of writing STP's share price sits at just \$0.28. STP ticked many of the boxes we look for in potential investments, including having a unique and proven product, a highly aligned management team, together with low capital requirements outside of working capital. In hindsight, the effects of COVID on STP's sales growth prior to IPO was significant, and this allowed management to arguably gloss over a number of obvious shortfalls in both the expansion strategy of the business and its execution. In a post-COVID world these issues rapidly came to the fore, and the wider market's faith in management has all but evaporated. The product remains sound, but it is questionable whether this can translate into profitable growth – both in Australia and abroad – over the longer term.

NEW CORE INVESTMENTS AND EXITS

MOVE Logistics Group (NZX: MOV)

Aligned and proven management teams are hard to find in any listed market, so when we discover one, we complete a significant amount of research to ensure we have the best possible understanding of the potential of the business over the long term. MOV is one example of a business that meets these criteria and hence we have come to understand the MOV business in significant detail over the past 12 months. Chris Dunphy, who was an early member of the Mainfreight (NZX: MFT) senior management, recently joined MOV as Executive Director and Mark Newman, also a former Mainfreight executive for approximately two years, joined the board of MOV at a similar juncture. Since their appointment they have recruited at least five senior executives from the likes of Mainfreight, Linfox and Toll NZ, to fill positions such as CTO; COO of Freight; and GM, Sales & Marketing. MOV has a revenue base in excess of NZ\$300 million, yet at the EBIT line its profits are minimal, i.e. NZ\$10 million. Chris and his team believe there is a significant opportunity for MOV to become a clear #2 behind Mainfreight in the New Zealand market and return the business to margins that meet the internal hurdles developed back in their MFT days. The journey will not be without its challenges but with an aligned management team such as this, together with a business that already has significant scale, we believe the odds are stacked in their favour.

Urbanise.com (ASX: UBN)

Urbanise is a B2B software provider for property asset managers. UBN has two main product offerings, which target facilities managers as well as strata management businesses. Over the past few years UBN has scaled its business to a point where annual recurring revenue (ARR) is on track to be in excess of \$13 million, yet in its relative markets it still represents a small share of the overall revenue opportunity. Each of these markets is serviced by competitor legacy technologies, the majority of which are not cloud based, or not easily upgradable or interoperable with other systems. Over time we believe

clients will be forced to upgrade these legacy systems before they become obsolete, while UBN's software becomes compelling as it upgrades its own offering as well as adding new products and features. We believe a strata manager who does not transition away from its legacy system will in future be at a disadvantage from both an efficiency and time-to-serve perspective, while also taking on an increased compliance burden. UBN is a relatively small business, as highlighted by the size of the ARR base, but importantly, it has been able to secure clients such as CBRE Australia and PICA, who are leaders in their respective industries. We believe UBN has the hallmarks of becoming a unique B2B software as a service (SaaS) business that will become highly strategic over time due to both the client base it is able to win and the sticky nature of these relationships.

FY23 OUTLOOK

As is the case in any outlook commentary, we can only comment on what we know and understand rather than provide any promises about the future performance of any asset or asset class. We believe that each of our core investments has the potential to generate significant positive long-term returns for our shareholders, and we presently see no reason why we could not hold each of our investments for many years, allowing our capital to compound.

As long-term investors we often speak to the inherent long-term valuation potential that we believe exists in many of our core investments. The following chart is an effective way of conveying this statement in a visual format. Essentially, most listed investments are valued against their reported earnings (which hopefully translates into cash flow) as well as expected future earnings. The price-to-earnings ratio (P/E ratio) divides the current share price of a business by its earnings per share (EPS). If a business is growing its profitability (assuming a static share price), the P/E multiple will decrease as the EPS increases. The chart overleaf represents a selection of core investments across the NAOS Listed Investment Companies (LICs), our expectations of the current P/E multiple (orange dot), and the P/E multiple in 12 months' time – factoring in what we believe is a reasonable expectation of EPS growth (brown dot). As the brown dots are lower than the orange dots, this represents the amount of earnings growth we are expecting for these investments (X-axis) and the significant reduction in P/E multiple, which we believe over time should be offset by higher share prices for these investments.

“Structural industry tailwinds are a key consideration in any investment decision, and we strongly believe this variable is one of the most important considerations when it comes to capital preservation.”

Select NAOS Core Investments – 2-Year Earnings Per Share Growth and Price/Earnings Multiple (FY22e and FY23e)



Source: FactSet/NAOS Asset Management

As stated at the beginning of this letter, we do not profess to be macroeconomic experts and we will never try to time the top and bottom of markets. Instead, we work tirelessly to find businesses that meet our strict investment criteria, which are run by proven and aligned people and, importantly, should benefit from structural industry tailwinds. To ensure we have the most useful and effective information available, the investment team at NAOS had more than 1,000 meetings in FY22 with contacts ranging from executives to competitors, industry experts, and former colleagues of the management of companies who we are investing your capital with today.

The information we derive from these meetings gives us a significant amount of confidence in the long-term potential of each of our core investments and therefore the amount of latent performance that we believe remains within the NAC investment portfolio.

At a more granular level, some of the key events we believe could have a material impact on the NAC investment portfolio over FY23 include the following:

- The release of a medium-term capital management plan, together with more detail on how EGH plans to successfully scale and become a clear industry leader in an industry that has a growing requirement for affordable seniors’ rental accommodation.
- For EXP we expect FY23 to be much improved from a revenue standpoint, especially towards the end of CY22 around the summer holiday period. Following the acquisition of Treetops Adventure Group, we believe EXP now has significant earnings potential that has not yet been proven to the market. If EXP is able to deliver on this potential (specifically, profit margins) over a six-month trading period, this will go a long way towards the share price re-rating.

- Both GTK and UBN are B2B software businesses that already have a reasonable foothold in their respective markets, are run by relatively new management teams and are currently valued on the assumption their businesses will not be able to grow earnings at a reasonable rate. In our view, if both GTK and UBN can grow their ARR at +15% p.a. and further demonstrate the quality of their offerings by winning tier-1 or tier-2 customers, this could have a significant effect on the valuation multiples applied to each business by the wider market, and potentially lead to a significant re-rating of their respective share prices.

In summary, FY22 again showed us to expect the unexpected. Towards the end of the financial year our investment portfolios were clearly affected by indiscriminate selling, which has left our core investments at prices we believe are well below fair value. The difference between what the wider market values these investments at, and what we believe they should be worth, may not fully close in the next 12–24 months but we continue to believe the potential return will more than offset the wait, just as it did in FY21.

The entire team is well aware of our obligations to shareholders who have trusted us with their hard-earned capital, and all shareholders can rest assured we are doing our utmost to deliver the long-term outcomes you expect.

Thank you again for your support.

Sebastian Evans
Managing Director and Chief Investment Officer
 NAOS Asset Management Limited

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 genuine, long-term, concentrated exposure to emerging Australian industrial 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. NAOS seeks 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 the Pledge 1% global movement; that is, 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.

OUR INVESTMENT BELIEFS

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 end 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.





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 that 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. NAOS benefits from a closed-end LIC structure, which means we 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, which 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.



CONSTRUCTIVE ENGAGEMENT

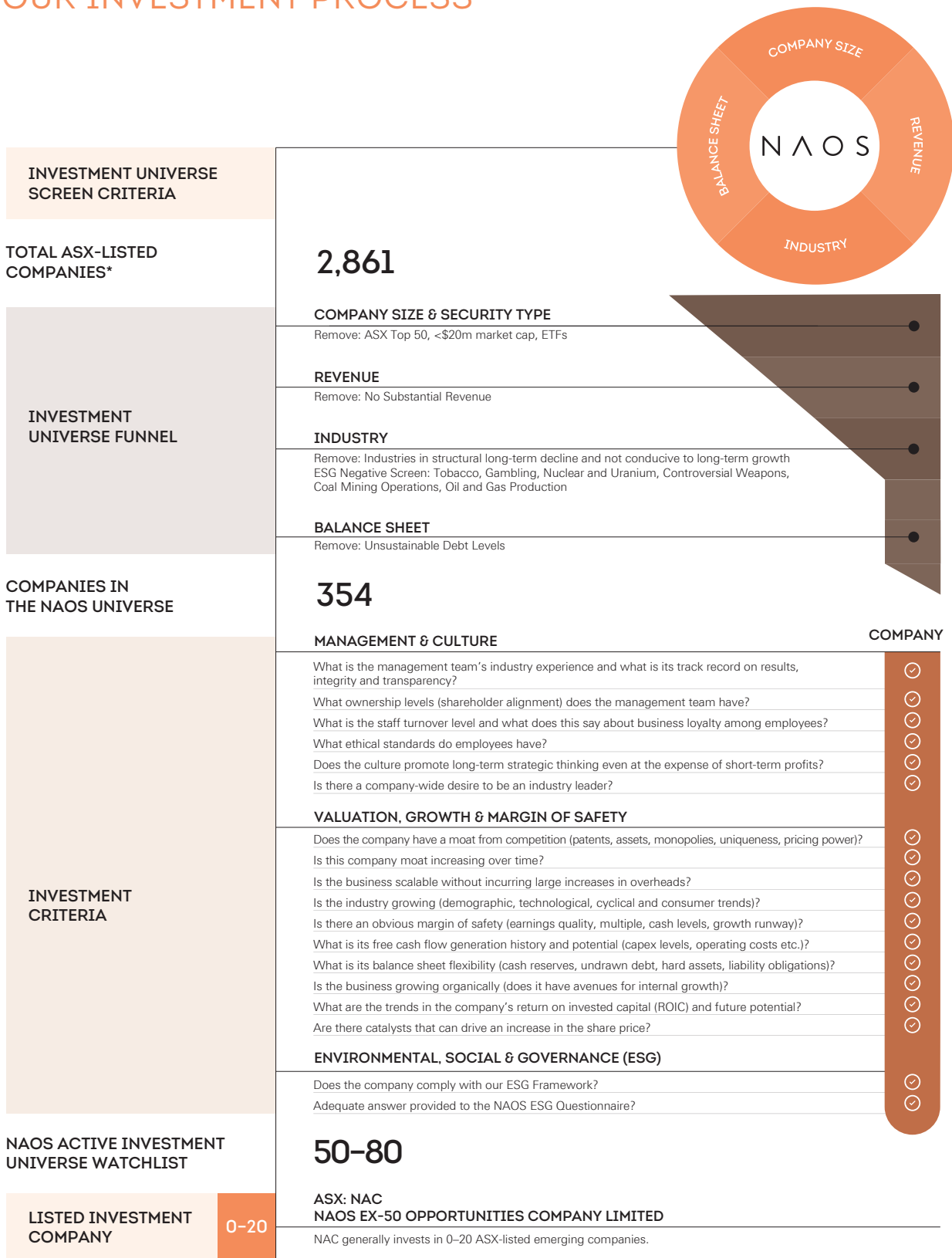
At NAOS, we are not activist investors. Due to our investment approach, it is common for NAOS to establish a substantial shareholding in a company with a long-term (five years+) investment horizon.

This approach allows us to supportively engage with the boards and/or management teams of our portfolio holdings.

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

- Growth capital if/when required;
- Messaging and communications;
- Capital management decisions;
- Company strategy;
- Board composition.

OUR INVESTMENT PROCESS



* Source: Bloomberg Data June 2022

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 ANALYSIS	●

NAC CORE INVESTMENTS

COG FINANCIAL SERVICES LIMITED ASX: COG



COG Financial Services Limited is Australia's leading aggregator of finance brokers and equipment-leasing services to small to medium-sized enterprises (SMEs). COG's two complementary business divisions of finance broking and aggregation, and lending and funds management, service the financial needs of the SME sector nationwide.

EUREKA GROUP HOLDINGS LIMITED ASX: EGH



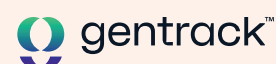
Eureka Group Holdings Limited is a provider of quality and affordable rental accommodation for independent seniors living within a community environment. The company's portfolio comprises approximately 2,250 owned and managed units across 41 villages in Queensland, Tasmania, South Australia, Victoria and New South Wales.

EXPERIENCE CO. LIMITED ASX: EXP



Experience Co. Limited is an adventure tourism company founded in 1988, with a wide range of operations across Australia and New Zealand. Experience Co. is the largest tandem skydiving operator, with 17 locations, and is also the number one tree ropes and zip line operator, with 14 locations in Australia. Experience Co. also operate a number of far north Queensland cruise and diving experiences as well as walking tours across a number of Australian states.

GENTRACK GROUP LIMITED ASX: GTK



Gentrack Group Limited is a technology partner responsible for the design, development, implementation and support of specialist software solutions for energy utilities, water companies and airports. Gentrack's customer- and billing-focused products and services are mission-critical for utility-retailing companies across the UK, Australia, New Zealand and Singapore. Gentrack's Veovo airport operations software is used by more than 140 airports and transport authorities globally.

MAXIPARTS LIMITED ASX: MXI



MaxiPARTS Limited is a supplier of commercial truck and trailer parts to the road transportation industry. In operation for over 30 years, MaxiPARTS is one of the largest operators in Australia, with a unified support and distribution network across 25 sites nationwide.

URBANISE.COM LIMITED ASX: UBN



Urbanise.com Limited is an Australia-headquartered cloud-based software business, providing innovative and integrated solutions for both facilities and strata managers across Asia Pacific and the Middle East. The Urbanise Strata Platform is a market-leading accounting and administration used by strata bodies and funds. The Urbanise Facilities Management Platform is used for compliance, maintenance, workflow and administration solutions across a wide range of facilities management companies.

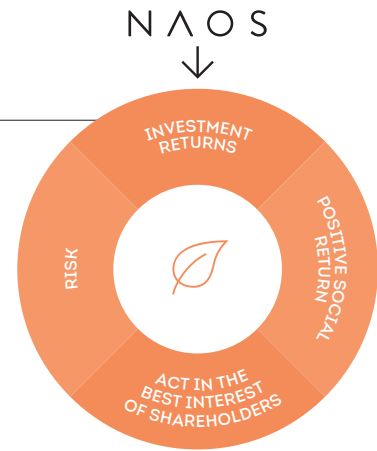
OUR ESG PROCESS

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.

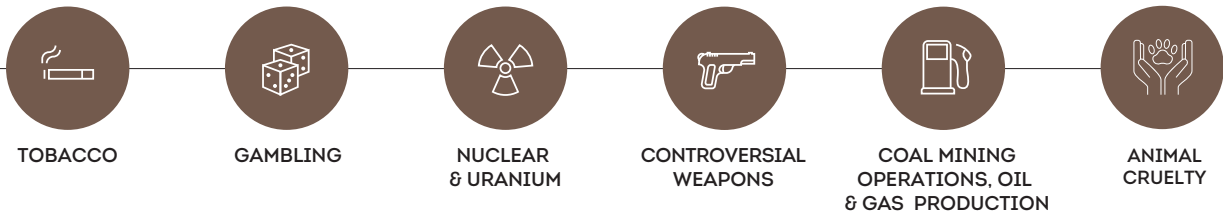
We recognise the material impacts that ESG factors can have on investment returns and risk, and also the wider implications for achieving a positive social return.

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 and involves regular discussions and engagement with companies over material ESG issues.

ESG considerations rest at the core of the NAOS investment process. While the investment team screens all prospective investments on an ESG basis, NAOS also ensures that all its investee companies abide by the same principles. NAOS seeks to ensure investee companies are acting in a responsible manner, are setting clear targets and are having a positive impact on their respective stakeholders (i.e. employees, clients, community). Their impact on the environment is foremost among these priorities. As part of this process, NAOS has continued to evolve the questionnaire it provides to all investee companies. This questionnaire provides NAOS with transparent, consistent and granular data on how these companies are both performing and improving upon these focus points.

COMPANIES MAKING A DIFFERENCE



MAXIPARTS LIMITED
(ASX: MXI)

MaxiPARTS completed the NAOS ESG questionnaire during FY22.

1 YEAR

NAOS first invested

\$86.7M

MaxiPARTS' market capitalisation as at 30 June 2022



MaxiPARTS is one of Australia's leading independent commercial vehicle parts distribution companies.

HOW IS MXI MAKING A DIFFERENCE?

MaxiPARTS provided the following examples:

ENVIRONMENTAL:



- MaxiPARTS continues to implement various projects designed around driving future environmental benefits, including retrofitting energy-efficient lighting at various sites.
- The company is currently running a trial to assess the viability of an electric light-commercial delivery vehicle at one of its sites.

SOCIAL:



- MaxiPARTS has an Inclusion and Diversity Committee, which works to raise awareness of the cultural diversity of the company's employees.
- A Women's Group Forum is held monthly to discuss and raise issues in a supportive environment.
- MaxiPARTS is an active member of the National Association of Women in Operations (NAWO), which mentors and provides cross-industry networking to achieve a greater understanding of gender diversity and balance.
- Female Board participation in FY22 was 20%.
- MaxiPARTS has a mental health and wellbeing program, which includes regular communications with employees about keeping healthy physically and mentally.
- MaxiPARTS has increased the number of staff entering the business through a formal parts apprenticeship program.

GOVERNANCE:



- The Board has developed a succession plan and the company is in the process of implementing that plan.
- All members of the Audit & Risk Committee, the Remuneration & Human Resources Committee and the Nomination Committee are independent directors.
- MaxiPARTS' Code of Conduct includes its Speaking Up! Policy to report conduct violations.
- All Board directors hold shareholdings in the company.

AREAS FOR IMPROVEMENT:



- Quantify environmental metrics such as greenhouse gas (GHG) emissions and energy consumption. Tracking usage will help to identify areas for improvement and provide a baseline for monitoring.
- Formalise an environmental policy to outline objectives to be achieved and maintained, and to improve overall environmental performance across the company.
- Investigate potential renewable energy resources to reduce GHG emissions.
- Commit to using renewable energy sources, where possible, at retail sites and distribution centres.
- Pursue gender diversity targets not yet met in MaxiPARTS' Corporate Governance Statement.
- Consider participating in further community engagement or development programs.
- Formalise a Fair Remuneration Policy.

“We have a diverse workforce that is celebrated on a regular basis through the work of our Inclusion & Diversity Committee, which raises awareness and organises events to celebrate the many cultures represented at MaxiPARTS.”

(Peter Loimaranta,
MD, MaxiPARTS Limited)



MOVE LOGISTICS GROUP
LIMITED (NZX: MOV)

MOVE completed the NAOS ESG questionnaire during FY22.

1 YEAR

NAOS first invested

\$132.6M

MOVE's market capitalisation as at 30 June 2022



MOVE is a logistics operator based in New Zealand, specialising in both international and domestic freight and warehousing logistics.

HOW IS MOVE MAKING A DIFFERENCE?

MOVE provided the following examples:

ENVIRONMENTAL:



- MOVE's total (GHG) emissions fell 15% in the last year.
- MOVE is a member of the New Zealand Climate Leaders Coalition.
- The company is currently using electric-powered metro trucks and forklifts.
- MOVE is diversifying into ocean transport to reduce its overall emissions footprint.
- The company is in the process of investigating new tools and technologies to capture energy and carbon output, in an effort to reduce its carbon footprint.
- MOVE is currently exploring the use of hydrogen and electric fleets, as well as focusing on route/network optimisation and driver training.
- Future built depots will be solar-powered (where possible) and fitted with energy-efficient lighting.
- MOVE currently captures monthly energy use, and individual locations are tasked with improving energy efficiency.

SOCIAL:



- MOVE New Plymouth has partnered with Taranaki Food Bank for several years, supplying driving power and trucks for regular food runs. The use of MOVE's metro trucks significantly increases the amount of food that can be collected by volunteers.
- MOVE is currently working on a group wellbeing program. Employees are offered free counselling through its organisational counselling program (OCP) when needed.
- The company provides extensive training programs.
- Employee engagement surveys are conducted and findings are provided to the Board.

“We want to be a leader in sustainable logistics services. Creation of a sustainable strategy that focuses on our people, customers, investors and communities is important. Our strategy extends to emission reduction targets and transparent reporting, with the aim being a better environment for us all.”

(Excerpt from MOVE's FY21 Annual Report)

GOVERNANCE:



- Diversity at MOVE is demonstrated by a commitment to equal employment opportunities and treating all individuals fairly and with respect.
- The Board regularly reviews the mix of skills, capabilities and diversity on the Board, to ensure effective and equitable governance and oversight of MOVE.
- Monthly Board reporting of environmental measures such as GHG emissions.
- Currently working on Task Force for Climate-Related Financial Disclosure (TCFD).
- MOVE operates a Governance and Remuneration Committee, which is responsible for ensuring a formal and transparent process is followed for the remuneration of directors and senior executives of MOVE Logistics.
- In FY22, women represented 18% of the MOVE workforce, up from 16% in FY21.
- MOVE has an independent female chair of the Board.

AREAS FOR IMPROVEMENT:



- Capture water use and paper consumption data to determine significance of these metrics for improvement.
- Creation of a formal waste management to cover the company as a whole.
- Reporting on diversity and the representation of under-represented social groups to take into consideration groups with societal barriers based on gender, sexual orientation, age, disability, low-income status or First Nations Australian communities.
- Female representation in all areas to be improved, especially in management where representation has fallen. An increase in the number of directors could also include increased female representation on the Board (post FY20–21).
- Continue to reduce diesel power usage to further reduce GHG emissions.
- Review of the alignment processes and financial alignment of directors.

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 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 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.

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.

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).

Robert holds a Bachelor of Business from the University of Technology, Sydney. Robert also holds 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 15 years' financial services experience. Most recently Jared was an investment analyst at Contact Asset Management and prior to that 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.

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 the 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.

RICHARD PREEDY

Chief Financial and Operating Officer



Richard joined NAOS in October 2015 as Chief Financial and Operating Officer. Richard has over 15 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 BA (Hons) in Business Management from the University of Sheffield, is a fully qualified chartered accountant and is a member of the Governance 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 12 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.

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.

HAYLEY COY

Marketing Coordinator



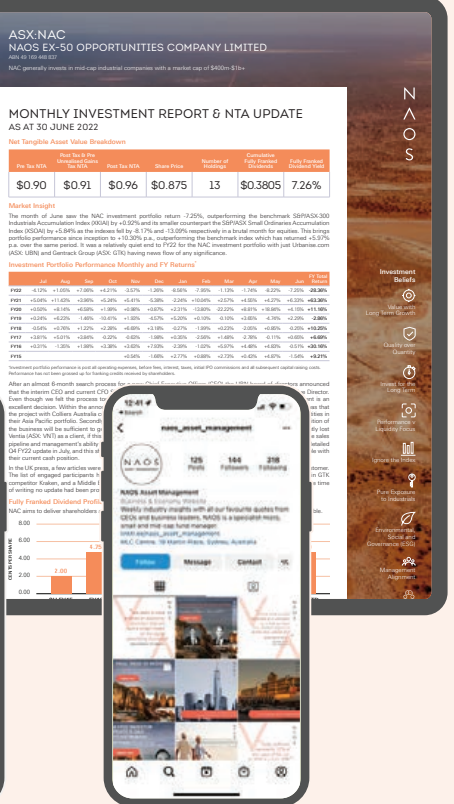
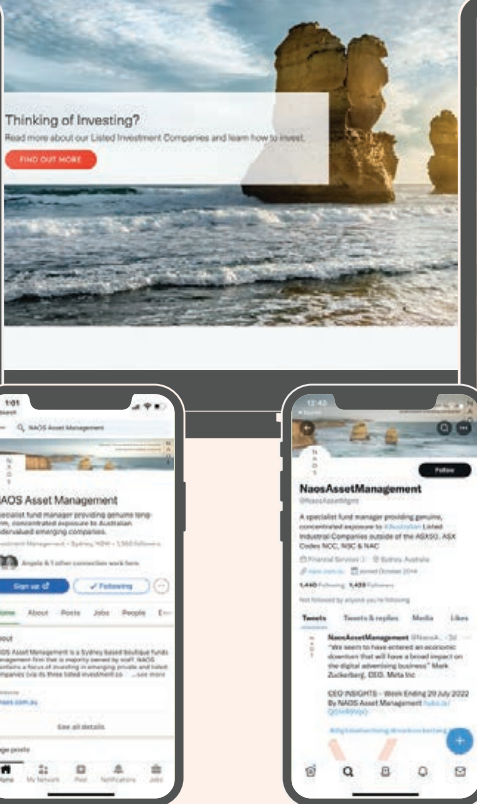
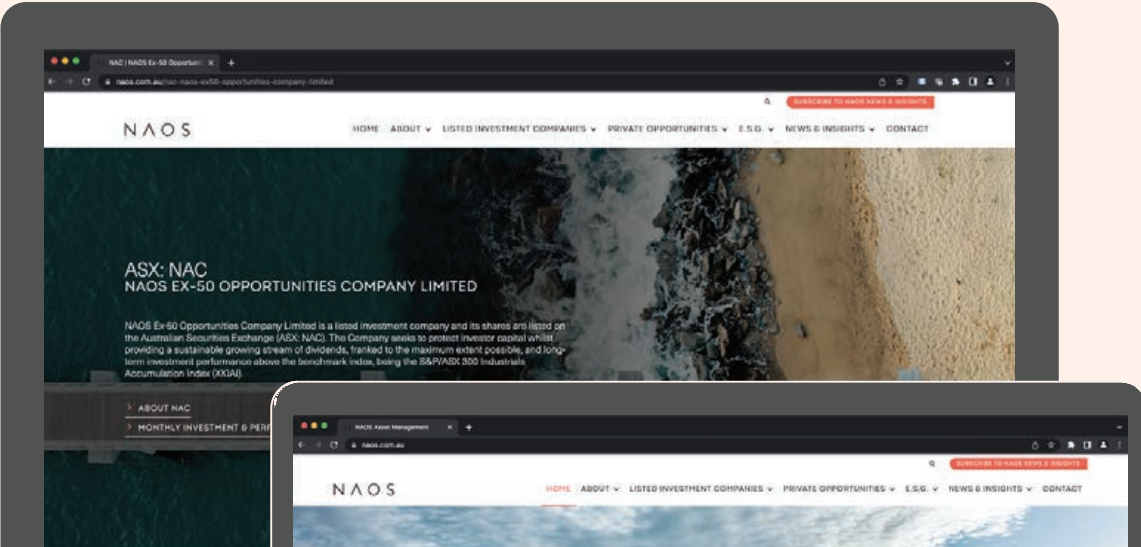
Hayley joined NAOS in April 2022 as Marketing Coordinator.

Prior to NAOS, Hayley worked in numerous roles, from Australian fashion/interior designers to start-ups and media agencies, where she was responsible for graphic design, social media coordination, and event planning.

Hayley holds a Bachelor of Design from the University of New South Wales.

SHAREHOLDER COMMUNICATIONS

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



Dedicated to providing health care to Australians in remote communities



Supporting children aged 8–18 years, living in families impacted by mental illness

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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 2022.

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 273529) (the Investment Manager).

PRINCIPAL ACTIVITIES

The Company invests primarily in a concentrated portfolio of Australian listed equities through a long biased structure with the objective of providing investors with genuine exposure to emerging industrial companies, with a long-term value focus.

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
David Rickards OAM (Independent Chair)	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
Sarah Williams	31 January 2019	31 January 2019 – present

The qualifications and experience of each person who has been a Director of the Company at any time since 1 July 2021 are provided below.

DIRECTORS' INFORMATION

David Rickards OAM – Independent Chair

David has been a Director and Chair of the Company since inception (8 May 2014). David is also a Director and Chair of NAOS Emerging Opportunities Company Limited (ASX: NCC) and an independent Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC). He is also Co-Founder of Social Enterprise Finance Australia (Sefa) and until recently was a director and treasurer of Bush Heritage Australia.

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 Master 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).

Warwick Evans – Non-independent Director

Warwick Evans has been a Director of the Company since inception (8 May 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.

DIRECTORS' INFORMATION (CONTINUED)

Sebastian Evans – Non-independent Director

Sebastian Evans has been a Director of the Company since inception (8 May 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 (MAppFin) majoring in investment management 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.

Sarah Williams – Independent Director

Sarah Williams was appointed as a Director of the Company on 31 January 2019. Sarah is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC).

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 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 Pricewaterhouse Coopers 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 and has also studied at the Harvard Business School.

COMPANY SECRETARY

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

Name	Appointment Date	Period of Office
Sebastian Evans	10 July 2019	10 July 2019 – present
Rajiv Sharma	12 March 2021	12 March 2021 – 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 12 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 2022.

Year ended 30 June 2022	Eligible to attend	Attended
David Rickards (Chair)	12	12
Warwick Evans (Director)	12	12
Sebastian Evans (Director)	12	12
Sarah Williams (Director)	12	12

DIRECTORS' REPORT

Continued

REVIEW OF OPERATIONS

The Company's operating loss before tax for the year ended 30 June 2022 was \$26,195,393 (30 June 2021: operating profit before tax of \$27,449,732), and operating loss after tax for the year was \$18,287,297 (30 June 2021: operating profit after tax of \$19,365,236). The loss for the year is primarily attributable to the performance of the investment portfolio, which in a challenging year for equities returned -28.36% for the financial year, compared to the Benchmark S&P/ASX 300 Industrials Accumulation Index, which returned -8.17% for the financial year.

The post-tax Net Tangible Asset ('NTA') value per share of the Company has decreased from \$1.44 to \$0.96 over the year, which was mainly driven by the negative performance of the investment portfolio, and also reflects the 6.35 cents per share of fully franked dividends paid to shareholders during the year.

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 2,405,526 shares were bought back for a total consideration of \$2,641,606. 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 effective use of the Company's capital and thus in the interests of all shareholders.

During the year, 3,120,315 bonus options (ASX: NACOA) were exercised and converted into ordinary shares. As at 30 June 2022, 19,948,972 bonus options remain unexercised. The bonus options have an exercise price of \$1.03 and an expiry date of 31 March 2023.

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 2022 was \$43,106,483 (2021: \$63,710,353). Further information on the financial position of the Company is included in the Chair's Letter.

DIVIDENDS PAID OR PAYABLE

Year ended 30 June 2022	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2021 Final quarterly interim 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
	6.35	2,888,906		

Year ended 30 June 2021	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2020 Final quarterly interim dividend (declared 20 August 2020)	1.20	556,292	100%	16 September 2020
2021 First quarterly interim dividend (declared 15 October 2020)	1.40	631,817	100%	26 November 2020
2021 Second quarterly interim dividend (declared 18 February 2021)	1.40	624,033	100%	18 March 2021
2021 Third quarterly interim dividend (declared 21 April 2021)	1.40	624,597	100%	26 May 2021
	5.40	2,436,739		

Since 30 June 2022, the Board has declared a final dividend of 1.10 cents per share, fully franked, to be paid on 21 September 2022.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

On 18 August 2022, the Company declared a fully franked dividend of 1.10 cents per share, to be paid on 21 September 2022.

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 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).

DIRECTORS' REPORT

Continued

REMUNERATION REPORT – AUDITED (CONTINUED)

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' 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 2022 and 30 June 2021 are disclosed below:

	Short-term employee benefits Directors' fees \$	Post- employment benefit superannuation \$	Total \$
30 June 2022			
David Rickards (Chair)	27,273	2,727	30,000
Warwick Evans (Director)	9,091	909	10,000
Sarah Williams (Director)	13,636	1,364	15,000
Sebastian Evans (Director)	–	–	–
	50,000	5,000	55,000

	Short-term employee benefits Directors' fees \$	Post- employment benefit superannuation \$	Total \$
30 June 2021			
David Rickards (Chair)	27,397	2,603	30,000
Warwick Evans (Director)	9,132	868	10,000
Sarah Williams (Director)	13,699	1,301	15,000
Sebastian Evans (Director)	–	–	–
	50,228	4,772	55,000

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

Interests in Shares and Options of the Company

During the year ended 30 June 2022 and the year ended 30 June 2021, 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 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
Warwick Evans (Director)	1,677,462	229,581	–	1,907,043
Sebastian Evans (Director)	5,580,226	6,307	–	5,586,533
Sarah Williams (Director)	15,658	947	–	16,605

REMUNERATION REPORT – AUDITED (CONTINUED)

Interests in Shares and Options of the Company (continued)

Ordinary shares Year ended 30 June 2021	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
David Rickards (Chair)	756,238	93,683	–	849,921
Warwick Evans (Director)	1,651,532	25,930	–	1,677,462
Sebastian Evans (Director)	5,543,104	466,336	(429,214)	5,580,226
Sarah Williams (Director)	15,463	195	–	15,658

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
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,319,672	124,000	–	2,443,672
Sarah Williams (Director)	7,731	–	–	7,731

Bonus options Year Ended 30 June 2021	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
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,771,323	–	(451,651)	2,319,672
Sarah Williams (Director)	7,731	–	–	7,731

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.

	2022	2021	2020	2019	2018
Operating profit/(loss) after tax (\$)	(18,287,297)	19,365,236	4,113,325	(1,058,206)	3,880,720
Fully franked dividends (cents per share)	5.90	5.75	5.25	5.25	5.25
NTA after tax (\$ per share)	0.96	1.44	1.05	1.01	1.09
Total Directors' remuneration (\$)	55,000	55,000	55,000	46,250	40,000
Number of Directors	4	4	4	4	3
Shareholder's equity (\$)	43,106,483	63,710,353	49,621,846	52,572,209	57,440,990

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*.



Sebastian Evans
Director

18 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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

18 August 2022

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 2022, 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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu
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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 2022, 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 2022 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><u>Valuation and existence of Level 1 financial assets held at fair value through profit or loss</u></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 2022, the Company's listed equity securities held at fair value through profit or loss totaled circa \$55 million as disclosed in Notes 7 and 17.</p> <p>Listed equity securities are fair valued using the unadjusted last sale price quoted on the Australian Securities Exchange. Changes in the fair value of the listed securities are recognised through profit or loss.</p> <p>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.</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; • 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 2022, including purchases, sales, other relevant transactions. <p>We also assessed the appropriateness of the disclosures in Notes 7 and 17 to the financial statements.</p>

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Deloitte

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 2022 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 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 2022.

In our opinion, the Remuneration Report of NAOS Ex-50 Opportunities Company Limited, for the year ended 30 June 2022, 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

David Salmon
Partner
Chartered Accountants
Canberra, 18 August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Income	3	(23,216,963)	33,290,733
Expenses			
Management fees	16	(1,412,316)	(1,315,038)
Performance fees	16	–	(3,254,319)
Interest expense on convertible notes		(962,500)	(595,959)
Amortisation expense on convertible note		(82,009)	(50,553)
Administration fees		(60,958)	(60,748)
Directors' remuneration		(55,000)	(55,000)
Australian securities exchange fees		(53,337)	(52,128)
Auditor's remuneration	12	(49,980)	(52,400)
Custody fees		(37,499)	(34,750)
Registry fees		(46,591)	(56,105)
Other expenses		(218,240)	(314,001)
(Loss)/profit before income tax		(26,195,393)	27,449,732
Income tax benefit/(expense)	4(a)	7,908,096	(8,084,496)
(Loss)/profit for the year attributable to shareholders of the Company		(18,287,297)	19,365,236
Other comprehensive income for the year, net of tax		–	–
Total comprehensive (loss)/income for the year attributable to shareholders of the Company		(18,287,297)	19,365,236
Basic and diluted (loss)/earnings per share (cents per share)	18	(39.92)	42.74

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	As at 30 June 2022 \$	As at 30 June 2021 \$
Assets			
Current Assets			
Cash and cash equivalents	13(a)	2,344,784	234,048
Trade and other receivables	6	3,077,811	459,323
Financial assets at fair value through profit or loss	7	54,991,358	90,911,910
Total current assets		60,413,953	91,605,281
Non-current Assets			
Deferred tax assets	4(b)	2,302,889	1,128,684
Total non-current assets		2,302,889	1,128,684
Total assets		62,716,842	92,733,965
Liabilities			
Current liabilities			
Provision for income tax	4(d)	–	948,989
Trade and other payables	8	2,541,297	3,992,953
Total current liabilities		2,541,297	4,941,942
Non-current liabilities			
Deferred tax liabilities	4(c)	–	7,094,617
Borrowings	9	17,069,062	16,987,053
Total non-current liabilities		17,069,062	24,081,670
Total liabilities		19,610,359	29,023,612
Net assets		43,106,483	63,710,353
Equity			
Issued capital	10	46,406,960	45,834,627
Profits reserve	11(a)	22,776,695	24,789,804
Accumulated losses	11(b)	(26,077,172)	(6,914,078)
Total equity		43,106,483	63,710,353

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 2022

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	48,674,617	7,861,307	(6,914,078)	49,621,846
Profit for the year	–	–	19,365,236	19,365,236
Transfer to profits reserve	–	19,365,236	(19,365,236)	–
Dividends paid	–	(2,436,739)	–	(2,436,739)
DRP shares allotted	207,103	–	–	207,103
Purchase of shares on market for DRP	(207,103)	–	–	(207,103)
Share options exercised	739,115	–	–	739,115
Shares bought back from shareholders	(3,579,105)	–	–	(3,579,105)
Balance at 30 June 2021	45,834,627	24,789,804	(6,914,078)	63,710,353
Balance at 30 June 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)
DRP shares allotted	280,544	–	–	280,544
Purchase of shares on market for DRP	(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

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 2022

	Notes	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Cash flows from operating activities			
Payments for purchases of investments at fair value through profit or loss		(78,302,433)	(92,545,698)
Proceeds from sale of investments at fair value through profit or loss		89,657,374	83,841,050
Dividends received		779,792	682,841
Interest received		61	1,551
Income tax paid		(1,523,419)	(1,428,658)
Management fees paid		(1,465,995)	(1,248,900)
Performance fee paid		(3,492,440)	–
Interest paid on convertible notes		(963,218)	(350,894)
Directors' remuneration paid		(55,000)	(55,000)
Administration and tax service fee paid		(75,572)	(81,468)
ASX fees paid		(53,337)	(52,128)
Audit fees paid		(53,393)	(50,989)
Custody fees paid		(38,835)	(37,438)
Registry fees paid		(43,791)	(50,593)
Other receipts		248,178	136,798
Other payments		(199,951)	(468,812)
Net cash provided by/(used in) operating activities	13(b)	4,418,021	(11,708,338)
Cash flows from financing activities			
Dividends paid net of amounts reinvested		(2,599,074)	(2,218,013)
Purchase of shares on market for dividend reinvestment plan		(280,544)	(207,103)
Share buybacks		(2,641,606)	(3,579,105)
Share options exercised		3,213,939	739,115
Net proceeds from issue of convertible notes		–	16,936,500
Net cash (used in)/provided by financing activities		(2,307,285)	11,671,394
Net increase/(decrease) in cash and cash equivalents		2,110,736	(36,944)
Cash and cash equivalents at the beginning of the financial year		234,048	270,992
Cash and cash equivalents at end of year	13(a)	2,344,784	234,048

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 18 August 2022.

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. Refer to Note 1(r) for critical accounting judgements and key sources of estimation uncertainty.

b) Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified to conform with current year presentation.

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.

Interest, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Investments in Financial Instruments (continued)

Impairment of Financial Assets (continued)

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.

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 utilised.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Income Tax

The Company has recognised deferred tax assets relating to unrealised losses on investments of \$2,239,944 as at 30 June 2022. The utilisation of deferred tax assets depends on the ability of the Company to generate future taxable profits. The Company considers that it is probable that future taxable profits will be available to utilise those deferred tax assets. This assessment is supported by the Investment Manager's long-term performance and profitability. New information may become available that may cause the Company to change its judgement regarding calculation of tax balances, and such changes will impact the profit or loss in the period that such determination is made.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

3. INCOME

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Net (losses)/gains on financial instruments held at fair value through profit or loss	(23,862,652)	32,472,176
Interest income	61	1,551
Dividend income	645,628	817,006
	(23,216,963)	33,290,733

4. INCOME TAX

a) Income Tax (benefit)/expense

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

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Prima facie income tax (benefit)/expense calculated at 30%	(7,858,618)	8,234,921
Less the tax effect of:		
Imputation credit gross up	30,376	53,584
Franking credit offset	(101,254)	(178,613)
Other non-assessable items	21,400	(25,396)
	(7,908,096)	8,084,496
Effective tax rate	30%	29%

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Total Income tax (benefit)/expense results in a:		
Current tax liability	360,727	2,377,647
Change in deferred tax liability	(7,094,617)	5,351,184
Change in deferred tax asset	(1,174,206)	355,665
	(7,908,096)	8,084,496

4. INCOME TAX (CONTINUED)

b) Deferred tax assets

	As at 30 June 2022 \$	As at 30 June 2021 \$
Unrealised losses	2,239,944	–
Accruals	13,455	1,062,837
Capitalised share issue costs	49,490	65,847
	2,302,889	1,128,684

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Movement in deferred tax assets		
Balance at the beginning of the period	1,128,684	1,484,349
Credited/(charged) to the Statement of Profit or Loss and Comprehensive Income	1,190,562	(391,651)
Capitalised share issue and placement costs	(16,357)	35,986
At reporting date	2,302,889	1,128,684

c) Deferred tax liabilities

	As at 30 June 2022 \$	As at 30 June 2021 \$
Temporary differences in relation to:		
Unrealised gains on investments	–	7,094,617

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Movement in deferred tax liabilities		
Balance at the beginning of the year	7,094,617	1,743,433
(Credited)/charged to the Statement of Profit or Loss and Comprehensive Income	(7,094,617)	5,351,184
At reporting date	–	7,094,617

d) Current Tax Liabilities

	As at 30 June 2022 \$	As at 30 June 2021 \$
Balance at the beginning of the year	948,989	–
Current year income tax on operating profit	360,727	2,377,647
Income tax receivable	213,703	–
Income tax paid	(1,523,419)	(1,428,658)
At reporting date	–	948,989

NOTES TO THE FINANCIAL STATEMENTS

Continued

5. DIVIDEND PAID AND PAYABLE

Year ended 30 June 2022	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2021 Final quarterly interim dividend (declared 20 August 2020)	1.55	697,602	100%	20 September 2021
2022 First quarterly interim dividend (declared 15 October 2020)	1.60	739,513	100%	30 November 2021
2022 Second quarterly interim dividend (declared 18 February 2021)	1.60	727,610	100%	25 March 2022
2022 Third quarterly interim dividend (declared 21 April 2021)	1.60	724,181	100%	6 June 2022
		2,888,906		

Year ended 30 June 2021	Dividend (cents per share)	Total \$ amount	% Franked	Date of payment
2020 Final quarterly interim dividend (declared 22 August 2019)	1.20	556,292	100%	16 September 2020
2021 First quarterly interim dividend (declared 17 October 2019)	1.40	631,817	100%	26 November 2020
2021 Second quarterly interim dividend (declared 20 February 2020)	1.40	624,033	100%	18 March 2021
2021 Third quarterly interim dividend (declared 18 May 2020)	1.40	624,597	100%	26 May 2021
		2,436,739		

As at 30 June 2022, the outstanding dividend payable was \$45,888 (30 June 2021: \$36,600).

Dividend Franking Information

	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Franking credits available for shareholders from previous financial periods	631,267	68,311
Impact on the franking account of dividends paid during the period	(1,238,105)	(1,044,316)
Impact on the franking account of dividends received during the period	101,254	178,613
Impact on franking account of income tax paid	1,523,416	1,428,659
Franking account balance at reporting date	1,017,832	631,267

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.

6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 \$	As at 30 June 2021 \$
GST receivable	37,772	285,950
Unsettled trade receivables	2,795,647	–
Prepaid expenses	30,689	39,208
Income tax receivable	213,703	–
Dividends receivable	–	134,165
Total	3,077,811	459,323

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 (2021: \$nil).

7. INVESTMENTS IN FINANCIAL INSTRUMENTS

Financial assets at fair value through Profit or Loss

	As at 30 June 2022 \$	As at 30 June 2021 \$
Investment in listed equities	54,915,643	81,957,610
Investment in listed options	75,715	–
Investment in unlisted options	–	54,705
Investment in listed unit trusts	–	8,899,595
Total financial assets at fair value through profit or loss	54,991,358	90,911,910

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 2022 \$	As at 30 June 2021 \$
Auditor’s remuneration payable	16,082	19,495
Management fees payable	92,722	146,401
Unsettled trades payable	2,102,722	10,033
Performance fees payable	–	3,492,440
Interest payable on convertible notes	244,347	245,066
Other payables	85,424	79,518
Total	2,541,297	3,992,953

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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

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 2022, a total of \$244,347 interest is payable on the convertible notes.

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Opening balance of convertible notes	16,987,053	–
Issue of convertible notes	–	17,500,000
Less issue costs	–	(563,500)
Add amortisation of costs for period	82,009	50,553
Closing balance of convertible notes	17,069,062	16,987,053

10. ISSUED CAPITAL

	30 June 2022		30 June 2021	
	No of Shares	\$	No of Shares	\$
Issued and paid-up capital – Ordinary shares	45,006,821	46,406,960	44,292,032	45,834,627

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:

- (a) 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*;
- (b) 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);
- (c) the right to receive dividends;
- (d) 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
- (e) subject to the *Corporations Act 2001* and the ASX Listing Rules, shares are fully transferable.

10. ISSUED CAPITAL (CONTINUED)

Movements in Ordinary Share Capital

	No of shares	\$
Opening balance 1 July 2020	47,181,404	48,674,617
DRP Shares allotted	259,865	207,103
Purchase of shares on market for Dividend Reinvestment Plan	(259,865)	(207,103)
Share buybacks	(3,606,955)	(3,579,105)
Share options exercised	717,583	739,115
Closing balance 30 June 2021	44,292,032	45,834,627
Opening balance 1 July 2021	44,292,032	45,834,627
DRP Shares allotted	260,521	280,544
Purchase of shares on market for Dividend Reinvestment Plan	(260,521)	(280,544)
Share buybacks	(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

During the 2022 financial year, a total of 3,120,315 bonus options were exercised, and 19,948,972 options remain unexercised as at 30 June 2022.

11. PROFITS RESERVE AND ACCUMULATED LOSSES

a) Profits Reserve

	30 June 2022	30 June 2021
	\$	\$
Balance at the beginning of the year	24,789,804	7,861,307
Transfer to profits reserve	875,797	19,365,236
Dividends paid	(2,888,906)	(2,436,739)
Balance at Reporting Date	22,776,695	24,789,804

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 2022	30 June 2021
	\$	\$
Balance at the beginning of the year	(6,914,078)	(6,914,078)
Transfer to profits reserve	(875,797)	(19,365,236)
(Loss)/profit for the year attributable to the members of the Company	(18,287,297)	19,365,236
Balance at Reporting Date	(26,077,172)	(6,914,078)

NOTES TO THE FINANCIAL STATEMENTS

Continued

12. AUDITOR'S REMUNERATION

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

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Audit and other assurance services – Deloitte Touche Tohmatsu		
Audit and review of financial reports	49,980	46,900
Agreed-upon procedures on convertible notes issued	–	5,500
Total remuneration for audit and other assurance services	49,980	52,400
Taxation services		
Tax compliance services	6,600	6,600
Total remuneration for non-audit services	6,600	6,600
Total remuneration	56,580	59,000

13. CASH AND CASH EQUIVALENTS

a) Components of Cash and Cash Equivalents

	As at 30 June 2022	As at 30 June 2021
	\$	\$
Cash at bank	2,344,784	234,048

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

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
(Loss)/profit for the year attributable to shareholders after tax	(18,287,297)	19,365,236
Adjustments for:		
Change in value of financial assets held at fair value through profit or loss	35,920,552	(41,029,143)
Income tax (benefit)/expense recognised in the Statement of Profit or Loss and Other Comprehensive Income	(7,908,096)	8,084,496
Income tax paid	(1,523,419)	(1,428,658)
Income tax receivable	213,703	–
Amortisation expense on convertible notes	82,009	50,553
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,618,488)	8,434
(Decrease)/increase in trade and other payables	(1,460,943)	3,240,744
Net cash provided by/(used by) operating activities	4,418,021	(11,708,338)

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 2022 was \$55,000 (2021: \$55,000).

Other than the disclosure at Note 16 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 2022, NAOS Asset Management Limited holds 5,420,000 shares (12.04%) (2021: 5,420,000 shares (12.24%)) in the Company, and 2,366,156 options (2021: 2,242,156).

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 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
Warwick Evans (Director)	1,677,462	229,581	–	1,907,043
Sebastian Evans (Director)	5,580,226	6,307	–	5,586,533
Sarah Williams (Director)	15,658	947	–	16,605

Ordinary shares Year ended 30 June 2021	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
David Rickards (Chair)	756,238	93,683	–	849,921
Warwick Evans (Director)	1,651,532	25,930	–	1,677,462
Sebastian Evans (Director)	5,543,104	466,336	(429,214)	5,580,226
Sarah Williams (Director)	15,463	195	–	15,658

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
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,319,672	124,000	–	2,443,672
Sarah Williams (Director)	7,731	–	–	7,731

NOTES TO THE FINANCIAL STATEMENTS

Continued

14. KEY MANAGEMENT PERSONNEL (CONTINUED)

b) Related Party Shareholdings (continued)

Holdings of Shares by Key Management Personnel (continued)

Bonus options Year ended 30 June 2021	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
Warwick Evans (Director)	821,568	–	–	821,568
Sebastian Evans (Director)	2,771,323	–	(451,651)	2,319,672
Sarah Williams (Director)	7,731	–	–	7,731

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's 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 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 2022:

- Management fees of \$1,412,316 (2021: \$1,315,038) (excluding RITC*) were incurred during the year.
- Management fees payable at 30 June 2022 were \$92,722 (2021: \$146,401) (excluding 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 2022:

- Performance fees of \$nil (2021: \$3,254,319) (excluding RITC*) were incurred during the year.
- Performance fees payable at 30 June 2022 were \$nil (2021: \$3,492,440 (including RITC*).

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

In addition, for the year ended 30 June 2022 the Investment Manager was paid total fees of \$89,000 for the provision of company secretarial, administrative, financial and accounting services under the terms of a services agreement (2021: \$89,000).

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.

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 tradable 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Market risk (continued)

(i) Interest Rate Risk (continued)

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

	Floating interest rate \$	Non-interest bearing \$	Total \$
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

	Floating interest rate \$	Non-interest bearing \$	Total \$
30 June 2021			
Assets			
Cash and cash equivalents	234,048	–	234,048
Trade and other receivables	–	459,323	459,323
Financial assets at fair value through profit or loss	–	90,911,910	90,911,910
Total assets	234,048	91,371,233	91,605,281
Liabilities			
Trade and other payables	–	3,992,953	3,992,953
Total liabilities	–	3,992,953	3,992,953
Net exposure	234,048	87,378,280	87,612,328

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 2022		
AUD interest rate	250bps/(250bps)	58,620/(58,620)
30 June 2021		
AUD interest rate	250bps/(250bps)	5,851/(5,851)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Market risk (continued)

(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 2022 and 2021, 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 2022	(5,499,136)	5,499,136
30 June 2021	(9,091,191)	9,091,191

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

Industry	% of Portfolio	
	30 June 2022	30 June 2021
Real Estate	33.54%	26.77%
Information Technology	23.19%	52.25%
Travel & Leisure	15.37%	20.64%
Financials	14.46%	0.00%
Industrials	12.72%	0.26%
Commercial & Professional Services	0.72%	0.01%
Healthcare	0.00%	0.07%
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 tradable securities which (if liquidity is available), can be sold on the market if necessary.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2022 and 30 June 2021 to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

Continued

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity Risk (continued)

	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
30 June 2021					
Trade and other payables	3,992,953	–	–	3,992,953	3,992,953
Borrowings	–	–	17,500,000	17,500,000	16,987,053
Total financial liabilities	3,992,953	–	17,500,000	21,492,953	20,980,006

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. As at 30 June 2022 the Company had \$nil (2021: \$54,705) financial instruments classified as 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)

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

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	90,857,205	54,705	–	90,911,910
Total	90,857,205	54,705	–	90,911,910

e) Capital Management

The Company's objectives for managing capital are:

- to achieve consistent returns 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 2022 cents	Year ended 30 June 2021 cents
Basic and diluted (loss)/earnings per share	(39.92)	42.74

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	45,814,565	45,310,497

	\$	\$
Net (loss)/profit used in the calculation of basic and diluted (losses)/earnings per share	(18,287,297)	19,365,236

19. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at 30 June 2022 (30 June 2021: Nil).

20. SUBSEQUENT EVENTS

On 18 August 2022, the Company declared a fully franked dividend of 1.10 cents per share, to be paid on 21 September 2022.

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 2022;
- 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



Sebastian Evans
Director

18 August 2022

ADDITIONAL INFORMATION

This section contains additional information required by the Australian Securities Exchange Limited Listing Rules, and has not been disclosed elsewhere in the report.

INVESTMENT PORTFOLIO

As at 30 June 2022 the Company held the following investments:

BSA Limited Listed Options	Lifestyle Communities Limited
COG Financial Services Limited	Maxiparts Limited
Dicker Data Limited	Objective Corporation Limited
Eureka Group Holdings Limited	PWR Holdings Limited
Event Hospitality and Entertainment Limited	Qualitas Limited
Experience Co. Limited	Urbanise.com Limited
Gentrack Group Limited	Move Logistics Group Limited

During the financial year ended 30 June 2022, the Company had 817 (2021: 736) transactions in investment securities. Total brokerage fees incurred during the year ended 30 June 2022 were \$738,592 (2021: \$739,692).

20 LARGEST SHAREHOLDERS

Details of the 20 largest ordinary shareholders and their respective holdings as at 31 July 2022.

Shareholders	Ordinary shares held	% of issued shares
NAOS Asset Management Limited	5,420,000	11.32%
Nivesa Pty Ltd	1,307,043	2.91%
Myall Resources Pty Ltd	1,213,392	2.70%
Petsaldage Pty Ltd	830,602	1.85%
Gold Tiger Investments Pty Ltd	750,000	1.67%
Lonceta Pty Ltd	662,700	1.47%
Alex Land Pty Ltd	645,633	1.44%
W W E Investments Pty Ltd	600,000	1.33%
Radell Pty Ltd	555,000	1.23%
Wallbay Pty Ltd	417,387	0.93%
R & G Holdings Pty Ltd	367,624	0.82%
Vasnan Pty Ltd	340,000	0.76%
Lactic Investment Managers Pty Ltd	300,000	0.67%
Bond Street Custodians Ltd	300,000	0.67%
Mrs Anne Elizabeth Scott	275,000	0.61%
Mr Paul James Menary	250,000	0.56%
Honnery Cahill Nominees Pty Ltd	246,621	0.55%
Mr Grant David Newton & Mrs Kathryn Jane Clark	222,473	0.49%
Castle Partners Pty Ltd	220,000	0.49%
BT Portfolio Services Limited	212,300	0.47%
Total	15,135,775	32.94%

ADDITIONAL INFORMATION

Continued

SUBSTANTIAL SHAREHOLDERS

Shareholders	Ordinary shares held	% of issued shares
NAOS Asset Management Limited	5,420,000	11.32%

DISTRIBUTION OF ORDINARY SHARES

Analysis of ordinary shares by size of shareholders as at 31 July 2022.

Category	Number of shareholders	Ordinary shares held	% of issued shares
1–1,000	114	47,982	0.11%
1,001–5,000	174	519,921	1.16%
5,001–10,000	142	1,126,734	2.51%
10,001–100,000	525	20,059,753	44.61%
100,001 and over	76	23,212,431	51.61%
Total	1,031	44,966,821	100.00%

20 LARGEST OPTIONHOLDERS

Details of the 20 largest optionholders and their respective holdings as at 31 July 2022.

Optionholders	Options held	% of issued options
NAOS Asset Management Limited	2,366,156	11.86%
Jetosea Pty Ltd	1,450,844	7.27%
Perpetual Corporate Trust Ltd	1,148,631	5.76%
Mr Philip John Brown	707,000	3.54%
Munrose Investments Pty Ltd	669,149	3.35%
Nivesa Pty Ltd	621,568	3.12%
Jetosea Pty Ltd	618,201	3.10%
Myall Resources Pty Ltd	606,696	3.04%
Equitas Nominees Pty Limited	520,000	2.61%
Gold Tiger Investments Pty Ltd	375,000	1.88%
Petsaldage Pty Ltd	371,875	1.86%
Tulloch Equities Pty Ltd	350,000	1.75%
Mr Brett James Rudd	346,209	1.74%
Alex Land Pty Limited	284,344	1.43%
Dr Alan Donovan	231,315	1.16%
Mrs Anne Elizabeth Scott	225,000	1.13%
Vasnan Pty Ltd	218,750	1.10%
W W E Investments Pty Ltd	200,000	1.00%
Mr Rupert Featherstonehaugh French	200,000	1.00%
Mr David Ariti	195,000	0.98%
Total	11,705,738	58.68%

SUBSTANTIAL OPTIONHOLDERS

Optionholders	Options held	% of issued options
NAOS Asset Management Limited	2,366,156	11.86%

DISTRIBUTION OF OPTIONS

Analysis of ordinary shares by size of shareholders as at 31 July 2022.

Category	Number of optionholders	Options held	% of issued options
1–1,000	75	36,059	0.18%
1,001–5,000	117	305,630	1.53%
5,001–10,000	59	453,104	2.27%
10,001–100,000	148	5,510,544	27.62%
100,001 and over	33	13,643,635	68.40%
Total	432	19,948,972	100.00%

20 LARGEST CONVERTIBLE NOTE HOLDERS

Details of the 20 largest convertible note holders and their respective holdings as at 31 July 2022.

Convertible note holders	Convertible notes held	% of issued convertible notes
Jetosea Pty Ltd	11,980	6.85%
Mutual Trust Pty Ltd	8,978	5.13%
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	3,990	2.28%
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%
Vantage Capital Management Pty Ltd	2,300	1.31%
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%
Australian Executor Trustees Limited	1,948	1.11%
Total	81,360	46.49%

ADDITIONAL INFORMATION

Continued

SUBSTANTIAL CONVERTIBLE NOTE HOLDERS

Convertible note holders	Convertible notes held	% of issued convertible notes
Jetosea Pty Ltd	11,980	6.85%

DISTRIBUTION OF CONVERTIBLE NOTES

Analysis of ordinary shares by size of convertible note holders as at 31 July 2022.

Category	Number of convertible note holders	Convertible notes held	% of issued notes
1–1,000	208	68,828	39.33%
1,001–5,000	33	73,294	41.88%
5,001–10,000	3	20,898	11.94%
10,001–100,000	1	11,980	6.85%
100,001 and over	–	–	–
Total	245	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, bonus options and convertible notes (ASX code: NAC, NACOA and NACGA respectively) of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

BUYBACK

For the financial year ended 30 June 2022 the Company has bought back a total of 2,405,526 shares for a consideration of \$2,641,606 (2021: 3,606,955 shares for a consideration of \$3,579,105).

UNMARKETABLE PARCELS

As at 31 July 2022, the number of shareholdings held in less than marketable parcels was 68.

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

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

COMPANY SECRETARY

Sebastian Evans
Rajiv Sharma

REGISTERED OFFICE

Level 34
25 Martin Place
Sydney NSW 2000

INVESTMENT MANAGER

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Level 34
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(Australian Financial Services Licence Number: 273529)

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AUDITOR

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