

NAOS EMERGING
OPPORTUNITIES
COMPANY LIMITED

(ASX: NCC)

ABN 58 161 106 510



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NAOS Emerging Opportunities Company Limited

ASX Code: NCC ACN: 161 106 510

Appendix 4D | Results for Announcement to the Market

Results Announcement for the half year ended 31 December 2022

All comparisons are to the half year ended 31 December 2021

| | \$ | up/down | % change |
|--|-----------------|--------------------------|-----------------------|
| Revenue from ordinary activities | 1,336,331 | down | -74% |
| Profit / (Loss) from ordinary activities before tax attributable to shareholders | (100,921) | down | -103% |
| Profit / (Loss) from ordinary activities after tax attributable to shareholders | 435,284 | down | -88% |
| Dividend Information | Cents per share | Franked amount per share | Tax rate for franking |
| 2023 Interim dividend | 3.75c | 1.875c | 25% |
| 2022 Final dividend | 3.75c | 1.875c | 25% |
| Interim Dividend Dates | | | |
| Ex-dividend date | | | 27 March 2023 |
| Record date | | | 28 March 2023 |
| Last date for DRP election | | | 29 March 2023 |
| Payment date | | | 20 April 2023 |
| Dividend Reinvestment Plan | | | |
| The Dividend Reinvestment Plan is in operation and the recommended partially franked interim dividend of 3.75 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules. | | | |
| | 31 Dec 2022 | 31 Dec 2021 | |
| | \$ | \$ | |
| (Post Tax) Net tangible asset backing per share | 0.90 | 1.19 | |
| This report is based on the half-year financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2022 Annual Financial Report. | | | |

NAOS Emerging Opportunities Company Limited

ACN 161 106 510

Financial report for the half-year ended 31 December 2022

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Directors' Report

The Directors of NAOS Emerging Opportunities Company Limited ACN 161 106 510 ("the Company"), submit their half-year report for the Company for the half-year ended 31 December 2022.

Company Information

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

Principal activities

The Company invests primarily in a concentrated portfolio of Australian listed equities that are not included in the S&P/ASX 100 Index with the objective of providing investors with genuine exposure to emerging industrial companies, with a long-term value focus.

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

| Name | Title |
|--------------------|--|
| Sarah Williams | Independent Chair (elected as Chair on 1 December 2022) |
| David Rickards OAM | Independent Director (retired as Chair on 1 December 2022) |
| Warwick Evans | Director |
| Sebastian Evans | Director |

Results and Review of Operations

The Company's operating loss before tax for the half-year 31 December 2022 was \$100,921 (31 December 2021: operating profit before tax of \$3,581,439), and operating profit after tax for the half year was \$435,284 (31 December 2021: operating profit after tax of \$3,492,862). The investment portfolio produced a return of +1.15% for the 6-month period ended 31 December 2022, while the benchmark S&P/ASX Small Ordinaries Accumulation Index returned +7.03% over the same period. The macro backdrop remained highly volatile during the period as central banks continued on their quest to rein in inflation, and the demand for large and liquid equities far outweighed that of less liquid businesses.

The post-tax Net Tangible Assets ("NTA") per share of the Company decreased from \$0.93 at 30 June 2022 to \$0.90 at 31 December 2022. After adjusting for the 3.75 cents per share of partially (50%) franked dividends paid during the 6-month period to 31 December 2022, the NTA return was +0.8%.

Total shareholder return ("TSR"), which measures the change in share price and dividends paid during the period, fell by -4.78% for the 6 months to 31 December 2022. This decrease was driven by the share price discount to NTA increasing over the period. This measure does not include the benefit of franking credits received by shareholders.

Subsequent Events

Since the end of the half-year, the Directors declared an interim dividend of 3.75 cents per share, 50% franked, to be paid on 20 April 2023.

There has been no other matter or circumstance occurring subsequent to the end of the half-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.

Directors' Report (continued)

Rounding

In accordance with ASIC Corporation (rounding in Financials/Directors' Report) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

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 3.

This directors' report is signed in accordance with a resolution of directors of the Company made pursuant to Section 306 (3) of the Corporations Act 2001.



Sebastian Evans
Director
23 February 2023

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

23 February 2023

Dear Directors,

NAOS Emerging 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 Emerging Opportunities Company Limited.

As lead audit partner for the review of the half-year financial statements of NAOS Emerging Opportunities Company Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of NAOS Emerging Opportunities Company Limited

Conclusion

We have reviewed the half-year financial report of NAOS Emerging Opportunities Company Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2022, and [the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date,



and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script, appearing to read "Jonathon Corbett".

Jonathon Corbett
Partner
Chartered Accountants

Sydney, 23 February 2023

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

| | Notes | Half-year ended 31 December 2022 \$ | Half-year ended 31 December 2021 \$ |
|---|-------|---|---|
| Income | 3 | 1,336,331 | 5,161,769 |
| Expenses | | | |
| Management fees | | (573,951) | (722,123) |
| Interest on convertible notes | | (521,753) | (521,753) |
| Administration fees | | (31,963) | (37,739) |
| Directors' remuneration | | (30,000) | (30,000) |
| ASX fees | | (32,775) | (35,931) |
| Registry fees | | (25,625) | (33,260) |
| Other expenses | | (221,185) | (199,524) |
| (Loss)/profit before income tax expense | | (100,921) | 3,581,439 |
| Income tax benefit/(expense) | | 536,205 | (88,577) |
| Profit for the half-year attributable to shareholders of the Company | | 435,284 | 3,492,862 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the half-year attributable to shareholders of the Company | | 435,284 | 3,492,862 |
| Basic earnings per share (cents per share) | | 0.60 | 4.74 |
| Diluted earnings per share (cents per share) | | 0.60 | 4.23 |

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

Condensed Statement of Financial Position as at 31 December 2022

| | Notes | As at 31 December 2022 \$ | As at 30 June 2022 \$ |
|---|-------|---------------------------------|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 94,542 | 261,536 |
| Trade and other receivables | | 483,454 | 890,931 |
| Financial assets at fair value through profit or loss | 5 | 85,880,835 | 88,546,599 |
| Total current assets | | 86,458,831 | 89,699,066 |
| Non-current assets | | | |
| Deferred tax assets | | 2,359,564 | 1,823,370 |
| Total non-current assets | | 2,359,564 | 1,823,370 |
| Total assets | | 88,818,395 | 91,522,436 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 597,092 | 1,044,755 |
| Total current liabilities | | 597,092 | 1,044,755 |
| Non-current liabilities | | | |
| Borrowings | 11 | 22,497,029 | 22,452,959 |
| Total non-current liabilities | | 22,497,029 | 22,452,959 |
| Total liabilities | | 23,094,121 | 23,497,714 |
| Net assets | | 65,724,274 | 68,024,722 |
| Equity | | | |
| Issued capital | 6 | 77,465,260 | 77,465,260 |
| Profits reserve | 7 | 30,276,949 | 33,012,681 |
| Accumulated losses | 7 | (42,017,935) | (42,453,219) |
| Total equity | | 65,724,274 | 68,024,722 |

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

Condensed Statement of Changes in Equity for the half-year ended 31 December 2022

| | Notes | Issued capital \$ | Profits Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
|--------------------------------------|-------|----------------------|--------------------------|-----------------------------|--------------------|
| Balance at 1 July 2021 | | 77,465,260 | 34,991,286 | (26,163,965) | 86,292,581 |
| Profit for the half-year | | - | - | 3,492,862 | 3,492,862 |
| Transfer to profits reserve | | - | 3,492,862 | (3,492,862) | - |
| Dividends paid | | - | (2,735,733) | - | (2,735,733) |
| Purchase of shares on-market for DRP | | (311,130) | - | - | (311,130) |
| DRP shares allotted | | 311,130 | - | - | 311,130 |
| Balance at 31 December 2021 | | 77,465,260 | 35,748,415 | (26,163,965) | 87,049,710 |
| Balance at 1 July 2022 | | 77,465,260 | 33,012,681 | (42,453,219) | 68,024,722 |
| Profit for the half-year | | - | - | 435,284 | 435,284 |
| Dividends paid | 4 | - | (2,735,732) | - | (2,735,732) |
| Purchase of shares on-market for DRP | | (342,757) | - | - | (342,757) |
| DRP shares allotted | | 342,757 | - | - | 342,757 |
| Balance at 31 December 2022 | 6, 7 | 77,465,260 | 30,276,949 | (42,017,935) | 65,724,274 |

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

Condensed Statement of Cash Flows for the half-year ended 31 December 2022

| | Notes | Half-year ended 31 December 2022 \$ | Half-year ended 31 December 2021 \$ |
|---|-------|---|---|
| Cash flows from operating activities | | | |
| Payments for purchase of investments | | (7,425,670) | (31,565,540) |
| Proceeds from sale of investments | | 9,455,397 | 33,510,444 |
| Dividends received | | 1,910,365 | 1,612,290 |
| Interest received | | 1,420 | 19 |
| Interest paid on convertible notes | | (548,297) | (453,720) |
| Management fees paid | | (576,902) | (719,715) |
| Income tax paid | | - | (151,711) |
| Administration and tax service fees paid | | (32,070) | (44,289) |
| Audit fees paid | | (40,681) | (39,046) |
| Registry fees paid | | (36,924) | (17,908) |
| ASX fees paid | | (32,775) | (35,931) |
| Other receipts | | 6,594 | 8,866 |
| Other payments | | (118,899) | (172,529) |
| Net cash provided by operating activities | | 2,561,558 | 1,931,230 |
| Cash flows from financing activities | | | |
| Dividends paid net of amounts reinvested | | (2,385,795) | (2,424,042) |
| Purchase of shares on-market for dividend reinvestment plan | | (342,757) | (311,130) |
| Net cash used in financing activities | | (2,728,552) | (2,735,172) |
| Net decrease in cash and cash equivalents | | (166,994) | (803,942) |
| Cash and cash equivalents at the beginning of the half-year | | 261,536 | 1,280,423 |
| Cash and cash equivalents at end of the half-year | | 94,542 | 476,481 |

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

Notes to the Condensed Financial Statements

1. Summary of significant accounting policies

These interim financial statements and notes for the half-year represent those of NAOS Emerging Opportunities Company Limited. The condensed financial statements were authorised for issue by the Directors on 23 February 2023.

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

(a) Basis of Preparation

This general purpose half-year condensed 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 condensed 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. The condensed Statement of Financial Position is presented on current and non-current assets, and current and non-current liabilities classifications.

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

(b) Prior Year Comparatives

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

(c) Statement of Compliance

The condensed half-year report is a general purpose financial report in accordance with the Corporations Act 2001 and AASB 134 *"Interim Financial reporting"*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards ("IFRS") IAS 34 *"Interim Financial reporting"*. The half-year report does not include notes of the type normally included in an annual report and should be read in conjunction with the annual report.

(d) Details of Reporting Half-year

The current reporting period is the half-year ended 31 December 2022. For the condensed Statement of Profit or Loss and Other Comprehensive Income, condensed Statement of Changes in Equity and the condensed Statement of Cash Flow, the previous corresponding period is the half-year ended 31 December 2021. For the condensed Statement of Financial Position, the previous corresponding date is 30 June 2022.

(e) Reporting Currency

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

(f) Going Concern Basis

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

Notes to the Condensed Financial Statements

2. Adoption of New and Revised Accounting Standards

New or amended Accounting Standard and Interpretations adopted in the current period

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

New Accounting Standards and Interpretations not yet adopted

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

3. Income

| | Half-year ended 31 December 2022 \$ | Half-year ended 31 December 2021 \$ |
|--|---|---|
| Net (losses)/gains on financial assets held at fair value through profit or loss | (575,454) | 3,550,210 |
| Interest income | 1,420 | 19 |
| Dividend income | 1,910,365 | 1,611,540 |
| Total income | 1,336,331 | 5,161,769 |

4. Dividend Paid or Payable

| Half-year ended 31 December 2022 | Dividend (cents per share) | Total \$ amount | % Franked | Date of payment |
|---|----------------------------------|--------------------|-----------|-----------------|
| 2022 Final dividend (declared 18 August 2022) | 3.75 | 2,735,732 | 50% | 28 October 2022 |
| Half-year ended 31 December 2021 | Dividend (cents per share) | Total \$ amount | % Franked | Date of payment |
| 2021 Final dividend (declared 19 August 2021) | 3.75 | 2,735,733 | 100% | 25 October 2021 |

Since the end of the half-year, the Directors declared an interim dividend of 3.75 cents per share, 50% franked, to be paid on 20 April 2023.

Notes to the Condensed Financial Statements

5. Investments in Financial Instruments

(a) Financial Assets at Fair Value through Profit or Loss

| | As at 31 December 2022 \$ | As at 30 June 2022 \$ |
|----------------------------------|---------------------------------|-----------------------------|
| Financial assets | | |
| Investments in listed equities | 79,896,740 | 85,677,831 |
| Investments in listed options | 155,065 | 342,408 |
| Investments in unlisted equities | 5,800,000 | 2,500,000 |
| Investments in unlisted options | 29,030 | 26,360 |
| Total | 85,880,835 | 88,546,599 |

(b) Financial Liabilities at Fair Value through Profit or Loss

There were no financial liabilities at fair value through profit or loss as at 31 December 2022 (30 June 2022: \$nil).

(c) Disclosed Fair Values

For all financial instruments their carrying value approximates fair value.

(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 arm's length basis.

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.

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.

The following table shows an analysis of financial instruments, recorded at fair value and presented by level of the fair value hierarchy:

Notes to the Condensed Financial Statements

5. Investments in Financial Instruments (continued)

(d) Fair Value Hierarchy (continued)

| | 31 December 2022 | | | |
|-------------------|-------------------|---------------|------------------|-------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Listed equities | 79,896,740 | - | - | 79,896,740 |
| Listed options | 155,065 | - | - | 155,065 |
| Unlisted equities | - | - | 5,800,000 | 5,800,000 |
| Unlisted options | - | - | 29,030 | 29,030 |
| Total | 80,051,805 | - | 5,829,030 | 85,880,835 |

| | 30 June 2022 | | | |
|-------------------|-------------------|---------------|------------------|-------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Listed equities | 85,677,831 | - | - | 85,677,831 |
| Listed options | 342,408 | - | - | 342,408 |
| Unlisted equities | - | - | 2,500,000 | 2,500,000 |
| Unlisted options | - | - | 26,360 | 26,360 |
| Total | 86,020,239 | - | 2,526,360 | 88,546,599 |

There were no transfers between levels 1, 2 and 3 during the half-year (30 June 2022: None). The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

6. Issued Capital

| | As at 31 December 2022 | | As at 30 June 2022 | |
|--|---------------------------|-------------------|-----------------------|------------|
| | No. of Shares | \$ | No. of Shares | \$ |
| Issued and paid-up capital - Ordinary shares | 72,952,814 | 77,465,260 | 72,952,814 | 77,465,260 |

Notes to the Condensed Financial Statements

6. Issued Capital (continued)

Movements in Ordinary Share Capital

| Date | Details | No. of shares | \$ |
|------------------|--------------------------------------|---------------|------------|
| 1 July 2021 | Opening balance | 72,952,814 | 77,465,260 |
| | DRP shares allotted | 565,513 | 592,772 |
| | Purchase of shares on-market for DRP | (565,513) | (592,772) |
| 30 June 2022 | Closing balance | 72,952,814 | 77,465,260 |
| 1 July 2022 | Opening balance | 77,952,814 | 77,465,260 |
| | DRP shares allotted | 412,253 | 342,757 |
| | Purchase of shares on-market for DRP | (412,253) | (342,757) |
| 31 December 2022 | Closing balance | 72,952,814 | 77,465,260 |

7. Accumulated Losses and Reserves

(a) Accumulated Losses

| | Half-year ended 31 December 2022 \$ | Year ended 30 June 2022 \$ |
|---|---|----------------------------------|
| Opening balance | (42,453,219) | (26,163,965) |
| Profit/(Loss) for the period/year attributable to shareholders of the Company | 435,284 | (12,796,392) |
| Transfer to profits reserve | - | (3,492,862) |
| Balance at the end of the reporting period | (42,017,935) | (42,453,219) |

(b) Profits Reserve

| | Half-year ended 31 December 2022 \$ | Year ended 30 June 2022 \$ |
|--|---|----------------------------------|
| Opening balance | 33,012,681 | 34,991,286 |
| Transfer of profits during the period/year | - | 3,492,862 |
| Dividends paid | (2,735,732) | (5,471,467) |
| Balance at the end of the reporting period | 30,276,949 | 33,012,681 |

8. 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.

Notes to the Condensed Financial Statements

9. Commitments and Contingencies

There are no commitments or contingencies at 31 December 2022 (30 June 2022: \$ nil).

10. Key Management Personnel and Related Party Information

Remuneration arrangements of key management personnel are disclosed in the 2022 annual financial report.

| | Half-year ended 31 December 2022 \$ | Half-year ended 31 December 2021 \$ |
|-------------------------|---|---|
| Directors' remuneration | 30,000 | 30,000 |

Management Fees

In return for the performance of its duties as Investment Manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.104% (excluding GST) of the gross value of the portfolio calculated on the first business day of each month representing an annualised management fee of 1.25% (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 half-year ended 31 December 2022:

- Management fees of \$573,951 (for the half-year ended 31 December 2021: \$722,123) (excluding GST and RITC*) were incurred during the half-year.
- Management fees payable at 31 December 2022 amounted to \$98,538 (30 June 2022: \$101,489) (including GST and RITC*).

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

Performance Fees

In the event that the portfolio outperforms the Benchmark Index (being the S&P/ASX Small Ordinaries Accumulation Index), 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 Index. No performance fee is payable if the portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index 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.

No performance fees were paid or payable to the Investment Manager during the half-year ended 31 December 2022 (2021: Nil).

In addition, for the half-year ended 31 December 2022 the Investment Manager was paid a total fee of \$44,500 (excluding GST) for the provision of company secretarial, administrative, financial and accounting services under the terms of a services agreement (2021: \$44,500).

11. Borrowings

On 15 April 2021, the Company issued 230,000 listed convertible notes (ASX: NCCGA). The notes have a total face value of \$23 million, carrying a 7-year term and an interest entitlement of 4.50% p.a. until the first step-up date of 30 September 2026. Interest is paid half-yearly on 31 March and 30 September. The notes are convertible into ordinary shares at a conversion price of \$1.15, and the maturity date is 30 September 2028. Terms of the convertible notes are regulated under a trust deed between the Company and Melbourne Securities Corporation Limited. As at 31 December 2022 a total of \$269,646 interest is payable on the convertible notes.

Notes to the Condensed Financial Statements

12. Subsequent Events

Since the end of the half-year, the Directors have declared an interim dividend of 3.75 cents per share, 50% franked, to be paid on 20 April 2023.

There has been no other matter or circumstance occurring subsequent to the end of the half-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 subsequent financial periods.

Directors' Declaration

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

In the opinion of the Directors:

- The condensed 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 half-year ended 31 December 2022; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



Sebastian Evans
Director
23 February 2023

Corporate information

Directors

| | |
|--------------------|--|
| Sarah Williams | Independent Chair (elected as Chair on 1 December 2022) |
| David Rickards OAM | Independent Director (retired as Chair on 1 December 2022) |
| Warwick Evans | Director |
| Sebastian Evans | Director |

Company Secretary

Rajiv Sharma
Sebastian Evans

Registered Office

Level 34
25 Martin Place
Sydney NSW 2000

Investment Manager

NAOS Asset Management Limited
Level 34
25 Martin Place
Sydney NSW 2000
(Australian Financial Services Licence Number: 273 529)

Contact Details

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W: www.naos.com.au

Share Registry

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: 1300 737 760

Auditor

Deloitte Touche Tohmatsu
Level 1, Grosvenor Place
225 George Street
Sydney NSW 2000