



Spheria Emerging Companies Limited (Company)
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16 October 2023

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Spheria Emerging Companies Limited (ASX: SEC) announces quarterly fully franked dividend of 2.7 cents per share

The Board of SEC has resolved to pay a quarterly dividend for the period ended 30 September 2023 of 2.7 cents per share, which will be payable on 6 November 2023. The dividend will be fully franked at the corporate tax rate of 30%.

The payment of the dividend is consistent with the Company's increased dividend target announced in May 2023 to pay quarterly dividends, at a level of 1.25% of post-tax NTA at the end of each calendar quarter, subject to available profits, cash flow and franking credits.

The quarterly dividend has been calculated based on the Company's post-tax NTA as at 30 September 2023 of \$2.143 per share, multiplied by 1.25%, giving rise to a fully franked dividend of 2.7 cents.

Details of the dividend are as follows:

Amount:	2.7 cents per share
Ex – Dividend Date:	19 October 2023
Dividend Record Date:	20 October 2023
Dividend Payment Date:	6 November 2023

Commenting on current market conditions, Spheria Asset Management Pty Ltd (Investment Manager of SEC) said: *"Many parts of the sharemarket, especially the smaller company end, have entered something resembling the "Twilight Zone" where unusual phenomena are so frequent that nothing really surprises us anymore. Case in point being the extreme disconnect in valuations between "growth" and "value" companies where the definition of each is simply a gauge of popularity or unpopularity in the case of value. Money is also clearly exiting the smaller end whether it be a flight to safety or industry funds exiting mandates given the marginal incremental contribution to performance given their increased size.*

The selling in certain names and the lack of risk appetite has meant extremely large drawdowns for anything resembling a negative earnings delta. This has been accentuated in anything that has debt regardless of whether the company's cash flow can support that debt. We have been caught in several of these situations across the portfolios and even when this equation has been addressed via capital raisings and/or asset sales the stigma has continued to weigh on the company's valuation and share price despite the sharp reduction in risk.

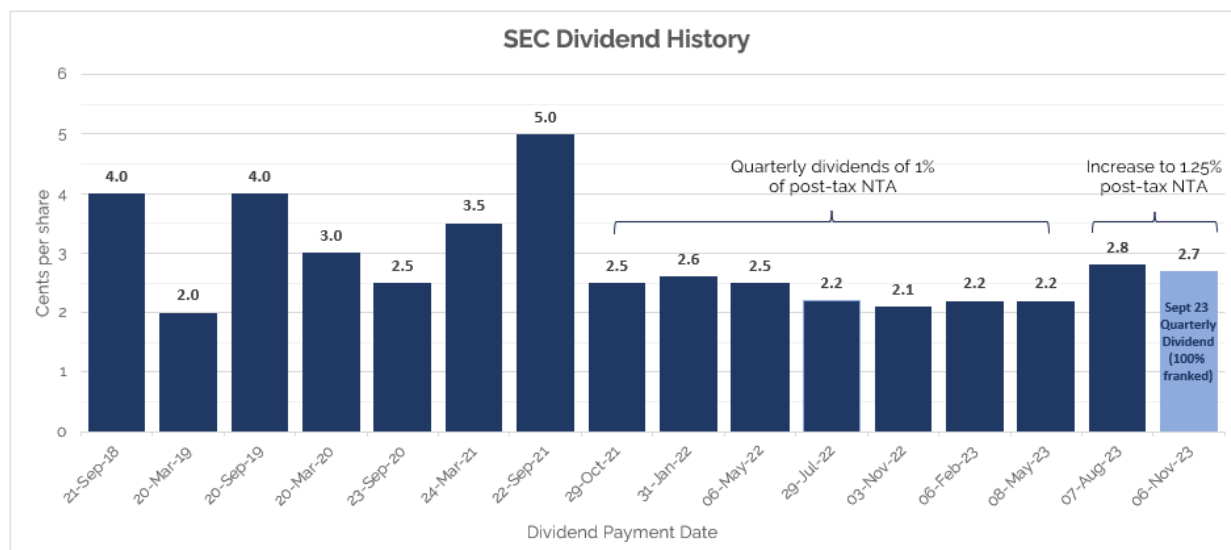
Interestingly, earlier in the year we entered Bravura Solutions (BVS) a little early, only for it to have a near death experience where we were a key party to a significant recapitalisation at 40c. Subsequent to the raise the company inexplicably traded down to 29c. Since that time, we were heavily involved in re-working the board and ultimately the senior management team and the BVS share price has more than doubled from the bottom to trade in excess of 70c (at the time of writing). We feel several of our names are in a similar position but are still early in that recovery cycle."

Please note that the Company's dividend reinvestment plan (**DRP**) is available for this dividend. Shareholders who would like to participate in the DRP for this dividend need to elect to do so by Monday, 23 October 2023.

Shareholders can enrol at: <https://investor.automic.com.au> or alternatively, please contact the Company's share registry, Automic, for assistance on 1300 902 587 (in Australia) / +61 2 7208 4521 (International).

Shareholders who would like to find out more about the DRP can visit the Company's [website](#).

After payment of this dividend, the total dividends since the Company's IPO in December 2017 will be 45.8 cents per share.



At 30 September 2023, the value of the Company's franking account was \$6.4m (10.6 cents per share). This is equivalent to 24.8 cents per share in fully-franked dividends at the Company tax rate of 30% and the Company presently maintains sufficient profit reserves for this value of dividends.

The Board will continue to monitor the Company's dividend policy based on prevailing market conditions.

This announcement was authorised for release by the Board of Directors.