



Spheria Emerging Companies Limited (Company)
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By Electronic Lodgement

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

UPDATE ON THE CONDITIONAL PROPOSAL TO EXCHANGE SHARES IN SEC FOR UNITS IN SPHERIA AUSTRALIAN SMALLER COMPANIES FUND

The Board of Spheria Emerging Companies Limited (ASX:SEC) (**SEC** or **the Company**) wishes to remind shareholders that, as announced to the market on 16 January 2024, the Board together with Spheria Asset Management Pty Limited (**Manager**) have agreed a proposal (**Proposal**) to address the persistence of the discount of the Company's share price compared to its net tangible assets (**NTA**) per share.

Under the Proposal, the average of the daily NTA premium/discount of SEC will be calculated over the December quarter i.e. the period 1 October 2024 to 31 December 2024 (**Measurement Period**). The daily NTA premium/discount will be measured by the daily closing share price relative to the pre-tax NTA per share on that same day (**Daily Calculation**). As the Measurement Period is soon to commence, a worked example of the Daily Calculation is provided at the end of this announcement to assist shareholders in understanding the Daily Calculation methodology the Company will use.

If the average is at a greater than 5.00% discount over the Measurement Period, the Board of SEC intends to pursue avenues available to enable SEC shareholders to exchange their shares for units in Spheria Australian Smaller Companies Fund. This is currently expected to be by proposing to shareholders a Scheme of Arrangement.

If the average is at a less than 5.00% discount over the Measurement Period, the Board will not proceed with the Proposal and SEC will remain as a listed investment company.

A link to the 16 January 2024 announcement, which contains further details of the Proposal, is provided here: [Conditional Proposal Announcement](#)

Shareholders are encouraged to contact Pinnacle, who handles investor relations on behalf of the Company, on **1300 010 311** or distribution@pinnacleinvestment.com should they have any questions about the Proposal, or the worked example below.

WORKED EXAMPLE – DAILY CALCULATION OF NTA PREMIUM/DISCOUNT

To show how the Daily Calculation of the NTA Premium/Discount will operate, the following is a worked example using the values for 24 September 2024.

The Daily Calculation for each day of the Measurement Period will be determined as follows, expressed as a percentage:

$$\text{Daily NTA Premium/Discount} = (\text{Closing Share Price} / \text{Pre-tax NTA per share}) - 1$$

Applying the formula to the values for SEC on 24 September 2024:

- Closing Share Price = \$2.29¹
- Pre-tax NTA per share = \$2.341²

$$\begin{aligned}\text{Daily NTA Premium/Discount} &= (\text{Closing Share Price} / \text{Pre-tax NTA per share}) - 1 \\ &= (\$2.29 / \$2.341) - 1 \\ &= 0.9782 - 1 \\ &= -2.178\%\end{aligned}$$

As the amount is negative it represents a discount of share price to pre-tax NTA per share (if the calculation were to give a positive amount, it would represent a premium).

The Daily NTA Premium/Discount will be calculated as above for each ASX trading day in the Measurement Period. These values will be averaged over the Measurement Period, to determine the average value that will be compared against the 5.00% discount threshold under the Proposal.

The Company will provide a running calculation of the average value at the time of releasing its monthly NTA per share calculations for October and November 2024 for the total periods from 1 October 2024 up to the end of each month. The final average value will be advised in January 2025 after the conclusion of the December 2024 quarter.

The Board of Spheria Emerging Companies Limited has authorised this announcement to be released to the ASX.

¹ Closing share price of SEC on 24 September 2024 per ASX

² Estimated Pre-tax NTA per share as at 24 September 2024 per ASX announcement made by the Company on 25 September 2024