



SEC Results FY25

FY25 Profit	Company Performance ¹	Dividends ²	Yield	Yield (incl. franking)
\$16.4m	16.3%	14.1c	5.8%³	8.3%⁴

- **FY25 net profit after tax of \$16.4m (+\$8.8m compared to prior year)**
- **Company Performance of 16.3%, +4.0% compared to benchmark⁵ of 12.3% (also +2.2% p.a. to benchmark since inception)**
- **Total quarterly dividends declared for the year of 14.1 cents per share (fully franked)²**
- **Trailing dividend yield equal to 5.8%³ (8.3%⁴ including franking)**
- **Reinstatement of modified conditional proposal after the 2024 conditional proposal successfully assisted in reducing the NTA discount**
- **Shareholder webinar on results and portfolio**

Performance

We are pleased to announce that Spheria Emerging Companies Limited (ASX:SEC) (**Company**) recorded a profit of \$16.4m for the year ended 30 June 2025 (**FY25**). This compared to a profit of \$7.6m in the prior corresponding period.

The result was supported by strong investment portfolio performance during the period. Company Performance, which comprises investment portfolio performance after deducting investment management fees and Company administration expenses (excluding taxes), was 16.3% for the year, which was 4.0% higher than the benchmark performance of 12.3%.

Pleasingly, the Company also continues to exceed its benchmark since inception, with Company performance of 7.5% p.a. compared to benchmark performance of 5.3% p.a.

Quarterly dividends

The Company continued to declare quarterly dividends during FY25 at its increased targeted rate of 1.5% of post-tax NTA, which has applied since the June 2024 quarter dividend.

The Company declared a total of 14.1 cents per share in fully franked dividends for FY25², which is the highest level of annual dividends since inception. This represents a trailing dividend yield of 5.8%³ based on the 30 June 2025 share price of \$2.43, and a gross yield (including franking credits) of 8.3%⁴.

The quarterly dividends declared for FY25, fully franked at a 30% tax rate, were as follows:

Quarter ended	Value per share	Date paid
30 September 2024	3.5 cents	12 November 2024
31 December 2024	3.5 cents	12 February 2025
31 March 2025	3.5 cents	15 May 2025
30 June 2025	3.6 cents	15 August 2025

¹ Calculated as the Company's investment portfolio performance after fees excluding tax on realised and unrealised gains/losses and other earnings, after Company expenses.

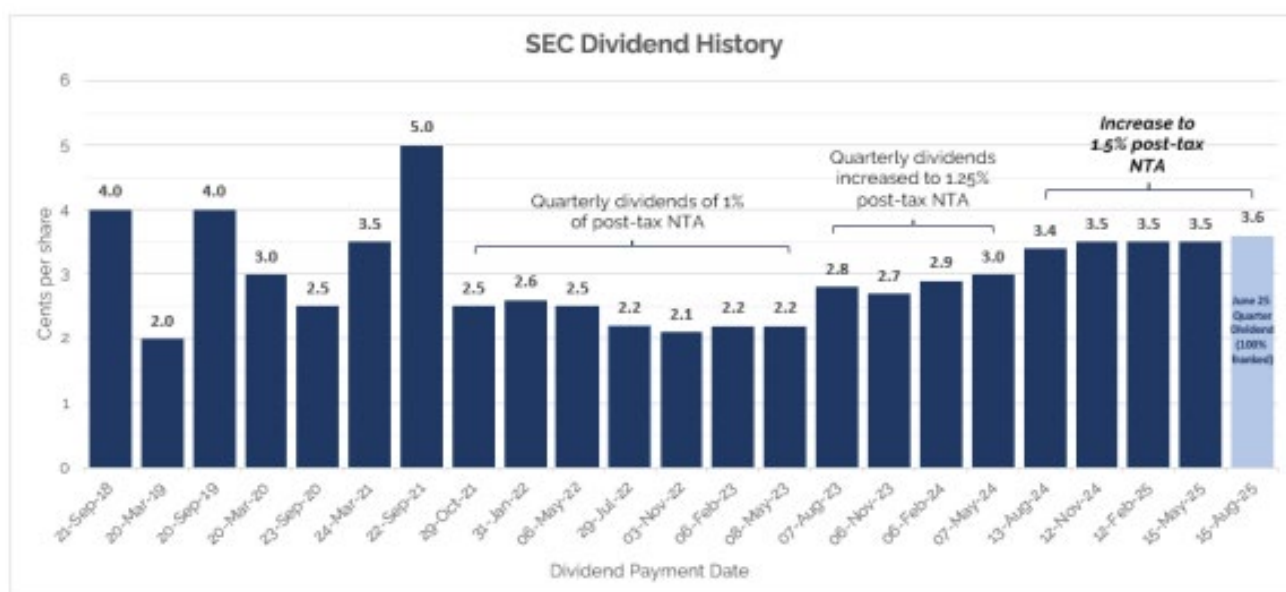
² Comprising September 24 quarter dividend of 3.5 cents (paid 12 November 2024), December 24 quarter dividend of 3.5 cents (paid 12 February 2025), March 25 quarter dividend of 3.5 cents (paid 15 May 2025) and June 25 quarter dividend of 3.6 cents (paid 15 August 2025).

³ Trailing dividend yield based on total quarterly dividends declared for FY25 of 14.1 cents, calculated on share price as at 30 June 2025 of \$2.43.

⁴ Trailing dividend yield including franking credits based on total quarterly dividends declared for FY25 of 14.1 cents, calculated on share price as at 30 June 2025 of \$2.43, using 30% tax rate.

⁵ S&P/ASX Small Ordinaries Accumulation Index.

Including these quarterly dividends, the Company has now declared 69.2 cents per share total dividends since its ASX listing in Dec 2017, equivalent to 34.6% of the IPO price of \$2.00. At the same time the pre-tax NTA per share of the Company has grown from \$2.00 to \$2.411 at 30 June 2025.



The Company intends to continue the payment of quarterly dividends at a level equivalent to 1.5% of the post-tax NTA of the Company, subject to available profits, cash flow and franking credits.

At 30 June 2025, the value of the Company's franking account was \$4.3m (\$0.072 per share). This is equivalent to \$0.168 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.

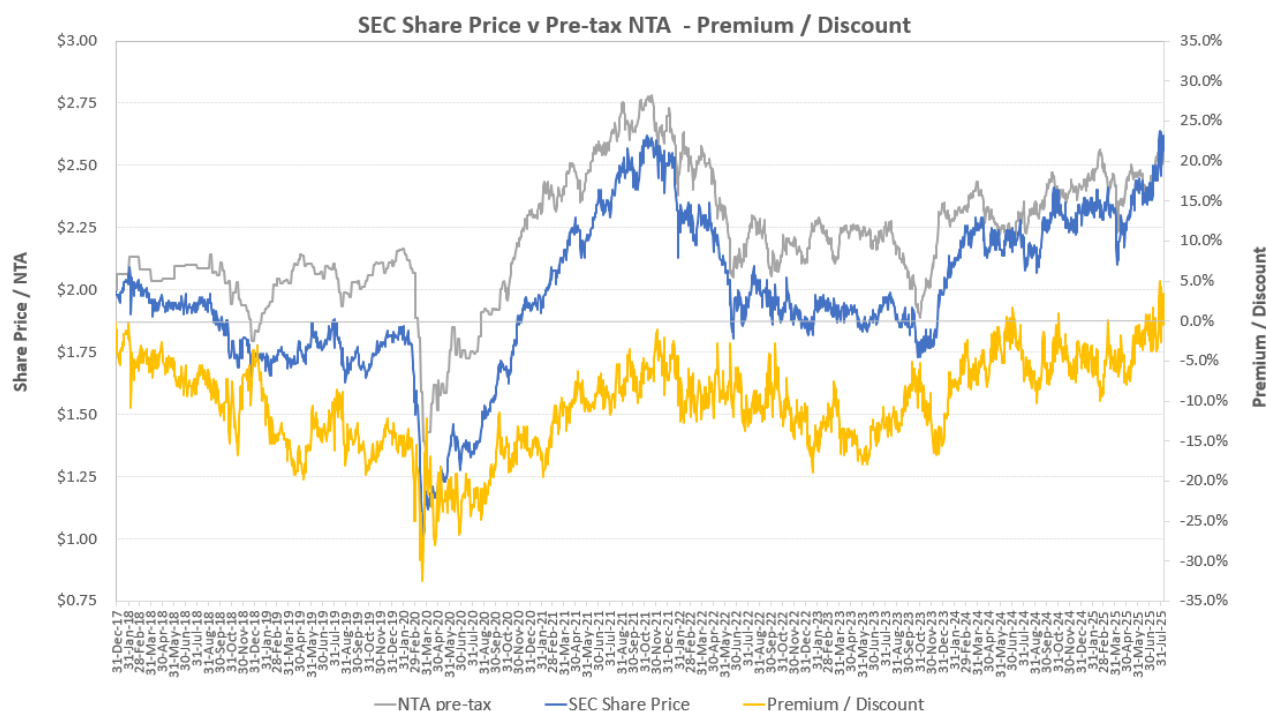
Reinstated Conditional Proposal

During the year, the Company conducted a conditional proposal (2024 conditional proposal) agreed with the Manager to pursue an exchange of shares in the Company for units in Spheria Australian Smaller Companies Fund, should the average discount of the Company's share price to pre-tax NTA during the period 1 October 2024 to 31 December 2024 (measurement period) exceed 5% (NTA discount test).

The discount of the Company's share price to pre-tax NTA during the measurement period was 4.75%, which was below the 5% threshold, and therefore SEC passed the NTA discount test to remain a LIC.

The Board subsequently assessed the impact of the 2024 conditional proposal and deemed it to have been successful in contributing to the substantial reduction of the Company's discount to NTA during calendar 2024⁶. The effectiveness of the 2024 conditional proposal as a discount narrowing measure and the ongoing commitment by the Board to focus on this issue resulted in the Board deciding, in conjunction with the Manager, to reinstate a conditional proposal.

⁶ from 15.4% at the start of the 2024 calendar year to 4.5% at 31 December 2024. These values are based on pre-tax NTA per share of \$2.340 and share price of \$1.98 at 31 December 2023, and pre-tax NTA per share of \$2.409 and share price of \$2.30 at 31 December 2024.



Under the reinstated and modified conditional proposal, for the twelve months from 1 April 2025 to 31 March 2026 (annual measurement period), should the average daily premium/discount of the Company's share price to pre-tax NTA per share be a discount greater than 5% (new NTA discount test), the Company will arrange for a meeting of shareholders to be convened to vote on whether the Company remains a LIC, or converts to a managed fund.

This mechanism again provides a period of time for the market to provide guidance regarding the ongoing structure of the Company, while ultimately providing shareholders with the final determination.

The Company provides a running calculation of the average value of its daily NTA premium/discount that will be used to compare against the 5% discount threshold when releasing its monthly NTA per share values. In this regard, the average value for the period 1 April 2025 to 31 July 2025 was a discount of 3.0%, and so presently is below the threshold for the proposal to take effect.

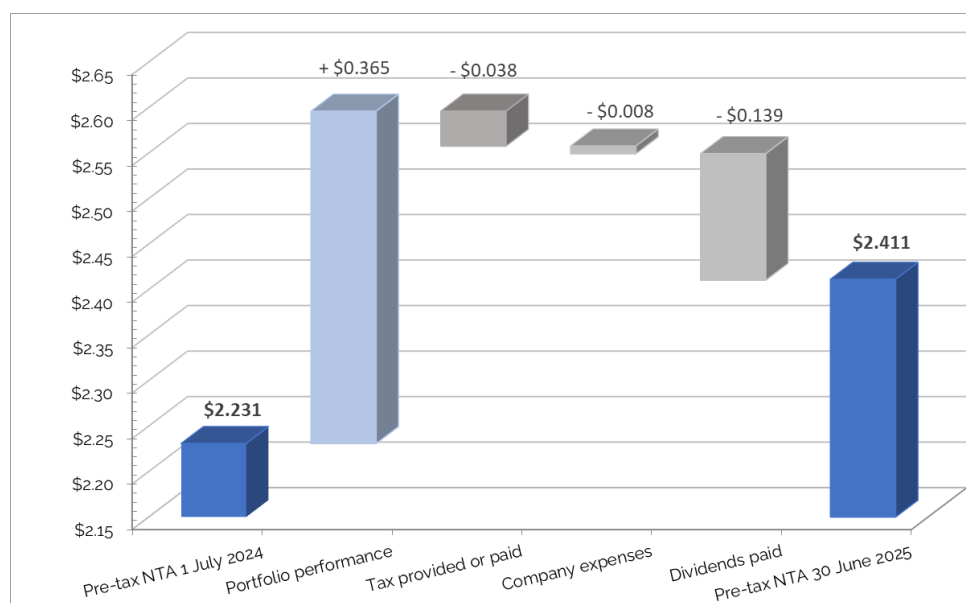
The final average daily NTA premium/discount for the period 1 April 2025 to 31 March 2026 under the reinstated conditional proposal will only be determined in April 2026 after the full annual measurement period has concluded.

We are also pleased to note that as at 30 June 2025 the Company's share price was trading at a premium to NTA of 0.8%⁷, which is significant in circumstances where large discounts continue to be experienced by many listed investment companies more generally.

⁷ Based on pre-tax NTA per share of \$2.411 and share price of \$2.43 at 30 June 2025.

NTA performance for FY25

During FY25 the pre-tax NTA increased by \$0.18, from \$2.231 at 30 June 2024 to \$2.411 at 30 June 2025. The increase in NTA is attributable to the strong portfolio performance during the year, and is after the effect of taxes, company expenses and dividends, which totalled \$0.185.



The post-tax NTA of the Company as at 30 June was \$2.375 per share, which was \$0.036 lower than pre-tax NTA, representing the value of tax on unrealised investment portfolio gains at year-end, at the Company's tax rate of 30%. This difference between pre-tax and post-tax NTA fluctuates as unrealised gains and losses are made on SEC's investments.

Shareholder webinar on results and portfolio

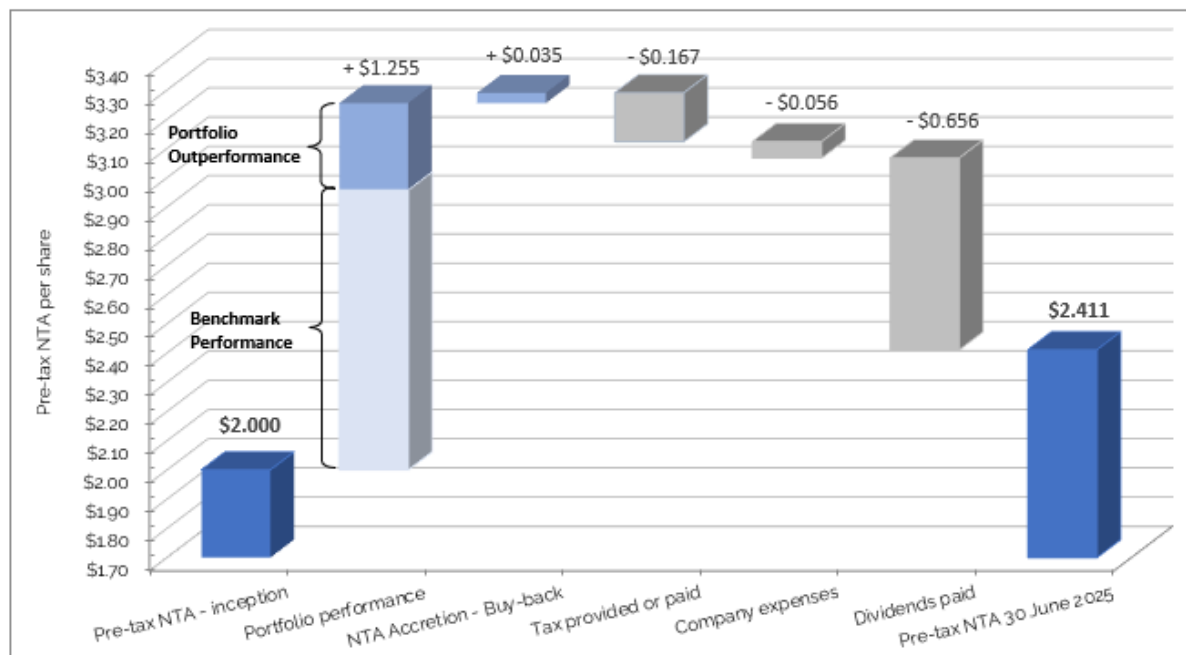
The Board invites you to the upcoming shareholder webinar on 29 August 2025 at 11.00am (Sydney time AEST). The webinar will provide an update on the Company's financials and investments from the Company's director and Spheria Asset Management's Portfolio Manager, Matthew Booker.

Shareholders are invited to register at the following link: [SEC FY2025 Results Presentation](#)

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

Additional shareholder information

NTA Performance since inception



Manager's commentary

Portfolio performance

The investment portfolio increased 16.8%⁸ for the financial year ending 30 June 2025, outperforming the Benchmark by 4.5%.

We live in strange times. Trying to rationalise movements in share markets—particularly in the small- and micro-cap space—can drive you up the wall. What we do know is that we own many great companies. Some of these have finally been recognised by the market. Others remain neglected, attracting little to no attention.

The shift towards passive investing has been even more pronounced in this end of the market, but that's exactly where valuation-led managers like us see opportunity. Rarely have we seen a market so inefficient and offering so much upside at relatively low risk.

Our portfolio's performance over the year was led by companies the market continues to recognise as great businesses—Supply Network Limited (SNL.ASX) and Technology One (TNE.ASX). And rightly so. They continue to deliver in a challenging macro environment, with very little risk to their earnings growth outlook. Yes, they've re-rated—particularly TNE—which does introduce some short-term risk. But given their superior product and service offerings, strong market positions and best-in-class management, we remain confident in their long-term prospects.

The standout contributor to performance for the year was SNL, which rallied 70%. It continues to deliver strong top- and bottom-line growth and still has significant runway. As far as we know, it faces very little competition in Australia and New Zealand for the supply of aftermarket parts for trucks and buses to independent mechanics—who now represent about 40% of the market and are steadily taking share from OEM mechanic shops.

⁸ After investment management fees. After deducting Company administration expenses (excluding taxes), Company performance was 16.3%.

The broader truck and bus market is also growing, driven by increasing vehicle variety, and SNL is successfully winning share in the fleet segment, which makes up roughly 20% of the industry. As the largest independent player with a mid-teen market share, SNL enjoys a scale advantage that allows it to reinvest in price, deliver on time and keep customers happy—ultimately driving earnings through volume, not price.

SNL is also investing for future growth, with a new, expanded distribution centre in Truganina (VIC), relieving pressure from an over-capacity Pemulwuy (NSW) facility. While this presents some short-term risk, we believe it positions the business well for the significant growth we expect over the medium term.

On the flip side, the largest detractor to performance was not owning any stocks in the gold sector. The AUD gold price surged 44% over the year to more than A\$5,000 per ounce—a level that would have seemed unimaginable just a few years ago, even to the most enthusiastic gold bugs. At these prices, even the most marginal operations are generating strong cash flow. Naturally, the entire sector rallied hard—producers, problem-plagued mines and speculative explorers alike.

From a macro perspective, we understand some of the rationale behind the rally. But how sustainable is it? Much of the demand appears speculative or based on gold's status as a store of value, with industrial demand accounting for less than 10%, as we understand it. At the end of the day, we don't claim to be experts in gold or resources. We prefer to spend our time on industrials or commodity producers where the underlying commodity has high industrial usage. We'll also consider mining service companies that support multiple gold producers, which helps mitigate the risk of any one mine encountering structural issues.

Given the significant detraction from not owning gold stocks, we're very pleased with our outperformance over the year. To face that kind of headwind and still beat the benchmark speaks volumes about our process and our people.

Market Outlook

We believe the outlook for our portfolio remains constructive, largely due to the valuation inefficiencies that persist down the market cap spectrum. That said, the broader macroeconomic backdrop leaves much to be desired.

Australia's economic growth remains overly reliant on government spending to eke out headline GDP growth, while per capita productivity continues to decline—a concerning trend that shows no signs of reversing. The recent talk of increasing taxes to fund increasingly flagrant and unproductive government spending is not only regressive, it risks triggering a flight of capital. And, as is so often the case, good people will follow.

A cut to interest rates may provide short-term relief—perhaps even a necessary one—but how sustainable is that strategy over the longer term?

For those who've read *Atlas Shrugged* by Ayn Rand, you'll understand where we're coming from: this country is crying out for its John Galt. And we need them sooner rather than later.

"When you see that in order to produce, you need to obtain permission from men who produce nothing—you may know that your society is doomed."

— John Galt, *Atlas Shrugged*

We thank our shareholders for their interest in and support of the Company and would welcome your questions and participation in our results and conference calls.

About Spheria Asset Management Pty Limited (Manager)

Spheria Asset Management Pty Ltd is a fundamental-based investment management firm with a bottom-up focus, specialising in small- and micro-cap companies, which can provide higher returns in the long term than their larger peers.

The Manager is majority owned by its team, which has nearly 100 years of combined investment experience. The Manager's performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited.

Find out More about the Company and Manager

To find out more information about the Company, please visit the [SEC Website](#)
To find out more information about the Manager, please visit the [Spheria website](#)

Contact Us

If you have any questions for the Company, please reach us on 1300 010 311
If you have any questions regarding your shareholding, please call Automic, the Company's share registry on 1300 902 587

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