



KATANA  
CAPITAL LIMITED

2024  
ANNUAL REPORT

## CORPORATE DIRECTORY

**Katana Capital Limited**  
ABN 56 116 054 301

### Board of Directors

**Mr Dalton Gooding**  
Chairman, Non-Executive Director

**Mr Ben Laird**  
Non-Executive Director

**Mr Giuliano Sala Tenna**  
Non-Executive Director

**Mr Baden Bowen**  
Company Secretary

### Solicitors

*Steinepreis Paganin*  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6001

### Auditors

*BDO Audit Pty Ltd*  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 6000

### Share Registry

*Computershare Investor Services Pty Ltd*  
Level 11  
172 St Georges Terrace  
Perth WA 6000

### Registered Office

Level 9, The Quadrant Building  
1 William Street  
Perth WA 6000

### Stock Exchange

*ASX LIMITED*  
152-158 St Georges Terrace  
Perth WA 6000  
ASX Code: KAT

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Katana Capital combines its listed investment company structure with the proven ability of its Manager ("KATANA ASSET MANAGEMENT LTD") to provide investors with access to comprehensive investment techniques aimed at providing capital and income returns. The Company and the Manager share similar investment philosophies. The role of the Company is to assess and monitor the Manager and liaise with the Manager with respect to its Mandate as detailed in the Management Agreement.

## Our investment philosophy

**As an 'All Opportunities' fund, the underlying goal of the Manager is to assess the risk adjusted return of every potential opportunity identified by the Manager.** The Manager's approach includes selectively and modestly taking higher-risk positions, provided that the potential return exceeds the additional risk – preferably in terms of both value and time.

Whilst the Manager intends to combine the best principles of value investing, fundamental and technical analysis, it does not wish to be constrained by the constructs of any one approach. The key to the longterm success of the Company is seen as the capacity of the Manager to integrate the best principles of each discipline with the extensive and varied experiences of the Manager. This is achieved by encouraging flexibility and adaptability, but within the confines of an overall framework that controls risk.

KATANA ASSET MANAGEMENT LTD (THE MANAGER) HAS COMPLETED A REPORT ON THE PERFORMANCE OF KATANA CAPITAL LIMITED'S (KATANA) PORTFOLIO FOR THE 12 MONTHS TO 30 JUNE 2024.

# INVESTMENT REPORT

The Manager is pleased to announce the fund generated a gross investment return of **9.21%** versus 8.27% for the All Ordinaries index.

This represented  
a gross investment  
out-performance of

**+0.94%**  
BEFORE EXPENSES

## 2024 FINANCIAL YEAR REVIEW

In the short term, markets are driven by the marginal buyer. The marginal buyer more often than not is the aggregation of investors that change their view. This premise has given rise to the popular idiom 'markets don't peak until the last bear capitulates'. As the year progressed, we certainly witnessed some high-profile bears capitulate, as the market increasingly leaned towards a soft landing and near-term rate cuts.

We found ourselves questioning whether the possibility of a recession was still an issue? The fact that earnings had declined materially and were likely to decline further was not in dispute. The issue was anticipating how investors would respond to this decline over the coming year. In July 2023, the market rallied nearly 3%. The technicals pointed to the probability that what we were experiencing was more than a bear market rally.

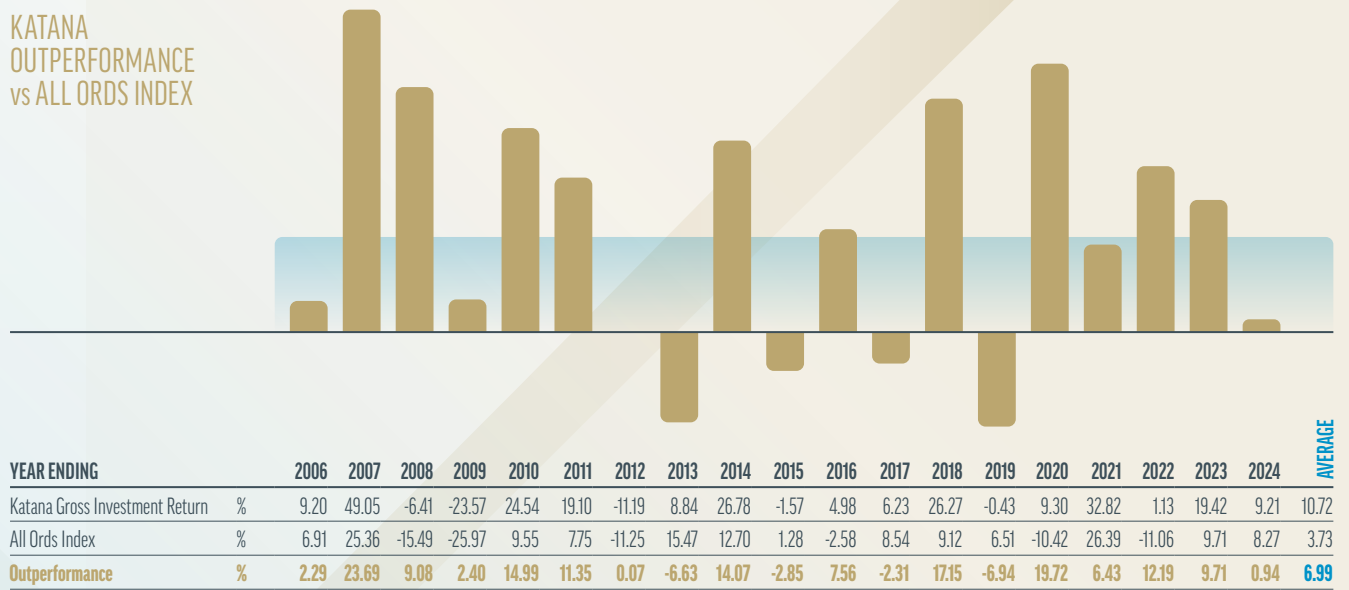
The investment team commented in last year's annual report, that if technical indicators continued to strengthen, the fund would cautiously deploy more capital. Accordingly, the fund reduced its cash holding from 27.7% at the start of the year to just 4.1% by year end. As the year progressed, it also became increasingly clear that key headwinds were likely to reverse. For example, we were at peak inflation and hence peak interest rates.

To obscure the soft-landing narrative, US 10-year bond yields rallied in September/October, taking out the highs set a year earlier. The market pivoted rapidly to the view that rates may rise further as stronger than expected

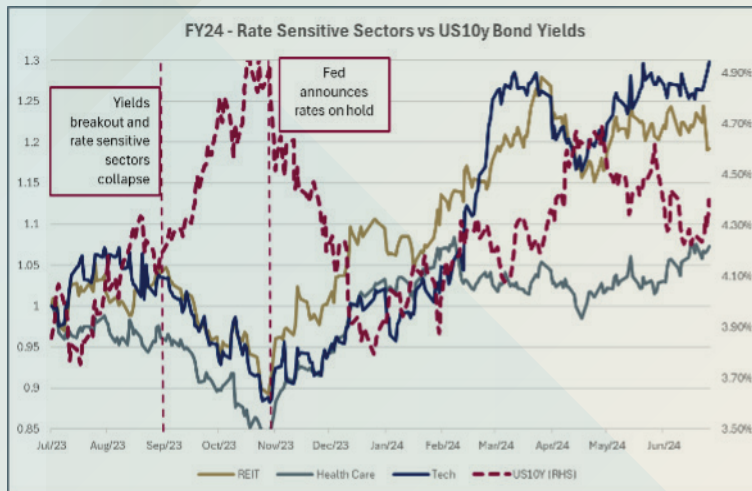
economic data emerged. Good news continued to be bad news. This drove strong selling, with the index falling over 6% in two months. Rate sensitive stocks such as REIT's, Technology and Healthcare were the hardest hit with these sectors falling more than 10%. The selling was brutal – but short lived. In November the Fed signaled rates were definitely on hold, with potential cuts on the horizon. Bond yields fell as quickly as they rallied and the index climbed over 13% in two months led by these same rate sensitive sectors.

Concurrently, we witnessed a pronounced sell-down in the lithium price complex. Data emerged showing growing levels of lithium inventories particularly in Asia. Fear quickly spread that there was no longer a significant demand-supply deficit, as previously forecast. This was a startling reversal, and the spodumene, carbonate and hydroxide prices declined at an extraordinary rate. The lithium market is shallow and lacks transparency, so small fluctuations in volume or sentiment can create large price distortions. Our view at the time was that EV sales were on track and expected to accelerate, supply-demand forecasts continued to highlight notable deficits over the medium to longer-term, and with that lithium prices should rebound in due course. However, as the year progressed lithium prices continued to deteriorate and by January spodumene collapsed from a high of over US\$6,000/t to below US\$900. As more data points became available, we had to acknowledge that the facts had changed. Supply simply responded much faster than forecast. Accordingly, we have notably reduced our exposure in this space.

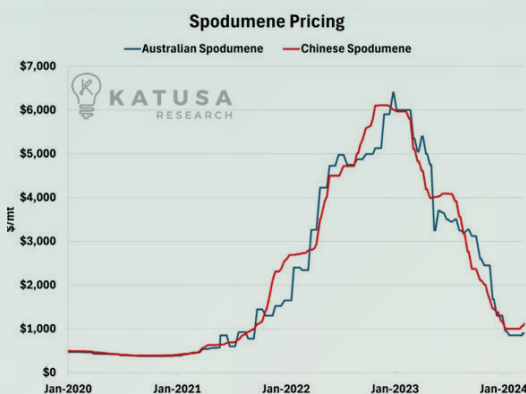
## KATANA OUTPERFORMANCE vs ALL ORDS INDEX



Past performance is no guarantee of future performance



SOURCE: FACTSET, KATANA CAPITAL RESEARCH



SOURCE: KATANA RESEARCH



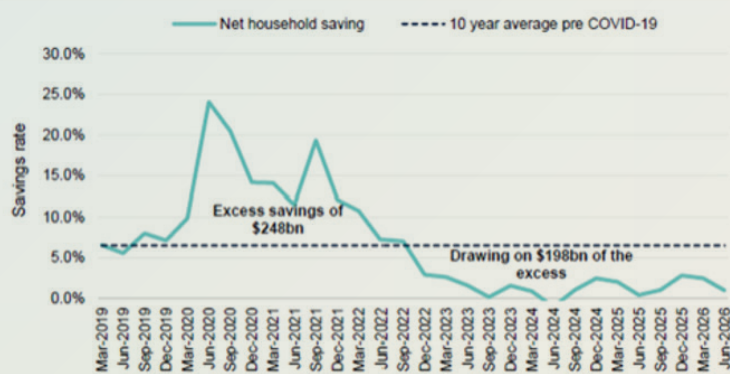
# INVESTMENT REPORT

Financial stocks then rallied despite the prevailing sentiment, and closed out the year as the top performing sector with a 29% gain. This move was purely valuation expansion with earnings expectations actually declining by 2.2%. At year end the big four banks traded on an average price to book of 1.9x. The most expensive of these – Commonwealth Bank of Australia (CBA) – closed out the year on an historically high price to book value of 2.9x; almost double that of one of the world's largest and best performing investment banks – JP Morgan. The consumer discretionary sector was also one of the best performing categories with a gain of 22.7%. We actively monitored this segment for data which could suggest a pivot. Instead we saw Covid savings buffers eroding, household spending beginning to rebase, consumer confidence declining, and the effect of 13 rate rises over the past two years beginning to bite. Yet despite all these factors, retail sales continued to defy gravity and earnings in the sector continued to beat expectations.

The fund's largest exposure for the year was resources which ended the year as the second worst performing sector; down -2.3%. This was partly driven by the rapid collapse in the lithium market. In the larger end, concerns emerged that the growth engine in China had well and truly run out of fuel. China's collapsing housing bubble coupled with an ageing population and lower capital expenditure, put pressure on commodities. There was some anticipation in the investor community about the magnitude of potential Chinese government support. However, with no meaningful stimulus eventuating, resources were particularly hit in the second half as the sector fell -13.4% vs the index gaining 2.4%. Despite the poor performance from the sector, the fund generated strong alpha from bottom-up stock selection particularly in copper, coal and gold.



SOURCE: ABS, BARRENJOEY RESEARCH



SOURCE: ABS, MST MARQUEE

In February we wrote in a monthly update that we believed a slow-motion train crash was emerging in the US Fiscal system. For example, the US deficit was growing at US\$1trn every 100 days. In our simple assessment, the level of indebtedness had passed the tipping point. In our view it was and is no longer possible for the US economy to grow its way out of this position. At some point, the US Government will need to print money – permanently as opposed to Quantitative Easing (QE) – to pay down foreign and domestic debt. A permanent expansion of the money supply above the rate of GDP. This expanding US money supply would likely lead to a wholesale debasement of the US\$. Accordingly, we meaningfully added exposure to gold through 6 high quality gold stocks. Gold commenced to breakout in March 2024 at a speed and quantum that surprised even us. And in April it rose above US\$2,400 for the first time in history. We saw this as confirmation that central banks were increasingly nervous

about holding \$US reserves and instead increasingly choosing to add to gold reserves.

As the end of the financial year was nearing, persistent inflation especially in respect to wages, was front and center. The index remained in a holding pattern as investors weighed the possibility of further rate hikes by the RBA. At the time the market priced in a 45% probability of a hike in August. Fears subsequently dissipated with the June quarterly CPI print coming in softer than expected which drove a near 2% rally in the index on the day.

The past year has been amongst the most challenging in the funds 18 year history. We take comfort that despite being wrong-footed on selected macro viewpoints, the fund was able to generate alpha through our bottom-up stock selection process. Despite the challenges, the fund delivered outperformance over the index for the 5th consecutive year.



SOURCE: FACTSET, KATANA CAPITAL RESEARCH

# INVESTMENT REPORT

## POSITIVE DRIVERS

Under-gear corporate balance sheets  
– particularly in the US

US buybacks re-commencing

M&A activity picking up

Unwinding of money market funds

## UNCERTAINTIES

Persistent wage inflation putting  
pressure on operating margins

Cost of servicing debt like to remain  
higher for longer

Lack of guidance/outlook

Possibility of US recession re-emerging

High level of volatility in the VIX  
generally leads to something breaking

## OUTLOOK

In contrast to the past two years, there has been a recent pivot in the fact that bad news is indeed bad news! At the risk of repeating ourselves, the US is likely moments away from a recession. Economies globally are slowing, resulting in lower earnings across the board. What is considerably more difficult to ascertain, is how the market will respond in terms of how much has been factored in.

### Positive Drivers

Since 2022 when the record rate hiking cycle commenced, investors have piled into money market funds. The flow has been driven by two factors. Firstly, following the rapid rise in interest rates, money market funds offered a tangible alternative to equities, especially on a risk-return basis. Secondly, investors globally began transitioning from equities into money market funds in anticipation of a weakening global economy. Following the weak US non-farm payroll print at the end of July 2024, investors poured US\$98.6bn into money market funds in a single week alone.

In total, global money market funds have grown ~US\$1.7trillion since 2022. When this eventually unwinds, it will provide a significant tailwind for global equities. Some of these flows should begin to reverse as interest rates begin to fall. This is a potential near-term catalyst with the market pricing in a 25bps cut by the Fed in August 2024 and 50bps cut in September. Locally, expectations are for the RBA to implement 4 rate cuts by the end of 2025. Additionally, if we do indeed see a soft-landing scenario play out, flows which poured into money market funds on recession fears should also unwind back into equities.

To fund the strong inflows to money markets, some sectors have witnessed disproportionately larger selling. To that point, some parts of the market experienced extreme outflows. Data compiled by Bloomberg shows that hedge fund positioning in commodities are at extreme bearish levels – the lowest in 13 years. This is positive on two fronts. Such bearish positioning often throws up buying opportunities in the near-term. Secondly, it also suggests that the market has already largely re-positioned in that sector.

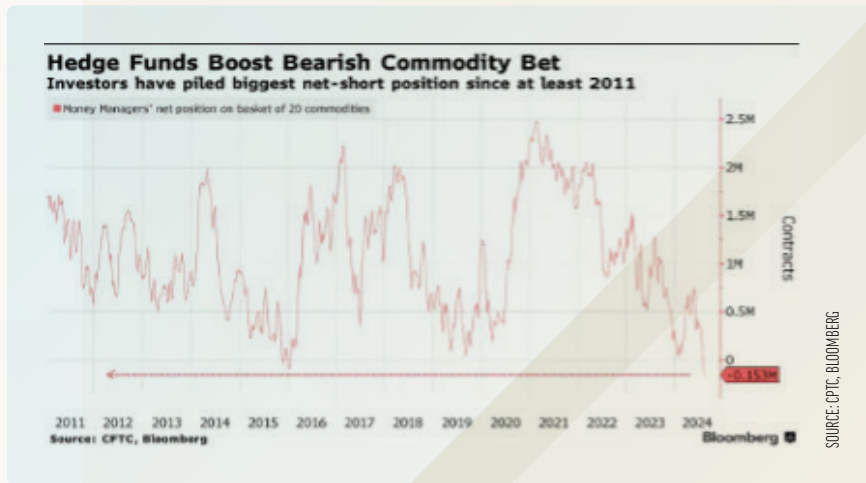
**Exhibit 6: Unwinding of money market funds is a potential tailwind**

Money Market Funds Assets (\$tr)



SOURCE: BOFA PREDICTIVE ANALYTICS



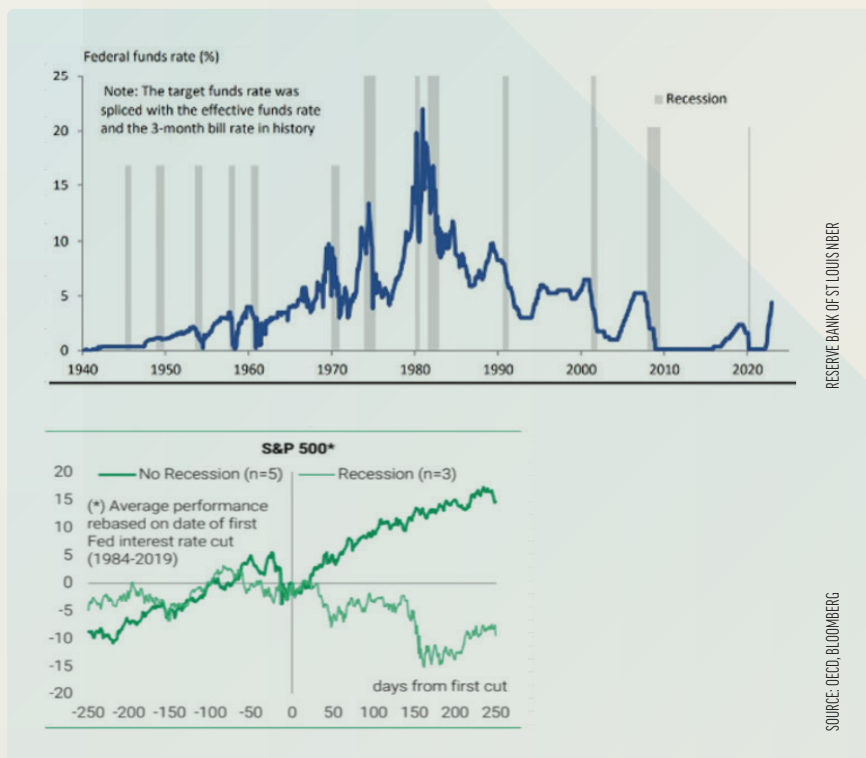


### Uncertainties for the Year Ahead

As discussed above we are most likely just weeks away from seeing the first rate cut by the Fed in the US. And in the not-too-distant future locally here by the RBA. At first it might seem logical that rate cuts are positive for equity markets. Lower rates puts less pressure on consumer and corporate balance sheets. And force investors to take on more risk by moving out of money market funds into equities. However, the study of previous rate cut cycles highlight a clear distinction. Equities typically rally with rate cuts, but only if there is no recession. The study of previous cycles also

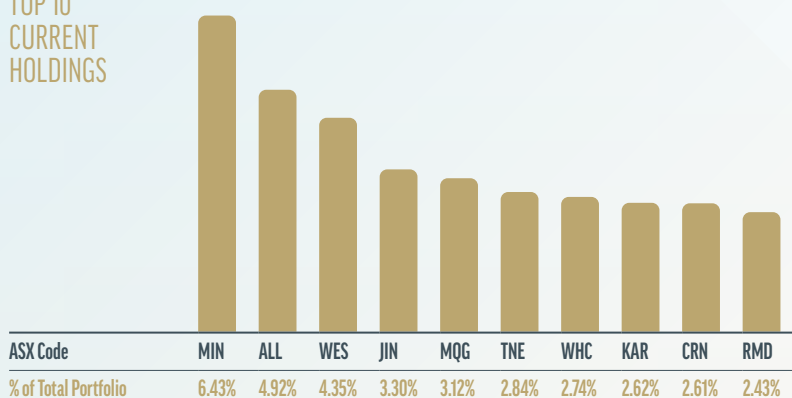
show that the Fed's first rate cut often marks the sustained rise in unemployment which typically indicates a recession.

The uncertainty of course is whether the positioning for a recession has largely taken place. If we see only a mild recession, it is possible that investors simply look through the dip and commence buying. A more severe recession would of course trigger more prolonged selling. As we often quip, investing is part art and part science. The science is often the easy bit. Determining how the masses are positioned and likely to react is an art that often confounds the experts.



# INVESTMENT REPORT

## TOP 10 CURRENT HOLDINGS



## STRATEGIC POSITIONING

We are conscious that our reluctance to enter the consumer discretionary trade has been a notable detractor over the past year. Yet we once again ask ourselves is the shoe about to drop? Has the average consumer actually remained as resilient as the headline numbers suggest? And perhaps even more pertinently at this juncture, do the elevated share prices in this sector offer further upside? We remain underweight consumer discretionary but actively monitor signals that suggest it is time to pivot.

The funds underweight posture in Financials continues to make sense – to us at least. We believe that this sector will at best provide market beta and at worst downside from the current levels. Banks are trading on above average multiples with below average growth prospects.

We continue to see upside in selected commodities namely gold, uranium, energy and coal. We are also seeing opportunities emerge across Health Care given the sector's relative underperformance over the past two years. And we have established modest exposure to defense contractors.

## CORPORATE

Katana Capital Ltd finished FY24 with 31,907,411 shares on issue. During the period from 1 July 2023 to 30 June 2024, 1,553,006 shares were bought back on market and were subsequently cancelled. The shares were acquired at an average price of \$1.16 with the price ranging from \$1.09 to \$1.21 per share. The buyback also provided liquidity and increased the underlying net asset backing for all existing shareholders.

Katana paid four quarterly dividends, totaling two cents during FY24. Once again, the dividends were all fully franked.

The Manager remains committed to outperforming its benchmark and rewarding shareholders with solid dividends. The Fund has declared and paid a 0.5 cents fully franked dividend subsequent to the year end.

On behalf of the staff at Katana Asset Management, we take this opportunity to once again thank Katana Capital's valued shareholders for your support.

**Romano Sala Tenna** (LEFT)  
INVESTMENT MANAGER

**Hendrik Bothma** (RIGHT)  
ANALYST

Katana Asset Management Limited



30 JUNE 2024

# DIRECTORS' REPORT

Your directors present their report with respect to results of Katana Capital Limited (the “Company” or “Katana Capital”) for the year ended 30 June 2024 and the state of affairs for the Company at that date.

## DIRECTORS

The following persons were directors of Katana Capital Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

### Information on Directors

#### **Dalton Gooding**

- BBUS, FCA

#### **Non-Executive Chairman**

Dalton Gooding is a Fellow of the Institute of Chartered Accountants Australia & New Zealand and he is the Senior Partner of Gooding Partners, which was established in 1998 after 14 years as a partner at Ernst and Young and has over 40 years' experience in business advisory and corporate finance related services.

Mr Gooding also has a number of other current directorships & former directorships in last 3 years (listed co's) plus special responsibilities of companies in many different segments of business.

#### **Giuliano Sala Tenna**

- BBUS (DISTINCTIONS)

#### **Non-Executive Director**

Giuliano Sala Tenna has worked in the Finance Industry for over 25 years in various fields including Credit, Business Development, Product Structuring, Funds Management, Investment Management and Corporate Advisory.

Mr Sala Tenna has completed a Bachelor of Commerce degree at Curtin University of Technology with a double major in Economics and Finance (With Distinctions). Giuliano has also completed the Graduate Diploma in Financial Planning at the Securities Institute of Australia, the Company Directors Course at the Australian Institute of Company Directors and is an ASX Derivatives Accredited Adviser.

Mr Sala Tenna is a Member of the Golden Key National Honour Society, Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors. He is regularly quoted in the West Australian, Sunday Times and Australian Financial Review alongside appearing on the ABC News and Business Program.

#### **Ben Laird**

- BSC, CFA

#### **Non-Executive Director**

Ben Laird has 20 years of equity capital markets experience in funds management and stockbroking. Ben is currently the Chief Investment Officer of RAFFE Capital.

Prior to that, Ben was a Senior Analyst at Viburnum Funds and an Executive Director at Euroz Securities. He is also a Chartered Financial Analyst Charterholder.

## COMPANY SECRETARY

#### **Baden Bowen**

- BCOMM, FCA

Baden is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand with over 35 years' experience. Over the last 25 years Baden has held positions of Director, Company Secretary and Chief Financial Officer in public and private companies.

He has assisted a number of companies to list on the Australian Securities Exchange (ASX) and been involved with many equity raisings.

Baden has a sound understanding of the ASX Listing Rules and in-depth knowledge of the Corporations Act.

## DIRECTORS' REPORT

### DIRECTORS' MEETING

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2024, and the numbers of meetings attended by each director were:

	DIRECTORS' MEETING		AUDIT & COMPLIANCE COMMITTEE MEETING	
	A	B	A	B
Dalton Gooding	8	8	2	2
Ben Laird	8	8	2	2
Giuliano Sala Tenna	8	8	2	2

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

#### Committee membership

As at the date of this report the Company had an Audit and Compliance Committee.

Members acting on the Audit and Compliance Committee of the Board at the date of this report are:

- Giuliano Sala Tenna (Chairman of Committee)
- Dalton Gooding
- Ben Laird

#### Directors' interest in Shares and Options

As at the date of this report, the interest of the directors in the shares and options of the Company are:

	30 JUNE 2024	30 JUNE 2024	30 JUNE 2023
	NO. OF OPTIONS	NO. OF SHARES	NO. OF SHARES
Dalton Gooding	98,291	98,707	97,017
Giuliano Sala Tenna	-	-	-
Ben Laird	-	-	-

### EARNINGS PER SHARES

	YEAR ENDED 30 JUNE 2024	YEAR ENDED 30 JUNE 2023
	CENTS	CENTS
<b>Basic and diluted earnings per share</b>	<b>6.39</b>	12.70
<b>Basic earnings from continuing operations attributable to the ordinary equity holders of the company</b>	<b>6.39</b>	12.70

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share were 33,094,734 (2023: 33,813,088).

## DIVIDENDS

The following dividends have been paid by the Company or declared by the directors since the commencement of the financial year ended 30 June 2024:

### YEAR ENDED 30 JUNE 2024

Dividends paid during 1st Quarter of the year  
Dividends paid during 2nd Quarter of the year  
Dividends paid during 3rd Quarter of the year  
Dividends paid during 4th Quarter of the year  
**Total paid (\$'000)**

CENTS PER SHARE	TOTAL PAID
	(\$'000)
<b>0.50</b>	<b>167</b>
<b>0.50</b>	<b>166</b>
<b>0.50</b>	<b>163</b>
<b>0.50</b>	<b>163</b>
	<b>659</b>

### YEAR ENDED 30 JUNE 2023

Dividends paid during 1st Quarter of the year  
Dividends paid during 2nd Quarter of the year  
Dividends paid during 3rd Quarter of the year  
Dividends paid during 4th Quarter of the year  
**Total paid (\$'000)**

CENTS PER SHARE	TOTAL PAID
	(\$'000)
0.50	170
0.50	169
0.50	169
0.50	169
	677

## CORPORATE INFORMATION

The Company was incorporated on 19 September 2005. Katana Capital Limited is incorporated and domiciled in Australia. The registered office is located at Level 9, The Quadrant Building, Perth, Western Australia.

### Principal activity

The principal activity of the Company is that of an Investment Company with an 'all opportunities' investment strategy.

### Employees

As at 30 June 2024, the Company did not have any fulltime employees (2023: Nil).

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## OPERATING AND FINANCIAL REVIEW

### Company overview

Katana Capital was incorporated in September 2005 as a listed investment company providing shareholders with access to the investment services of Katana Asset Management Ltd ("Fund Manager"). The Fund Manager employs a benchmark unaware long only Australian Equities investment philosophy with active use of cash holdings as a defensive mechanism within the portfolio to deploy into market weakness. The portfolio does not use gearing, derivatives, or short selling of securities.

Katana is pleased to report that the fund generated a gross investment return of +9.21% for FY24, versus +8.27% for the All Ordinaries index. This represented a gross investment out-performance of +0.94% (before expenses).

The past year has been amongst the most challenging in the fund's 18 year history. The outlook for financials, namely banks, looked challenging and at best would likely only provide market beta. But contrary to expectations, the sector ended the year with a 29% gain. Likewise, data points continued to suggest that consumers were feeling the pressure of 13 rate rises over the past two years. Despite this retail sales continued to surprise to the upside and the consumer discretionary sector gained 23% for the year. The resources sector saw significant outflows and underperformed the index. The major driver was growing concern over slowing growth in China which continues to look challenged. There was also a pronounced sell-down in the lithium price complex. Despite the challenges of FY24, Katana is pleased to have generated out-performance over the index through our bottom-up stock selection.

### Investments for future performance

In last year's report the investment team commented that an elevated cash level is not sustainable and that if sentiment and technical indicators continued to strengthen, the fund would deploy capital. Accordingly, the fund reduced its cash holdings from 27.7% at the start of the year to just 4.1% by year end. The fund also increased the number of individual stock holdings from 52 last year to 66 at the end of FY24.

The fund is now more invested than ever and the investment team is pleased with the high level of diversification. Despite the conscious effort to increase the level of investment over the past year, capital preservation remains a key focus. If sentiment and price technicals deteriorate, the team will revert to cash, albeit not at the same level as past cycles.

### Cash from operations

Net cash outflows from operations were \$6,570,000 (2023: \$4,838,000) during the year which reflects the Company's investment from the Australian equities market.

Due to the expected continuation in market volatility it is difficult to assess the Company's relative weighting in cash and defensive liquid positions.

### Liquidity and funding

The Company foresees no need to raise additional equity and will use its remaining cash reserves to invest into the Australian equities market along with continuing dividend payments and share buy-backs.

### Risk management

The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system.

Implementation of the risk management system and day to day management of risk is the responsibility of the Fund Manager. The Fund Manager is primarily responsible for all matters associated with risk management associated with the Equity Markets and Investment of the Company's funds and has formalised an Investment Committee that meets on a regular basis to review the Company's investments.

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## MATERIAL CHANGES IN STATE OF AFFAIRS

Proceedings on behalf of the Company in accordance with s327 of Corps act.

In the opinion of the directors, there were no material changes in the state of affairs of the Company that occurred during the year.



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## MATERIAL CHANGES AFTER BALANCE DATE

Other than the events below, the Directors are not aware of any matter or circumstance that has materially or may materially affect the operation of the Company or the results of those operations, or the state of affairs of the Company in subsequent financial years.

On 03 July 2024, the company announced a fully franked 0.5 cent per share dividend.

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## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

We are most likely within just a few weeks of seeing the first rate cut by the Fed in the US. Whilst we are not expecting an imminent rate cut locally, our base case remains that we will see the RBA enact multiple cuts in CY25. At first it might seem logical that rate cut cycles are positive for equity markets. However, the study of previous cycles highlights that markets only rally with rate cuts if there is no recession.

As we often quip, investing is part art and part science. The science is often the easy bit. Determining how the masses are positioned and likely to react is an art that often confounds the experts. There has been a significant ~US\$1.7tn net inflow into money market funds globally since the rate rising cycle commenced in 2022. Part of this was due to the attractiveness of higher cash rates, and part a re-allocation from equities into money market funds in anticipation of a weakening global economy. With such a large re-positioning having already taken place, it is possible that a lot of the selling for a recession scenario is already priced in.

Katana will continue to report its monthly NTA result to the ASX.

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## ENVIRONMENTAL REGULATION AND PERFORMANCE

The principal activities of the Company are not subject to any material environmental regulations.

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## ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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## SHARE OPTIONS

### **Issued shares**

As at 30 June 2024, Katana Capital Ltd had 32,671,613 share options on issue.

### **Shares issued on the exercise of Options**

There were no options exercised during the financial year to acquire fully paid ordinary shares in the Company.

### **Options granted as remuneration**

There were no options granted as remuneration.

## REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

This report outlines the remuneration arrangements in place for directors of Katana Capital Limited. The Company does not employ executive directors and does not have a Managing Director or a Chief Executive Officer. The Company has outsourced the management of the investment portfolio to the Fund Manager, Katana Asset Management Ltd. Katana Asset Management Ltd reports directly to the Board and is invited to attend all Board meetings to present its investment strategy and to discuss and review the financial performance of the Company.

### (a) Details of Key Management Personnel

The following persons were directors of Katana Capital Limited during the financial year:

#### (i) *Chairman – non-executive*

Dalton Gooding

#### (ii) *Non-executive directors*

Giuliano Sala Tenna

Ben Laird

### (b) Key management services – Katana Asset Management Ltd

In addition to the Directors noted above, Katana Asset Management Ltd, the Fund Manager for the Company provides the Company with key management services. The directors of Katana Asset Management Ltd are Brad Shallard and Romano Sala Tenna.

#### *Officer*

The Company Secretary is an officer of the Company but is not considered to be a key management person as he does not have the authority and responsibility for planning, directing or controlling the activities of the Company and is not involved in the decision-making process, with his main duties being aligned to his compliance function.

#### *Remuneration philosophy*

The performance of the Company depends upon the quality of its directors. To prosper, the Company must attract, motivate, and retain skilled non-executive directors.

As a result of the independence and separation of Non-Executive Directors' role of providing guidance and overview, the remuneration policy of the directors is not linked to company performance. However, Katana Asset Management Ltd's performance fees and management fees are linked directly to the performance of the Company.

The Company does not have a remuneration committee. The Board of Directors acts as the Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the Company. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis, by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

#### (i) *Non-executive director remuneration*

##### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

##### *Structure*

The constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. At present the aggregate remuneration totals \$200,000 per year in respect of fees payable to non-executive directors. This amount was approved by shareholders at the annual general meeting held on 10 November 2005.

The amount of aggregate remuneration, including the issue of options sought to be approved by shareholders and the manner in which it is apportioned amongst directors, is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. During the year there were no external consultants utilised to provide remuneration recommendation.

The Board considers that the majority of the Company's performance lies with the Fund Manager.

Each director receives a fee for being a director of the Company and includes attendance at Board and Committee meetings. Any additional services provided are charged at a daily rate agreed in advance by the Chairman.

The remuneration of non-executive directors for the year ended 30 June 2024 is detailed on page 17 of this report.

#### (ii) *Senior manager and executive director remuneration*

As previously noted, the Company at present does not employ any executive directors or senior management. If the Company chooses in the future to employ executive directors, the Company will review the remuneration packages.

##### *Employment contracts*

As noted above the Company does not currently employ any executive directors or senior management, it does however have an agreement in place with Katana Asset Management Ltd to provide the Company with investment management services.

**REMUNERATION REPORT (AUDITED)** (CONTINUED)**Remuneration structure** (CONTINUED)**(iii) Compensation of Katana Asset Management Ltd**

No amount is paid by the Company directly to the directors of Katana Asset Management Ltd. Consequently, no compensation is paid by the Company to the Directors of Katana Asset Management Ltd as Key Management Personnel.

Compensation is paid to the Fund Manager in the form of fees and the significant terms of the agreement, and the amount of compensation is disclosed below.

The Company has entered into the Management Agreement with the Fund Manager with respect to the management of the Portfolio. The main provisions of the Management Agreement are summarised below.

The Management Agreement is for an initial period of 10 years from its commencement date (Initial Term) unless earlier terminated in accordance with its terms. The commencement date (Commencement Date) is the date on which the Company listed on the Australian Stock Exchange – 23 December 2005.

The initial Management Agreement was extended for a further period of five years on 24 November 2015. This was further extended for another five years on 14 October 2020. The Management Agreement was renewed on the following basis.

1. the renewal is approved by Shareholders of the Company, such approval being sought by ordinary resolution.
2. the Fund Manager is not in breach of the Management Agreement; and
3. the Fund Manager has not in the reasonable opinion of the Board, materially breached the Management Agreement.

The Fund Manager may terminate the Management Agreement at any time by providing a written notice at least three months prior to termination, if:

1. at any time during the term:
  - (a) the Company fails to make payment of the remuneration in accordance with the Management Agreement and the failure continues for 21 days from the delivery of a written notice by the Fund Manager to the Company requesting payment;
  - (b) the Company enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
  - (c) the Company is guilty of any gross default, breach, non-observance or non-performance of any of the terms and conditions contained in the Management Agreement; or
  - (d) a receiver or receiver and manager is appointed to the whole or part of the undertakings of the Company.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Management and performance fees

Total management and performance fees paid and accrued by the Company to Katana Asset Management Ltd for the year ended 30 June 2024 was \$527,515 (30 June 2023: \$1,011,972) as follows:

#### (i) Management fee

The Fund Manager receives a monthly management fee equal to 0.08333% (2023: 0.08333%) of the Portfolio value calculated at the end of each month. The fee for 2024 was \$437,617 (2023: was \$414,951). The directors and shareholders of Katana Asset Management Ltd are also shareholders of Katana Capital Limited.

#### (ii) Performance fee

Performance fee to be paid in respect of each performance calculation period of 15% (2023: 15%) of the amount by which the Fund Manager outperforms the ASX All Ordinaries during the calculation period (calculated annually for the 12-month period ending 30 June). The Fund Manager was qualified to receive a performance fee of \$89,898 for the financial year ended 30 June 2024 (2023: \$570,240).

### Company performance

The profit/(loss) after tax for the Company from 2020 is as follows:

	2024	2023	2022	2021	2020
Profit/(loss) after tax expense \$'000	<b>\$2,114</b>	\$4,293	\$(282)	\$7,619	\$1,571
Earnings/(loss) per share – cents	<b>6.39</b>	12.70	(0.81)	20.54	3.92
Share Price 30 June	<b>1.21</b>	1.12	1.13	1.02	0.80

### Remuneration of directors and key management personnel of the Company

2024	SHORT-TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL
	SALARY AND FEES	SUPERANNUATION	
NAME	\$	\$	\$
<b>Non-executive directors</b>			
Dalton Gooding	<b>70,000</b>	<b>7,700</b>	<b>77,700</b>
Giuliano Sala Tenna	<b>40,000</b>	<b>4,400</b>	<b>44,400</b>
Ben Laird	<b>40,000</b>	<b>4,400</b>	<b>44,400</b>
<b>Total non-executive directors &amp; KMP</b>	<b>150,000</b>	<b>16,500</b>	<b>166,500</b>
<b>2023</b>	SHORT-TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	<b>TOTAL</b>
NAME	SALARY AND FEES	SUPERANNUATION	
	\$	\$	\$
<b>Non-executive directors</b>			
Dalton Gooding	70,000	7,350	77,350
Giuliano Sala Tenna	40,000	4,200	44,200
Ben Laird	40,000	4,200	44,200
<b>Total non-executive directors &amp; KMP</b>	<b>150,000</b>	<b>15,750</b>	<b>165,750</b>

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Equity instrument disclosures relating to key management personnel

#### (i) Option holdings

The following options were issued and held by the directors or key management personnel during the financial year:

- Mr Dalton Gooding – 98,291 (2023: nil)
- Mr Giuliano Sala Tenna – nil (2023: nil)
- Mr Ben Laird – nil (2023: nil)

#### (ii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Katana Capital Limited and other key management personnel of the Company, including their personally related parties, are set out below.

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

2024	BALANCE AT THE START OF THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
NAME	(PURCHASES/ DISPOSALS)		
<b>Directors of Katana Capital Limited</b>			
<b>Ordinary Shares</b>			
Dalton Gooding	<b>97,017</b>	<b>1,690</b>	<b>98,707</b>
Ben Laird	-	-	-
Giuliano Sala Tenna	-	-	-

### Other transactions and balances with key management personnel

Dalton Gooding is a partner of Gooding Partners Chartered Accounting firm and as part of providing taxation advisory services, Gooding Partners received \$38,940 (2023: \$38,940) for tax services provided.

### END OF REMUNERATION REPORT (AUDITED)



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## INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of the Company and the Company against legal costs incurred in defending proceedings for conduct other than (a) a willful breach of duty and (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

During the year the Company paid for Directors' & Officers' insurance in the normal course of business, this amount has not been included in Directors remuneration.

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## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year.

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## AUDITOR INDEPENDENCE

The Directors have obtained an independence declaration from the Company's auditors, BDO Audit Pty Ltd, as presented on page 20 of this Annual report.

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## NON-AUDIT SERVICES

No non-audit services were provided by our auditors, BDO Audit Pty Ltd during the year ended 30 June 2024. The directors are satisfied that the provision of non-audit service is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



**Dalton Gooding**  
CHAIRMAN

Perth, Western Australia

25 September 2024

## AUDITOR'S INDEPENDENCE DECLARATION



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Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth, WA 6000  
PO Box 700 West Perth WA 6872  
Australia

### DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF KATANA CAPITAL LIMITED

As lead auditor of Katana Capital Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Katana Capital Limited.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

**Glyn O'Brien**  
**Director**

**BDO Audit Pty Ltd**  
Perth  
25 September 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

30 JUNE 2024

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# STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	YEAR ENDED 30 JUNE <b>2024</b> \$'000	YEAR ENDED 30 JUNE <b>2023</b> \$'000
<b>Revenue</b>			
Dividends		<b>874</b>	786
Interest		<b>87</b>	79
Other income		<b>53</b>	12
Investment income	3	<b>2,896</b>	6,834
<b>Total net investment income</b>		<b>3,910</b>	7,711
<b>Expenses</b>			
Management fees		<b>(438)</b>	(414)
Custody and administration fees		<b>(96)</b>	(89)
Insurance fees		<b>(63)</b>	(77)
Other expenses		<b>(234)</b>	(234)
Listing and registry costs		<b>(140)</b>	(71)
Legal, accounting and professional costs		<b>(186)</b>	(182)
Performance fees		<b>(90)</b>	(572)
Directors' remuneration expense		<b>(174)</b>	(173)
<b>Profit before income tax expense</b>		<b>2,489</b>	5,899
Income tax expense	4	<b>(375)</b>	(1,606)
<b>Profit for the year attributable to shareholders of the Company</b>		<b>2,114</b>	4,293
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>		<b>2,114</b>	4,293
<b>Basic and diluted earnings per share (cents per share)</b>	17	<b>6.39</b>	12.70

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AS AT 30 JUNE 2024

## STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 30 JUNE 2024 \$'000	AS AT 30 JUNE 2023 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,664	10,689
Receivables		224	77
Financial assets at fair value through profit or loss	6	40,284	32,658
<b>Total current assets</b>		<b>42,172</b>	43,424
<b>Non-current Assets</b>			
<b>Total non-current assets</b>		-	-
<b>Total assets</b>		<b>42,172</b>	43,424
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Income tax payable	4	176	(366)
Payables	8	(283)	(1,042)
<b>Total current liabilities</b>		<b>(107)</b>	(1,408)
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	(803)	(413)
<b>Total non-current liabilities</b>		<b>(803)</b>	(413)
<b>Total liabilities</b>		<b>(910)</b>	(1,821)
<b>Net assets</b>		<b>41,262</b>	41,603
<b>Equity</b>			
Issued capital	10	33,093	34,889
Reserves	11	8,169	6,714
<b>Total equity</b>		<b>41,262</b>	41,603

The above statement of financial position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL	PROFITS RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2022</b>	35,503	3,098	-	38,601
Profit for the Year	-	-	4,293	4,293
Transfer to Profits Reserve	-	4,293	(4,293)	-
Dividends paid	-	(677)	-	(677)
Buy-back of shares	(614)	-	-	(614)
<b>Balance at 30 June 2023</b>	34,889	6,714	-	41,603

	ISSUED CAPITAL	PROFITS RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2023</b>	<b>34,889</b>	<b>6,714</b>	-	<b>41,603</b>
Profit for the Year	-	-	<b>2,114</b>	<b>2,114</b>
Buy-back of shares	<b>(1,796)</b>	-	-	<b>(1,796)</b>
Transfer to Profits Reserve	-	<b>2,114</b>	<b>(2,114)</b>	-
Dividends paid	-	<b>(659)</b>	-	<b>(659)</b>
<b>Balance at 30 June 2024</b>	<b>33,093</b>	<b>8,169</b>	-	<b>41,262</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF CASH FLOW

	NOTE	YEAR ENDED 30 JUNE <b>2024</b> \$'000	YEAR ENDED 30 JUNE <b>2023</b> \$'000
<b>Cash flows from operating activities</b>			
Payments for purchases of financial assets		<b>(43,374)</b>	(41,186)
Proceeds on sale of financial assets		<b>38,321</b>	47,016
Payments to suppliers and employees		<b>(1,883)</b>	(631)
Dividends and distributions received		<b>840</b>	897
Tax paid		<b>(527)</b>	(1,270)
Other revenue		<b>53</b>	12
<b>Net cash (used in)/provided by operating activities</b>	14	<b>(6,570)</b>	4,838
<b>Cash flows from financing activities</b>			
Payments for buyback of shares		<b>(1,796)</b>	(614)
Dividends paid		<b>(659)</b>	(677)
<b>Net cash used in financing activities</b>		<b>(2,455)</b>	(1,291)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(9,025)</b>	3,547
Cash and cash equivalents at the beginning of the year		<b>10,689</b>	7,142
<b>Cash and cash equivalents at end of the year</b>	5	<b>1,664</b>	10,689

The above statement of cash flow should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The financial report of Katana Capital Limited (the "Company") for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 25 September 2024.

The Company was incorporated on 19 September 2005.

Katana Capital Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities are described in the Directors' report. The Company is a for-profit entity.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments, which have been measured at fair value.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report comprises the financial statements of Katana Capital Limited.

The financial report is presented in Australian dollars.

### b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

#### *Accounting standards and interpretations issued but not yet effective*

The entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### c) Investments and other financial assets

Financial assets are classified as either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company assesses its business model. The assessment of whether contractual cash flows are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

The company classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI.
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### d) Other income recognition

#### (i) Interest income

Interest income is recognised on an accruals basis using the effective interest method, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial instrument. Interest on cash on deposit is recognised in accordance with the terms and conditions that apply to the deposit.

#### (ii) Dividends and distributions

Dividends and distributions are recognised as revenue when the right to receive payment is established.

### e) Income tax

The income tax expense or revenue for the year is tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences between the carrying amount and tax losses to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position may comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flow, cash and cash equivalents includes short-term deposits (as defined above) with banks or financial institutions.

### g) Goods and Services Tax (GST)

Incomes, expenses, and assets, with the exception of receivables and payables, are recognised net of the amount of GST, to the extent that GST is recoverable from the Australian Tax Office (ATO). Where GST is not recoverable it is recognised as part of the cost of the asset or as part of the expense item as applicable.

Reduced input tax credits (RITC) recoverable by the Company from the ATO are recognised as receivables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### h) Earnings per share

Basic earnings per share (EPS) are calculated as net profit attributable to shareholders divided by the weighted average number of shares. Diluted earnings per share are calculated as net profit attributable to shareholders of the parent, adjusted for:

- > costs of servicing equity (other than dividends) and preference share dividends;
- > other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### i) Derivative financial instruments

The Company may use derivative financial instruments such as exchange traded options to manage its risks associated with share price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year.

#### j) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### k) Pension benefits

##### *Defined contribution plan*

Contributions to superannuation funds are charged to the statement of comprehensive income when incurred.

#### l) Segment reporting

Operating segment are reporting in a manner consistent with internal reporting provided to the Board of Directors. The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

#### m) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

The Company's significant accounting estimates and judgements include fair value measurement of financial assets and liabilities that are not traded in an active market.

Details on the determination of fair value are provided in Note 15(h).

### 3. INVESTMENT INCOME

	YEAR ENDED 30 JUNE <b>2024</b>	YEAR ENDED 30 JUNE <b>2023</b>
	\$'000	\$'000
Realised gains on financial assets at fair value through profit or loss	<b>2,693</b>	2,562
Unrealised gains on financial assets at fair value through profit or loss	<b>203</b>	4,272
<b>Total income</b>	<b>2,896</b>	6,834

## 4. INCOME TAX EXPENSE

### a) Income tax expense

	YEAR ENDED 30 JUNE	2024	YEAR ENDED 30 JUNE	2023
		\$'000		\$'000
<b>Total income tax (benefit)/expense results in a:</b>				
Current tax expense		-		1,349
Change in deferred tax liability		339		318
Change in deferred tax asset		51		(53)
		<b>390</b>		1,614

### b) Reconciliation of income tax expense to prima facie tax payable

	YEAR ENDED 30 JUNE	2024	YEAR ENDED 30 JUNE	2023
		\$'000		\$'000
Profit from continuing operations before income tax expense		2,436		5,951
Prima facie income tax expense calculated at 25% (2023: 30%)		609		1,786
Less the tax effect of:				
Imputation credit gross up		50		66
Withholding tax		1		(1)
Franking credit offset		(201)		(221)
Adjustment for current tax for prior periods		(84)		(24)
		<b>375</b>		1,606

### c) Income tax receivable/(payable)

	AS AT 30 JUNE	2024	AS AT 30 JUNE	2023
		\$'000		\$'000
Balance at 1 July		(366)		(293)
Current tax expense		-		(1,349)
Payments made during the year		542		1,276
		<b>176</b>		(366)

## 5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	30 JUNE	2024	30 JUNE	2023
		\$'000		\$'000
Cash at banks		<b>1,664</b>		10,689

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
Investment in listed equities	39,743	32,257
Investment in listed unit trusts	541	401
<b>Total financial assets at fair value through profit or loss</b>	<b>40,284</b>	<b>32,658</b>

The above investments consist primarily of investments in ordinary shares and therefore have no fixed maturity date or coupon rate. For fair value measurements refer to Note 15(h).

### 7. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
Investments and unsettled shares	24	97
Provisions	48	200
Other	176	2
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 9)	(248)	(299)
Net deferred tax assets	-	-

### 8. CURRENT LIABILITIES – PAYABLES

	AS AT 30 JUNE 2024	AS AT 30 JUNE 2023
	\$'000	\$'000
Trades payable	95	323
Management fees	138	127
Performance fee payable	23	570
Other payables	27	22
	<b>283</b>	<b>1,042</b>

Due to the short-term nature of these payables, their carrying value approximates their fair value.

### 9. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Investments and unsettled shares	1,034	702
Dividends receivable	17	10
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 7)	(248)	(299)
	<b>803</b>	<b>413</b>



## 10. ISSUED CAPITAL

	30 JUNE 2024		30 JUNE 2023	
	NO. OF SHARES	\$'000	NO. OF SHARES	\$'000
Issued and paid up capital – Ordinary shares	31,907,411	33,093	33,460,417	34,889

### (a) Movements in ordinary share capital

DETAILS	NO. OF SHARES	\$'000
Opening balance 1 July 2022	34,027,927	35,503
Shares bought back from shareholders, net of Dividend Re-investment Plan	(567,510)	(614)
Closing balance 30 June 2023	33,460,417	34,889
Opening balance 1 July 2023	33,460,417	34,889
Shares bought back from shareholders, net of Dividend Re-investment Plan	(1,553,006)	(1,796)
Closing Balance 30 June 2024	31,907,411	33,093

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the period from 1 July 2023 to 30 June 2024, 1,553,006 (2023: 567,510) shares were bought back on market and were subsequently cancelled. The shares were acquired at an average price of \$1.16 (2023: \$1.08) with the price ranging from \$1.09 to \$1.21 (2023: \$1.05 to \$1.11) per share.

The Company has a dividend reinvestment plan (DRP) for its dividend distribution, which shareholders have the discretion to join or exit. The DRP shares are managed via an on-market buy-back of shares that are then re-distributed to shareholders. During the year as part of the DRP the Company issued nil new shares to meet the DRP shortfall for buy-back shares acquired on-market.

### (b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management is constantly adjusting the capital structure to take advantage of favorable costs of capital or high returns on assets. The Company defines its capital as the total funds under management, being \$41,262,000 at 30 June 2024 (30 June 2023: \$41,655,000), including equities and cash reserves. The Company does not have any additional externally imposed capital requirements however has as a goal the ability to continue to grow assets under management and maintain a sustainable dividend return to shareholders. To assist with meeting its internal guidelines, Katana Asset Management Limited holds regular Investment Committee meetings to assess the equity portfolio.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. RESERVES AND ACCUMULATED LOSSES

#### a) Profit reserve

The profit reserve is made up of amounts allocated from retained earnings / (accumulated losses) that are preserved for future dividend payments.

Movement in profit reserve was as follows:

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
Opening balance	6,714	3,098
Transfer from retained earnings	2,114	4,293
Dividends paid	(659)	(677)
<b>Balance at the end of the year</b>	<b>8,169</b>	<b>6,714</b>

#### b) Accumulated profits

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
Balance at the beginning of the year	-	-
Transfer to accumulated profits	(2,114)	(4,293)
Profits for the period	2,114	4,293
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

### 12. KEY MANAGEMENT PERSONNEL DISCLOSURES

#### a) Key Management Personnel Compensation

	30 JUNE 2024	30 JUNE 2023
	\$'000	\$'000
Short-term employee benefits	-	-
Director fees	150	150
Post-employment benefits	16	16
	<b>166</b>	<b>166</b>

### 13. RELATED PARTY TRANSACTIONS

#### (a) Directors

The names of persons who were Directors of the Katana Capital Limited at any time during the financial year and at the date of this report are as follows: Mr Dalton Gooding, Mr Giuliano Sala Tenna and Mr Ben Laird.

#### (b) Related party transactions

All related party transactions are made at arm's length on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

Related parties during the year are outlined below:

##### *Director related:*

Dalton Gooding is a partner of Gooding Partners Chartered Accounting firm and as part of providing taxation advisory services, Gooding Partners received \$38,940 (2023: \$38,940) for tax services provided.

##### *Other Key management services – Katana Asset Management Ltd:*

Katana Asset Management Ltd, the Fund Manager for the Company, provides the Company with Key Management Services. The directors of Katana Asset Management Ltd are Brad Shallard and Romano Sala Tenna.

Katana Capital incurred management fees of \$468,389 to the Fund Manager for management services provided during the year (2023: \$414,951). There was performance fee of \$23,044 due to the Fund Manager for the year (2023: \$572,022). The Fund Manager and its directors have the following shareholdings:

2024	NAME	BALANCE AT THE START OF THE YEAR	CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
	Brad Shallard	4,930,844	72,649	5,003,493
	Romano Sala Tenna	5,830,718	69,152	5,899,870

2023	NAME	BALANCE AT THE START OF THE YEAR	CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
	Brad Shallard	4,852,467	78,377	4,930,844
	Romano Sala Tenna	5,737,082	93,636	5,830,718

##### *Wholly owned company transactions*

There are no transactions with companies within the wholly owned company.

### 14. RECONCILIATION OF PROFIT AFTER INCOME TAX TO CASH INFLOW FROM OPERATING ACTIVITIES

	YEAR ENDED 30 JUNE 2024 \$'000	YEAR ENDED 30 JUNE 2023 \$'000
<b>Profit/(loss) for the year attributable to shareholders after tax</b>	<b>2,114</b>	4,345
<b>Adjustments for:</b>		
(Decrease)/increase in trade and other receivables	(147)	152
Change in financial assets held for trading	(7,626)	(377)
(Decrease)/increase in trade and other payables	(759)	382
Increase in deferred tax liabilities	390	263
(Decrease)/increase in current tax liabilities	(542)	73
<b>Net cash (used in)/provided by operating activities</b>	<b>(6,570)</b>	4,838

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the Company's Investment Mandate and seeks to maximise the returns derived for the level of risk to which the Company is exposed.

Financial risk management is carried out by the Investment Manager under policies approved by the Board of Directors (the "Board").

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

#### (a) Mandate

The Fund Manager must manage the Portfolio in accordance with guidelines for management set out in the Mandate, which may be amended by written agreement between the Company and the Fund Manager from time to time. The mandate provides that the Portfolio will be managed with the following investment objectives:

- > to achieve a pre-tax and pre expense return which outperforms the ASX All Ordinaries Index; and
- > the preservation of capital invested. The Mandate permits the Fund Manager to undertake investments in:
  - (i) listed securities;
  - (ii) rights to subscribe for or convert to listed securities (whether or not such rights are tradable on a securities exchange);
  - (iii) any securities which the Fund Manager reasonably expects will be quoted on the ASX within a 24-month period from the date of investment;
  - (iv) listed securities for the purpose of short selling;
  - (v) warrants or options to purchase any investment and warrants or options to sell any investment;
  - (vi) discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
  - (vii) deposits with any bank or corporation declared to be an authorised dealer in the short term money market;
  - (viii) debentures, unsecured notes, loan stock, bonds, promissory notes, certificates of deposit, interest bearing accounts, certificates of indebtedness issued by any bank or by the Commonwealth of Australia, any State or Territory of Australia, any Australian government authority, or a corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
  - (ix) units or other interest in cash management trusts;
  - (x) underwriting or sub-underwriting of securities as and where permitted by relevant laws and regulations and the Fund Manager's AFSL; and
  - (xi) any other investment, or investment of a particular kind, approved by the Company in writing as and where permitted by the Fund Manager's AFSL.

The Mandate specifies the following risk control features:

The Portfolio may comprise securities in up to 80 companies from time to time.

- > no investment may represent more than 10% of the issued securities of a company at the time of investment.
- > total cumulative gearing on the Portfolio may not exceed 50% of the total value of the net tangible assets of the Company after tax.
- > the Fund Manager will adhere to the parameters on a pre stock basis as set out in the table below unless the prior approval of the Board is received to do otherwise.

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Portfolio composition and management

The aim of the Fund Manager is to build for the Company a portfolio of 20 to 60 companies, with an emphasis towards holding a larger number of smaller positions. Under the current Mandate, the Company's Portfolio may vary from between 0 to 80 securities, depending upon investment opportunities and prevailing market conditions. The Fund Manager may construct a Portfolio comprising of any combination of cash, investment and debt, subject to gearing limits in the Mandate. Under the Mandate, total cumulative gearing on the Portfolio may not exceed 50% of the total value of the net tangible assets of the Company after tax.

The capacity to short sell securities, as well as employ debt, allows the Fund Manager the flexibility to implement an absolute return strategy. It should also be noted that, despite the focus on emerging and green chip companies, in periods of overly negative market of stock sentiment, the best investment opportunities on a risk return basis are often found in the ASX S&P Index top 20 and ASX S&P Index top 100 stocks by market capitalisation. Often the larger stocks rebound first, hence providing not just safer returns, but quicker returns.

Under the current Mandate, the following parameters will apply to individual investments unless the prior approval of the Directors is received to do otherwise:

SIZE OF COMPANY	MINIMUM INVESTMENT PER SECURITY	INDICATIVE BENCHMARK INVESTMENT PER SECURITY	MAXIMUM INVESTMENT PER SECURITY
AS A PERCENTAGE OF TOTAL PORTFOLIO			
ASX S&P Top 20	1.0%	5.0%	12.5%
ASX S&P Top 100/Cash Hybrids	1.0%	3.0%	10.0%
ASX S&P Top 500	No Minimum	2.0%	7.5%
Outside of ASX S&P Top 500/Other Instruments	No Minimum	1.0%	5.0%

### (c) Asset allocation

The Fund Manager's allocation of the Portfolio will be weighted in accordance with various macro-economic factors. These factors will invariably impact the medium and long term Performance of the Company. These factors include:

- > global economy;
- > Australian economy and positioning within the economic cycle;
- > sectors within the Australian market;
- > phase of the interest rate cycle; and
- > state of the property market (e.g. comparative investment merit).

The Fund Manager may form views on the factors outlined above, may re-weight the Portfolio accordingly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Market risk

Market risk is the risk that changes in foreign exchange rates, interest rates and prices will affect the Company income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### (i) Price risk

The Company is exposed to equity securities, convertible notes and derivative securities price risk. This arises from investments held by the Company for which prices in the future are uncertain. The paragraph below sets out how this component of price risk is managed and measured.

Investments are classified in the statement of financial position as financial assets at fair value through profit/loss. All securities investments present a risk of loss of capital. Except for equities sold short, 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.

The Investment Manager mitigates price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The table on page 37 summarises the impact of an increase/decrease in the Australian Securities Exchange All Ordinaries Index on the Company's net assets attributable to shareholders at 30 June 2024. The analysis is based on the assumptions that the index increased/decreased by 10% (2023: 10%) with all other variables held constant and that the fair value of the Company's portfolio of equity securities and derivatives moved according to the historical correlation with the index. The impact mainly arises from the possible change in the fair value of listed equities, unlisted unit trusts and equity derivatives with combined value of \$40,284,000 (2023: \$32,658,000) that represented the maximum exposure as at reporting date.

#### (ii) Foreign exchange risk

The Company does not hold any monetary and non-monetary assets denominated in currencies other than the Australian dollar.

#### (iii) Interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Compliance with the Company's policy is reported to the Board on a monthly basis. The Company may also enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The table below summarises the Company's exposure to financial assets/liabilities at the balance sheet date.

	WEIGHTED AVERAGE INTEREST RATE (% P.A.)	30 JUNE 2024 \$'000	30 JUNE 2023 \$'000
<b>Financial Assets</b>			
Cash and short term deposits – floating	0.95%	1,664	10,689

The table above summarises the impact of an increase/decrease of interest rates on the Company's operating profit and net assets attributable to shareholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 50 basis points (2023: +/- 50 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the interest rates of fixed interest securities.

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and other comprehensive income to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company investments with the relevant benchmark and market volatility.

However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

#### PRICE RISK

	-10%	10%	-10%	10%
	IMPACT ON OPERATING PROFIT		IMPACT ON OTHER COMPREHENSIVE INCOME	
<b>30 June 2024</b>	<b>(4,028)</b>	<b>4,028</b>	-	-
30 June 2023	(3,266)	3,266	-	-

#### INTEREST RATE RISK

	"-50BPS"	"+50BPS"	"-50BPS"	"+50BPS"
	IMPACT ON OPERATING PROFIT		IMPACT ON OTHER COMPREHENSIVE INCOME	
<b>30 June 2024</b>	<b>(8)</b>	<b>8</b>	-	-
30 June 2023	(53)	53	-	-

### (f) Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

As at 30 June 2024 the Company does not hold any debt securities (30 June 2023: nil).

The Company does trade in Exchange Traded Options ("ETO's"). The Investment Manager has established limits such that, at any time, such that options are not traded without holding the physical security in the portfolio and contracts are with counterparties included in the Board's Approved Counterparties list. As at 30 June 2024 the Company held no Exchange Traded Options (30 June 2023: nil).

Compliance with the Company's policy is reported to the Board on a monthly basis.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The majority of cash assets are held with one bank, which has a credit rating of A-1, which is the significant concentration risk.

### (g) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To control liquidity, the Company invests in financial instruments which under normal market conditions are readily convertible to cash. The Company held no derivatives (ETO's), as at 30 June 2024 (30 June 2023: \$nil).

Financial liabilities of the Company comprise trade and other payables and dividends payable. Trade and other payables have no contractual maturities but are typically settled within 30 days.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (h) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- (a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 – valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3 – valuation technique for which the lowest level input that is significant to the fair value measurement that is not observable.

For instruments for which there is currently no active market, the Company uses valuation methods generally accepted in the industry. Some of the inputs to those method may not be market observable and are therefore estimated based on assumptions. In the case of unlisted equities, recent transactional evidence has been obtained that supported current valuation. If, in the future, similar transactions occur at significantly different values, the fair value of unlisted equities will be revised appropriately.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Company's assets and liabilities measured and recognised at fair value at reporting date.

30 JUNE 2024	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Financial assets				
Investment in listed equities	<b>39,743</b>	-	-	<b>39,743</b>
Investment in unit trusts	<b>541</b>	-	-	<b>541</b>
<b>Total financial assets designated at fair value through profit or loss</b>	<b>40,284</b>	-	-	<b>40,284</b>
30 JUNE 2023	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Financial assets	-	-	-	-
Investment in listed equities	32,257	-	-	32,257
Investment in unit trusts	401	-	-	401
<b>Total financial assets designated at fair value through profit or loss</b>	<b>32,658</b>	-	-	<b>32,658</b>

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In determining the fair value of the securities the company holds in the unlisted investments, the company referred to the Net Tangible Assets of the investee, recent trading in units of the investment and all other market factors associated with the unlisted investment.

Financial assets at fair value through profit or loss are dependent on the change of input variables used to determine fair value, namely changes in market prices of equity securities. The majority of the investments are invested in shares of companies listed on the Australian Stock Exchange which are valued based on market observable information.

There were no transfers between level 1 and level 2 during the year.

There were no transfers of level 3 instruments for the year ended 30 June 2024 (2023: \$nil). The fair values of the investment in unlisted entities have been estimated using the redemption prices as at reporting date.



## 16. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which invests in equity securities, debt instruments, and related derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operates from one geographic location, being Australia, from where its investing activities are managed.

The Company does not derive revenue of more than 10% from any one of its investments held.

## 17. EARNINGS PER SHARE

### (a) Basic earnings per share:

	YEAR ENDED 30 JUNE	2024	YEAR ENDED 30 JUNE	2023
		CENTS		CENTS
Basic and diluted earnings per share		6.39		12.70

### (b) Reconciliation of earnings used in calculating earnings per share

	YEAR ENDED 30 JUNE	2024	YEAR ENDED 30 JUNE	2023
		\$'000		\$'000
Profit from continuing operations		2,114		4,293
Profit attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted earnings per share		2,114		4,293

### (c) Weighted average number of shares used as the denominator

	YEAR ENDED 30 JUNE	2024	YEAR ENDED 30 JUNE	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share		33,094,734		33,813,088
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		33,094,734		33,813,088

Basic earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## 18. EVENTS OCCURRING AFTER REPORTING DATE

Other than the events below, the directors are not aware of any matter or circumstance that has materially or may materially affect the operations of the company or the results of those operations, or the state of affairs of the company in subsequent financial years.

On 03 July 2024, the company announced a fully franked 0.5 cent per share dividend.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19. REMUNERATION OF AUDITORS

	YEAR ENDED 30 JUNE <b>2024</b> \$'000	YEAR ENDED 30 JUNE <b>2023</b> \$'000
<b>(a) Audit Services</b>		
BDO Audit Pty Ltd		
Audit and review of financial reports	<b>46</b>	23
<b>Total audit services</b>	<b>46</b>	23

### 20. DIVIDENDS

The following dividends have been paid by the Company or declared by the directors since the commencement of the financial year ended 30 June 2024:

YEAR ENDED 30 JUNE 2024	CENTS PER SHARE	TOTAL PAID (\$'000)
Dividends paid during 1st Quarter of the year	<b>0.50</b>	<b>167</b>
Dividends paid during 2nd Quarter of the year	<b>0.50</b>	<b>166</b>
Dividends paid during 3rd Quarter of the year	<b>0.50</b>	<b>163</b>
Dividends paid during 4th Quarter of the year	<b>0.50</b>	<b>163</b>
<b>Total paid (\$'000)</b>		<b>659</b>

YEAR ENDED 30 JUNE 2023	CENTS PER SHARE	TOTAL PAID (\$'000)
Dividends paid during 1st Quarter of the year	0.50	170
Dividends paid during 2nd Quarter of the year	0.50	169
Dividends paid during 3rd Quarter of the year	0.50	169
Dividends paid during 4th Quarter of the year	0.50	169
<b>Total paid (\$'000)</b>		<b>677</b>

	30 JUNE <b>2024</b> \$'000	30 JUNE <b>2023</b> \$'000
Franking credits available for subsequent financial years based on tax rate of 30% (2023: 30%)	<b>3,981</b>	4,078

The above amounts represent the balance of franking account as at the reporting date, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the current tax liability;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated and subsidiaries amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

### 21. COMMITMENTS AND CONTINGENCIES

There are no outstanding contingent liabilities or commitments as at 30 June 2024 (30 June 2023: Nil).

30 JUNE 2024

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

### **Public company is an investment entity**

Katana Capital Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements.

Therefore, section 295(3A) of the *Corporations Act 2001* does not apply to the entity.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Katana Capital Limited, I state that:

- (a) The financial statements and notes of the company set out on pages 22 to 40 are in accordance with the *Corporations Act 2001*, including
  - (i) Giving a true and fair view of the financial position as at 30 June 2024 and of its performance for the year ended on that date of the company.
  - (ii) Complying with Accounting Standard, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the consolidated entity disclosure statement on page 41 is true and correct.
- (e) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2011 for the financial year ended 30 June 2024.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board Katana Capital Limited



**Dalton Gooding**  
CHAIRMAN

Perth, Western Australia

25 September 2024

## AUDITOR'S INDEPENDENCE REPORT



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### INDEPENDENT AUDITOR'S REPORT

To the members of Katana Capital Limited

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Katana Capital Limited (the Company), which comprises the statement of financial position as at 30 June 2024, 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 report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of Katana Capital Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and 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 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 of 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.



**Carrying Value of Financial Assets at Fair Value through Profit or Loss**

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 6 of the financial report, as at 30 June 2024, the carrying value of financial assets recognised at fair value through profit or loss represents a significant asset of the Group.</p> <p>The financial asset held largely consisted of listed securities.</p> <p>This is a key audit matter due to the volume of transactions and size of the financial asset balance at reporting date.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained the listing of financial assets including movements for the financial year ended 30 June 2024 and perform the following procedures:</li> <li>• Understanding and documenting processes and controls used by the group in recording of acquisitions and disposals of financial assets, including pricing used for valuing the financial assets;</li> <li>• Checking the reliability and completeness of the investment listing and agreeing the balances in the listing to general ledger;</li> <li>• Assessing the fair value of financial assets on a sample basis against market values of shares obtained from publicly available information;</li> <li>• Agreeing acquisitions and disposals of financial assets on a sample basis against brokers certificates;</li> <li>• Assessing the calculations of movements in fair value on its financial assets held at fair value through profit or loss;</li> <li>• Agreeing a sample of financial assets held at 30 June 2024 to ownership documentation; and</li> <li>• Assessing the adequacy of the related disclosures in note 6 to the financial report.</li> </ul>



#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2024, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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.

## AUDITOR'S INDEPENDENCE REPORT



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 18 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Katana Capital Limited, for the year ended 30 June 2024, 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 25 September 2024



## ADDITIONAL ASX INFORMATION

### Net tangible assets per security

	30 JUNE 2024	30 JUNE 2023
Net tangible asset backing per ordinary security (after tax and provision)	<b>\$1.2932</b>	\$1.245

### Ordinary Fully Paid Shares – AS AT 20 AUGUST 2024

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1-1,000	97	21,240	0.07
1,001-5,000	34	105,235	0.33
5,001-10,000	25	206,789	0.65
10,001-100,000	81	3,063,751	9.61
100,001 and over	53	28,467,956	89.34
<b>Total</b>	<b>290</b>	<b>31,864,971</b>	<b>100.00</b>

### Unmarketable Parcels

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$1.2100 per unit	414	69	2,748

### Top 20 Shareholders – AS AT 20 AUGUST 2024

NAME	UNITS	% UNITS
JOVE PTY LTD	2,859,837	8.97
WONDER HOLDINGS PTY LTD	2,518,139	7.90
KATANA ASSET MANAGEMENT LTD	2,471,243	7.76
BS CAPITAL PTY LTD	1,556,276	4.88
MR ROMANO SALA TENNA + MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	1,476,973	4.64
MR BRAD JOHN SHALLARD + MRS LISA MAREE DUPEROUZEL <THE SHALLARD SUPER FUND A/C>	1,475,992	4.63
CLASSIC CAPITAL PTY LTD <BRL UNIT A/C>	1,351,600	4.24
MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	1,000,000	3.14
MRS LINDA SALA TENNA	943,862	2.96
AUXILIUM CAPITAL PTY LTD <ST FAMILY CHARITY A/C>	935,530	2.94
COLLORI PTY LTD <ELLSEE INVESTMENT A/C>	797,709	2.50
AUXILIUM CAPITAL PTY LTD <ST FAMILY A/C>	690,904	2.17
METHUEN HOLDINGS PTY LTD <THE PB FAMILY A/C>	655,910	2.06
BLU BONE PTY LTD	627,900	1.97
MRS ELSIE DA SILVA	530,706	1.67
KEFIR PTY LTD <SNOWBALL SUPER FUND A/C>	500,000	1.57
WFF PTY LTD <WHEATLEY FAMILY FNDN A/C>	473,288	1.49
MRS TIA ELLISON <TIA ELLISON FAMILY A/C>	390,269	1.22
JOHN SELWYN INVESTMENTS PTY LTD	375,000	1.18
BOTSIS SUPER PTY LTD <PHIL & PAMELA BOTSIS S/F A/C>	337,500	1.06
<b>Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)</b>	<b>21,968,638</b>	<b>68.94</b>

### Substantial Shareholders – AS AT 20 AUGUST 2024

	SHARES	% OF SHARES
Brad Shallard	5,021,062	15.76
Romano Sala Tenna	5,918,138	18.57

## ADDITIONAL ASX INFORMATION

### Options expiring 20/08/2025 – AS AT 20 AUGUST 2024

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1-1,000	96	21,878	0.07
1,001-5,000	32	100,278	0.31
5,001-10,000	25	209,332	0.64
10,001-100,000	87	3,284,849	10.05
100,001 and over	55	29,055,276	88.93
<b>Total</b>	<b>295</b>	<b>32,671,613</b>	<b>100.00</b>

### Unmarketable Parcels

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$0.03 per unit	166,667	251	5,028,568

### Top 20 Optionholders – AS AT 20 AUGUST 2024

NAME	OPTIONS HELD	% OF ISSUED OPTIONS
JOVE PTY LTD	2,836,272	8.68%
WONDER HOLDINGS PTY LTD	2,518,139	7.71%
KATANA ASSET MANAGEMENT LTD	2,450,880	7.50%
BS CAPITAL PTY LTD	1,543,452	4.72%
MR ROMANO SALA TENNA + MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	1,464,803	4.48%
MR BRAD JOHN SHALLARD + MRS LISA MAREE DUPEROUZEL <THE SHALLARD SUPER FUND A/C>	1,463,830	4.48%
CLASSIC CAPITAL PTY LTD <BRL UNIT A/C>	1,351,600	4.14%
MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	1,000,000	3.06%
MRS LINDA SALA TENNA	936,084	2.87%
AUXILIUM CAPITAL PTY LTD <ST FAMILY CHARITY A/C>	927,821	2.84%
COLLORI PTY LTD <ELLSEE INVESTMENT A/C>	791,136	2.42%
KB33 CAPITAL PTY LTD	708,200	2.17%
AUXILIUM CAPITAL PTY LTD <ST FAMILY A/C>	690,904	2.11%
BLU BONE PTY LTD	627,900	1.92%
MR RONALD WILLIAM JAMES + MRS ELIZABETH JANET JAMES	600,000	1.84%
MRS ELSIE DA SILVA	530,706	1.62%
KEFIR PTY LTD <SNOWBALL SUPER FUND A/C>	500,000	1.53%
WFF PTY LTD <WHEATLEY FAMILY FNDN A/C>	473,288	1.45%
JOHN SELWYN INVESTMENTS PTY LTD	375,000	1.15%
BOTSIS SUPER PTY LTD <PHIL & PAMELA BOTSIS S/F A/C>	337,500	1.03%
<b>Total</b>	<b>22,127,515</b>	<b>67.72%</b>

### Substantial Optionholders – AS AT 20 AUGUST 2024

	OPTIONS	% OF OPTIONS
Brad Shallard	5,058,784	15.48
Romano Sala Tenna	5,954,437	18.22

## ADDITIONAL ASX REPORTING

### List of Investments Held as at 30 June 2024

#### *Katana Investment Portfolio*

ARCADIUM LITHIUM CDI D	KAROON GAS AUSTRALIA ORD
ARISTOCRAT LEISURE ORD	LARAMIDE RESOURCES CDI
AUCKLAND INTERNATIONAL AIRPORT ORD	LENDLEASE GROUP UNT
AUSTAL ORD	LIFE360 INC. CDI
AUSTRALIAN CLINICAL LABS ORD	LOTUS RESOURCES ORD
AUSTRALIAN FINANCE GROUP ORD	LYNAS CORPORATION ORD
BLUEBET HOLDINGS ORD	MA FINANCIAL GROUP ORD
BOSS RESOURCES ORD	MACH7 TECHNOLOGIES ORD
BURGUNDY DIAMOND MINES ORD	MACQUARIE GROUP ORD
CARSALSA.COM LIM ORD	MEGAPORT ORD
CHARTER HALL GRP UNT	METALS X ORD
CORONADO GLOBAL RESOURCES CDI	MINERAL RESOURCES ORD
CSL ORD	PEPPER MONEY ORD
DE GREY MINING ORD	PERPETUAL ORD
DELTA LITHIUM ORD	PRAEMIUM ORD
DEXUS CONVIENCE RE REIT STAPLED UNT	PREMIER INVESTMENTS ORD
DOMINO'S PIZZA ENTERPRISES ORD	QBE Insurance
ELDERS ORD	RAMSAY HEALTH CARE ORD
ELECTRO OPTIC SYSTEMS HOLDINGS ORD	REA GROUP ORD
EVOLUTION MINING ORD	REGIS RESOURCES ORD
GENESIS MINERALS ORD	RESMED CDI
GENUSPLUS GROUP ORD	RESOURCE DEVELOPMENT GROUP ORD
GOODMAN GROUP UNT	SANTOS ORD
GREEN TECHNOLOGY METALS ORD	SEVEN WEST MEDIA ORD
IGO ORD	SONIC HEALTHCARE ORD
ILUKA RESOURCES ORD	TECHNOLOGY ONE ORD
IPH ORD	TELSTRA CORPORATION ORD
ISHARES CHINA LARGE CAP ETF	WESFARMERS ORD
IVE GROUP ORD	WEST AFRICAN RESOURCES ORD
JOHNS LYNG GROUP ORD	WHITEHAVEN COAL ORD
JUDO CAPITAL HOLDINGS ORD	WOOLWORTHS ORD
JUMBO INTERACTIVE ORD	WORLEYPARSONS ORD JUPITER MINES ORD

### Total Number of Transactions during the report period

Total number of transactions during the 12 months to 30 June 2024 was 510 with brokerage fees of \$168,344

### Total Management Fees Paid or Accrued and Summary of Agreement

Please refer to disclosure made in Remuneration Report.

### Corporate Governance Statement

Please refer to [www.katanaasset.com](http://www.katanaasset.com)



**KATANA**  
CAPITAL LIMITED

[www.katanaasset.com](http://www.katanaasset.com)