

WAM MICROCAP LIMITED

ABN 34 617 838 418

Appendix 4E Preliminary Final Report for the year ended 30 June 2024

Results for Announcement to the Market

All comparisons to the year ended 30 June 2023

	\$	up/down	% mvmt
Revenue from ordinary activities	57,372,058	up	32.7%
Profit from ordinary activities before income tax expense	46,918,765	up	32.7%
Net profit from ordinary activities after income tax expense	34,206,336	up	30.0%

Dividend information	Cents per share	Franking %	Tax rate for franking
2024 Final dividend cents per share	5.25c	100%	30%
2024 Interim dividend cents per share	5.25c	100%	30%

Final dividend dates

Ex-dividend date	15 October 2024
Record date	16 October 2024
Last election date for the DRP	18 October 2024
Payment date	29 October 2024

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 5.25 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average market price (VWAP) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend. The DRP will operate without a discount for the final dividend.

	30 Jun 24	30 Jun 23
Net tangible asset backing (before tax) per share	\$1.39	\$1.30
Net tangible asset backing (after tax) per share	\$1.36	\$1.30

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

W | A | M Microcap

ABN 34 617 838 418

2024 Annual Report

Wilson
Asset Management





WAM Microcap Limited (WAM Microcap or the Company) is a listed investment company and is a reporting entity. Listed on the ASX in June 2017, WAM Microcap provides investors access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition.

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Regional Shareholder *Presentations*

The Wilson Asset Management and Future Generation teams look forward to meeting with our shareholders across the country.

Further details to be provided on our website.

Join our hybrid Annual General Meeting

Thursday 21 November 2024

Museum of Sydney (Warrane Theatre)
Corner Bridge Street and Phillip Street Sydney NSW 2000
Further details to be provided.

Deadline for Director nominations, including the deadline for signed consent, is 5:00pm (AEST) on Tuesday 24 September 2024.

FY2024 financial highlights

Operating profit before tax
in FY2024

\$46.9m

Investment portfolio
performance in FY2024

+21.6%

Investment portfolio
outperformance of
S&P/ASX Small Ordinaries
Accumulation Index in FY2024

+12.3%

Fully franked full year
dividend

10.5 cps

Fully franked
dividend yield

7.5%

Grossed-up
dividend yield:

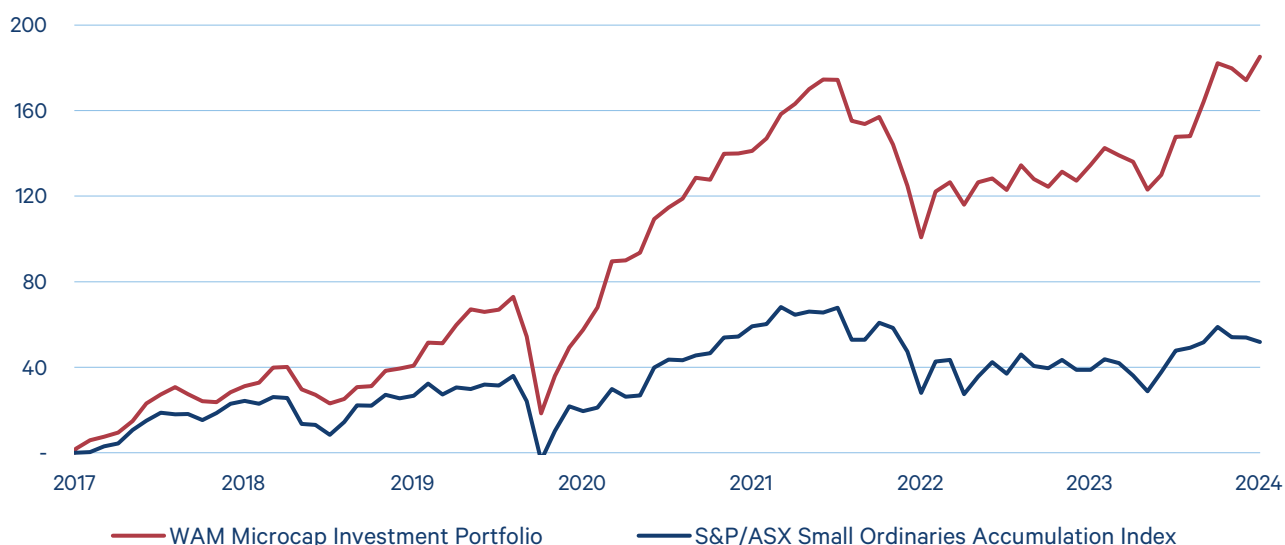
10.7%

Investment portfolio
performance (pa since inception
June 2017)

+15.9%

WAM Microcap's investment portfolio has returned 15.9% per annum since inception, outperforming the market by 9.8% per annum.

Index re-based



Notes:

1. The above graph reflects the period from inception in June 2017 to 30 June 2024.
2. WAM Microcap's investment portfolio performance is before expenses, fees and taxes to compare to the S&P/ASX Small Ordinaries Accumulation Index which is also before expenses, fees and taxes.

30 June 2024 snapshot

Assets	Dividends paid since inception, including franking credits	Profits reserve, before the payment of final dividend
\$391.8m	85.0 cps	41.1 cps
NTA before tax	Share price	Dividend coverage
\$1.39	\$1.405	3.9 years

Glossary of performance measures

The key measures used to analyse and discuss our results are defined here to guide the reader through FY2024 financial highlights, the Letter from the Chairman, and the Update from the Lead Portfolio Manager. A full glossary of terms is also located on pages 75 to 77.

Dividend yield	The annual dividend amount expressed as a percentage of the share price at a certain point in time. <i>This is calculated as follows: Annual dividend amount per share ÷ share price</i>
Grossed-up dividend yield	Grossed-up dividend yield includes the value of franking credits and is based on the corporate tax rate (generally 30.0%), assuming the dividend is fully franked. <i>This is calculated as follows: Annual dividend yield % ÷ (1 – the corporate tax rate of 30.0%)</i>
Net tangible assets (NTA) before tax	The NTA of a company, exclusive of current and deferred income tax assets or liabilities. The NTA before tax represents the investment portfolio of the Company, i.e. cash and investments, less any associated liabilities excluding tax and is the most comparable figure for a listed investment company (LIC) to an exchange traded fund (ETF) or managed fund.
Share price premium or discount	LIC's shares are traded on the ASX and a LIC has a fixed amount of capital. At times, the LIC's share price can fluctuate above or below its NTA value. When the share price is above the NTA of the company, the LIC is trading at a premium to NTA. When the share price is below the NTA, the LIC is trading at a discount to NTA. <i>This is calculated as follows: (Share price – NTA before tax) ÷ NTA before tax</i>
Total shareholder return (TSR)	Total share price return to shareholders, assuming all dividends received were reinvested without transaction costs and the compounding effect over the period. This measure is calculated before and after the value of franking credits attached to dividends paid to shareholders. <i>This is calculated as follows: (Closing share price – starting share price + dividends paid + franking credits) ÷ starting share price</i> <i>Note: the TSR reported in the Annual Report and media release is calculated monthly, using the above formula, and includes the effect of compounding over the period.</i>



Letter from the Chairman

Geoff Wilson AO

Dear Fellow Shareholders,

The WAM Microcap investment team delivered strong investment portfolio outperformance in the 2024 financial year, representing the seventh consecutive year, since inception, that the investment portfolio has outperformed its benchmark. The team achieved this outperformance by applying WAM Microcap's proven investment process, identifying undervalued micro-cap companies that demonstrate earnings growth, management strength, and a compelling valuation. This process has delivered returns for shareholders across various market cycles.

The WAM Microcap investment portfolio increased 21.6%, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3% for the 12 months to 30 June 2024. The strong investment portfolio outperformance contributed to a 32.7% increase in the Company's operating profit before tax of \$46.9 million (FY2023: \$35.4 million) and an operating profit after tax of \$34.2 million (FY2023: \$26.3 million) for the financial year to 30 June 2024.

The WAM Microcap investment process is focused on identifying and investing in undervalued growth companies in the Australian micro-cap market, with a market capitalisation of less than \$300 million at the time of acquisition. Since inception in June 2017, the investment portfolio has increased 15.9% per annum, outperforming the Index by 9.8% per annum.

Investment portfolio performance in FY2024

+21.6%

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in FY2024

+12.3%

Fully franked full year dividend

10.5 cps

Fully franked dividend yield on the 28 June 2024 share price

7.5%

Grossed-up dividend yield: **10.7%**

The Board declared a fully franked full year dividend of 10.5 cents per share, with the fully franked final dividend being 5.25 cents per share. The fully franked full year dividend represents a high fully franked dividend yield of 7.5% and a grossed-up dividend yield of 10.7% when including the value of franking credits, based on the 28 June 2024 share price of \$1.405 per share. The fully franked full year dividend has been achieved through the performance of the investment portfolio since inception, the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

The Board's decision to maintain the high fully franked full year dividend of 10.5 cents per share was informed by the high grossed-up dividend yield of 10.9% on the Company's pre-tax NTA at 30 June 2024, the level of franking credits and the objective to provide shareholders both capital growth and income returns. The return on any equity investment for shareholders can be made up of a combination of capital (i.e. movement in the Company's share price) and income (i.e. through franked or unfranked dividends paid to shareholders on a semi-annual basis). If the dividends paid to shareholders (including franking credits) exceeds the increase in assets during the year, then the NTA of the Company declines. In order to maintain the high grossed-up dividend yield of 10.9% per annum, the investment portfolio would need to increase more than 12% per annum to ensure that the NTA of the Company does not decline and shareholders receive a combination of capital and income returns.

Since inception in 2017, WAM Microcap has achieved an investment portfolio return of 15.9% per annum, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.8% per annum, while having an average cash weighting of 15.2% over this period.

The Company had 3.9 years of dividend coverage, based on the profits reserve of 41.1 cents per share at 30 June 2024, before the payment of the fully franked final dividend of 5.25 cents per share payable on 29 October 2024. Since inception in June 2017, WAM Microcap has paid 59.5 cents per share in fully franked dividends to shareholders and 85.0 cents per share when including the value of franking credits, providing an average dividend yield on the initial public offering price of 8.3% and a grossed-up dividend yield of 11.9% including the value of franking credits.

The WAM Microcap share price premium to net tangible assets (NTA) contracted during the 2024 financial year. At 30 June 2024, the share price premium to NTA was 1.1%, narrowing from 8.3% at 30 June 2023, impacting total shareholder return (TSR) for shareholders. The TSR for WAM Microcap was 10.8% during the 12-months, including the value of franking credits distributed to shareholders through fully franked dividends. At 31 July 2024, the share price premium to NTA has increased slightly to 3.8%.

During the last quarter, WAM Microcap completed a Share Purchase Plan (SPP) and Placement, raising \$90 million and closing significantly oversubscribed, providing existing WAM Microcap shareholders the opportunity to increase their holding in the Company at NTA.

We thank all shareholders who showed their confidence in the Company by applying for additional shares in the SPP. Oscar and the investment team have diligently deployed the capital raised in accordance with WAM Microcap's disciplined and proven investment process, identifying and investing in undervalued growth companies in the Australian micro-cap market, with a market capitalisation of less than \$300 million at the time of acquisition.

As a fellow WAM Microcap shareholder, I would like to thank the investment team and the broader Wilson Asset Management team. We greatly appreciate the trust, loyalty and support we have received from WAM Microcap shareholders.

We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Microcap or Wilson Asset Management. Please contact me or the team on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

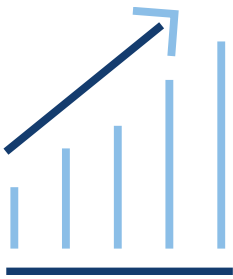
Thank you for your continued support.



Geoff Wilson AO
Chairman

Company performance

Over four decades of investing, we have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance:

**Key performance
measure 1****Investment
portfolio
performance**

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees, taxes and capital management initiatives. Each LIC is driven towards outperforming a benchmark index, or increasing the underlying investment portfolio of equities and cash at a faster rate.

**Key performance
measure 2****Net tangible
asset growth**

NTA growth is the change in value of the Company's assets, less liabilities and costs (after management and performance fees). The NTA growth includes dividends paid to shareholders and tax paid (franking credits), and demonstrates the value of the investment portfolio performance and quantifies the impact of capital management decisions.

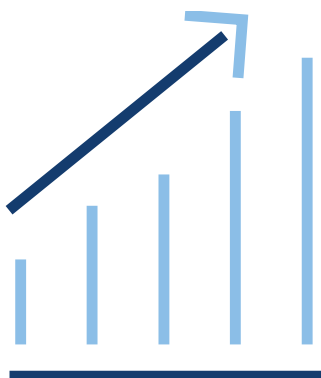
**Key performance
measure 3****Total shareholder
return**

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before and after the value of any franking credits distributed to shareholders through fully franked dividends.

Key performance measure 1

Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Microcap is to outperform the S&P/ASX Small Ordinaries Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX Small Ordinaries Accumulation Index is also measured before expenses, fees and taxes.

**Investment portfolio performance in the financial year to 30 June 2024**

+21.6%

WAM Microcap's investment portfolio increased 21.6% in the year to 30 June 2024, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3%, while holding on average 8.4% of the investment portfolio in cash.

Since inception, WAM Microcap has achieved an investment portfolio return of 15.9% per annum, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 9.8% per annum.

Set out on the next page is the performance of WAM Microcap since inception, on a financial year basis. The performance data excludes all expenses, fees, taxes and capital management initiatives, and is used as a guide to show how the Company's investment portfolio has performed against the S&P/ASX Small Ordinaries Accumulation Index over the same period.

WAM Microcap investment portfolio performance since inception

Investment portfolio performance at 30 June 2024	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Jun-17)
WAM Microcap Investment Portfolio	21.6%	5.7%	15.2%	15.9%
S&P/ASX Small Ordinaries Accumulation Index	9.3%	-1.5%	3.7%	6.1%
Outperformance	+12.3%	+7.2%	+11.5%	+9.8%

Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Investment portfolio performance by financial year

Financial year	WAM Microcap Investment Portfolio	S&P/ASX Small Ordinaries Accumulation Index	Outperformance
2017/2018	31.2%	24.2%	+7.0%
2018/2019	7.3%	1.9%	+5.4%
2019/2020	11.8%	-5.7%	+17.5%
2020/2021	53.2%	33.2%	+20.0%
2021/2022	-16.8%	-19.5%	+2.7%
2022/2023	16.9%	8.4%	+8.5%
2023/2024	21.6%	9.3%	+12.3%

Key performance measure 2**Net tangible asset growth**

NTA growth is the change in value of the Company's assets, less liabilities and costs (including management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

NTA growth in the financial year to 30 June 2024**+17.6%**

WAM Microcap's pre-tax NTA increased 17.6% in the 12 months to 30 June 2024, including 10.5 cents per share of fully franked dividends paid to shareholders during the year and corporate tax paid of 2.2 cents per share or 1.7%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

Performance fees payable of 2.4% was the major item of difference between the investment portfolio performance of 21.6% and the NTA performance of 17.6%. Other items contributing to the change in the value of the assets during the year were management fees of 1.0%, corporate activity costs of 0.5% and other company related expenses of 0.2%, partially offset by capital management accretion of 0.1%.



WAM Microcap pre-tax NTA performance

\$1.30

30 June 2023
NTA before tax

\$1.39

30 June 2024
NTA before tax

+\$0.273

Portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. The WAM Microcap investment portfolio increased 21.6% for the 12 months to 30 June 2024.

-\$0.105

Dividends paid to Shareholders

When the Company pays a dividend, it represents income that is returned to shareholders out of the Company's assets and profits reserve. The dividend payment reduces the Company's NTA when paid. This excludes the value of franking credits attached to the dividend payment for shareholders. During the year, 10.5 cents per share of fully franked dividends were paid or 15.0 cents per share, including the value of franking credits, comprising of the FY2023 fully franked final dividend of 5.25 cents per share and the FY2024 fully franked interim dividend of 5.25 cents per share.

-\$0.022

Franking credits generated (tax paid)

Tax paid reduces the pre-tax NTA of the Company, as it represents an outflow of cash from the investment portfolio at the time of payment. Shareholders receive the benefit of tax paid by the Company as franked dividend payments are made. Shareholders receive the cash dividend, plus the value of the attached franking credits. Shareholders can use these credits to help offset additional tax payable on their taxable income, or have it refunded to them if their tax rate is lower than the 30% franking rate (corporate tax rate) attached to the dividend.

-\$0.013

Management fees

In return for its duties as Investment Manager of the portfolio, the Investment Manager is entitled to be paid monthly a management fee equal to 0.0833334% per month or 1% per annum (plus GST) of the value of the portfolio (calculated on the last business day of each month and paid at the end of each month in arrears).

+\$0.001

Corporate activity accretion

Corporate activities such as new shares issued at a premium or discount to NTA through the dividend reinvestment plan (DRP), mergers and acquisitions or share purchase plan (SPP) and placement can impact the value of the Company's NTA, separate to the management of the investment portfolio.

-\$0.009

Company related and other corporate activity costs

Company related expenses include ASX, ASIC, Director, audit, tax, accounting, Company Secretary, registry fees and other expenses incurred that relate to the operation of the Company each year. Other costs include legal fees associated with corporate activity, where applicable.

-\$0.031

Performance fee

Under the investment management agreement, the Investment Manager is eligible to be paid a performance fee being 20% (plus GST), in circumstances where:

- the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period.

Key performance measure 3**Total shareholder return**

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before and after the value of any franking credits distributed to shareholders through fully franked dividends.

TSR in the financial year to 30 June 2024**+10.8%**

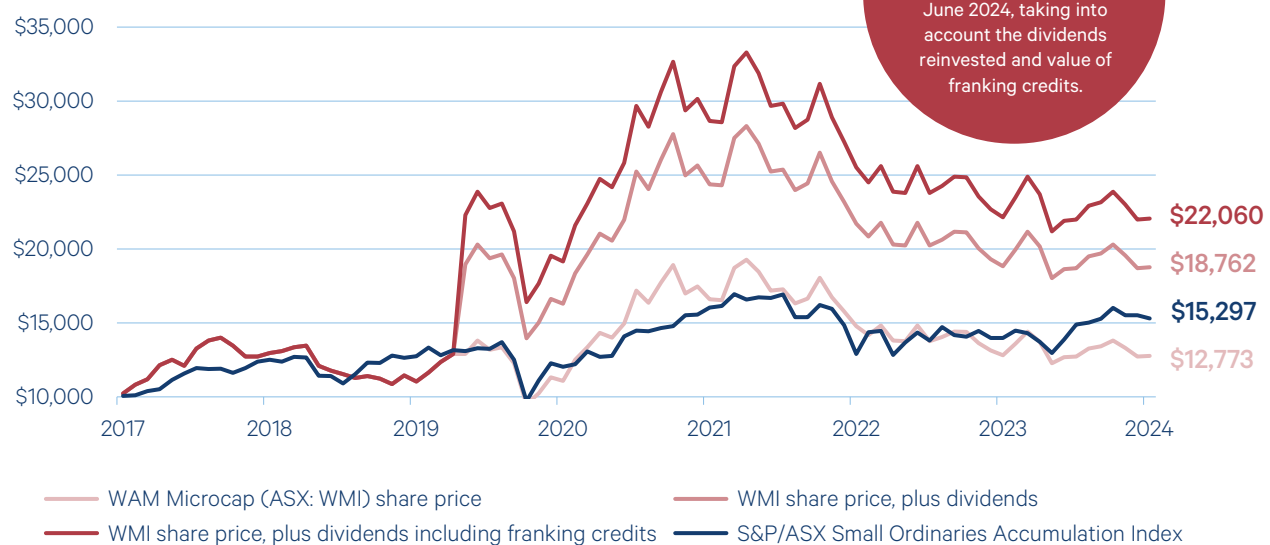
The TSR for WAM Microcap was 10.8% during the 12 months to 30 June 2024, including the value of franking credits distributed to shareholders through fully franked dividends. This was driven by the investment portfolio performance of 21.6% during the period, being offset by the narrowing of the share price premium to NTA from 8.3% at 30 June 2023 to 1.1% at 30 June 2024.

Excluding the value of franking credits, TSR was 7.4% for the period.



Growth of a \$10,000 investment

WAM Microcap versus the index



Notes:

- The above graph reflects the period from inception in June 2017 to 30 June 2024.
- WAM Microcap's share price performance is calculated using the adjusted closing monthly share price from IRESS, in Australian dollar terms. The closing monthly share price from IRESS is adjusted for corporate actions such as stock splits, dividends and rights offerings.
- The S&P/ASX Small Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Microcap investment portfolio.

NTA growth and TSR calculations

The table below reflects the Company's total return to shareholders calculated on a per share basis by adding back dividends paid (including the value of tax paid or franking credits) to the change in the NTA before tax or share price during the year. The dividends are assumed to have been re-invested at the relevant net asset value or share price, respectively, on the date on which the shares were quoted ex-dividend. The movement in the NTA before tax is driven by the investment portfolio performance, with TSR being added to or offset by the increase or narrowing in the share price premium or discount to NTA.

2024	NTA before tax	Share price	Premium/(discount) to NTA
At 30 June 2024	\$1,3898	\$1,405	1.1%
At 30 June 2023	\$1,3015	\$1,41	8.3%
Change in the year (capital)	6.8%	-0.4%	
Impact of dividend reinvestments (income)	9.1%	7.8%	
Impact of tax paid/value of franking credits (income)	1.7%	3.4%	
Total return for the year	17.6%	10.8%	

Dividends

Fully franked full year dividend

10.5 cps

Fully franked dividend yield

7.5%

Grossed-up dividend yield: **10.7%**

Dividend coverage
at 30 June 2024

3.9 years

Dividends paid since inception,
including franking credits

85.0 cps

The Board declared a fully franked full year dividend of 10.5 cents per share, with the fully franked final dividend being 5.25 cents per share. Since inception in June 2017, the Company has paid 59.5 cents per share in fully franked dividends to shareholders and 85.0 cents per share, including the value of franking credits.

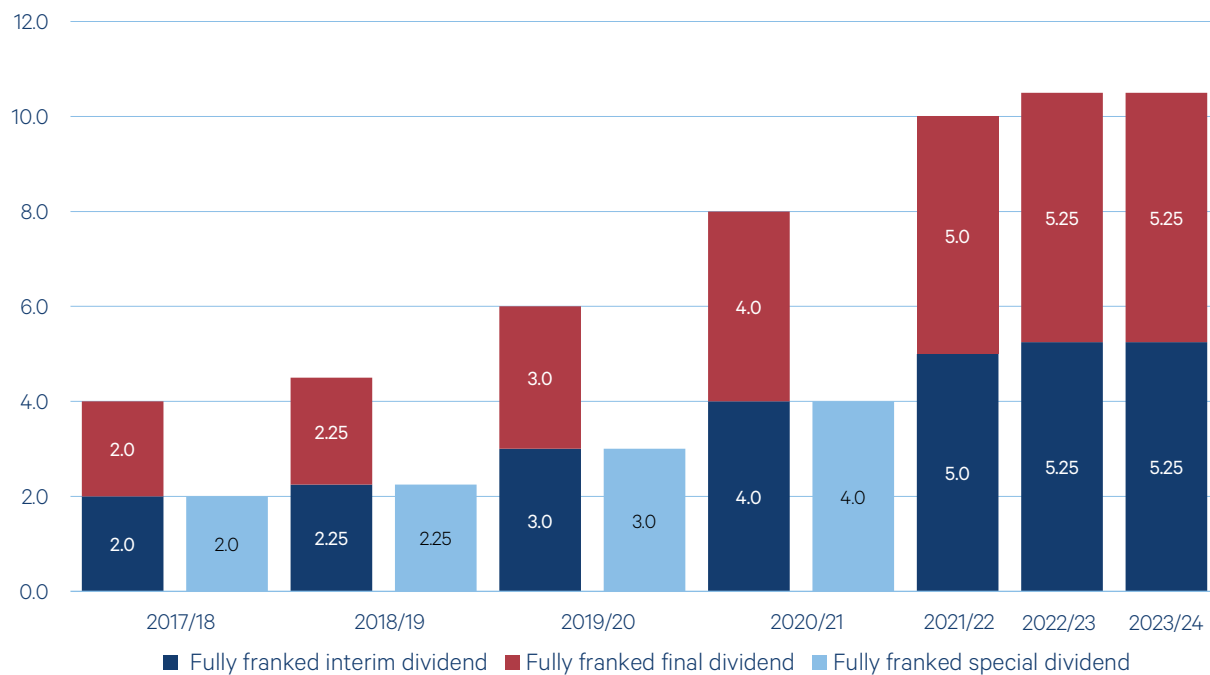
The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. As at 31 July 2024, the Company had 4.2 years of dividend coverage, based on the profits reserve of 43.9 cents per share, before the payment of the fully franked final dividend of 5.25 cents per share.

The Dividend Reinvestment Plan (DRP) is available to shareholders and the recommended fully franked final dividend of 5.25 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average market price (VWAP) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend. Dividends are paid on a six-monthly basis and the DRP will operate without a discount for the final dividend.

Since inception, WAM Microcap has returned over \$166.8 million or 85.0 cents per share in dividends and franking credits to shareholders.

WAM Microcap fully franked dividends since inception

Cents per share



Key dividend dates for the fully franked final dividend of 5.25 cents per share

Ex-dividend date	15 October 2024
Dividend record date (7:00pm Sydney time)	16 October 2024
Last election date for DRP	18 October 2024
Payment date	29 October 2024



Update from the Lead Portfolio Manager

Oscar Oberg CFA

The WAM Microcap investment portfolio delivered strong outperformance of the S&P/ASX Small Ordinaries Accumulation Index during the year, with the team applying WAM Microcap's proven investment process, which has delivered consistent long-term returns across a range of market cycles.

For the 12-months to 30 June 2024, the WAM Microcap investment portfolio increased 21.6%, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3%, representing the seventh year in a row, since inception, that the WAM Microcap investment portfolio has outperformed its benchmark. The team are extremely pleased with this performance in what was a highly challenging environment for micro-cap companies, as larger and more liquid small-cap companies outperformed.

During the last quarter, WAM Microcap completed a Share Purchase Plan (SPP) and Placement, raising \$90 million and closing significantly oversubscribed. The WAM Microcap team have deployed the capital raised in compelling micro-cap companies and we would like to thank shareholders for their participation.

Over the past three years, the investment team have consistently highlighted the valuation disparity between micro-cap stocks and larger companies. Over the 2024 financial year, we participated in several takeovers including MMA Offshore (ASX: MRM), Genex Power (ASX: GNX), Healthia (ASX: HLA), Symbio Holdings (ASX: SYM), Capitol Health (ASX: CAJ) and Ansarada Group (ASX: AND).

This is the highest number of takeovers we have experienced in a financial year since inception in 2017, with these stocks contributing to the investment portfolio performance. As micro-cap valuations remain depressed, we anticipate further takeover activity in the 2025 financial year.

There was a notable absence of initial public offerings within the micro-cap sector during the 2024 financial year. Our team's participation was limited to a single initial public offering (IPO), mining services company Tasma (ASX: TEA). Despite an anticipated uptick in capital market activity, the number of equity capital market transactions remained subdued, totalling only 26 deals for the year, a figure comparable to 23 deals in 2023 and significantly lower than the 80 deals we participated in during 2020.

Looking forward, we anticipate that as confidence returns to the micro-cap sector, there will be an increase in both equity capital markets activity and IPOs, providing a favourable tailwind for the WAM Microcap investment portfolio.

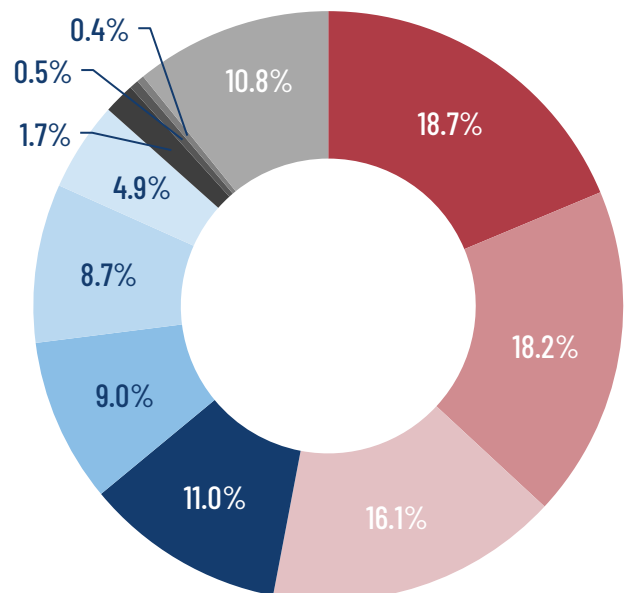
Telecommunications firm Tuas (ASX: TUA) once again emerged as the leading performer within the investment portfolio, driven by sustained growth in new subscriptions for its Singaporean mobile services, exceeding analyst earnings forecasts. The recent introduction of broadband and enterprise services is expected to expand Tuas' overall market reach, with potential future expansions into Malaysia or Indonesia anticipated to further enhance its growth prospects.

Technology company Gentrack Group (ASX: GTK) had a stellar year marked by contract wins in the utilities and airports sectors, leading to substantial upgrades in earnings estimates. We foresee a robust growth trajectory ahead as utility clients increasingly transition to cloud-based solutions, positioning Gentrack Group to further consolidate its market presence. With a debt-free status and cash reserves amounting to \$35 million on its balance sheet, Gentrack Group is poised to capitalise on opportunities for earnings-enhancing acquisitions.

Meanwhile, DUG Technology (ASX: DUG), another technology enterprise, witnessed a notable increase in its order book, propelled by favourable conditions within the seismic drilling segment of the oil and gas industry.

After a challenging 2023, mining services company Austin Engineering (ASX: ANG) upgraded earnings expectations following a successful transition of manufacturing from its high-cost Australian operations to its low-cost Indonesian operations. Austin Engineering's valuation remains very cheap and with low levels of debt we see the potential for an earnings accretive acquisition. Engineering company Service Stream (ASX: SSM) also performed well given the completion of a problem project and improving margins in its utilities business. We believe the share price can rerate further, as management repositions the company into the defence sector to further diversify the business.

Diversified investment portfolio by sector at 30 June 2024



- Industrials: 18.7%
- Financials: 18.2%
- Consumer discretionary: 16.1%
- Information technology: 11.0%
- Communication services: 9.0%
- Health care: 8.7%
- Materials: 4.9%
- Utilities: 1.7%
- Energy: 0.5%
- Consumer staples: 0.4%
- Cash: 10.8%

Each year, there are companies that fit our investment process that ultimately detract from investment portfolio performance. During the 2024 financial year, these companies included wealth technology player Praemium (ASX: PPS) and tourism company Experience Co (ASX: EXP). Praemium, despite a favourable August 2023 result, disappointed investors with an earnings downgrade in November 2023, prompting our decision to divest the company in response to the unforeseen earnings impact.

Experience Co has faced challenges stemming from the delay in international tourism, particularly from China, impacting its skydiving business and resulting in a decline in its share price throughout 2024. We believe the outlook for the company is improving, particularly with the recent announcement of a strategic review that may lead to future asset sales. Consequently, we have opted to increase our holding in Experience Co.

The investment team has continued to identify exciting opportunities poised for a valuation rerating, despite a consistently volatile macroeconomic environment over the past three years. Micro-cap investing often requires patience and an example of this is our experience with Generation Development Group (ASX: GDG) which we first bought in July 2017. Continued earnings upgrades from increasing net inflows saw the share price increase over the last 12-months, culminating in the acquisition of Lonsec in May 2024, which has seen the company's market capitalisation increase to \$703 million.

We have identified companies such as the New Zealand Stock Exchange (NZX: NZX), EML Payments (ASX: EML) and NZME (NZX: NZM) as exhibiting characteristics similar to Generation Development Group, benefitting from growth catalysts anticipated to bolster their share prices in the 2025 financial year. While a decline in interest rates would generally favour micro-cap companies, the WAM Microcap investment process consistently uncovers compelling micro-cap opportunities, irrespective of market conditions.

For these reasons we see a strong period ahead for micro-cap companies and continue to maintain a flexible cash position to ensure we can benefit from share price volatility and take advantage of valuation anomalies.

Thank you for your continued support.



Oscar Oberg CFA
Lead Portfolio Manager

WAM Microcap top 20 holdings with portfolio weightings

at 30 June 2024

Code	Company name	%
TUA	Tuas Limited	3.5%
GDG	Generation Development Group Limited	3.2%
GTK	Gentrack Group Limited	2.9%
SGF	SG Fleet Group Limited	2.7%
SLC	Superloop Limited	2.3%
CAJ	Capitol Health Limited	2.3%
SSM	Service Stream Limited	2.3%
NZX NZ	NZX Limited	2.2%
EML	EML Payments Limited	2.1%
EVO	Embark Early Education Limited	2.1%
ANG	Austin Engineering Limited	2.0%
REG	Regis Healthcare Limited	2.0%
n/a	Xpansiv Limited	1.9%
CLG	Close the Loop Limited	1.8%
PGC	Paragon Care Limited	1.8%
UNI	Universal Store Holdings Limited	1.7%
TEA	Tasmea Limited	1.7%
EOS	Electro Optic Systems Holdings Limited	1.7%
LGI	LGI Limited	1.7%
GNP	GenusPlus Group Limited	1.7%

The fair values of individual investments held at the end of the reporting period are disclosed on pages 72 to 73.

Investment

objectives and process

Investment objectives

The investment objectives of WAM Microcap are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth over the medium-to-long term; and
- preserve capital of the Company.

Investment process

WAM Microcap provides investors with access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition, using Wilson Asset Management's two distinctive investment processes:

- a research-driven process focused on identifying undervalued micro-cap growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

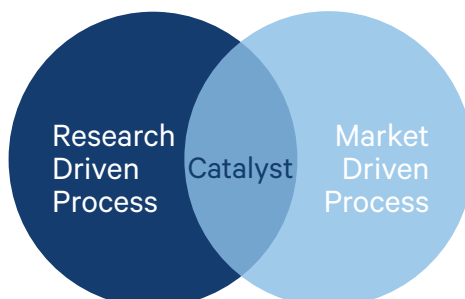
Research-driven investing

This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect will change the market's valuation of the company.

Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.

Diligent and deep research on undervalued micro-cap growth companies that focuses on free cash flow, return on equity, meeting management and the quality of a company.



Takes advantage of short-term mispricing opportunities in the Australian equity market.

Catalyst: a major event that alters the market's perception of a company or its earnings momentum which will lead to a rerating of the investee company's share price.

About

Wilson Asset Management

Wilson Asset Management has been passionate about making a difference for shareholders and the community for more than 25 years. As an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for eight listed investment companies (LICs), WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) as well as the Wilson Asset Management Leaders Fund. Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG).

W | A | M Capital

W | A | M Leaders

W | A | M Global

W | A | M Microcap

W | A | M Alternative Assets

W | A | M Strategic Value

W | A | M Research

W | A | M Active

>\$5 billion

in funds under management

>200 years

combined investment experience

>25 years

making a difference for shareholders

10

investment products

Philanthropy



Geoff Wilson founded Future Generation Australia in 2014 and Future Generation Global in 2015. The Future Generation companies are Australia's first listed investment companies to provide both investment and social returns. The companies seek to deliver a stream of fully franked dividends, preserve shareholder capital and provide medium to long-term capital growth for investors by giving them unprecedented access to prominent Australian and global fund managers. These managers generously waive their performance and management fees, which enables the Future Generation companies to invest 1.0% of average net tangible assets each year in their social impact partners and other not-for-profit organisations. To date, the Future Generation companies have invested \$75.8 million in organisations that support children and youth mental health, making them one of Australia's Top 30 Corporate Philanthropists. The team at Wilson Asset Management continue to be the leading supporter to both companies.

By 2030, Future Generation aims to have donated over \$100 million, with \$75.8 million donated since inception so far. The team at Wilson Asset Management continue to support both companies.



Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. During the year, Wilson Asset Management and Future Generation team members were proud to support 97 charities across several cause areas such as cancer research, homelessness and mental health. All philanthropic investments are made by the Investment Manager.

We are honoured to provide continued support to Olympic athletes, through managing funds for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

We also support a number of organisations through sponsorships and partnerships across a range of initiatives including The Australian Shareholder's Association, Sporting Chance Cancer Foundation, Women in Super, Team Jefferson's Race Across America (RAAM), Rugby Australia, Alpine Cycling Club, Bondi2Berry, Morgans Big Dry Friday, UTS Indigenous College, and the Go Foundation.

All sponsorships and partnerships are paid for by the Investment Manager.

Advocacy

As part of our focus on making a difference for shareholders and the community, our advocacy work for fair and equitable treatment of retail shareholders continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

In the financial year to date we have been focused on four key policies:

1. Changes to the franking system

Together we have been publicly fighting for the preservation of Paul Keating's franking system since the Labor party first proposed changes in 2018, a proposal that was going to deny cash refunds of franking credits to certain investors and reintroduce double taxation. In September 2021, the Australian Government announced proposed legislation changes to the Australian franking system, this time limiting the ability of Australian companies to pay fully franked dividends to their shareholders.

In November 2023, the Federal Government debated Treasury Laws Amendment (2023 Measures No.1) Bill 2023 and its proposed amendments. While many amendments that we argued for through various parliamentary submissions, including presenting a Senate inquiry have been accepted, *Schedule 4: Off-market share buy backs* and *Schedule 5: Franked distributions funded by capital raisings* were passed as law. While this is a disappointing outcome, by taking a public stance we secured some important changes to Schedule 5. You can read more on our website under our 'Making a difference' section.

We are grateful for the support our shareholders have given our campaign to raise awareness on the unintended consequences of tinkering with the Australian franking system which has been fundamental to more than three decades of economic stability and growth in Australia.

We will continue to engage with Federal Members of Parliament and Senators to ensure there are no further changes to the system.



2. Treasury Laws Amendment (Better targeted superannuation concessions)

In October 2023, Wilson Asset Management provided a response to the consultation that was undertaken into the proposed changes to the “large superannuation balance thresholds” of \$3 million plus, which refers to a 30% concessional tax rate being applied to future superannuation earnings. We objected to the proposed changes based on the significant stress they will place on Australian superannuants, who will be expected to pay tax on unrealised capital gains that may never be realised. We believe this particular issue will place self-managed superannuation funds (SMSFs) at a significant disadvantage to large industry funds due to the practicalities of managing capital flows on taxed unrealised gains.

We also objected to the lack of indexing of the \$3 million threshold which will transfer tax liabilities to younger generations. We believe these changes will distort investment markets, alter the incentive for retirement plans and place financial strain on younger generations.

We presented at the Senate inquiry regarding this matter and will continue to monitor this proposal and engage with federal politicians on the proposed changes.

3. Sophisticated investor test (Wholesale investor and wholesale client tests)

In May 2024, we made a submission in response to the Parliamentary Joint Committee on Corporations and Financial Services’ inquiry into the wholesale investor test. The inquiry proposes that it lifts the income and asset test threshold for sophisticated investors to a reported \$4.5 million in assets or \$450,000 in income. We proposed two regulatory changes that could help level the playing field between large and small investors:

- a) Abolish the wholesale investor test completely for listed companies allowing all shareholders to participate in equity raisings by ASX-listed companies, ensuring fairness to small shareholders. This recognises the effectiveness of the ASX continuous disclosure rules and will encourage companies to value equity from all shareholders versus unfairly excluding smaller retail shareholders; and
- b) Enhance the sophisticated investor test that currently discriminates between investors according to their wealth by adding a new test of financial literacy to enable those with the relevant experience and qualifications to qualify for the test and not be excluded simply because of their wealth. This is particularly pertinent to companies that are not-listed and therefore pose greater risks for investors. For investors who fall outside of the threshold, there should be recognition of education and experience as an indication of investment sophistication. The latter will capture those who, for example, are in the profession but do not meet the income or asset tests.

We understand the Government is reconsidering the proposed changes and we will continue to advocate on behalf of retail shareholders.

4. Virtual Annual General Meetings (AGMs)

In July 2024, we submitted a response to the Treasury’s review into making temporary virtual AGMs permanent. We believe AGMs of publicly listed companies should be held as hybrid meetings (a combination of in-person and virtual meetings), not exclusively online meetings, as virtual-only meetings shift the balance of power away from shareholders by eroding transparency, accountability and access.



Education

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We support the University of New South Wales School of Mathematics and Statistics' Do the Maths program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provides rewarding career paths. We regularly host Women's Investor Events which give likeminded women a platform to network and enhance financial literacy, while our Young Investor Events aim to inspire the next generation to begin their investment journey early.

We encourage all shareholders to visit our website and subscribe to receive our updates.

As always, please contact us by phone on (02) 9247 6755 or by email at info@wilsonassetmanagement.com.au if you ever have any questions or feedback.

Shareholder engagement and communication



WAM Microcap is your company and it is Wilson Asset Management's responsibility to manage the Company on your behalf and be available to report to you on a regular basis. We encourage all shareholders to communicate with us and share their feedback. We have a variety of options to keep you informed, including:

- ✓ Email updates from the Chairman and CIO, the Lead Portfolio Managers and the investment team
- ✓ Shareholder Presentations and events
- ✓ Investment team insights including market and macroeconomic commentary, updates from management teams of ASX listed companies and 'Talking Stocks' videos
- ✓ Shareholder Q&A webinars
- ✓ Monthly net tangible asset reports and investment updates
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Annual and interim results announcements with detailed commentary on the portfolios and markets
- ✓ Media and events coverage from our ongoing media partnerships with Livewire Market, the ASX, Equity Mates, the Australian Shareholders' Association and more.

Directors' Report

to shareholders

For the year ended 30 June 2024

The Directors present their report together with the financial report of WAM Microcap for the financial year ended 30 June 2024.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth in the medium-to-long term and preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$46,918,765 (2023: \$35,361,425) and an operating profit after tax of \$34,206,336 (2023: \$26,321,283). The operating profit for FY2024 is a result of the strong performance of the investment portfolio over the year. The investment portfolio increased 21.6% during the 12-month period to 30 June 2024, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 12.3%. The average cash weighting of the investment portfolio during the period was 8.4%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the year. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company as at 30 June 2024 was \$377,150,607 (2023: \$275,816,303). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2024.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked final FY2023 dividend of 5.25 cents per share paid on 16 October 2023	11,076,454
Fully franked interim FY2024 dividend of 5.25 cents per share paid on 30 May 2024	14,473,613

Since the end of the year, the Directors declared a fully franked final dividend of 5.25 cents per share to be paid on 29 October 2024.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investee companies and the payment of tax on realised profits.

Directors of the *Company*

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



**Geoff
Wilson AO**



**Kate
Thorley**



**Jacqueline
Sullivan**



**Adrian
Siew**

Information on Directors

Geoff Wilson AO (Chairman – non-independent)

Chairman of the Company since March 2017

Experience and expertise

Geoff Wilson has more than 44 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Australia Limited and Future Generation Global Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Other current listed company directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). He is the founder and a Director of Future Generation Australia Limited (appointed July 2014) and Future Generation Global Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Staude Capital Global Value Fund Limited (appointed April 2014) and Hearts and Minds Investments Limited (appointed September 2018).

Geoff Wilson AO (Chairman – non-independent) (cont'd)

Former listed company directorships in the last 3 years	Special responsibilities	Interests in shares of the Company	Interests in contracts
Geoff Wilson has not resigned as a director from any listed companies within the last three years.	Chairman of the Board.	Details of Geoff Wilson's interests in shares of the Company are included later in this report.	Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Kate Thorley (Director – non-independent)*Director of the Company since March 2017***Experience and expertise**

Kate Thorley has over 20 years' experience in the funds management industry and more than 25 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Australia Limited and Future Generation Global Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Other current listed company directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Australia Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Global Limited (appointed February 2018), Future Generation Global Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

Former listed company directorships in the last 3 years	Special responsibilities	Interests in shares of the Company	Interests in contracts
Kate Thorley has not resigned as a director from any listed companies within the last three years.	None.	Details of Kate Thorley's interests in shares of the Company are included later in this report.	Kate Thorley has no interests in contracts of the Company.

Jacqueline Sullivan (Director – independent)*Director of the Company since May 2017***Experience and expertise**

Jacqueline Sullivan has over 35 years' funds management experience gained in a number of senior executive roles across the Australian and global AMP Capital businesses. In that time, Jacqueline led global distribution of AMP Capital with a focus on expansion into Asia, North America and Europe. As Head of Product, Jacqueline led the development of range of multi-manager products, listed funds, real assets and hedge funds. Jacqueline holds a Bachelor of Science, MBA, Graduate Diploma of Applied Finance and Investment and is a Graduate member of the AICD (GAICD).

Other current listed company directorships

Jacqueline Sullivan is a director of Sandon Capital Limited (appointed December 2021).

Former listed company directorships in the last 3 years	Special responsibilities	Interests in shares of the Company	Interests in contracts
Jacqueline Sullivan resigned as a director of Mercantile Investment Company Limited in August 2023.	None.	Jacqueline Sullivan has no interest in shares of the Company.	Jacqueline Sullivan has no interests in contracts of the Company.

Adrian Siew (Director – non-independent)*Director of the Company since November 2020***Experience and expertise**

Adrian has 28 years' experience in the financial industry. He started his career with the Goldman Sachs European investment banking team in London before moving to Hong Kong and Singapore as part of their mergers and acquisitions and corporate finance advisory teams. He later spent 11 years with The Carlyle Group as a Director of their private equity buyout investment team in Sydney and Singapore. Adrian was the Lead Portfolio Manager responsible for the alternative asset strategy of Wilson Asset Management (International) Pty Limited, and is now a board director and investment committee member of WAM Alternative Assets Limited. He is also the Chief Executive Officer of Wilson Family Office.

Other current listed company directorships

Adrian Siew is a Director of WAM Alternative Assets Limited (appointed September 2020).

Adrian Siew (Director – non-independent) (cont'd)

Former listed company directorships in the last 3 years	Special responsibilities	Interests in shares of the Company	Interests in contracts
Adrian Siew has not resigned as a director from any listed companies within the last three years.	None.	Adrian Siew has no interest in shares of the Company.	Adrian Siew has no interests in contracts of the Company.

Joint Company Secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:



Jesse Hamilton

Company Secretary of WAM Microcap Limited since November 2020

Jesse Hamilton is a Chartered Accountant with more than 16 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. Jesse is currently a non-executive Director of the Listed Investment Companies & Trusts Association, Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia Limited and Future Generation Global Limited. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.



Linda Kiriczenko

Company Secretary of WAM Microcap Limited since March 2017

Linda Kiriczenko has over 20 years' experience in financial accounting including more than 16 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also the Joint Company Secretary for six listed investment companies, WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Microcap.

a) Remuneration of Directors

All Directors of WAM Microcap are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2024:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,009	991	10,000
Kate Thorley	Director	9,009	991	10,000
Jacqueline Sullivan	Director	22,523	2,477	25,000
Adrian Siew	Director	22,523	2,477	25,000
		63,064	6,936	70,000

Directors receive a superannuation guarantee contribution required by the government, which was 11.0% of individuals' benefits for FY2024 (FY2023: 10.5%) and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2023:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,050	950	10,000
Kate Thorley	Director	9,050	950	10,000
Jacqueline Sullivan	Director	22,624	2,376	25,000
Adrian Siew	Director	22,624	2,376	25,000
		63,348	6,652	70,000

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

The following table reflects the Company's performance and Directors' remuneration over five years:

	2024	2023	2022	2021	2020
Operating profit/(loss) after tax (\$)	\$34,206,336	\$26,321,283	(\$36,095,190)	\$76,098,601	\$11,327,784
Dividends (cents per share)	10.5	10.5	10.0	12.0	9.0
Share price (\$ per share)	\$1.405	\$1.41	\$1.625	\$1.825	\$1.22
NTA after tax (\$ per share)	\$1.36	\$1.30	\$1.28	\$1.58	\$1.28
Total Directors' remuneration (\$)	\$70,000	\$70,000	\$70,000	\$59,897	\$45,710
Shareholder's equity (\$)	\$377,150,607	\$275,816,303	\$268,208,723	\$327,634,251	\$181,434,534

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,325,548 inclusive of GST (2023: \$3,098,887). As at 30 June 2024, the balance payable to the Manager was \$358,556 inclusive of GST (2023: \$256,020).

In addition, MAM Pty Limited is eligible to be paid a performance fee being 20% (plus GST), in circumstances where:

- the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period.

For the year ended 30 June 2024, a performance fee of \$6,531,138 inclusive of GST was payable to the Manager (2023: \$4,100,477).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2024, the fee for accounting services amounted to \$55,000 inclusive of GST (2023: \$46,200) and the fee for company secretarial services amounted to \$19,800 inclusive of GST (2023: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

Remuneration Report (Audited) (cont'd)

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

d) Equity instruments disclosures of Directors and related parties

As at the balance date, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2023	Acquisitions	Disposals	Balance at 30 June 2024
Geoff Wilson	1,061,755	21,156	-	1,082,911
Kate Thorley	246,280	1,046	-	247,326
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	1,308,035	22,202	-	1,330,237

There have been no changes in shareholdings disclosed above between 30 June 2024 and the date of the report.

Directors and Director related entities dispose of and acquire ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	5	5
Kate Thorley	5	5
Jacqueline Sullivan	5	5
Adrian Siew	5	5

Audit and Risk Committee

The Company has not established an Audit and Risk Committee due to the Company's size, Board composition and the nature of the Company's operations. As such, the Company's Board of Directors fulfil the role of the Audit and Risk Committee.

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 5.25 cents per share to be paid on 29 October 2024.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities - primarily investing in equities listed on the Australian Securities Exchange - to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of Officers or Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2024 is provided on the Company's website at wilsonassetmanagement.com.au/wam-microcap/.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 42 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 23rd day of August 2024

**Auditor's Independence Declaration
To the Directors of WAM Microcap Limited
ABN 34 617 838 418**

In relation to the independent audit of WAM Microcap Limited for the year ended 30 June 2024, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

**C I Chandran**
Partner**Pitcher Partners**
Sydney

23 August 2024



Financial Report

For the year ended 30 June 2024

This financial report is for WAM Microcap Limited (WAM Microcap or the Company) for the year ended 30 June 2024.

WAM Microcap is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

WAM Microcap is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 23 August 2024 by the Board of Directors.

In addition to the relevant financial information, the notes to the financial statements include a description of the accounting policies applied, and where applicable key judgements and estimates used by management in applying these policies.

Consolidated entity disclosure statement

WAM Microcap is not required to prepare consolidated financial statements by Australian Accounting Standards. Accordingly, in accordance with subsection 295(3A) of the *Corporations Act 2001*, no further information is required to be disclosed in the consolidated entity disclosure statement.

Statement of *Comprehensive Income ('Profit or Loss')*

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Net realised and unrealised gains on financial investments		50,836,442	35,295,585
Other revenue from operating activities	2	6,535,616	7,933,725
Management fees		(3,098,806)	(2,887,599)
Performance fees		(6,085,833)	(3,820,899)
Directors fees		(70,000)	(70,000)
Brokerage expense on share purchases		(581,033)	(509,406)
Custody fees		(28,752)	(22,576)
ASX listing and CHESS fees		(119,141)	(117,579)
Share registry fees		(102,917)	(92,685)
Disbursements, mailing and printing		(53,668)	(50,954)
ASIC industry funding levy		(12,079)	(12,076)
Accounting fees		(55,000)	(46,200)
Company secretary fees		(19,800)	(16,500)
Other expenses from ordinary activities		(226,264)	(221,411)
Profit before income tax		46,918,765	35,361,425
Income tax expense	3(a)	(12,712,429)	(9,040,142)
Profit after income tax attributable to members of the Company		34,206,336	26,321,283
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		34,206,336	26,321,283
Basic and diluted earnings per share			
	14	15.27 cents	12.53 cents

The accompanying notes form part of these financial statements.

Statement of *Financial Position ('Balance Sheet')*

As at 30 June 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	12	45,992,468	22,165,075
Trade and other receivables	6	701,218	3,891,209
Financial assets	7	349,634,273	257,143,735
Total current assets		396,327,959	283,200,019
Non-current assets			
Deferred tax assets	3(b)	3,944,497	4,792,312
Total non-current assets		3,944,497	4,792,312
Total assets		400,272,456	287,992,331
Current liabilities			
Trade and other payables	8	11,547,661	8,085,769
Current tax liabilities	3(c)	11,574,188	4,090,259
Total current liabilities		23,121,849	12,176,028
Total liabilities		23,121,849	12,176,028
Net assets		377,150,607	275,816,303
Equity			
Issued capital	9	344,370,896	251,692,861
Profits reserve	10	113,854,303	105,198,034
Accumulated losses	11	(81,074,592)	(81,074,592)
Total equity		377,150,607	275,816,303

The accompanying notes form part of these financial statements.

Statement of *Changes in Equity*

For the year ended 30 June 2024

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2022		248,922,165	(78,672,073)	97,958,631	268,208,723
Profit for the year		-	26,321,283	-	26,321,283
Transfer to profits reserve		-	(28,723,802)	28,723,802	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	9(b)	2,770,696	-	-	2,770,696
Dividends paid	4(a)	-	-	(21,484,399)	(21,484,399)
Balance at 30 June 2023		251,692,861	(81,074,592)	105,198,034	275,816,303
Profit for the year		-	34,206,336	-	34,206,336
Transfer to profits reserve		-	(34,206,336)	34,206,336	-
Other comprehensive income for the year		-	-	-	-
Transaction with owners:					
Shares issued via Share Purchase Plan	9(b)	48,079,970	-	-	48,079,970
Shares issued via Placement	9(b)	42,000,004	-	-	42,000,004
Shares issued via dividend reinvestment plan	9(b)	3,273,992	-	-	3,273,992
Share issue costs (net of tax)	9(b)	(675,931)	-	-	(675,931)
Dividends paid	4(a)	-	-	(25,550,067)	(25,550,067)
Balance at 30 June 2024		344,370,896	(81,074,592)	113,854,303	377,150,607

The accompanying notes form part of these financial statements.

Statement of *Cash Flows*

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Proceeds from sale of investments		468,579,599	444,199,515
Payments for purchase of investments		(505,773,251)	(442,553,692)
Australian dividends received		4,492,403	7,073,536
Foreign dividends received		700,599	393,661
Interest and other investment income received		1,342,614	1,179,511
Management fee (GST inclusive)		(3,223,012)	(3,081,866)
Performance fee (GST inclusive)		(4,100,477)	-
Brokerage expense on share purchases (GST inclusive)		(621,166)	(544,770)
Payments for administration expenses (GST inclusive)		(851,622)	(647,253)
Income tax paid		(4,091,000)	(1,930,644)
GST on brokerage expense on share sales		(39,442)	(38,835)
Net GST received from ATO		573,865	296,211
Net cash (used in)/provided by operating activities	13	(43,010,890)	4,345,374
Cash flows from financing activities			
Proceeds from issue of shares		90,079,974	-
Dividends paid – net of reinvestment		(22,276,075)	(18,713,703)
Share issue costs		(965,616)	-
Net cash provided by/(used in) financing activities		66,838,283	(18,713,703)
Net increase/(decrease) in cash and cash equivalents held		23,827,393	(14,368,329)
Cash and cash equivalents at beginning of the year		22,165,075	36,533,404
Cash and cash equivalents at the end of the year	12	45,992,468	22,165,075
Non-cash transactions:			
Shares issued via dividend reinvestment plan	9(b)	3,273,992	2,770,696

The accompanying notes form part of these financial statements.

Notes to the *financial statements*

For the year ended 30 June 2024

1. Basis of preparation

The financial statements are general purpose financial statements, which:

- have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*;
- has been prepared on a for-profit entity basis;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on an accruals basis (except for cash flow information) and are based on historical costs, with the exception of certain financial assets which have been measured at fair value;
- is presented in Australian dollars with all amounts in the Financial Report rounded to the nearest dollar, unless otherwise indicated, in accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191;
- adopts all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. There was no material impact to the financial statements; and
- does not adopt any new standards or interpretations issued but not yet effective. The impact of these standards or interpretations has been assessed and the impact has been identified as not being material.

Material and other accounting policy information adopted in the preparation of these financial statements have been included with the relevant notes to the financial statements, and where applicable key judgements and estimates used by management in applying these policies.

2. Other revenue

Dividend revenue is recognised when the right to receive a dividend has been established (i.e. the ex-dividend date).

All revenue is stated net of the amount of goods and services tax (GST) where applicable.

	2024 \$	2023 \$
Australian sourced dividends	4,492,403	7,073,536
Interest income from cash and cash equivalents and other income	1,342,614	466,528
Foreign sourced dividends	700,599	393,661
	6,535,616	7,933,725

3. Income tax

Current income tax expense

The current income tax expense is based on profit for the year adjusted for non-assessable or disallowed items, as well as franking credits (or imputation credits) received on franked dividend income from investee companies. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date (i.e. 30% corporate tax rate). Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority in the next 12 months.

Deferred tax assets and liabilities

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled (i.e. 30% corporate tax rate). Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities relating to temporary differences on financial assets or liabilities and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3. Income tax (cont'd)

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2024 \$	2023 \$
Prima facie tax on profit before income tax at 30% (2023: 30%)	14,075,630	10,608,427
Franking credit gross up	554,549	659,691
Franking credit offset	(1,848,498)	(2,198,971)
Foreign income tax gross up	29,679	12,431
Foreign income tax offset	(98,931)	(41,436)
	12,712,429	9,040,142

Effective tax rate

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the operating profit before tax for the period in comparison to the prior period.

	2024 \$	2023 \$
The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the lower proportion of franked dividend income received in comparison to the operating profit before tax for the period in comparison to the prior period.	27.1%	25.6%
Total income tax expense results in a change to the following:		
Current tax liability	11,574,929	4,090,259
Deferred tax asset	1,137,500	4,949,883
	12,712,429	9,040,142

b) Deferred tax assets

	2024 \$	2023 \$
Accruals	13,077	12,292
Capitalised share issue costs	240,226	16,955
Fair value adjustments	3,691,194	4,763,065
	3,944,497	4,792,312

Movement in deferred tax assets

Balance at the beginning of the year	4,792,312	9,742,195
Charged to the Statement of comprehensive income	(1,137,500)	(4,949,883)
Share issue costs	289,685	-
At reporting date	3,944,497	4,792,312

3. Income tax (cont'd)

c) Current tax liabilities

	2024 \$	2023 \$
Balance at the beginning of the year	4,090,259	1,930,644
Current year income tax on operating profit	11,574,929	4,090,259
Income tax paid	(4,091,000)	(1,930,644)
At reporting date	11,574,188	4,090,259

4. Dividends

a) Ordinary dividends paid during the year

	2024 \$	2023 \$
Final dividend FY2023: 5.25 cents per share fully franked at 30% tax rate, paid 16 October 2023 (Final dividend FY2022: 5.0 cents per share fully franked)	11,076,454	10,457,026
Interim dividend FY2024: 5.25 cents per share fully franked at 30% tax rate, paid 30 May 2024 (Interim dividend FY2023: 5.25 cents per share fully franked)	14,473,613	11,027,373
	25,550,067	21,484,399

b) Dividends not recognised at year end

	2024 \$	2023 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 5.25 cents per share fully franked final dividend (2023: 5.25 cents per share fully franked final dividend) which have not been recognised as a liability at the end of the financial year:	14,534,817	11,076,446

4. Dividends (cont'd)

c) Dividend franking account

	2024 \$	2023 \$
Balance of franking account at year end	5,160,168	10,170,709
Adjusted for franking credits arising from: - Estimated income tax payable	11,574,188	4,090,259
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(6,229,207)	(4,747,048)
	10,505,149	9,513,920

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax on realised profits.

The balance of the franking account does not include the tax to be paid on unrealised investment gains (i.e. fair value movements) at the end of the reporting period. As at 30 June 2024, the deferred tax in relation to fair value movements on the investment portfolio is in a debit balance of \$3,691,194 and this amount has been presented as a deferred tax asset (2023: debit balance of \$4,763,065 presented as a deferred tax asset).

5. Auditor's remuneration

	2024 \$	2023 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	55,006	53,337
Other services provided by a related practice of the auditor:		
Taxation services	10,780	9,185
	65,786	62,522

The Company's Board of Directors oversees the relationship with the Company's external auditor. The Board reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

Trade and other receivables are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment (where applicable).

As at reporting date, trade and other receivables primarily relates to outstanding trade settlements (i.e. settlement proceeds from the sale of securities that is receivable as at the balance date). Outstanding trade settlements are on the terms operating in the securities industry, which do not incur interest and require settlement within two days from the date of the transaction.

Receivables also include GST recoverable from the Australian Taxation Office due to claimable items on expenses incurred by the Company.

	2024 \$	2023 \$
GST receivable	608,433	353,675
Outstanding settlements	92,785	3,537,534
	701,218	3,891,209

7. Financial assets

Initial recognition and measurement

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. Trade date accounting is adopted for the purchase or sale of financial assets, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise and form part of the Company's net profit as a result.

Financial instruments are subsequently measured at fair value. The fair values of financial instruments traded in active markets are based on the closing quoted last sale prices at the end of the reporting date. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments. Refer to Note 15 for further details of these valuation techniques.

Financial risk management

Information regarding the Company's exposure to financial risk management is set out in Note 15.

7. Financial assets (cont'd)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

	2024 \$	2023 \$
Listed investments at fair value	335,504,665	243,339,732
Unlisted investments at fair value	14,129,608	13,804,003
	349,634,273	257,143,735

The fair values of individual investments held at the end of the reporting period are disclosed on pages 72 to 73 of the Annual Report. The unlisted investments at the end of the financial year relate to unlisted investments, an initial public offering and a convertible note.

8. Trade and other payables

Trade and other payables are stated at amortised cost.

As at reporting date, trade and other payables primarily relates to performance fee payable and outstanding trade settlements (i.e. settlement proceeds from the purchase of securities that is payable as at the balance date). Outstanding trade settlements are on the terms operating in the securities industry, which do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

	2024 \$	2023 \$
Performance fee payable	6,531,138	4,100,477
Outstanding settlements	4,567,585	3,551,890
Management fee payable	358,556	256,020
Sundry payables	90,382	177,382
	11,547,661	8,085,769

9. Issued capital

Ordinary shares are classified as equity. Incremental costs (i.e. share issue costs) directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds raised by the Company.

a) Paid-up capital

	2024 \$	2023 \$
276,853,648 ordinary shares fully paid (2023: 210,979,923)	344,370,896	251,692,861

b) Movement in issued capital

	2024 \$	2023 \$
Balance at the beginning of the year		
210,979,923 ordinary shares fully paid (2023: 209,140,522)	251,692,861	248,922,165
1,181,630 ordinary shares issued on 16 October 2023 under a dividend reinvestment plan	1,665,002	-
33,906,890 ordinary shares issued on 30 April 2024 under a Share Purchase Plan	48,079,970	-
29,619,185 ordinary shares issued on 2 May 2024 under a Placement	42,000,004	-
1,166,020 ordinary shares issued on 30 May 2024 under a dividend reinvestment plan	1,608,990	-
Share issue costs (net of tax)	(675,931)	-
904,517 ordinary shares issued on 17 October 2022 under a dividend reinvestment plan	-	1,346,615
934,884 ordinary shares issued on 24 April 2023 under a dividend reinvestment plan	-	1,424,081
At reporting date	344,370,896	251,692,861

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, with all substantive resolutions conducted by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

9. Issued capital (cont'd)

c) Capital management

In April 2024, WAM Microcap announced a SPP and Placement to existing shareholders. The SPP provided the opportunity to acquire up to \$30,000 of fully paid ordinary shares in WAM Microcap without incurring any brokerage fees. The SPP and Placement was issued at \$1.418 per share, being the pre-tax NTA of the Company as at 22 April 2024. The SPP and Placement closed significantly oversubscribed, following overwhelming demand from shareholders, with the SPP raising \$48.1 million and the Placement raising \$42.0 million. The SPP and Placement raised over \$90 million, issuing 63.5 million new shares.

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

10. Profits reserve

The profits reserve is made up of amounts transferred from current period and prior year earnings ('retained earnings') that are preserved for future dividend payments to shareholders. The profits reserve is made up of both realised and unrealised amounts from the performance of the investment portfolio in each period. The profits reserve represents the ability of the Company to frank future dividend payments for shareholders, subject to the availability of franking credits.

There can be situations where the franking account balance including franking credits generated from the receipt of franked dividends from investee companies and the payment of tax on realised profits, may not match the profits reserve balance (which includes realised and unrealised profits).

	2024 \$	2023 \$
Profits reserve	113,854,303	105,198,034

Movement in profits reserve

Balance at the beginning of the year	105,198,034	97,958,631
Transfer of profits during the year	34,206,336	28,723,802
Final dividend paid (refer to Note 4(a))	(11,076,454)	(10,457,026)
Interim dividend paid (refer to Note 4(a))	(14,473,613)	(11,027,373)
At reporting date	113,854,303	105,198,034

11. Accumulated losses

	2024 \$	2023 \$
Balance at the beginning of the year	(81,074,592)	(78,672,073)
Profit for the year attributable to members of the Company	34,206,336	26,321,283
Transfer to profits reserve	(34,206,336)	(28,723,802)
At reporting date	(81,074,592)	(81,074,592)

12. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions.

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2024 \$	2023 \$
Cash at bank	45,992,468	22,165,075
	45,992,468	22,165,075

The weighted average interest rate for cash as at 30 June 2024 is 4.50% (2023: 4.26%). There were no term deposits held at 30 June 2024 (2023: nil).

13. Cash flow information

	2024 \$	2023 \$
Reconciliation of profit after tax to cash flows from operating activities:		
Profit after income tax	34,206,336	26,321,283
Fair value gains and movements in financial assets	(88,030,094)	(32,936,779)
Changes in assets and liabilities:		
Increase in receivables	(254,758)	(279,874)
Decrease in deferred tax assets	1,137,500	4,949,883
Increase in payables	2,446,197	4,131,246
Increase in current tax liabilities	7,483,929	2,159,615
Net cash (used in)/provided by operating activities	(43,010,890)	4,345,374

14. Earnings per share

	2024 Cents per share	2023 Cents per share
Basic and diluted earnings per share	15.27	12.53

	2024 \$	2023 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	34,206,336	26,321,283

	2024 No.	2023 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	224,024,774	209,986,485

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

15. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and cash. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year.

Under delegation from the Board, MAM Pty Limited (the Investment Manager or the Manager) has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

15. Financial risk management (cont'd)

a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the cash held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A+. There were no term deposits held at 30 June 2024.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Manager.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2024	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	11,547,661	11,547,661
Total	-	11,547,661	11,547,661

30 June 2023	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	8,085,769	8,085,769
Total	-	8,085,769	8,085,769

15. Financial risk management (cont'd)

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as it did not hold any term deposits at the end of the period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2024	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	4.50%	45,992,468	-	45,992,468
Trade and other receivables		-	701,218	701,218
Financial assets		-	349,634,273	349,634,273
Total		45,992,468	350,335,491	396,327,959
Liabilities				
Trade and other payables		-	11,547,661	11,547,661
Total		-	11,547,661	11,547,661
<hr/>				
30 June 2023	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	4.26%	22,165,075	-	22,165,075
Trade and other receivables		-	3,891,209	3,891,209
Financial assets		-	257,143,735	257,143,735
Total		22,165,075	261,034,944	283,200,019
Liabilities				
Trade and other payables		-	8,085,769	8,085,769
Total		-	8,085,769	8,085,769

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Investment Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2024 is as below:

Industry sector	2024 %	2023 %
Industrials	18.7	16.7
Financials	18.2	15.3
Consumer discretionary	16.1	15.8
Information technology	11.0	10.0
Communication services	9.0	6.5
Health care	8.7	8.7
Materials	4.9	5.0
Utilities	1.7	3.9
Energy	0.5	5.0
Consumer staples	0.4	3.1
Real estate	-	2.0
Total	89.2	92.0

There were no securities representing over 5 per cent of the gross assets of the Company as at 30 June 2024 (2023: nil).

15. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 89.2% (2023: 92.0%) of gross assets at year end. At reporting date, if the fair value of each of the investments within the portfolio changed by 5.0%, the impact on the Company's profit or loss after tax would have been an increase/decrease by \$12,237,200 (2023: \$9,000,031). This would result in the 30 June 2024 net asset backing after tax moving by 4.4 cents per share (2023: 4.3 cents per share).

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted last sale prices at the end of the reporting period, excluding transaction costs.

Included in Level 2 of the hierarchy are WAM Microcap's investments in unlisted investments, which comprises an initial public offering and a convertible note with a maturity date after 30 June 2024. The fair value of the investments in the convertible note and initial public offering have been recognised at cost. Valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share, at cost or the last sale price have been used to determine fair value for the unlisted investments.

There were no transfers between Level 1 and Level 2 during the year (2023: two placements settled and were transferred from Level 2 to Level 1).

15. Financial risk management (cont'd)

d) Financial instruments measured at fair value (cont'd)

30 June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	335,504,665	14,129,608	-	349,634,273
Total	335,504,665	14,129,608	-	349,634,273

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	243,339,732	13,804,003	-	257,143,735
Total	243,339,732	13,804,003	-	257,143,735

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,551 (2023: 4,090). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,218,169 (2023: \$1,127,423).

17. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

18. Capital commitments

There were no capital commitments for the Company as at 30 June 2024 (2023: nil).

19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2024 (2023: nil).

20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Kate Thorley Director
- Jacqueline Sullivan Director
- Adrian Siew Director

20. Key management personnel compensation (cont'd)

a) Remuneration

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined in Note 21.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on pages 37 to 39, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2024	63,064	6,936	70,000
Total Directors remuneration paid by the Company for the year ended 30 June 2023	63,348	6,652	70,000

b) Share holdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2023	Acquisitions	Disposals	Balance at 30 June 2024
Geoff Wilson	1,061,755	21,156	-	1,082,911
Kate Thorley	246,280	1,046	-	247,326
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	1,308,035	22,202	-	1,330,237

At 30 June 2023, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2022	Acquisitions	Disposals	Balance at 30 June 2023
Geoff Wilson	1,061,755	61,754	(61,754)	1,061,755
Kate Thorley	245,398	882	-	246,280
Jacqueline Sullivan	-	-	-	-
Adrian Siew	-	-	-	-
	1,307,153	62,636	(61,754)	1,308,035

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,325,548 inclusive of GST (2023: \$3,098,887). As at 30 June 2024, the balance payable to the Manager was \$358,556 inclusive of GST (2023: \$256,020).

In addition, MAM Pty Limited is eligible to be paid a performance fee being 20% (plus GST), in circumstances where:

- the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period.

For the year ended 30 June 2024, a performance fee of \$6,531,138 inclusive of GST was payable to the Manager (2023: \$4,100,477).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2024, the fee for accounting services amounted to \$55,000 inclusive of GST (2023: \$46,200) and the fee for company secretarial services amounted to \$19,800 inclusive of GST (2023: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 5.25 cents per share to be paid on 29 October 2024.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Microcap Limited declare that:

- 1) The financial statements as set out in pages 43 to 65 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 37 to 39, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2024 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date.
- 2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 4) The consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 23rd day of August 2024

**Independent Auditor's Report
To the Members of WAM Microcap Limited
ABN 34 617 838 418****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of WAM Microcap Limited ("the Company"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of WAM Microcap 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 then ended; 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 auditor independence requirements of 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.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
Existence and Valuation of Financial Assets Refer to Note 7: Financial assets	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and the completeness of the Company's financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of the investment management processes and controls; ▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
Accuracy of Management and Performance Fees Refer to Note 8: Trade and other payables and Note 21: Related party transactions	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included 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 accordingly 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 (other than the consolidated entity disclosure statement) 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 controls as the Directors determine is necessary to enable the preparation of:

- (i) the financial report (other than the consolidated entity disclosure statement) 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 37 to 39 of the Directors' Report for the year ended 30 June 2024. In our opinion, the Remuneration Report of WAM Microcap 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.



C I Chandran
Partner

23 August 2024



Pitcher Partners
Sydney

Investments at fair value as at 30 June 2024

Company Name	Code	Fair Value \$	% of Gross Assets
Industrials			
SG Fleet Group Limited	SGF	10,581,701	2.7%
Service Stream Limited	SSM	8,872,029	2.3%
Austin Engineering Limited	ANG	7,923,750	2.0%
Close the Loop Limited	CLG	6,968,118	1.8%
Tasmea Limited	TEA	6,797,102	1.7%
Electro Optic Systems Holdings Limited	EOS	6,795,482	1.7%
GenusPlus Group Limited	GNP	6,639,042	1.7%
Alliance Aviation Services Limited	AQZ	4,534,776	1.2%
Southern Cross Electrical Engineering Limited	SXE	4,437,595	1.1%
Coventry Group Limited	CYG	2,813,071	0.7%
Tourism Holdings Rentals Limited	THL	2,812,935	0.7%
RAS Technology Holdings Limited	RTH	2,561,241	0.7%
Chrysos Corporation Limited	C79	973,275	0.2%
Bhagwan Marine Limited	BWN	500,000	0.2%
Entyr Limited	ETR	3,916	0.0%
		73,214,033	18.7%

Financials

Generation Development Group Limited	GDG	12,442,178	3.2%
NZX Limited	NZX NZ	8,480,463	2.2%
EML Payments Limited	EML	8,234,645	2.1%
Xpansiv Limited*	n/a	7,540,320	1.9%
Zip Co Limited	ZIP	6,610,314	1.7%
Navigator Global Investments Limited	NGI	6,248,003	1.6%
Regal Partners Limited	RPL	5,583,583	1.4%
Smartpay Holdings Limited	SMP	5,149,685	1.3%
Tyro Payments Limited	TYR	3,935,264	1.0%
Plenti Group Limited	PLT	3,895,839	1.0%
Aura Venture Growth Fund I*	n/a	1,500,000	0.4%
Swyftx Pty Limited*	n/a	1,007,756	0.3%
Bell Financial Group Limited	BFG	542,000	0.1%
Superhero Holdings Pty Limited*	n/a	180,759	0.0%

Company Name	Code	Fair Value \$	% of Gross Assets
Financials (cont'd)			
Limepay Pty Limited*	n/a	100,000	0.0%
		71,450,809	18.2%
Consumer Discretionary			
Embark Early Education Limited	EVO	8,050,032	2.1%
Universal Store Holdings Limited	UNI	6,825,962	1.7%
Experience Co Limited	EXP	6,249,053	1.6%
Beacon Lighting Group Limited	BLX	5,994,905	1.5%
The Reject Shop Limited	TRS	5,770,929	1.5%
Viva Leisure Limited	VVA	5,619,061	1.4%
Step One Clothing Limited	STP	5,140,537	1.3%
Myer Holdings Limited	MYR	5,031,103	1.3%
Adairs Limited	ADH	4,303,961	1.1%
Supply Network Limited	SNL	4,293,610	1.1%
Retail Food Group Limited	RFG	2,160,000	0.6%
Coast Entertainment Holdings Limited	CEH	1,839,822	0.5%
NextEd Group Limited	NXD	1,280,699	0.3%
City Chic Collective Limited	CCX	416,667	0.1%
		62,976,341	16.1%

Information Technology

Gentrack Group Limited	GTK	11,468,837	2.9%
DUG Technology Limited	DUG	6,282,312	1.6%
Infomedia Limited	IFM	6,222,759	1.6%
Qoria Limited	QOR	5,845,557	1.5%
Bravura Solutions Limited	BVS	3,989,782	1.0%
Dropsuite Limited	DSE	3,383,306	0.9%
Sovereign Cloud Holdings Limited	SOV	2,034,270	0.5%
Ansarada Group Limited	AND	1,914,616	0.5%
Packform Pty Limited*	n/a	1,800,773	0.5%
		42,942,212	11.0%

Company Name	Code	Fair Value \$	% of Gross Assets
Communication Services			
Tuas Limited	TUA	13,878,106	3.5%
Superloop Limited	SLC	9,011,120	2.3%
PlaySide Studios Limited	PLY	6,363,914	1.6%
NZME Limited	NZM	6,074,912	1.6%
		35,328,052	9.0%

Health Care

Capitol Health Limited	CAJ	8,952,161	2.3%
Regis Healthcare Limited	REG	7,898,785	2.0%
Paragon Care Limited	PGC	6,895,645	1.8%
MedAdvisor Limited	MDR	4,485,473	1.1%
Botanix Pharmaceuticals Limited	BOT	2,998,177	0.8%
PYC Therapeutics Limited	PYC	1,904,367	0.5%
Imricor Medical Systems, Inc.	IMR	942,223	0.2%
		34,076,831	8.7%

Materials

Wagners Holding Company Limited	WGN	5,065,563	1.3%
Develop Global Limited	DVP	4,880,289	1.2%
MLG Oz Limited	MLG	2,862,415	0.7%
Metro Mining Limited	MMI	2,276,371	0.6%
FireFly Metals Limited	FFM	1,627,251	0.4%
Norcliffe Mining Services Limited [^]	n/a	1,500,000	0.4%

Company Name	Code	Fair Value \$	% of Gross Assets
Materials (cont'd)			
Steel & Tube Holdings Limited	STU NZ	1,177,406	0.3%
		19,389,295	4.9%

Utilities

LGI Limited	LGI	6,683,988	1.7%
		6,683,988	1.7%

Energy

Comet Ridge Limited	COI	2,090,926	0.5%
		2,090,926	0.5%

Consumer Staples

Australian Vintage Limited	AVG	1,422,263	0.4%
Wellnex Life Limited	WNXAM	59,523	0.0%
		1,481,786	0.4%

Total long portfolio	349,634,273	89.2%
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Total cash and cash equivalents, income receivable and net outstanding settlements	42,126,101	10.8%
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Gross assets	391,760,374
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[^]Unlisted investment.

[^]Unlisted convertible note.

The total number of stocks held at the end of the financial year was 76.

ASX additional *information*

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

- Substantial shareholders (as at 31 July 2024) – there are currently no substantial shareholders.
- On-market buy back (as at 31 July 2024) – there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2024)

Category	Number of shareholders	% of issued capital held
1 – 1,000	832	0.2%
1,001 – 5,000	1,949	2.0%
5,001 – 10,000	1,536	4.3%
10,001 – 100,000	5,121	60.8%
100,001 and over	346	32.7%
	9,784	100.0%

The number of shareholders holding a less than marketable parcel is 240.

Twenty largest shareholders – Ordinary shares (as at 31 July 2024)

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	5,354,365	1.9%
Sysha Pty Limited	5,000,000	1.8%
BNP Paribas Noms Pty Limited	4,935,999	1.8%
BNP Paribas Nominees Pty Limited	4,234,949	1.5%
Intech Solutions Pty Limited	1,800,000	0.7%
Netwealth Investments Limited	1,761,534	0.6%
Citicorp Nominees Pty Limited	1,267,973	0.5%
Entities associated with Mr Geoff Wilson	1,082,911	0.4%
Australian Investors Pty Limited	1,082,271	0.4%
Fay Fuller Foundation Pty Limited	1,045,166	0.4%
Securities & Estates Pty Limited	1,002,453	0.4%
Barefoot Super Pty Limited	1,000,952	0.4%
888 Corporation Pty Limited	1,000,000	0.4%
James & Diana Ramsay Foundation Pty Limited	974,115	0.4%
Gold Tiger Equities Pty Limited	871,156	0.3%
R W Kirby Pty Limited	724,997	0.3%
Australian Grain Tech Pty Limited	705,220	0.3%
Zacob Pty Limited	705,218	0.3%
Gaseous Pty Limited	635,408	0.2%
Mr D W Schubert	619,000	0.2%
	35,803,687	13.2%

Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

Glossary

Term	Definition
Benchmark	A standard against which performance can be measured, usually an index that averages the performance of companies in a stock market or a segment of the market.
Dividend coverage	<p>Dividend coverage represents the number of years the Company can maintain the current full year dividend payment paid semi-annually from the current level of profits reserve.</p> <p><i>This is calculated as follows: Profits reserve ÷ annual dividend amount</i></p>
Dividend yield	<p>The annual dividend amount expressed as a percentage of the share price at a certain point in time.</p> <p><i>This is calculated as follows: Annual dividend amount per share ÷ share price</i></p>
Franking credits	Franking credits (also known as imputation credits) are tax credits attached to franked dividends that companies distribute to their shareholders. These credits represent the tax the company has already paid on its profits, which helps to avoid double taxation of those profits once distributed to shareholders. Shareholders can use franking credits to offset their income tax liabilities.
Grossed-up dividend yield	<p>Grossed-up dividend yield includes the value of franking credits and is based on the corporate tax rate (generally 30.0%), assuming the dividend is fully franked.</p> <p><i>This is calculated as follows:</i> <i>Annual dividend yield % ÷ (1 – the corporate tax rate of 30.0%)</i></p>
Investment portfolio performance	Investment portfolio performance measures the growth of the underlying portfolio of investments and cash before expenses, fees and taxes, to compare to the relevant benchmark which is also before expenses, fees and taxes.
Listed investment company (LIC)	LICs are corporate entities in a 'company' structure providing a permanent and stable closed-end pool of capital, established for the purpose of investing in a portfolio of securities or investments on behalf of shareholders. LICs are listed on an exchange, which in Australia is primarily the Australian Securities Exchange (ASX). Each company on the ASX has an ASX code, also known as a 'ticker'.
Management fee	Management fee means the fee payable to the Investment Manager in return for its duties as Investment Manager of the Portfolio. The Investment Manager is entitled to be paid monthly a management fee equal to 0.0833334% per month or 1% per annum (plus GST) of the value of the portfolio (calculated on the last business day of each month and paid at the end of each month in arrears) in accordance with the Investment Management Agreement (IMA).
Net tangible assets (NTA)	The aggregate of a company's assets (i.e. cash and investments) less its liabilities and current and deferred income tax. The NTA represents the value of the company and is announced on the ASX to shareholders each month.

Term	Definition
NTA before tax	The NTA of a company, exclusive of current and deferred income tax assets or liabilities. The NTA before tax represents the investment portfolio of the Company, i.e. cash and investments, less any associated liabilities excluding tax and is the most comparable figure for a LIC to an exchange traded fund (ETF) or managed fund.
NTA after tax	The NTA of a company, inclusive of current and deferred income tax assets or liabilities.
Performance fee	<p>Performance fee means the fee payable to the Investment Manager under the IMA. The Investment Manager is eligible to be paid a performance fee being 20% (plus GST), in circumstances where:</p> <ul style="list-style-type: none"> the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio. <p>No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over the period.</p>
Profits reserve	<p>The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments. The profits reserve forms part of the NTA of the company and is invested in the market. The profits reserve is an accounting entry only that quarantines the profits of the LIC for future dividend payments. We convert the profits reserve amount into dividend years coverage for ease of seeing how sustainable the current dividend amount is. The ability to frank a dividend is dependent on the availability of franking credits which are generated from the receipt of franked dividends from investee companies and the payment of tax on realised profits.</p> <p>There can be situations where the franking account balance including franking credits generated from the receipt of franked dividends from investee companies and the payment of tax on realised profits, may not match the profits reserve balance (which includes realised and unrealised profits).</p>
Share price premium or discount	<p>LIC's shares are traded on the ASX and a LIC has a fixed amount of capital. At times, the LIC's share price can fluctuate above or below its NTA value. When the share price is above the NTA of the company, the LIC is trading at a premium to NTA. When the share price is below the NTA, the LIC is trading at a discount to NTA.</p> <p><i>This is calculated as follows: $(\text{Share price} - \text{NTA before tax}) \div \text{NTA before tax}$</i></p>
S&P/ASX Small Ordinaries Accumulation Index	The S&P/ASX Small Ordinaries Accumulation Index is comprised of companies included in the S&P/ASX 300 Index, but not in the S&P/ASX 100 Index. This Index assumes that dividends are reinvested and measures both growth and dividend income. The S&P/ASX Small Ordinaries Accumulation Index is used as a benchmark for small-cap Australian equity portfolios.
Three key measures of a LIC's performance	The three key measures crucial to the evaluation of a LIC's performance are: investment portfolio performance, NTA growth and total shareholder return.

Term	Definition
Total shareholder return (TSR)	<p>Total share price return to shareholders, assuming all dividends received were reinvested without transaction costs and the compounding effect over the period. This measure is calculated before and after the value of franking credits attached to dividends paid to shareholders</p> <p><i>This is calculated as follows:</i></p> <p><i>(Closing share price – starting share price + dividends paid + franking credits) ÷ starting share price</i></p> <p><i>Note: the TSR reported in the Annual Report and media release is calculated monthly, using the above formula, and includes the effect of compounding over the period.</i></p>

Corporate *Directory*

WAM Microcap Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Jacqueline Sullivan
Adrian Siew

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

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Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of the Wilson Asset Management Group)

Country of Incorporation

Australia

Australian Securities Exchange

WAM Microcap Limited Ordinary Shares (WMI)

Registered Office

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For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Auditor

Pitcher Partners



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