NAOS EMERGING
OPPORTUNITIES
COMPANY LIMITED

(ASX: NCC)
ABN 58 161 106 510

Level 34
25 Martin Place
Sydney NSW 2000

T (02) 9002 1576
F (02) 8215 0037
E enquiries@naos.com.au

www.naos.com.au

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NAOS Emerging Opportunities Company Limited

ASX Code: NCC ACN: 161 106 510

Appendix 4E | Results for Announcement to the Market

Results Announcement for the year ended 30 June 2024

All comparisons are to the year ended 30 June 2023

	$	up/down	% change
Revenue from ordinary activities	(19,757,811)	down	-1,932%
Loss from ordinary activities before tax attributable to shareholders	(22,396,559)	down	-1,187%
Loss from ordinary activities after tax attributable to shareholders	(17,659,307)	down	-3,763%

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2024 Final dividend	2.00c	2.00c	25%
2024 Interim dividend	3.75c	1.875c	25%

Final Dividend Dates

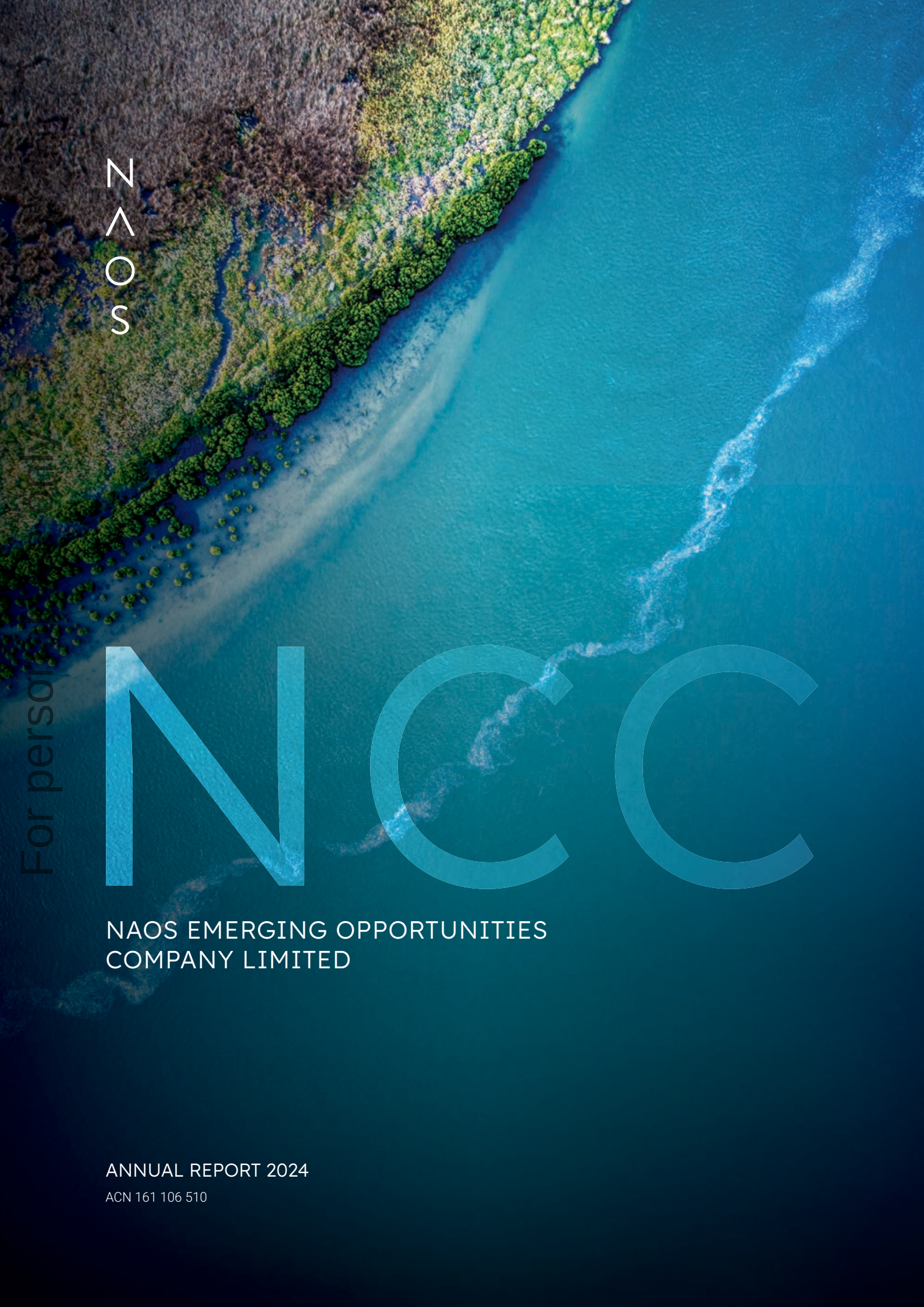
Ex-dividend date	9 October 2024
Record date	10 October 2024
Last date for DRP election	11 October 2024
Payment date	31 October 2024

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended fully franked final dividend of 2.0 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.

	30 June 2024 $	30 June 2023 $
(Post Tax) Net tangible asset backing per share	0.54	0.85

This report is based on the annual report which has been subject to independent audit by the auditors, Deloitte Touche Tohmatsu Australia. The audit report is included with the Company's Annual Report, which accompanies this Appendix 4E.
All the documents comprise the information required by the Listing Rule 4.3A.



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NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ANNUAL REPORT 2024

ACN 161 106 510

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to lands, waters and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

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Key Dates

2024 Annual General Meeting

Tuesday 12 November 2024

NAOS Emerging Opportunities Company Limited advises that its Annual General Meeting (AGM) will be held at 10.30 am (AEDT) on Tuesday 12 November 2024 at:

The Macquarie Room, State Library of NSW
1 Shakespeare Place
Sydney NSW 2000

Further details relating to the AGM will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately after dispatch.

In accordance with the ASX Listing Rules, valid nominations for the position of Director are required to be lodged at the registered office of the Company no later than 5.00 pm (AEST) on 17 September 2024.

FY24 Final Dividend Dates

Ex-Dividend Date:

Wednesday 9 October 2024

Record Date:

Thursday 10 October 2024

Last Date for DRP Election:

Friday 11 October 2024

Payment Date:

Thursday 31 October 2024

NAOS Investor Roadshow

The NAOS Investor Roadshow will be coming to a city near you this October. Join us as the investment team discusses its investment philosophy and process, and provides an outlook on the market. We will also highlight a selection of stocks that are held within our Listed Investment Companies (LICs).

We invite you to come along with a guest, meet us in person, and understand more about NAOS Asset Management (NAOS) and our LICs. Register today to secure your seat.

Perth

Tuesday 1 October
10.30 am–12.00 pm

InterContinental
Perth City Centre

815 Hay Street
Perth WA 6000

Canberra

Thursday 17 October
10.30 am–12.00 pm

East Hotel

69 Canberra Avenue
Kingston ACT 2604

Adelaide

Thursday 10 October
10.30 am–12.00 pm

The Playford Adelaide

120 North Terrace
Adelaide SA 5000

Melbourne

Tuesday 22 October
10.30 am–12.00 pm

Hilton Melbourne Little Queen Street

18 Little Queen Street
Melbourne VIC 3000

Brisbane

Monday 14 October
10.30 am–12.00 pm

Sofitel Brisbane Central

249 Turbot Street
Brisbane QLD 4000

Sydney

Thursday 24 October
10.30 am–12.00 pm

Australian Museum

1 William Street
Sydney NSW 2010

Visit naos.com.au/events for more information.

NAOS Emerging Opportunities Company Limited

NAOS Emerging Opportunities Company Limited (ASX: NCC) seeks to provide long-term, concentrated exposure to Australian public and private emerging companies while providing a sustainable stream of dividends franked to the maximum extent possible, and long-term investment performance above the Benchmark Index, being the S&P/ASX Small Ordinaries Accumulation Index (XSOAI).

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Key Metrics as at 30 June 2024

Pre-Tax Net Tangible Assets per Share
$0.43

Post-Tax Net Tangible Assets per Share
$0.54

FY24 Dividend (cents per share)
5.75 cents

Franked Dividend Yield
13.86%

Share Price
$0.415

Shares on Issue
73,799,601

Convertible Note Price (ASX: NCCGA)
$82.50

Convertible Notes on Issue
230,000

Options Price (ASX: NCCO)
$0.012

Options on Issue
14,234,835

Directors' Shareholding (number of shares)
5,776,720

Profits Reserve (cents per share)
29.9 cents

Investment Portfolio Performance as at 30 June 2024

	NCC Investment Portfolio Performance*	S&P/ASX Small Ordinaries Accumulation Index	Performance Relative to Benchmark
1 Year	−26.49%	+9.34%	**−35.83%**
3 Years (p.a.)	−14.45%	−1.55%	**−12.90%**
5 Years (p.a.)	−1.58%	+3.70%	**−5.28%**
10 Years (p.a.)	+2.10%	+6.44%	**−4.34%**
Inception (p.a.)	+5.28%	+5.09%	**+0.19%**
Inception (Total Return)	+79.24%	+75.52%	**+3.72%**

*Investment Portfolio Performance is post all operating expenses before fees, taxes, interest, initial IPO commissions and all subsequent capital-raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and Total Return), includes part-performance for the month of February 2013. Returns compounded for periods greater than 12 months.

Board of Directors

Sarah Williams

Independent Chair

Sarah Williams was appointed as an Independent Director in January 2019 and elected Independent Chair on 1 December 2022. Sarah is also the Independent Chair of NAOS Ex-50 Opportunities Company Limited (ASX: NAC) and an Independent Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC).

Sarah has over 25 years' experience in executive management, leadership, IT and risk management in the financial services and IT industries. Most recently, Sarah was an executive director at Macquarie Group and head of IT for the group's asset management, investment banking and leasing businesses. During her 18-year tenure at Macquarie Group, she also led the Risk and Regulatory Change team and the Equities IT team, and developed the IT M&A capability. Sarah has also held senior roles with JP Morgan and PricewaterhouseCoopers in London.

Sarah has been a director of charitable organisations, including Cure Cancer Australia Foundation and Make A Mark Australia. Sarah holds an honours degree in engineering physics from Loughborough University.

Sebastian Evans

Director

Sebastian Evans has been a Director of the Company since its inception. Sebastian is also a Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010.

Sebastian is the CIO across all investment strategies. He holds a Master of Applied Finance (MAppFin) majoring in investment management, as well as a Bachelor of Commerce majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

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David Rickards OAM

Independent Director

David Rickards OAM has been an Independent Director of the Company since its inception. David is also an Independent Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC) and Independent Chair of NAOS Small Cap Opportunities Company Limited (ASX: NSC). He is also Co-Founder of Social Enterprise Finance Australia Limited (Sefa) and was a director and treasurer of Bush Heritage Australia for nine years.

David has over 25 years of equity market experience, most recently as an executive director at Macquarie Group, where he was head of equities research globally, as well as equity strategy from 1989 until he retired in mid-2013. David was also a consultant for the financial analysis firm Barra International.

David holds a Master of Business Administration majoring in accounting and finance from the University of Queensland. He also has a Bachelor of Engineering (Civil Engineering) and a Bachelor of Engineering (Structural Engineering) from the University of Sydney, and a Bachelor of Science (Pure Mathematics and Geology).

Warwick Evans

Director

Warwick Evans has been a Director of the Company since its inception. Warwick is also a Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chair of NAOS Asset Management Limited, the Investment Manager.

Warwick has over 35 years of equity market experience, most notably as Managing Director for Macquarie Equities (globally) from 1991 to 2001, and as an executive director for Macquarie Group. He was founding Chairman and CEO of the Newcastle Stock Exchange (NSX) and was also Chairman of the Australian Stockbrokers Association. Prior to these positions, Warwick was an executive director at County NatWest.

Warwick holds a Bachelor of Commerce majoring in economics from the University of New South Wales.

Sarah Williams
Independent Chair

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Letter from the Chair

Dear Fellow Shareholders,

Welcome to the Annual Report of NAOS Emerging Opportunities Company Limited for the financial year ended 30 June 2024 (FY24). I would like to thank all shareholders for your continued support throughout the financial year and welcome all new shareholders who joined our Company in FY24, which marked the 12th year of operations for the Company.

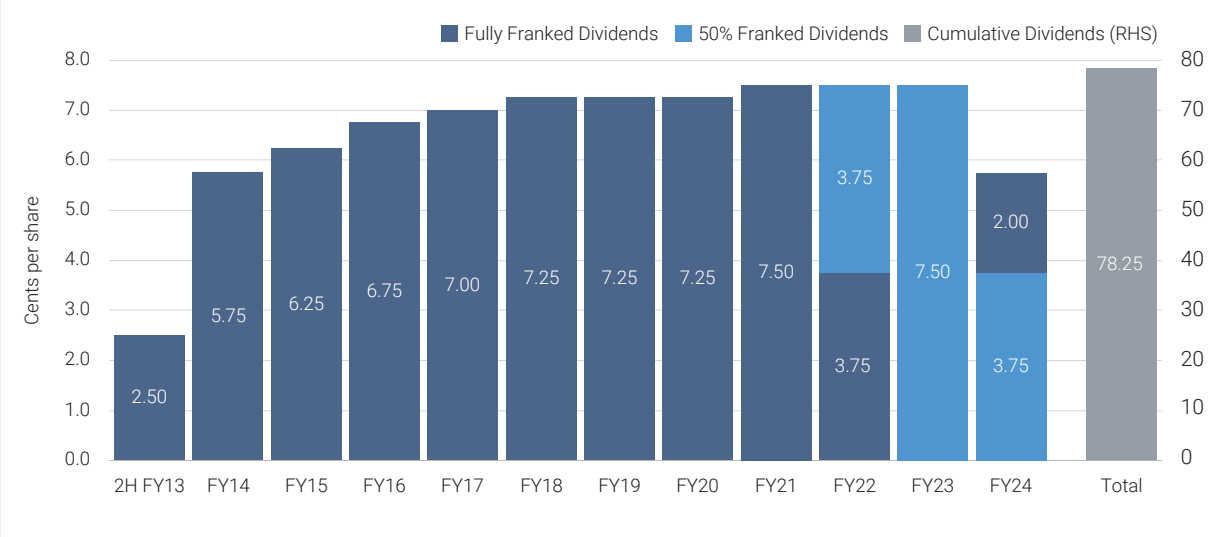
The Board has declared a fully franked final dividend of 2.00 cents per share, bringing the FY24 full-year dividend to 5.75 cents per share. This represents a full-year dividend yield of 13.86% based on the 30 June 2024 share price of $0.415 and a grossed-up yield of 16.97%.

The final dividend marks the first reduction in dividend that NCC has made since its inception. The Board is acutely aware of the need for tax effective income for many of our shareholders and such a decision has not been taken lightly. The pre-tax Net Tangible Assets per share (NTA) has decreased over the past 2-3 years as a result of the performance of the NCC Investment Portfolio, in addition to the high dividend yield over this time period. Maintaining the annual dividend level of 7.50 cents per share would represent a yield of 17.44% to the 30 June 2024 pre-tax NTA, which the Board believes to be too high at present.

The Board believes that a final dividend of 2.0 cents per share represents a sustainable dividend amount, and also enables the dividend to be fully franked. This is more reflective of the dividend income received from the investee companies and thus enables dividends to be sustained without eroding the capital base of the Company. It also allows for more capital to remain within the Investment Portfolio at a time when emerging companies are trading at a large disparity to their larger counterparts.

The Company has now declared a total of 78.25 cents per share of dividends since its inception in February 2013, or 105.85 cents per share inclusive of franking credits. The Company will continue to focus on delivering a sustainable stream of dividends, franked to the maximum extent possible, while maintaining an adequate profit reserve balance to enable the Company to pay dividends in periods when it is more challenging to generate significant performance.

NCC Dividend History



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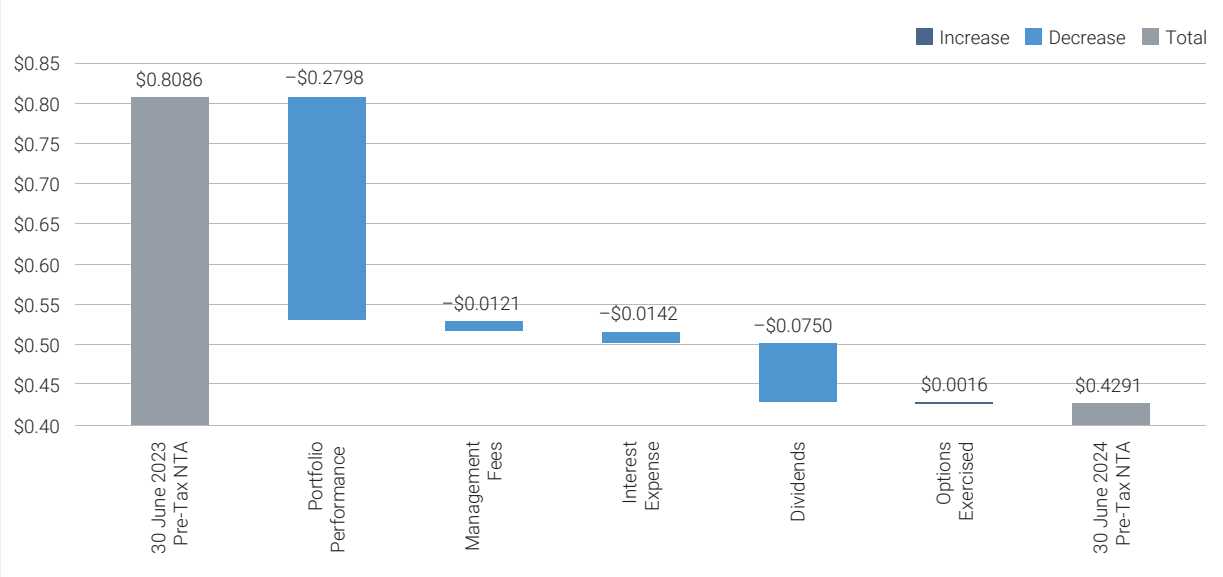
FY24 was a challenging year for the Company from a performance perspective. The Company recorded an after-tax loss of $17.66 million (FY23: after-tax loss of $0.46 million), with the NCC Investment Portfolio returning -26.49% for the financial year, compared to the Benchmark Index, the S&P/ASX Small Ordinaries Accumulation Index, which returned +9.34%.

Local investors have increasingly taken the view that the peak of the interest rate hiking cycle has been reached, and their risk appetite for the largest, most liquid equities, and technology stocks has returned. With an exposure to generally smaller businesses that are more economically sensitive, this had a detrimental effect on the returns generated by the NCC Investment Portfolio. This was compounded by the continued appetite for more passive investment strategies focusing on the largest and most liquid equities, resulting in a significant dislocation in valuation between small and large listed businesses.

The macro-economic environment throughout FY24 was one characterised by softer demand, higher inflation/input costs for businesses and pressure on households. The growth in gross domestic product, according to the RBA's most recent June decision's Board Minutes, has been "weak, reflecting subdued activity in the more interest rate-sensitive parts of the economy, such as retail spending and housing construction". It is important to note that the Reserve Bank's most recent commentary did make provisions that it considered another rate rise, as it continues to focus on returning inflation to target levels. The Company is committed to staying true to its investment philosophy of providing exposure to businesses which have sufficient durability to both withstand macro-economic headwinds and return to growth when conditions are more accommodating.

The pre-tax Net Tangible Asset backing (NTA) per share of the Company decreased from $0.81 to $0.43 over the financial year, as shown in the below chart. The impact of gearing in the Company magnifies the impact of the Investment Portfolio performance on the NTA per share.

NCC Pre-Tax NTA Performance



The NCC share price traded close to pre-tax NTA for most of FY24, closing the year at a -3.49% discount to NTA. A well-articulated and executed capital management strategy is of great importance for many listed companies and NCC is no different. The Board remains focused on maximising long-term value for all shareholders and aims to ensure effective capital management strategies are implemented based on current circumstances to achieve this. As part of this capital management strategy, there are also a number of other important factors that the Directors closely monitor, not only to maximise value for shareholders, but to ensure the share price of NCC trades as closely to pre-tax NTA as possible. These include:

- **No Dilutionary Share Issues** – For those shareholders who participate in the Dividend Reinvestment Plan (DRP) it is important to note that if shares are trading at a discount to NTA the Company acquires shares on-market to ensure this capital management activity is completed without any potential dilution for existing shareholders.
- **Dividends** – The Company will continue to focus on delivering a sustainable stream of dividends, franked to the maximum extent possible while maintaining an adequate profit reserve balance.
- **Shareholder Communications** – The Board places significant value on timely, transparent and informative shareholder communications, ensuring that shareholders are aware of the Company's performance, investment philosophy and strategy. This communication, in the form of national roadshows, quarterly webinars with external CEO presentations, educational pieces, and blogs, is particularly important in times of market volatility.
- **Alignment** – The Board and Investment Manager continued to increase their ownership of NCC shares and have increased their holdings significantly since inception. In May 2024, the Investment Manager also committed to reinvest up to 15% of its management fees each month to purchase NCC shares on-market, as a 'Fee Reinvestment Commitment'. As at the end of the financial year, Directors own a total of 5.6 million NCC shares.

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- **Differentiated and Consistent Investment Strategy** – The Company continues to follow its investment strategy and there will be no significant deviation from this over the long-term, ensuring that all shareholders understand what the Company is aiming to achieve. The Board believes the strategy is unique and differentiated, with little scope for it to be replicated.

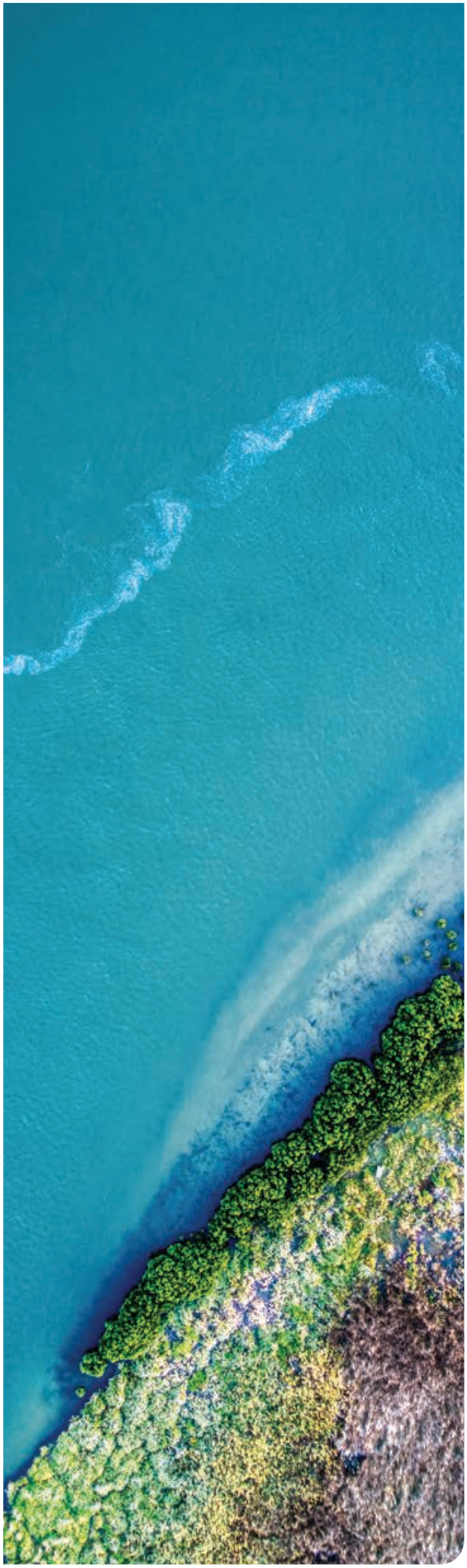
Despite the headwinds presented by the macro environment which may continue to prove challenging for smaller companies, as we enter FY25 the Board strongly believes that the NCC investee companies will emerge from the current challenging economic conditions in a manner that can deliver the long-term returns that our shareholders expect.

On behalf of the Board of Directors I would like to thank all shareholders for their ongoing support especially in these difficult times, and I would also like to thank the Investment Manager for their efforts and dedication throughout the financial year.

Kind regards,

Sarah Williams
Independent Chair

22 August 2024



Sebastian Evans
Managing Director and Chief Investment Officer

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Investment Manager's Review

Dear fellow shareholders,

For the financial year ending 30 June 2024 (FY24), the NCC Investment Portfolio fell by –26.49%, compared to the Benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI), which increased by +9.34%. This was the worst financial year return of NCC in its 12-year history and brings Investment Portfolio performance since inception to +5.28% p.a., outperforming the XSOAI return of +5.09% p.a. over the same time period.

I want to be very clear and acknowledge that this performance is not an acceptable return, and heading into FY24, we did not think producing such a poor result was even a remote possibility. My fellow Directors and I, many of our staff, and our extended networks and families are some of the largest investors in the Company, so this underperformance hits home in a profound way.

As I will elaborate in this letter, I firmly believe the current share prices of many of our core investments do not truly reflect their long-term value. We remain steadfast in our view that the true value of these investments are significantly higher than where they stand today. Throughout the year, we have spoken with many sources to stress test our investment thesis for each of these investments. Those sources have overwhelmingly corroborated our viewpoint regarding long-term value. As an investor in emerging companies, we expect that these businesses should be able to substantially grow their earnings per share (EPS) over time, and frankly, most of our core investments have not hit our internal growth hurdles this financial year. However, this is not to say these businesses will not be able to grow EPS to substantially higher levels in FY25 or FY26. If this occurs and the macro environment becomes more favourable for such businesses, we believe the re-rate to fair value will be significant.

We believe we are business owners, and our investing mentality should be aligned to this. That is why we will often seek board representation on the companies we invest in, through a NAOS representative. At present, a NAOS representative sits on the board of eight of our investments, which we believe helps to support their respective executive teams, and ensure they are taking the right steps to achieve their long-term strategic goals. If they successfully execute, this should lead to maximised shareholder value over the long term.

Has The Market Structure Changed Investing Forever?

Earlier in the year, highly regarded US-based investor David Einhorn gave an excellent analysis on what is moving markets today, particularly on the changing structure of the market.

He argues that a significant portion of investment capital in the market either cannot assess valuations due to a lack of training, does not care about valuations (i.e. passive index funds or exchange traded funds (ETFs)), or intentionally ignores valuations in favour of price-focused strategies (i.e. technical or quantitative strategies).

Einhorn illustrates this with an example of two companies both having a fair value of $1 billion. If one is undervalued by the market and has a market capitalisation of $500 million, and the other is overvalued with a market capitalisation of $2 billion, a market capitalisation-weighted index fund investing $5 will allocate $4 to the overvalued company and only $1 to the undervalued one. This leads to the overvalued stock receiving disproportionately more investment, causing it to outperform, while the undervalued stock underperforms.

This issue is compounded when new investments into index funds come from redemptions from active managers who had previously allocated more to undervalued stocks. When money is withdrawn from these active managers and reinvested in index funds, the undervalued stock faces net selling, and the overvalued stock sees net buying, driving their valuations further apart.

The rise of passive investing over recent years has seen several trillion dollars redeployed in this fashion, which in Einhorn's words "*has fundamentally broken the market*".

Looking at the ASX, the Commonwealth Bank of Australia (ASX: CBA) would be the prime example of this in the domestic market. As at 30 June, CBA shares were trading at $127.38, just below their record high. The share price has increased by +26.2% over the last 12 months and inclusive of dividends, has delivered a total shareholder return of +31.7%, markedly higher than the S&P/ASX 200 Accumulation Index FY24 return of +11.4%. Where the increase in CBA shares ties in with Einhorn's comments is in relation to its EPS growth. FY24 EPS is expected to decrease by –1%, then looking ahead to FY25, consensus estimates are forecasting earnings growth to be negative again, around –3%. As such, CBA currently trades on a price-to-earnings (P/E) multiple of 21.9x, and given the decrease in EPS for FY25, this will increase to 22.7x.

Based on these metrics, I would argue the investment case for CBA goes against many of the fundamentals of investment analysis, such as looking for businesses that can provide sustainable EPS growth, as well as seeking businesses that do not require an ever-increasing amount of capital to achieve this, which leads to a reducing return on equity (ROE).

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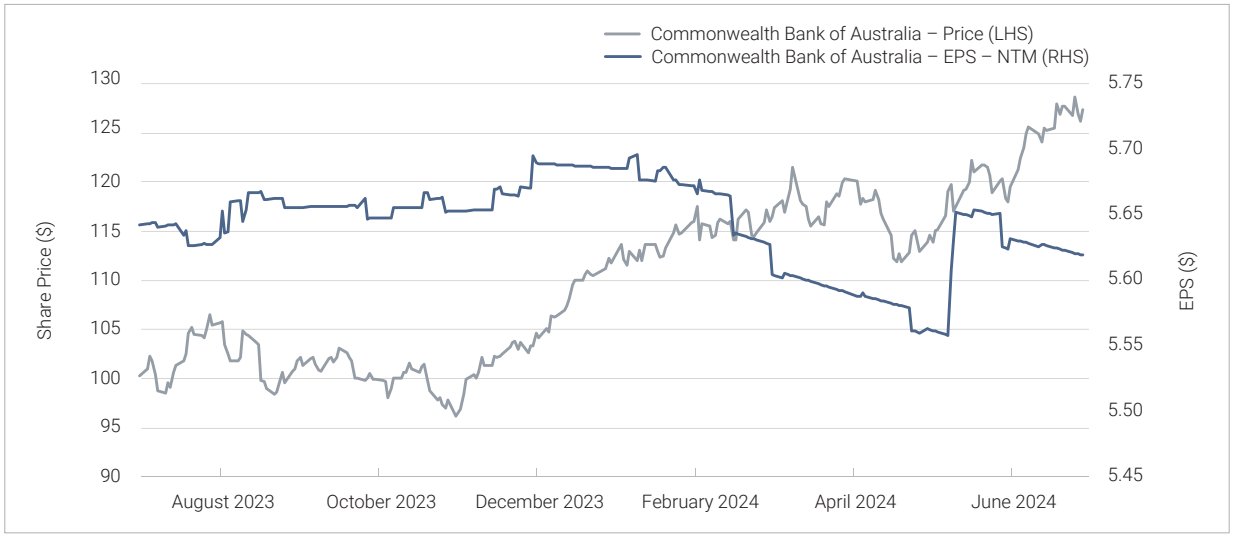
Commonwealth Bank – Share Price vs. EPS



Source: FactSet

Commonwealth Bank – Key Metrics

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E
EPS ($)	5.54	5.42	5.77	5.34	4.86	5.43	5.75	6.25	6.04	5.81
EPS Growth	4%	–2%	6%	–7%	–9%	12%	6%	9%	–3%	–4%
Share Price ($)	84.67	74.37	82.81	72.87	82.78	69.42	99.87	90.38	100.27	127.38
P/E Multiple	15.3	13.7	14.3	13.6	17.0	12.8	17.4	14.4	16.6	21.9

Source: FactSet

So, why is the price of CBA shares at a record high? When considering the current macro environment, one that is more conducive to low credit growth and increasing bad debts, this appears illogical. However, let us not forget, CBA is the second-largest business on the ASX, by market capitalisation, and a highly liquid one. It has provided investors with a relatively stable stream of dividends and in theory should continue to do so. If you have exposure to an ETF that seeks to provide exposure to the ASX 100, Australian financials or even large, listed businesses in Asia, chances are CBA will form part of that exposure. As these ETFs continue to increase in size and popularity, many of them will continue to acquire CBA shares regardless of price and/or value.

Interestingly, when looking at global banking peers, CBA would rank fifth most expensive in terms of valuation. This is out of 120 banks with a market capitalisation greater than $85 billion (e.g. ANZ Group has a market capitalisation of $86 billion).

Looking to the S&P 500 in the US, a notable trend that has been occurring for some time now is that the market breadth (or the number of stocks moving up versus those declining) has been decreasing at an ever-accelerating rate. Despite this, the S&P 500 has already set 30 all-time highs so far in CY24. The S&P 500 recorded a gain of +22.7% in FY24, but as we can see from the chart overleaf, the major contributors to this performance were five of the so-called "Magnificent 7", namely NVIDIA, Microsoft, Amazon, Alphabet, and Meta Platforms. Due to their already large market capitalisations given their substantial returns, we estimate they have contributed >95% of the S&P 500's FY24 return.

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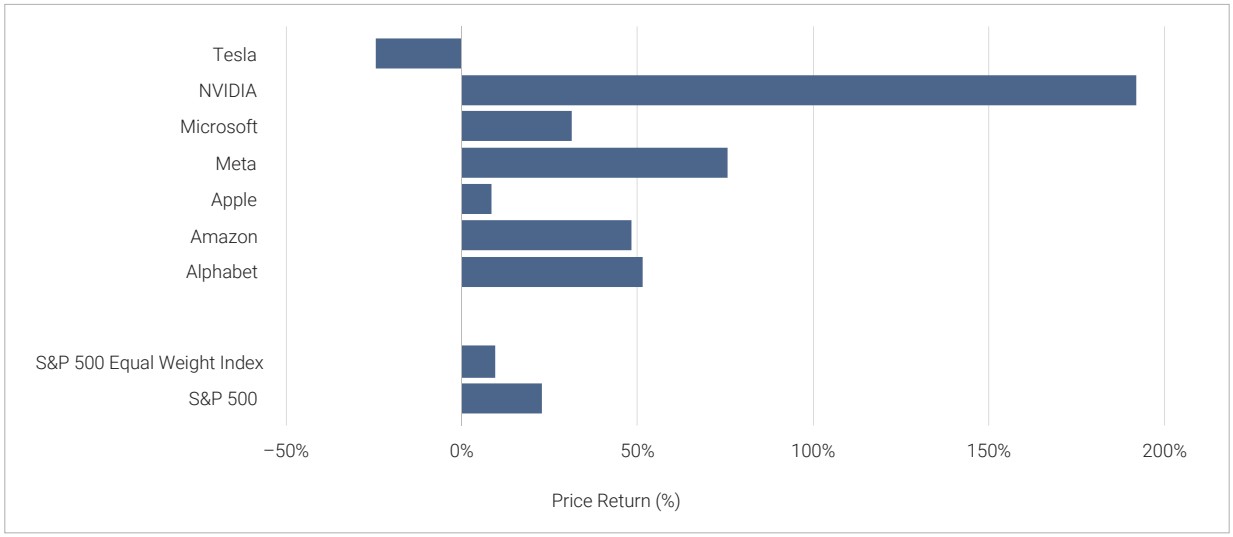
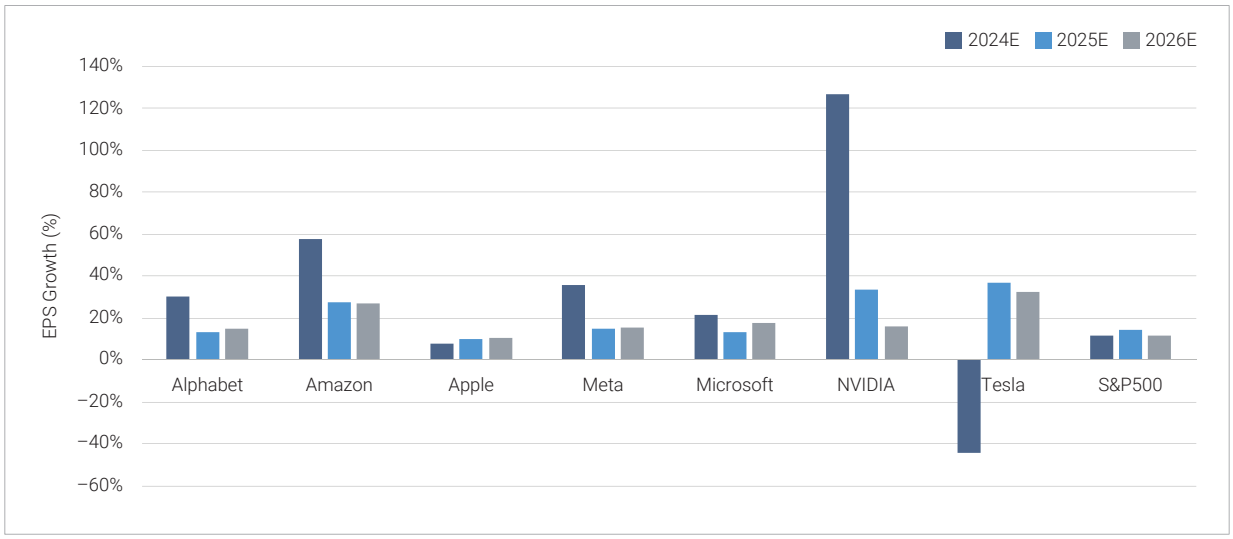
S&P 500 vs. Magnificent 7 - FY24 share price return



Source: FactSet

While this may seem like a bubble, we believe it is in fact hard to justify current prices as such when we look at the current earnings and EPS% growth of each of these businesses. As an example, NVIDIA has a P/E of 50x but its forecasted EPS is expected to grow ~120% for CY24, which will see the P/E halve. For Meta, the current P/E is 25x with forecasted CY24 EPS growth of +30%. When you then overlay the average market capitalisations of the Magnificent 7 of $2.2 trillion with their average cash balances of US$32.3 billion, you can argue the current valuations are justifiable. The trends these businesses are exposed to are high growth in nature, generally scalable (globally) and have a market dominance that gives them a high level of pricing power. All these characteristics are very hard to find in one business, let alone seven.

EPS Growth Expectations – Magnificent 7 vs. S&P 500



Source: FactSet

So, what does all of this mean for investing in emerging companies, especially those outside the resources and technology sectors? The answer is not simple. In very basic terms, investment in such businesses needs to be attractive relative to all other investment options. In a world where we have mega-tech businesses, significant expansion of private credit (non-bank lending) and more speculative investments such as venture capital, various options are available to all investors.

For investors in emerging companies, returns are driven by three key outputs:

- earnings per share;
- the valuation multiple applied to these earnings; and
- dividends.

If an emerging company is unable to grow its earnings at a reasonable rate, then the valuation multiple applied by investors to these earnings will reduce. For example, if earnings remain flat, and the P/E multiple falls from 12x to 9x, this will lead to a 25% reduction in share price. Investors will then be reliant on dividend yields for any return.

In the current environment, many investors focus on short-term news flow and extrapolate these findings. For many businesses with cyclical attributes, this had led to significant downside share price movements. I would argue this becomes self-fulfilling, as falling share prices result in smaller market capitalisations, and often, reduced liquidity, as investors move up the liquidity curve. This in turn makes it less attractive for the company to remain a listed business as the valuation premium reduces (or evaporates), leading to an inability to raise funds and further reduced liquidity for shareholders.

At NAOS, we continue to believe investing in emerging companies that have a clear moat, are run by proven and aligned management teams, coupled with a long runway of growth in favourable industries, will ultimately yield strong long-term results. Economic cycles will impact earnings in the short term, but in our view, it is important to remember many large and successful businesses, such as Reece Ltd (ASX: REH), have experienced periods where their share price flatlines or even falls (especially in their early years). Acquiring shares in times such as these can yield tremendous results and we would argue such opportunities exist today.

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Events of Significance for Investee Companies in FY24

Given the FY24 Investment Portfolio performance, it is easy to assume there were no significant events that may lead to strong shareholder returns in the upcoming year. However, in our view, there were a number of notable events that could shape the respective businesses for many years to come. They have not yet led to a change in the share prices of these investments, mainly due to their minimal impact on short-term profitability, but in our view, significant potential upside exists.

BTC health (ASX: BTC)

Strategic Investors and Eurosets Distribution Agreement

After what can only be described as a tumultuous three-year period for BTC, the business had some positive news flow and what appears to be the start of a new chapter. The company welcomed three new strategic investors (all of which are related), collectively representing a ~15% stake in the business, along with the appointment of a related party as the new Head of Finance. The three businesses all operate within the medical device space and either design, manufacture and distribute their own products or distribute third-party products. With these firms as shareholders in BTC, it opens up opportunities for BTC to partner with them to identify and commercialise medical devices into the Australian market via a distribution agreement with BTC. In our view, the major shortcoming of BTC to date has been its inability to scale via either acquisition or organic opportunities, such as licensing other medical products or organic revenue growth.

The medical device space is dominated by large players such as EBOS Group (ASX: EBO) and historically, it has been challenging for BTC to convince manufacturers of medical devices who require a distribution partner in Australia that BTC is the low-risk choice. This deal provides BTC access to numerous medical devices with no upfront cost, an aligned partner via equity ownership, and a royalty agreement that has the potential for those royalties to be converted into BTC shares. If BTC can prove to the market that a number of these devices can penetrate the Australian market and drive profitability for BTC, it will go a long way to restoring confidence in management and the business. We believe this is a sound first step, and working with a strategic partner possessing significant industry experience means the future looks significantly brighter for BTC.

Ordermentum Pty Ltd (Unlisted)

Acquisition of Foodbomb and Funding Secured

Ordermentum has been an unlisted investment within the NCC Investment Portfolio for over two years. In early FY24, Ordermentum completed the acquisition of the wholesale food marketplace business Foodbomb, while completing a financing round of both debt and equity of ~$16 million.

Ordermentum is a B2B order management technology platform that connects hospitality venues (cafes, restaurants etc.) with food and beverage suppliers from whom they purchase their goods. Over 40,000 hospitality venues and ~850 suppliers, many of which sell coffee, dairy products and baked goods, all use Ordermentum to manage a critical business process. This forms Ordermentum's core offering and has seen the business grow significantly over the past 3–5 years. As we can see from the graph opposite, it took Ordermentum ~6 years to see $1 billion transacted on its platform; the most recent $1 billion took <9 months.

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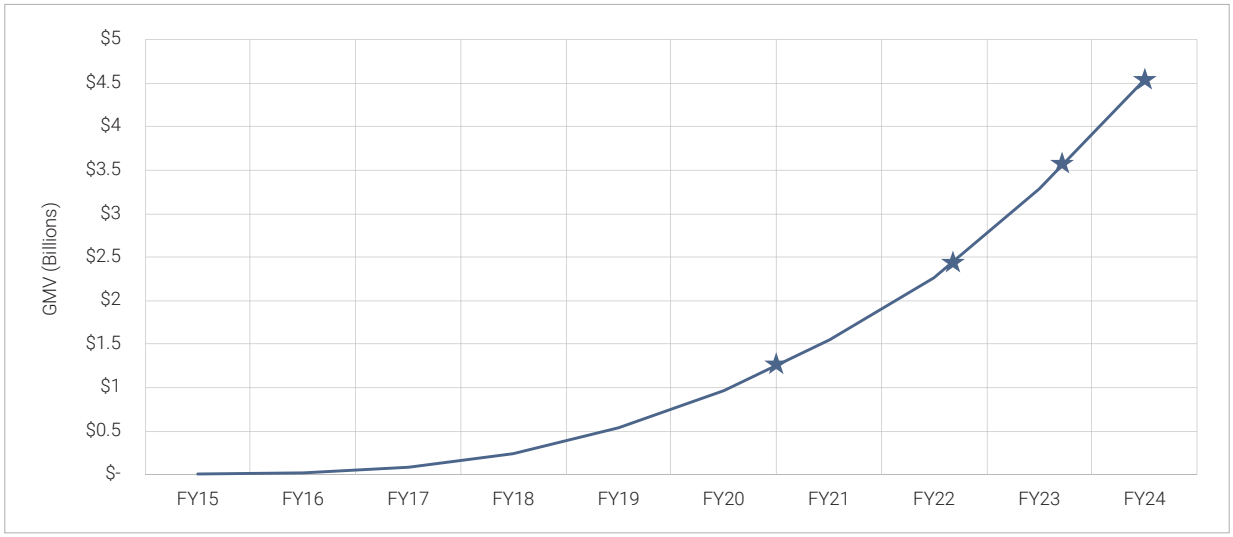
Ordermentum - Cumulative Gross Merchandise Value (GMV)

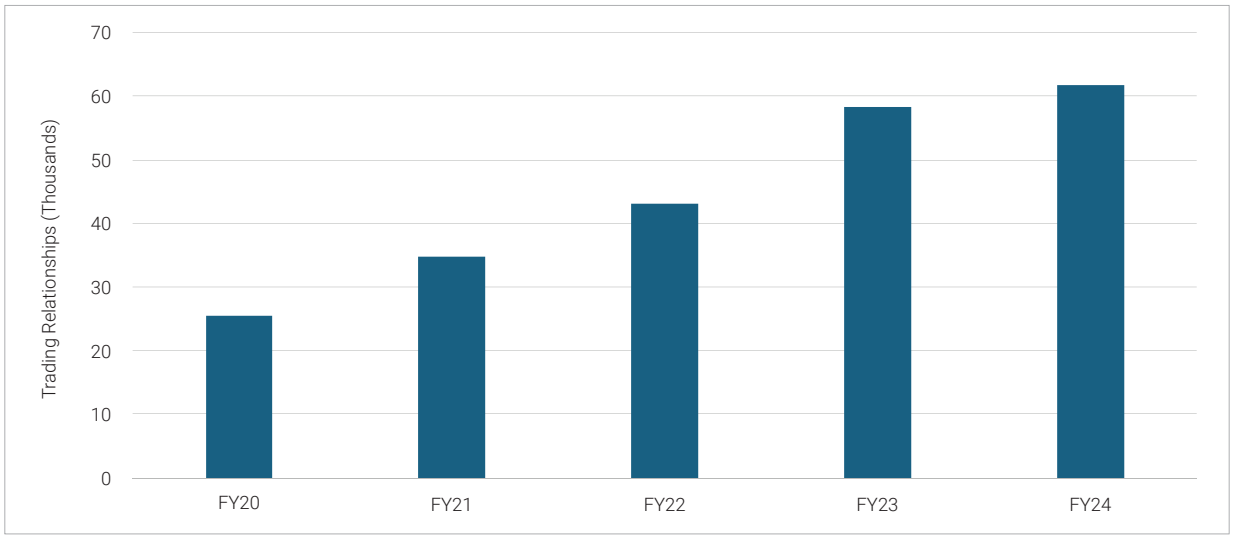


Source: Ordermentum

An area of opportunity for significant growth is the breadth and depth of Ordermentum's supplier category offering. It has a very strong pedigree in categories such as coffee, dairy and baked goods, but is still building its strength in fresh produce categories (fruit and vegetables, meat, poultry etc.). This is where the acquisition of Foodbomb makes strategic sense, as it combines the strength of the Foodbomb supplier base in fresh produce with Ordermentum's strength in other categories.

This is of significant importance because if management can increase the number of supplier trading relationships (TRs) per venue (e.g. coffee supplier = 1TR, coffee + bread + poultry suppliers = 3TRs) from ~1.5 per venue to just ~2.5–3, the revenue uplift is significant but with minimal operating expense increase. We estimate an average venue may have ~10 different TRs, hence the opportunity to further accelerate network growth underpinned by increasing supplier quality, size and category diversification, is a realistic one.

Number of Trading Relationships on Ordermentum Platform



Source: Ordermentum

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Over the past 12-24 months, Ordermentum has been adding a third pillar to the platform alongside its core competencies of ordering and payments. This is in essence a marketplace that showcases an array of food and beverage suppliers to potential venue customers. It allows choice for venues looking to change supplier and/or add further suppliers/produce to their service offering; for example, suitable new bakery suppliers for a specific cafe. Importantly, it does this without cannibalising existing supplier/venue relationships, and therefore, does not diminish the integrity of the platform. If venues are made aware of new products that could be of use to them, this is a subtle way for Ordermentum to increase the number of products sold to each venue over time.

From a supplier's perspective, Ordermentum acts like a salesperson by showcasing their brand and produce to a far greater pool of potential venue customers, some of whom may have previously been unobtainable. For the supplier, this can drive sales growth for their own businesses. For venue operators, it saves them time and effort in understanding which suppliers offer what products, and provides access to new suppliers as well as new product categories. The food and beverage market is a highly fragmented market, so for a supplier to gain exposure to ~40,000 Ordermentum platform venues is highly valuable, and in our view, more effective than just adding more outbound salespeople.

The Foodbomb platform is a marketplace offering as well as a sales channel for some enterprise-style suppliers, such as large national food distribution businesses. These suppliers are well versed in transacting with customers via a marketplace-style offering, and many of those customers are large hospitality groups that require large volumes of fresh produce. We believe that as a supplier, you would be willing to sacrifice more of your margin to a platform that not only saves your business time and creates efficiency, but also acts as a sales engine and boosts revenue. Therefore, if Ordermentum can effectively combine its own marketplace offering with Foodbomb and further scale this third pillar, the effect on its own revenue line will be significant. We believe we are starting to see the early signs of success occurring.

Saunders International (ASX: SND)

Acquisition of Piping Solutions

It was another productive year for SND, during which it completed the acquisition of Piping Solutions (PS) for an initial payment of $13 million on a debt-free, cash-free basis plus an earn-out payment up to $7 million. PS was established in 2004 and today employs ~100 people, and in FY23, generated $3.6 million of EBIT on revenue of approximately $41 million. Importantly, the transaction was 50% funded from SND's available cash, with the vendors taking the balance in SND scrip. In our view, this is a very positive outcome for SND as it demonstrates the belief the vendors have in SND's strategy, particularly considering the illiquid nature of SND shares.

We believe PS will be a highly complementary offering for several key reasons including:

- **Complementary Offering and Skillset** – SND initially grew by building large liquid storage tanks, so it makes sense for them to offer their clients a more complete solution that includes both the tank and all associated piping elements. PS and SND have worked together on several contracts, highlighting their complementary capabilities. PS fabricates and installs steel-piping solutions and offers complete maintenance programs for existing steel-piping infrastructure. One major project that PS has recently completed was the ~11 kilometres of sophisticated steel-piping infrastructure at Western Sydney Airport, which connects the fuel storage facilities to all the refuelling points at terminal berths, in a safe and compliant manner. The acquisition of PS will allow SND to retain more of the revenue from contracts, rather than subcontracting out these specialised skills.
- **Exposure to Defence** – Over the past few years PS has gained significant exposure to contracts awarded by the Australian Government Department of Defence, representing approximately ~40% of PS' revenue. It currently has a contract at RAAF Base Tindal, and provides fuel installation and maintenance services to six other defence sites. SND has been on a multi-year journey to gain the credentials and expertise required to tender directly on large defence opportunities, and the acquisition of PS further enhances this strategy, as well as building out a strong portfolio of successfully completed defence projects.
- **New Energy Markets** – SND has been building out its capability to ensure a successful entry into new energy markets, and PS accelerates this progress. These markets include areas such as hydrogen, green hydrogen and biofuels. Many green energy technologies being developed will require not only storage mechanisms but also distribution, and potentially, refining infrastructure. PS, with its recent collaboration with the Scaling Green Hydrogen Cooperative Research Centre (SGH CRC) and its diverse client base, strengthen SND's position in these evolving markets. Some of PS's clients are shown in the pie chart below.

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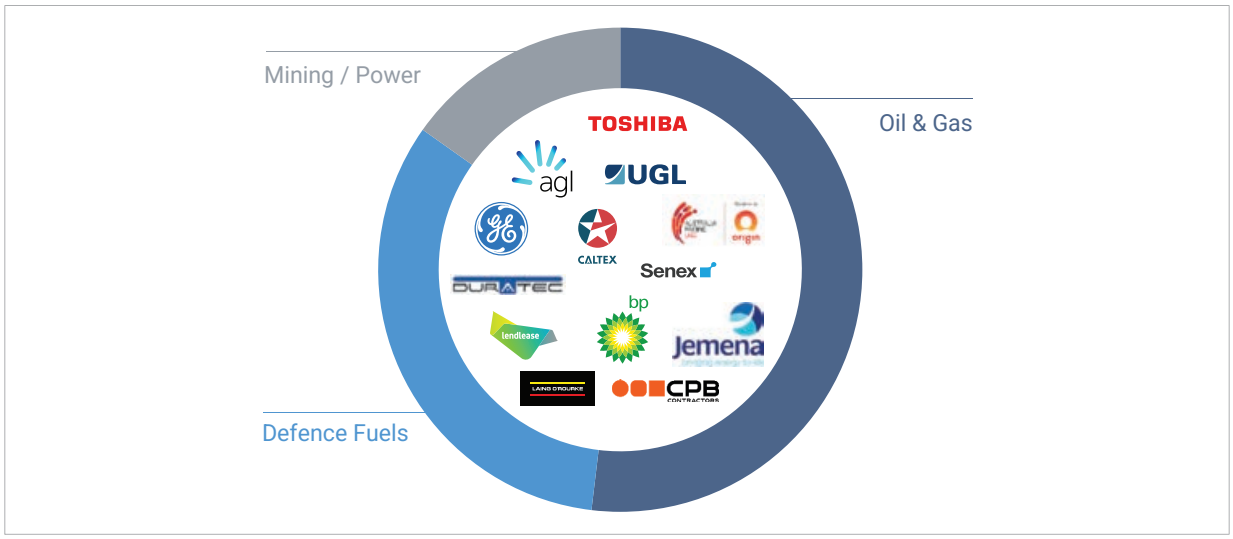

Source: Saunders International.

In our view, FY24 was a successful year for SND, and the current share price does not fairly reflect the progress made. Management has been able to rebuild its order book post the completion of the $160-million Project Caymus work it won in FY22. SND completed the acquisitions of Automation IT and PS. From what was originally a specialist tank construction and maintenance business, SND is now well on its way to becoming a multidisciplinary contracting business that can deal directly with Tier 1 clients and offer unique solutions few other contractors can, on a self-performing basis. We are also seeing a number of new contracts that fit with this enhanced capability, including the underground piping infrastructure alongside the fuel storage farm and processing facilities for Western Sydney Airport, as well as the $44-million liquid storage facility in Pelican Point, South Australia.

Big River Industries (ASX: BRI)

Acquisition of Specialised Laminators

During FY24, BRI announced the acquisition of Specialised Laminators (SL), a distributor and manufacturer of specialised panels mainly for use in a commercial environment, which has been operating since 1977. The business was acquired for an initial payment of $10 million, split 70/30 between cash and BRI scrip. Using a crude 10% EBITDA margin against its $27 million of revenue implies the business is being acquired on an EBITDA multiple of 3.70x. This was the first acquisition completed by new CEO John Lorente, and in our view, highlights one of the key attributes of our BRI investment thesis; namely the opportunity for consolidation in a highly fragmented market that is dominated by baby boomers with limited succession options.

We believe this acquisition has a high level of strategic merit for BRI. The products distributed, and, in some cases, manufactured by SL, are of a more specialised and customised nature compared to typical laminates and veneers. The products are used in commercial applications, for example, coffins, boats, recreational vehicles and public bathrooms and amenity areas. With BRI now growing to 26 distribution sites across Australia and New Zealand, this extensive network provides SL with a unique platform to market and stock its product across the entire BRI network.

BRI's network, predominately via its panels division, serves thousands of commercial clients and joiners/cabinetmakers, all of whom are potential customers for SL's unique products, although they may currently be unaware of them. Additionally, BRI's acquisition of SL enhances its capability to develop new products to meet market demands and innovate to a level where there are fewer competing products. These products can then be effectively marketed and distributed throughout BRI's entire network, further strengthening its value proposition.

The decorative panels market in Australia and New Zealand is one that is not well understood by the wider market and we estimate that post this acquisition, the total panels market that BRI has exposure to is worth approximately $2 billion in sales annually, comprising a mix of high-value and lower value products. The two major players in the space are the family-owned Borg, and Fletcher Building (ASX: FBU), which owns the Laminex Group. Both companies primarily focus on manufacturing rather than distribution, particularly when dealing with smaller commercial clients. BRI has the ability to cater to these smaller commercial clients and also offer a national network with a wide range of BRI products, including specialised veneers and panels. In our view, this gives BRI a unique moat and a long runway for growth, both organically and via M&A.

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FY25 Outlook

There is no doubt that being an index-unaware active manager with a focus on emerging companies has never been more challenging. Despite this, we fundamentally believe and remain steadfast in the belief that investing in emerging companies, with a long-term and concentrated portfolio structure, can lead to substantial positive returns.

I would argue the current share prices applied to most, if not all, of our core listed investments factor in no earnings growth or even negative growth over the long term. However, as history has shown us, extrapolating a current earnings profile can prove to be a misguided approach, when earnings are either depressed (and also valued on low earnings multiples), or at inflated levels (and also trading on lofty earnings multiples). This can explain why large amounts of variability can affect a company's share price over time.

In our view, three key factors will dictate the returns of the NCC Investment Portfolio over the next few years.

Firstly, economic conditions will change, and these changes may have significant impacts on some of our key investments, such as Big River Industries (ASX: BRI) and MitchCap. For BRI, an increase in the supply of new housing will provide a significant tailwind, whereas for MitchCap, a friendlier economic environment will allow its customer base to hold increased inventory levels, which should drive higher turnover of stock, leading to increased revenue for MitchCap.

Secondly, businesses will need to continually innovate and refine their strategies to ensure they meet their customers' changing needs, and we are confident our investments are nimble enough to execute successfully in this regard. We also do not believe that many of our businesses reacted as effectively as they could have in 2H FY24 from an efficiency perspective.

In FY25, they will need to ensure they are being as efficient as possible to maximise the value of their asset base, particularly if cost rationalisation activities have occurred in response to the more challenging economic climate of late.

Thirdly, as listed companies, they also have the clear advantage over their private counterparts in being able to use their listed scrip to acquire businesses that bring with them a compelling strategic offering. Potential opportunities for strategic M&A activity are also likely to increase given the depressed valuations across many emerging companies.

There is no doubt that the above factors come with a significant amount of execution risk. However, due to the recent investor exodus from emerging companies, in our view, the valuation multiples currently applied to many emerging companies have not been as depressed for 10 or even 20 years. Consequently, when these businesses grow their earnings base at a rate even slightly above market expectations (e.g. >5%), we would argue the re-rating of these businesses has the potential to be significant. As we have seen over the past 12-24 months, when a listed business remains undervalued over a significant timeframe, then there is a real possibility the company will be acquired and delisted. In 2024 alone, within the building materials sector, three of the largest listed businesses saw takeovers, namely Boral (ASX: BLD), Adelaide Brighton (ASX: ABC) and CSR Limited (ASX: CSR), all of which had been listed since the 1960s.

We also believe that in most cases, the people who run our core investments are highly aligned, highly motivated and highly capable. This also gives us great confidence that the strategies are being implemented with strong fundamentals behind them and a high level of energy to achieve the outcomes in a desirable timeframe. While some may argue that executives/management teams have a poor ability to judge what fair value is for their respective businesses, we would argue that these same people have a deep understanding of the long-term strategic value of their respective businesses.

In conclusion, we are striving for improved returns following the recent unsatisfactory performance. We take full responsibility for these results and remain committed to restoring value and delivering long-term performance.

My fellow NCC Directors and I continue to increase our shareholdings, and NAOS has also recently committed to reinvest up to 15% of its annual management fee into acquiring NCC shares on-market.

The entire team at NAOS is acutely aware of the trust you have placed in us to manage your capital and we greatly appreciate your ongoing support.

If shareholders have any questions, please do not hesitate to contact me directly.

Kind regards,

Sebastian Evans

Managing Director and Chief Investment Officer
NAOS Asset Management Limited

NCC Core Investments

Big River Industries (ASX: BRI)

Big River Industries (BRI) is a leading manufacturer and distributor of value-added timber and building material products in Australia and New Zealand. BRI has gained scale in recent years through the acquisition of bolt-on businesses to diversify its product offering and expand its geographical network, which now includes 26 sites. BRI operates in the commercial sector, with customers using BRI products in real estate developments (detached and multi-residential), commercial construction projects and civil construction, among others. BRI has over 9,000 active trading accounts, serviced by ~640 staff members. BRI achieved $449 million in revenue in FY23.

COG Financial Services (ASX: COG)

COG Financial Services (COG) is Australia's leading aggregator of finance brokers and equipment-leasing services to small and medium-sized enterprises (SMEs). COG's operations are spread across three complementary business divisions: Finance Broking & Aggregation (FB&A), Lending & Funds Management, and Novated Leasing, which service the financial needs of SMEs nationwide. At 1HFY24, COG had ~21% market share of the Australian asset finance broking market, with the COG network financing $7.7 billion in assets for SMEs in FY24. COG has been highly acquisitive in recent years, acquiring finance brokers, insurance brokers, as well as fund management and novated-leasing businesses.

Saunders International (ASX: SND)

Saunders International (SND) has expertise in engineering and construction projects, having worked across Australia for over 70 years. Today, SND has over 400 employees, who work on projects in the Energy, Water, Power, Defence, Resource and Infrastructure sectors. The projects SND executes are of critical importance to its clients in federal/state governments and the private sector. Clients of SND include Western Sydney Airport, NSW Government (Bridges Program), BP and the Australian Defence Force.

MitchCap Pty Ltd (Unlisted)

MitchCap Pty Ltd is a provider of distribution floorplan finance to Australian and New Zealand dealerships within the caravan, marine, agricultural and bicycle industries. Founded in 2019, MitchCap solves a capital-intensive pain point for equipment dealerships, through financial solutions that can improve dealer profitability and capital efficiency while also lowering risk for equipment manufacturers.

Ordermentum Pty Ltd (Unlisted)

Ordermentum Pty Ltd is a two-sided ordering, payments and insights platform widely used in the hospitality industry. The B2B ordering and payments platform connects hospitality venues (including cafes, restaurants, clubs and pubs) with suppliers across Australia, helping to improve business efficiencies, grow sales and drive profitability for both suppliers and venues.

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Investing With NAOS Asset Management

Certified B Corporation

NAOS Asset Management is a specialist fund manager providing concentrated exposure to quality public and private emerging companies.

NAOS takes a concentrated and long-term approach to investing and aims to work collaboratively with businesses rather than be a passive shareholder. NAOS seeks to invest in businesses with established moats and significant exposure to structural industry tailwinds, which are run by proven, aligned and transparent management teams who have a clear understanding of how to compound capital.

We look to build large investments in businesses and from time to time will seek board representation or look to appoint highly regarded independent directors. Importantly, NAOS, its Directors and staff are significant shareholders in the NAOS LICs, ensuring strong alignment with all shareholders.

NAOS is B Corp certified. As a B Corp in the financial services industry, we are counted among businesses that are leading a global movement for an inclusive, equitable, and a regenerative economy.

NAOS launched its first LIC in 2013 with 400 shareholders. Today, NAOS manages three LIC vehicles and one private investment fund, for approximately 6,500 shareholders.

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Our Values

Encourage Independent Thinking

Rather than follow the crowd, we prefer to pave the way with innovation and provide a better outcome for our stakeholders. We have a disciplined investment process and do not get caught up in the hype and noise of the market.

Do One Thing and Do It Really, Really Well

At NAOS, we focus on providing concentrated exposure to quality public and private emerging companies – and we strive to be the best at this.

Tell It Like It Is

At NAOS, we are honest and transparent. We continue to exist due to the earned trust of our shareholders.

Have the Right People in the Right Environment

Each NAOS employee has been specifically chosen for their unique ability, proven experience and willingness to learn. At NAOS, we have created an inclusive work culture and one that supports all our employees.

Be Invested and Aligned

As NAOS Directors and employees, we have a significant interest in NAOS' investment strategies. This means we are invested alongside our shareholders, creating a strong alignment of interests.

Have a Long-term Perspective

We believe in investing in businesses where the earnings today are not a fair reflection of what the same business may earn over the longer term. Prior to investing in a business, we ask ourselves: Do we want to own this business forever?

Act Responsibly

We are responsible for investing our fellow shareholders' funds and we do not take this responsibility lightly. At NAOS, we seek to always act responsibly and diligently in all matters – from our investment choices through to our shareholder communications.

Be an Owner

NAOS employees strive to make NAOS a success by taking ownership of their tasks and responsibilities. In addition, NAOS Asset Management Limited is majority owned by employees and Directors.

Give Back

As a company, we have committed to pledge 1% of our revenue, time and knowledge to movements and missions that matter. We want to make a difference, and aim to contribute to economic, social and environmental improvement.

Our Investment Beliefs

Value with Long-Term Growth

We believe in investing in businesses where the earnings today are not a fair reflection of what the same business will earn over the longer term. Ultimately, this earnings growth can be driven by many factors, including revenue growth, margin growth, cost cutting, acquisitions and even share buybacks. The result is earnings growth over a long-term investment horizon, even if the business was perceived to be a value-type business at the time of the initial investment.

Quality Over Quantity

Excessive diversification, or holding too many investments, may be detrimental to overall portfolio performance. We believe it is better to approach each investment decision with conviction. In our view, to balance risk and performance most favourably, the ideal number of quality companies in each portfolio would generally be zero to 20.

Invest for the Long Term

As investors who are willing to maintain perspective by taking a patient and disciplined approach, we believe we will be rewarded over the long term. If our investment thesis holds true, we persist. Many of our core investments have been held for three or more years, where management execution has been consistent and the value proposition is still apparent.

Management Alignment

We believe in backing people who are proven and aligned with their shareholders. One of the most fundamental factors consistent across the majority of company success stories in our investment universe is a high-quality, proven management team with "skin in the game". NAOS Directors and employees are significant holders of shares on issue across our strategies, so the interests of our shareholders are well aligned with our own.

Ignore the Index

This means we are not forced holders of stocks with large index weightings that we are not convinced are attractive investment propositions. We actively manage each investment to ensure the best outcome for our shareholders, and only invest in companies we believe will provide excellent, sustainable, long-term returns.

Investing Within Our Circle of Competence

As a specialist fund manager since 2004, over the years NAOS has developed a strong "circle of competence" (or mental models) in specific industries. We openly acknowledge we avoid businesses that are either too complex to understand, or heavily influenced by one or two variables, such as interest rates or commodity prices. Instead, we concentrate on businesses that fall within our circle of competence, aiming to minimise the risk of permanent capital loss. Unlike others, we are comfortable setting aside investments that we consider "too hard", while we compound our knowledge in specific industries where we believe we have a competitive edge.

Performance vs. Liquidity Focus

We believe in taking advantage of inefficient markets. The perceived risk associated with low liquidity (or difficulty buying or selling large positions) combined with investor short-termism, presents an opportunity to act based purely on the long-term value proposition, where the majority may lose patience and move on. Illiquidity is often caused by aligned founders or management having significant holdings in a company. The NAOS LICs benefit from a closed-end structure, which means they do not suffer "redemption risk" and we can focus on finding quality, undervalued businesses regardless of their liquidity profile.

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Environmental, Social, and Governance (ESG)

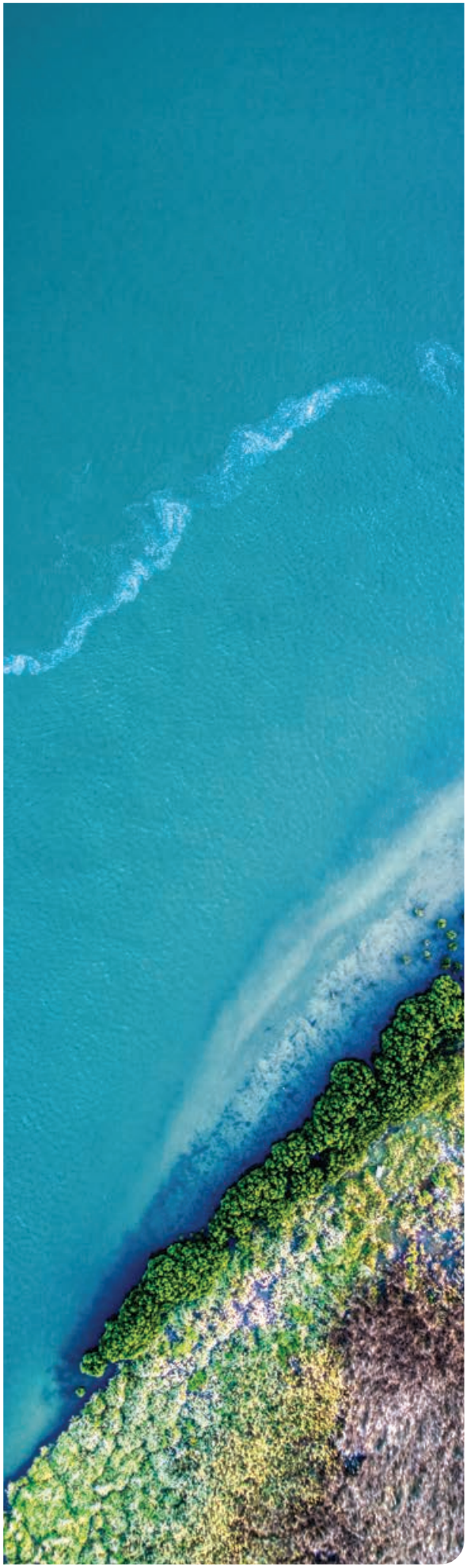
As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe a high standard of business conduct and a responsible approach to environmental, social, and governance (ESG) factors is associated with a sustainable business model over the longer term. This benefits not only shareholders, but also the broader economy. NAOS is a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI) and is guided by these principles in incorporating ESG into its investment practices. NAOS is also B Corp certified.

Constructive Engagement

At NAOS, we seek to work collaboratively with businesses and their respective management teams. We are often the largest shareholder in the businesses we invest in, and from time to time we will seek board representation, either via an independent or a non-independent representative. This approach allows us to supportively engage with the boards and/or management teams of our portfolio holdings, and maximise the potential for our invested capital to compound at a satisfactory rate over the long term.

Examples of constructive engagement where the NAOS investment team looks to add value include:

- growth capital if/when required;
- messaging and communications;
- capital management decisions;
- company strategy;
- board composition.



Our Investment Process

Total ASX-Listed Companies
2,688

Investment Criteria

Management & Culture

- What is the management team's industry experience and what is its track record on results, integrity and transparency?
- What ownership levels (shareholder alignment) does the management team have?
- What is the staff turnover level and what does this say about business loyalty among employees?
- What ethical standards do employees have?
- Does the culture promote long-term strategic thinking, even at the expense of short-term profits?
- Is there a company-wide desire to be an industry leader?

Valuation, Growth & Margin of Safety

- Does the company have a moat from competition (patents, assets, monopolies, uniqueness, pricing power)?
- Is this company moat increasing over time?
- Is the business scalable without incurring large increases in overheads?
- Is the industry growing (demographic, technological, cyclical and consumer trends)?
- Is there an obvious margin of safety (earnings quality, multiple, cash levels, growth runway)?
- What is its free cash-flow generation history and potential (capex levels, operating costs etc.)?
- What is its balance sheet flexibility (cash reserves, undrawn debt, hard assets, liability obligations)?
- Is the business growing organically (does it have avenues for internal growth)?
- What are the trends in the company's return on invested capital (ROIC) and future potential?
- Are there catalysts that can drive an increase in the share price?

Considering ESG Factors

- Identify ESG factors we think are relevant to each proposed investment.
- Consider our stance on these ESG factors, based on the principles and frameworks we believe can help to influence positive social return.
- Integrate our findings into our broader investment process which focuses on quantitative and qualitative analysis.

NAOS also follows this Investment Criteria when investing in private emerging companies.

Investment Universe Funnel

Company Size & Security Type
Remove: ASX Top 50, <$20m market cap, ETFs

Revenue
Remove: No substantial revenue

Industry
Remove: Industries in structural long-term decline and not conducive to long-term growth

ESG Negative Screen: Tobacco, Gambling, Nuclear and Uranium, Controversial Weapons, Coal Mining Operations, Oil and Gas Production and Animal Cruelty

Balance Sheet
Remove: Unsustainable debt levels

Companies in the NAOS Universe
273

NAOS Active Investment Universe Watchlist
50–80

ASX: NCC
NAOS Emerging Opportunities Company Limited

NCC generally invests in 0-20 public and private emerging companies.

0–20

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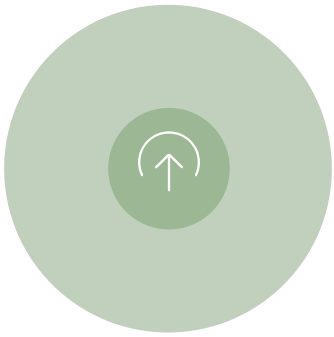
NAOS Qualitative Information Sources

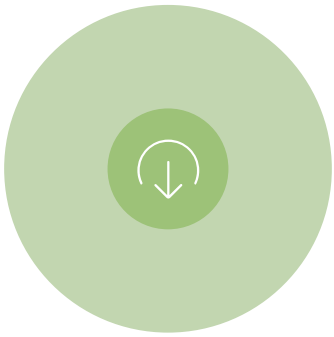
The NAOS investment team undertakes fundamental analysis on potential and current investments.

Some examples of key focus areas include:



Internal Engagement

- Executive team, including CEO, CFO, COO and CTO
- Board of directors (independent and non-independent)
- Wider management team and staff, for example, general managers and sales executives to assistant/associates



External Engagement

- Former employees
- Listed and unlisted competitors
- Suppliers (current and former)
- Customers (current and former)
- Industry contacts and industry associations

Hands On

- Company announcements and reports
- Product/service sampling and testing
- Cold calling

Research

- Company announcements and reports
- Transcripts (company specific and other)
- Industry reports and journals
- Social media and industry forums
- Surveys, ratings and proprietary analytical tools
- ESG and positive impact analysis

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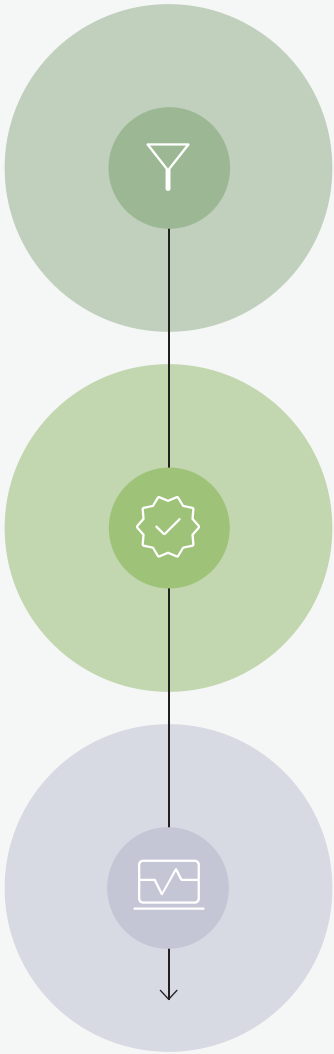
Considering ESG Factors in the NAOS Investment Process

At NAOS, as an investment manager, we recognise and accept our duty to act responsibly and in the best interests of all stakeholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors are associated with a sustainable business model over the longer term, which also benefits the broader economy.

We recognise the material impacts that ESG factors can have on investment returns and risk, and also the wider implications for achieving a positive social return.



Screening

NAOS excludes investment in specific industries and companies whose products, services or ethics do not align with our responsible investment goals, such as:

- Tobacco
- Gambling
- Nuclear & uranium
- Controversial weapons
- Coal mining operations, oil & gas production
- Animal cruelty

Due Diligence and Investment Decision

- Identify ESG factors we think are relevant to each proposed investment
- Consider our stance on these ESG factors, based on the principles and frameworks we believe can help to influence positive social return
- Integrate our findings into our broader investment process, which focuses on quantitative and qualitative analysis

Ownership and Monitoring

- With our long-term, concentrated investment approach, we are often a substantial shareholder in our investee companies and can meaningfully influence them to address identified ESG issues
- Creating accountability through ongoing monitoring and engagement with our investee companies

Our Guidelines

Our approach to considering ESG factors in our investment process is guided by:

Signatory of:

PRI Principles for Responsible Investment

The Principles for Responsible Investment (UNPRI)

A globally recognised framework consisting of six principles that guide the incorporation of ESG factors into investment analysis.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (UNSDG)

A global framework that addresses sustainability challenges worldwide, offering 17 interconnected goals to achieve by 2030.

Accreditation

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Our Investee Companies and Their ESG Journeys

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Mark Benson
Managing Director & Chief Executive Officer
Saunders International

SAUNDERS
INTERNATIONAL

Saunders International

ASX: SND

Recently we spoke with Mark Benson, Managing Director & Chief Executive Officer at Saunders International, and delved into the importance of employee safety within his organisation. Below are some of the key highlights for our conversation.

What are the main issues you face around safety for your employees?

As the Managing Director and CEO of Saunders, my foremost commitment is to the safety of our employees, subcontractors, and the community. Working within various high-risk industries across diverse locations in Australia brings about distinct challenges, especially in standardising safety practices amid varying regional regulations and client demands.

For example, all states and territories now follow the same work, health and safety (WHS) regulations, except for Victoria, which has not implemented them yet. Additionally, we work with clients who have their own company rules based on US or European standards, and these rules vary between different organisations.

Could you provide an overview of Saunders' approach to ensuring safety across its project sites?

To address these complexities, we prioritise robust planning, proactive execution and effective communication. Our integrated management system ensures consistency in safety and compliance across our diverse operational environments.

Our safety approach centres on "Zero Harm", reflecting our highest commitment to safety across all operations; it is our promise to our people and their loved ones. From initial proposals and planning through to construction and ongoing maintenance, we employ a comprehensive safety management system that exceeds regulatory standards. This includes using the Hierarchy of Controls methodology to identify and mitigate hazards at every stage.

Our Health, Safety, Environment and Quality (HSEQ) management systems have been certified to meet the ISO 45001 standard, and has also been accredited by the Office of Federal Safety Commissioner (OFSC). These achievements highlight our dedication to safety and qualify us for the highest standard under the Australian Government Building and Construction WHS Accreditation Scheme.

Do you have programs in place to mitigate risks?

We have implemented robust programs and initiatives to mitigate risks and foster a strong safety culture across the organisation. One key initiative is Together for Safety, a safety training program aimed at developing safety leadership skills and fostering a safety-oriented culture over the next five years. Additionally, we have recently introduced a company-wide "Two Hours for Safety" session every Thursday for all operational management teams. During this time, all personnel are dedicated solely to safety activities.

We roll out monthly safety themes to address high-risk areas, and our executives and board members conduct regular site visits. These initiatives actively engage our teams and empower our workforce to take ownership of safety at every level.

How do you measure performance in this area? What have you achieved?

Enhancing our safety culture, actively managing operational risks, and consistently reviewing WHS Standards are foundational to our safety performance strategy. We employ key indicators such as safety observations, inspections, and Total Recordable Injury Frequency Rate (TRIFR) to track safety performance, delivering monthly reports to leadership.

In FY24, we achieved a strong safety performance, with a TRIFR12 metric of 1.35 as of June 2024 (based on one million hours worked). This represents an 83.9% decrease from 8.39 in June 2023. This significant decrease demonstrates our tangible progress in improving safety outcomes.

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Our Team

Sebastian Evans

Managing Director & Chief Investment Officer

Sebastian is a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), NAOS Ex-50 Opportunities Company Limited (ASX: NAC), and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010. Sebastian is the CIO across all investment strategies.

Sebastian holds a Master of Applied Finance (MAppFin) majoring in investment management, as well as a Bachelor of Commerce majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

Robert Miller

Portfolio Manager

Robert joined NAOS in September 2009 as an investment analyst. Robert has been a portfolio manager since November 2014 and is currently Portfolio Manager across all NAOS LICs: NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC), and NAOS Ex-50 Opportunities Company Limited (ASX: NAC), and the NAOS Private Opportunities Fund. Robert is also a non-executive director of Ordermentum Pty Ltd.

Robert holds a Bachelor of Business from the University of Technology, Sydney, and a Master of Applied Finance (MAppFin) from the Financial Services Institute of Australasia/Kaplan.

Brendan York

Portfolio Manager

Brendan joined NAOS in July 2021 as a portfolio manager. Brendan is also a non-executive director of Big River Industries Limited (ASX: BRI), BSA Limited (ASX: BSA), Saunders International Limited (ASX: SND), Wingara AG Limited (ASX: WNR), BTC health Limited (ASX: BTC), MaxiPARTS (ASX: MXI) and MitchCap Pty Ltd.

Brendan has over 20 years' finance, accounting and M&A experience. Most recently, Brendan had a 15-year career with ASX-listed marketing services business Enero Group Limited, initially in finance roles and ultimately as CFO and Company Secretary for a nine-year period. Prior to that, Brendan spent four years at KPMG.

Brendan is a chartered accountant and holds a Bachelor of Business Administration and a Bachelor of Commerce from Macquarie University.

Jared Tilley

Senior Investment Analyst

Jared joined NAOS in April 2021 as Senior Investment Analyst. Jared has over 17 years' financial services experience. Most recently, Jared was an investment analyst at Contact Asset Management and prior to that he spent nine years at Colonial First State.

Jared holds a Bachelor of Commerce majoring in accounting and finance from the University of Notre Dame, Sydney, and is a CFA Charterholder.

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Nelson De Mestre

Associate Analyst

Nelson joined NAOS as an associate analyst in July 2020. He has a Bachelor of Commerce from the University of Sydney.

Richard Preedy

Chief Financial and Operating Officer

Richard joined NAOS in October 2015 as Chief Financial and Operating Officer. Richard has over 17 years' financial services experience in the UK and Australia, beginning his career in London with Deloitte & Touche before relocating to Sydney in 2013.

Richard holds a Bachelor of Arts (Hons) in Business Management from the University of Sheffield, is a qualified chartered accountant and is a member of the Governance Institute of Australia.

Rajiv Sharma

Head of Legal and Compliance

Rajiv is Head of Legal and Compliance at NAOS and holds a Bachelor of Laws (First Class Honours), a Bachelor of Business (accounting major) and a Graduate Diploma in Legal Practice from the University of Technology, Sydney.

Rajiv has over 14 years' experience, having most recently held senior legal roles at Custom Fleet, part of Element Fleet Management (TSX: EFN), and also at Magellan Financial Group (ASX: MFG). He has also previously worked at law firms Johnson Winter & Slattery and Clayton Utz.

Rajiv is a member of the Law Society of New South Wales and is admitted to the Supreme Court of New South Wales and the High Court of Australia.

Julie Coventry

ESG Officer

Julie joined NAOS in November 2012 as Compliance Officer, and in January 2021, she commenced the role of ESG Officer.

Prior to joining NAOS, Julie worked within compliance and performance teams at BZW Investment Management, Commonwealth Bank, Colonial First State, and QBE.

Julie holds a Bachelor of Business majoring in finance and economics from the University of Technology, Sydney, and she also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Angela Zammit

Marketing and Communications Manager

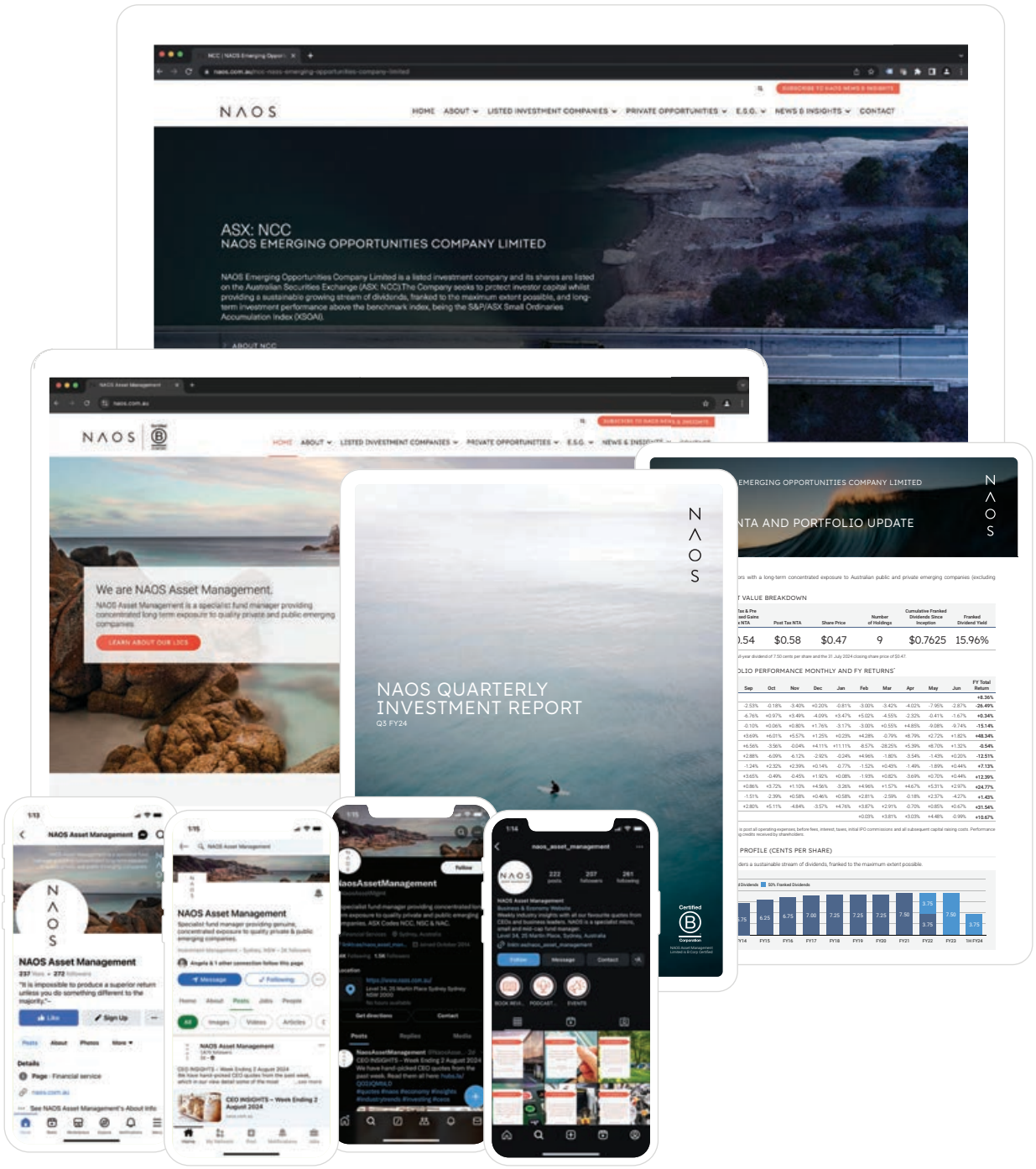
Angela joined NAOS in May 2020 in the capacity of Marketing and Communications Manager.

Prior to joining NAOS, Angela held marketing roles for companies in both Australia and the UK, including SAI Global, American Express, Citibank, and Arete Marketing.

Angela holds a Bachelor of Communications majoring in advertising and marketing from the University of Canberra.

Shareholder Communications

NAOS Asset Management is committed to keeping all shareholders up to date. We endeavour to produce timely updates and relevant communications throughout the financial year. We also welcome shareholder feedback, so please email any feedback or suggestions to enquiries@naos.com.au.



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NAOS Giving Back

To be caretakers of the next generation, we must actively support positive change. Supporting our commitment to ESG issues, NAOS Asset Management (the management company) donates 1% of recurring revenue to organisations that support the community and the environment.

NAOS is proud to be supporting:

Greening Australia

We believe people thrive when nature thrives.

BUSH HERITAGE AUSTRALIA

Together, we're returning the bush to good health.

Australian Kookaburra Kids Foundation

Empowering young people to thrive beyond the impacts of family mental illness.

Corporate Governance Statement

The Board of NAOS Emerging Opportunities Company Limited is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Company has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of its activities.

The Board has adopted the ASX Corporate Governance Principles and Recommendations, which are complemented by the Company's core principles of honesty and integrity. Visit naos.com.au/corporate-governance to view the Company's corporate governance policies and practices.

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Directors' Report

The Directors present their report together with the financial report of NAOS Emerging Opportunities Company Limited (the Company) for the year ended 30 June 2024.

Company Information

The Company is a listed investment company (LIC) and its shares are listed on the Australian Securities Exchange. The Company has outsourced its investment management function to NAOS Asset Management Limited (ACN 107 624 126) (Australian Financial Services Licence No. 273529) (the Investment Manager).

Principal Activities

The Company invests primarily in a concentrated portfolio of listed equities with the objective of providing investors with a long-term, concentrated exposure to public and private Australian emerging companies (excluding resource companies).

Directors and Officers

The following persons held office as Directors of the Company during or since the end of the year.

Directors

Name	Appointment Date	Period of Office
Sarah Williams (Independent Chair)	31 January 2019	31 January 2019 – Present
David Rickards OAM	20 November 2012	20 November 2012 – Present
Warwick Evans	6 November 2012	6 November 2012 – Present
Sebastian Evans	6 November 2012	6 November 2012 – Present

The qualifications and experience of each person who has been a Director of the Company at any time since 1 July 2023 are provided below.

Directors' Information

Sarah Williams – Independent Chair

Sarah Williams was appointed as an Independent Director in January 2019 and elected Independent Chair on 1 December 2022. Sarah is also the Independent Chair of NAOS Ex-50 Opportunities Company Limited (ASX: NAC) and an Independent Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC).

Sarah has over 25 years' experience in executive management, leadership, IT and risk management in the financial services and IT industries. Most recently, Sarah was an executive director at Macquarie Group and head of IT for the group's asset management, investment banking and leasing businesses. During her 18-year tenure at Macquarie Group, she also led the Risk and Regulatory Change team and the Equities IT team, and developed the IT M&A capability. Sarah has also held senior roles with JP Morgan and PricewaterhouseCoopers in London.

Sarah has been a director of charitable organisations, including Cure Cancer Australia Foundation and Make A Mark Australia. Sarah holds an honours degree in engineering physics from Loughborough University.

David Rickards OAM – Independent Director

David Rickards OAM has been an Independent Director of the Company since its inception. David is also an Independent Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC) and Independent Chair of NAOS Small Cap Opportunities Company Limited (ASX: NSC). He is also Co-Founder of Social Enterprise Finance Australia Limited (Sefa) and was a director and treasurer of Bush Heritage Australia for nine years.

David has over 25 years of equity market experience, most recently as an executive director at Macquarie Group, where he was head of equities research globally, as well as equity strategy from 1989 until he retired in mid-2013. David was also a consultant for the financial analysis firm Barra International.

David holds a Master of Business Administration majoring in accounting and finance from the University of Queensland. He also has a Bachelor of Engineering (Civil Engineering) and a Bachelor of Engineering (Structural Engineering) from the University of Sydney, and a Bachelor of Science (Pure Mathematics and Geology).

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Warwick Evans – Non-Independent Director

Warwick Evans has been a Director of the Company since its inception. Warwick is also a Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chair of NAOS Asset Management Limited, the Investment Manager.

Warwick has over 35 years of equity market experience, most notably as Managing Director for Macquarie Equities (globally) from 1991 to 2001, and as an executive director for Macquarie Group. He was founding Chairman and CEO of the Newcastle Stock Exchange (NSX) and was also Chairman of the Australian Stockbrokers Association. Prior to these positions, Warwick was an executive director at County NatWest.

Warwick holds a Bachelor of Commerce majoring in economics from the University of New South Wales.

Sebastian Evans – Non-Independent Director

Sebastian Evans has been a Director of the Company since its inception. Sebastian is also a Director of NAOS Ex-50 Opportunities Company Limited (ASX: NAC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and has held the positions of Chief Investment Officer (CIO) and Managing Director of NAOS Asset Management Limited, the Investment Manager, since 2010.

Sebastian is the CIO across all investment strategies. He holds a Master of Applied Finance (MAppFin) majoring in investment management, as well as a Bachelor of Commerce majoring in finance and international business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

Company Secretary

The following persons held office as company secretary during or since the end of the year.

Name	Appointment Date	Period of Office
Sebastian Evans	10 July 2019	10 July 2019 – Present
Rajiv Sharma	12 March 2021	12 March 2021 – Present

Company Secretary Information

Rajiv Sharma – Company Secretary

Rajiv is Head of Legal & Compliance at NAOS Asset Management and holds a Bachelor of Laws (First Class Honours), a Bachelor of Business (Accounting major) and a Graduate Diploma in Legal Practice from the University of Technology, Sydney. Rajiv has over 14 years' experience, having most recently held senior legal roles at Custom Fleet, part of Element Fleet Management Group (TSX: EFN) and Magellan Financial Group (ASX: MFG). He has also previously worked at law firms Johnson Winter & Slattery and Clayton Utz.

Rajiv is a member of the Law Society of New South Wales and is admitted to the Supreme Court of New South Wales and the High Court of Australia.

Meetings of Directors

The following table shows the number of Board meetings for the year ended 30 June 2024.

Year ended 30 June 2024	Eligible to attend	Attended
Sarah Williams (Chair)	11	11
David Rickards (Director)	11	10
Warwick Evans (Director)	11	10
Sebastian Evans (Director)	11	11

Review of Operations

The Company's operating loss before tax for the year ended 30 June 2024 was $22,396,559 (30 June 2023: operating loss before tax of $1,740,753), and operating loss after tax for the year was $17,659,307 (30 June 2023: operating loss after tax of $457,087). In a challenging year for the Company the Investment Portfolio returned –26.49% for the financial year, compared to the Benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI), which returned +9.34% for the financial year.

The post-tax Net Tangible Asset (NTA) value per share of the Company decreased from $0.85 to $0.54 over the course of the financial year, which was mainly driven by the return of the investment portfolio. The impact of gearing in the Company magnified the impact of the investment portfolio performance on the NTA per share. The Company also paid 7.50 cents per share of dividends to shareholders during the year, franked at 50%.

Please refer to the Investment Manager's Review on page 13 for further information regarding the performance of the Company.

Financial Position

The net tangible asset value of the Company as at 30 June 2024 was $39,509,175 (2023: $62,096,169). Further information on the financial position of the Company is included in the Chair's Letter.

Dividends Paid

Year ended 30 June 2024	Dividend (cents per share)	Total $ amount	% Franked	Date of payment
2023 final dividend (declared 22 August 2023)	3.75	2,735,733	50%	27 October 2023
2024 interim dividend (declared 22 February 2024)	3.75	2,749,124	50%	24 April 2024
		5,484,857		

Year ended 30 June 2023	Dividend (cents per share)	Total $ amount	% Franked	Date of payment
2022 final dividend (declared 18 August 2022)	3.75	2,735,733	50%	28 October 2022
2023 interim dividend (declared 23 February 2023)	3.75	2,735,733	50%	20 April 2023
		5,471,466		

Since 30 June 2024, the Company has declared a final dividend of 2.00 cents per share, fully franked, to be paid on 31 October 2024.

Options Issue

During the year, the Company completed a 1-for-5 bonus options issue with a record date of 21 December 2023, which entitled eligible shareholders to a bonus option to purchase new shares in the Company at an exercise price of $0.67 and which expire on 31 December 2026. A total of 14,583,245 bonus options were issued, which are listed on the ASX under code (ASX: NCCO), and 348,400 bonus options have been exercised as at 30 June 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company.

Subsequent Events

On 22 August 2024, the Company declared a final dividend of 2.00 cents per share, fully franked, to be paid on 31 October 2024.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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Likely Developments

The Company will continue to be managed in accordance with the Constitution and its investment objectives.

Environmental Regulation and Performance

The operations of the Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Company.

Indemnification of Directors, Officers and Auditors

During the financial year, the Company paid premiums in respect of contracts insuring the Directors against a liability incurred as a Director or executive officer to the extent permitted by the *Corporations Act 2001* (Cth). The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-Audit Services

During the year, Deloitte Touche Tohmatsu, the Company's auditor, performed other services in addition to its statutory duties for the Company as disclosed in Note 12 to the financial statements.

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 12 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Board prior to commencement 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 the auditor's independence in accordance with the APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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 44.

Remuneration Report – Audited

The Directors of the Company present the Remuneration Report to shareholders. The report is a requirement under section 300A(1) of the *Corporations Act 2001* and covers the following information:

- the Board's policy for determining the nature and amount of remuneration of Directors and other key management personnel (if any) of the Company;
- a discussion of the relationship between such policy and the Company's performance; and
- the details of the remuneration of the Directors and other management personnel (if any).

Remuneration of Directors

The Board from time to time determines remuneration of Directors within the maximum amount approved by shareholders. This is the only remuneration that Directors are entitled to.

Payments to Directors reflect the demands and responsibilities of their roles and are reviewed annually by the Board. The Company determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are set at a maximum of $100,000 per annum and Directors do not receive bonuses. The maximum fees paid to Directors may not be increased without approval from the Company at a general meeting.

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Directors remuneration received for the year ended 30 June 2024 and 30 June 2023 are disclosed below:

30 June 2024	Short-term employee benefits Directors' fees $	Post-employment benefit superannuation $	Total $
Sarah Williams (Chair)	31,532	3,468	35,000
Warwick Evans (Director)	9,009	991	10,000
David Rickards (Director)	13,514	1,486	15,000
Total	**54,055**	**5,945**	**60,000**

30 June 2023	Short-term employee benefits Directors' fees $	Post-employment benefit superannuation $	Total $
Sarah Williams (Chair)	24,133	2,534	26,667
Warwick Evans (Director)	9,050	950	10,000
David Rickards (Director)	21,116	2,217	23,333
Total	**54,299**	**5,701**	**60,000**

Mr Sebastian Evans is remunerated by the Investment Manager and is currently not entitled to Director's remuneration from the Company.

Interests in Shares and Options of the Company

During the financial years ended 30 June 2024 and 30 June 2023, the relevant interests of the Directors and their related parties in the shares and bonus options of the Company were:

Ordinary shares Year ended 30 June 2024	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Sarah Williams (Chair)	18,286	2,077	–	20,363
Warwick Evans (Director)	2,703,536	–	–	2,703,536
Sebastian Evans (Director)	1,754,840	378,251	(309,281)	1,823,810
David Rickards (Director)	1,158,126	70,885	–	1,229,011

Ordinary shares Year ended 30 June 2023	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Sarah Williams (Chair)	16,645	1,641	–	18,286
Warwick Evans (Director)	2,703,536	–	–	2,703,536
Sebastian Evans (Director)	1,547,340	207,500	–	1,754,840
David Rickards (Director)	1,064,686	93,440	–	1,158,126

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Bonus Options Year Ended 30 June 2024	Opening balance No of bonus options	Issued No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
Sarah Williams (Chair)	–	3,850	–	3,850
Warwick Evans (Director)	–	540,706	–	540,706
Sebastian Evans (Director)	–	359,063	(319,063)	40,000
David Rickards (Director)	–	232,363	–	232,363

The following table summarises Company performance and Directors' remuneration. Directors fees are not linked to the Company's performance.

	2024	2023	2022	2021	2020
Operating profit/(loss) after tax ($)	(17,659,307)	(457,087)	(12,796,392)	20,664,304	(597,948)
Dividends (cents per share)	5.75	7.50	7.50	7.50	7.25
Level of franking (%)	67	50	75	100	100
NTA after tax ($ per share)	0.54	0.85	0.93	1.18	0.96
Total Directors' remuneration ($)	60,000	60,000	60,000	60,000	60,000
Shareholder's equity ($)	39,509,175	62,096,169	68,024,722	86,292,581	59,018,880
Share price ($)	0.415	0.68	0.83	1.035	0.795

End of Remuneration Report (Audited).

Signed in accordance with a resolution of Directors of the Company made pursuant to section 298(2) of the *Corporations Act 2001*.

Sarah Williams
Independent Chair
22 August 2024

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Auditor's Independence Declaration

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Quay Quarer Tower
Level 46, 50 Bridge Street
Sydney NSW 2000 Australia

Tel: +61 (0) 2 6263 7000
Fax: +61 (0) 2 6263 7001
www.deloitte.com.au

22 August 2024

The Board of Directors

NAOS Emerging Opportunities Company Limited
Level 34, 25 Martin Place
Sydney NSW 2000

Dear Directors,

Auditor's Independence Declaration to NAOS Emerging Opportunities Company Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the those charged with governance of NAOS Emerging Opportunities Company Limited.

As lead audit partner for the audit of the financial report of NAOS Emerging Opportunities Company Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants

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Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Quay Quarter Tower
Level 46, 50 Bridge Street
Sydney NSW 2000 Australia

Tel: +61 (0) 2 6263 7000
Fax: +61 (0) 2 6263 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of NAOS Emerging Opportunities Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NAOS Emerging Opportunities Company Limited (the "Company") which comprises the statement of financial position as at 30 June 2024, 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 and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial report of the NAOS Emerging Opportunities Company Limited is in accordance with the *Corporations Act 2001*, including:

- 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
- 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 & 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 for 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Valuation and existence of Level 1 financial assets held at fair value through profit or loss The Company's listed equity securities are the most significant driver of the Company's net tangible assets and the profit or loss attributable to shareholders.	Our procedures included, but were not limited to: • Evaluating key controls in place at the outsourced service providers (i.e. administrator and custodian) in relation to the valuation and existence of financial assets at fair value through profit or loss, including any exceptions noted;

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Deloitte.

As at 30 June 2024, the Company's listed equity securities held at fair value through profit or loss totaled circa $45.9million as disclosed in Notes 7 and 17. Listed equity securities are fair valued using the unadjusted last sale price quoted on the Australian Securities Exchange. Changes in the fair value of the listed securities are recognised through profit or loss. Given the significance of the listed equity securities, the key audit matter is whether the Company has ownership of the listed equity securities and has accurately recorded the fair value movements for the reporting period.	• Obtaining confirmation of the investment holdings directly from the custodian; • On a sample basis, agreeing the valuation of listed equity securities to an independent pricing source; • On a sample basis, agreeing the investment holdings to the external custodian's holdings statement; and • Reperforming a reconciliation of the financial assets balance for the period ended 30 June 2024, including purchases, sales, other relevant transactions. We also assessed the adequacy of the disclosures in Notes 7 and 17 to 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 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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.

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- 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.
- 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 41 to 43 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of NAOS Emerging Opportunities Company 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants

Sydney, 22 August 2024

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2024

	Notes	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Income	3	(19,757,811)	1,078,346
Expenses			
Management fees	16	(888,531)	(1,128,972)
Interest expense on convertible notes	9	(1,037,836)	(1,035,000)
Amortisation expense on convertible note		(87,661)	(87,421)
Administration fees		(54,261)	(63,075)
Directors' remuneration		(60,000)	(60,000)
ASX fees		(97,843)	(65,867)
Auditor's remuneration	12	(64,500)	(54,800)
Custody fees		(36,582)	(46,706)
Registry fees		(73,787)	(51,250)
Other expenses from ordinary activities		(237,747)	(226,008)
Loss before income tax expense		**(22,396,559)**	**(1,740,753)**
Income tax benefit	4(a)	4,737,252	1,283,666
Loss for the year attributable to shareholders of the Company		**(17,659,307)**	**(457,087)**
Other comprehensive income, net of tax		–	–
Total comprehensive loss for the year attributable to shareholders of the Company		**(17,659,307)**	**(457,087)**
Basic and diluted losses per share (cents per share)	**18**	**(24.12)**	**(0.63)**

The accompanying notes to the financial statements should be read in conjunction with this statement.

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Statement of Financial Position as at 30 June 2024

	Notes	As at 30 June 2024 $	As at 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	13	156,511	2,620,530
Trade and other receivables	6	144,199	76,332
Financial assets at fair value through profit or loss	7	54,503,045	79,380,960
Total current assets		**54,803,755**	**82,077,822**
Non-current assets			
Deferred tax assets	4(b)	7,844,286	3,107,036
Total non-current assets		**7,844,286**	**3,107,036**
Total assets		**62,648,041**	**85,184,858**
Liabilities			
Current liabilities			
Trade and other payables	8	510,825	548,309
Total current liabilities		**510,825**	**548,309**
Non-current liabilities			
Borrowings	9	22,628,041	22,540,380
Total non-current liabilities		**22,628,041**	**22,540,380**
Total liabilities		**23,138,866**	**23,088,689**
Net assets		**39,509,175**	**62,096,169**
Equity			
Issued capital	10	78,022,430	77,465,260
Profits reserve	11(a)	22,056,358	27,541,215
Accumulated losses	11(b)	(60,569,613)	(42,910,306)
Total equity		**39,509,175**	**62,096,169**

The accompanying notes to the financial statements should be read in conjunction with this statement.

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Statement of Changes in Equity for the Year Ended 30 June 2024

	Issued capital $	Profits reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	77,465,260	33,012,681	(42,453,219)	68,024,722
Loss for the year	–	–	(457,087)	(457,087)
Dividends paid	–	(5,471,466)	–	(5,471,466)
Purchase of shares on market for DRP	(633,256)	–	–	(633,256)
DRP shares allotted	633,256	–	–	633,256
Balance at 30 June 2023	**77,465,260**	**27,541,215**	**(42,910,306)**	**62,096,169**

	Issued capital $	Profits reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2023	77,465,260	27,541,215	(42,910,306)	62,096,169
Loss for the year	–	–	(17,659,307)	(17,659,307)
Dividends paid	–	(5,484,857)	–	(5,484,857)
Share options exercised	233,429	–	–	233,429
Purchase of shares on market for DRP	(278,456)	–	–	(278,456)
DRP shares allotted	278,456	–	–	278,456
Shares issued under DRP	323,741	–	–	323,741
Balance at 30 June 2024	**78,022,430**	**22,056,358**	**(60,569,613)**	**39,509,175**

The accompanying notes to the financial statements should be read in conjunction with this statement.

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Statement of Cash Flows for the Year Ended 30 June 2024

	Notes	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Cash flows from operating activities			
Payments for purchases of investments		(7,767,062)	(9,538,458)
Proceeds from sales of investments		9,786,537	15,724,804
Dividends received		3,062,057	4,026,997
Interest received		7,451	3,591
Income tax refund		–	403,672
Interest paid on convertible notes		(1,022,075)	(1,029,350)
Management fees paid		(919,847)	(1,136,568)
Directors' remuneration paid		(60,000)	(60,000)
Administration and tax service fees paid		(61,627)	(69,975)
Custody fees paid		(31,957)	(44,724)
Audit fees paid		(62,302)	(60,783)
Registry fees paid		(70,877)	(54,005)
ASX fees paid		(97,843)	(65,867)
Other payments		(302,100)	(234,073)
Net cash provided by operating activities	13(b)	**2,460,355**	**7,865,261**
Cash flows from financing activities			
Dividends paid net of amounts reinvested		(4,879,347)	(4,873,011)
Purchase of shares on-market for DRP		(278,456)	(633,256)
Share options exercised		233,429	–
Net cash used in financing activities		**(4,924,374)**	**(5,506,267)**
Net (decrease)/increase in cash and cash equivalents		**(2,464,019)**	**2,358,994**
Cash and cash equivalents at the beginning of the financial year		2,620,530	261,536
Cash and cash equivalents at end of year	13(a)	**156,511**	**2,620,530**
Non-cash activities – Dividend Reinvestment		**323,741**	**–**

The accompanying notes to the financial statements should be read in conjunction with this statement.

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Notes to the Financial Statements

General Information

NAOS Emerging Opportunities Company Limited (the Company) is a public company listed on the Australian Securities Exchange (ASX: NCC) registered and domiciled in Australia. The Company was constituted on 6 November 2012 and commenced operations on 22 February 2013.

The registered office and principal place of business of the Company is Level 34, 25 Martin Place, Sydney NSW 2000.

NAOS Asset Management Limited (the Investment Manager) is the investment manager for the Company. The financial statements were authorised for issue by the Directors on 22 August 2024.

1. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the "AASB"), and the *Corporations Act 2001* in Australia. For the purposes of preparing financial statements, the Company is a for-profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value through profit or loss.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Refer to Note 1(r) for critical accounting judgements and key sources of estimation uncertainty.

b) Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements.

c) Statement of Compliance

The financial report of the Company, comprising the financial statements and notes thereto, complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB").

d) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

e) Going Concern Basis

This financial report has been prepared on a going concern basis. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

f) Revenue and Income Recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the period end and the fair value at the previous valuation point. Net gains/(losses) also include realised gains/losses, and do not include interest or dividend income.

Dividends

Dividend income is recognised on the ex-dividend date with any corresponding foreign withholding tax recorded as an expense.

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Interest income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

h) Investments in Financial Instruments

Investments in financial instruments, as defined by AASB 132 *Financial Instruments: Presentation,* are categorised in accordance with AASB 9: *Financial Instruments*. This classification is determined by the purpose underpinning the acquisition of the investment.

(i) Initial recognition, measurement and derecognition

The Company recognises financial assets and financial liabilities on the date that it becomes party to the contractual agreement (trade date).

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(ii) Classification and subsequent measurement

Financial assets and liabilities held at fair value through profit or loss

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current close price and the quoted market price for financial liabilities is the current close price.

Financial liabilities

Financial liabilities include trade and other payables and borrowings. Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes which are able to be converted to share capital at the option of the noteholder, and the number of shares to be issued will not vary with the changes in their fair value. The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses ('ECL') on financial assets excluding investments that are measured at fair value through profit and loss.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The amount of the impairment loss will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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Notes to the Financial Statements (continued)
1. Summary of Material accounting Policies (continued)

i) Expenses

All expenses, including the Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

j) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1(f) above.

Receivables also include such items as Reduced Input Tax Credits ("RITC") receivable.

k) Payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

l) Taxation

The income tax expense/(benefit) comprises current tax and movements in deferred tax.

Current income tax expense/(benefit) is the tax payable/(receivable) on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Current and deferred tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only 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 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 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, and 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.

m) Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

n) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

o) Profits Reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Company by third parties such as custodial services and investment management fees have been passed onto the Company. The Company qualifies for Reduced Input Tax Credits (RITC) hence, investment management fees, custodial fees and certain other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO).

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

q) Earnings per Share

Basic earnings per share are calculated by dividing net profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing net profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

r) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management are required to make judgements, estimates and assumptions about carrying values of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Income Tax

The Company has recognised deferred tax assets relating to current and prior tax losses of $3,899,548 and unrealised losses on investments of $3,855,932 as at 30 June 2024. The utilisation of deferred tax assets depends on the ability of the Company to generate future taxable profits. The Company considers that it is probable that future taxable profits will be available to utilise those deferred tax assets. This assessment is supported by the Investment Manager's long-term performance and profitability. New information may become available that may cause the Company to change its judgement regarding calculation of tax balances, and such changes will impact the profit or loss in the period that such determination is made.

2. Adoption of New and Revised Accounting Standards

New or Amended Accounting Standards and Interpretations Adopted in the Current Period

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These Standards and Interpretations did not have a material impact on these financial statements.

New Accounting Standards and Interpretations not yet Adopted

There are no new accounting standards or interpretations applicable that would have a material impact for the Company.

3. Income

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Net losses on financial instruments held at fair value through profit or loss	(22,827,319)	(2,952,242)
Interest income	7,451	3,591
Dividend income	3,062,057	4,026,997
	(19,757,811)	**1,078,346**

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4. Income Tax

a) Income tax (benefit)/expense

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

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Prima facie income tax benefit calculated at 25% (2023: 25%)	(5,599,139)	(435,191)
Less the tax effect of:		
Imputation credit gross up	328,078	419,857
Franking credit offset	(1,312,310)	(1,679,426)
Non-deductible amounts	(224,687)	405,169
Tax losses not recognised in current year	2,070,806	–
Prior year under provision	–	5,925
	(4,737,252)	**(1,283,666)**
Effective tax rate	21%	74%

The Company assessed that it is a base rate entity for the years ended 30 June 2024 and 30 June 2023 and hence the reduced company tax rate of 25% is applied to all income tax related balances.

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Total income tax expense/(benefit) results in a:		
Change in deferred tax assets	(4,737,252)	(1,283,666)
	(4,737,252)	**(1,283,666)**

b) Deferred tax assets

	As at 30 June 2024 $	As at 30 June 2023 $
Unrealised losses on investments	3,855,932	382,350
Tax losses	3,899,548	2,607,934
Accruals	15,185	14,363
Capitalised issue costs	73,621	102,389
	7,844,286	**3,107,036**

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Movement in deferred tax assets		
Balance at the beginning of the period	3,107,036	1,823,370
Credited/(charged) to the Statement of Profit or Loss and Other Comprehensive Income	3,474,404	(896,718)
Tax losses	1,291,614	2,224,524
Capitalised issue costs	(28,768)	(44,140)
At reporting date	**7,844,286**	**3,107,036**

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5. Dividends Paid

Year ended 30 June 2024	Dividend (cents per share)	Total $ amount	% Franked	Date of payment
2023 final dividend (declared 22 August 2023)	3.75	2,735,733	50%	27 October 2023
2024 interim dividend (declared 22 February 2024)	3.75	2,749,124	50%	24 April 2024
		5,484,857		

Year ended 30 June 2023	Dividend (cents per share)	Total $ amount	% Franked	Date of payment
2022 final dividend (declared 18 August 2022)	3.75	2,735,733	50%	28 October 2022
2023 interim dividend (declared 23 February 2023)	3.75	2,735,733	50%	20 April 2023
		5,471,466		

Dividends payable as at 30 June 2024 were $68,354 (2023: $65,047).

Dividend Franking Information

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Franking credits available for shareholders from previous financial periods	426,411	62,571
Impact on the franking account of dividends paid during the period	(914,146)	(911,914)
Impact on the franking account of dividends received during the period	1,312,310	1,679,426
Impact on franking account of income tax refunded during the year	–	(403,672)
Franking account balance at reporting date	**824,575**	**426,411**

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.

6. Trade and Other Receivables

	As at 30 June 2024 $	As at 30 June 2023 $
GST receivable	24,675	30,690
Unsettled trade receivables	79,335	1,165
Prepayments	40,189	44,477
	144,199	**76,332**

Receivables are non-interest bearing and unsecured. Outstanding trades i.e. 'Unsettled trades receivable' are on the terms operating in the securities industry, which usually require settlement within two days of the date of the transaction. None of the receivables are past due or impaired at the end of the reporting period (2023: nil).

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7. Investments in Financial Instruments

Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2024 $	As at 30 June 2023 $
Investments in listed equities	45,918,323	73,091,958
Investments in listed options	–	44,806
Investments in unlisted equities	8,584,722	6,244,196
Total Financial Assets at Fair Value through Profit or Loss	**54,503,045**	**79,380,960**

Financial Liabilities at Fair Value through Profit or Loss

There were no financial liabilities at fair value through profit or loss as at 30 June 2024 (2023: nil).

Disclosed Fair Values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

8. Trade and Other Payables

	As at 30 June 2024 $	As at 30 June 2023 $
Auditor's remuneration payable	23,750	21,552
Management fees payable	62,577	93,893
Unsettled trades payable	–	34,773
Dividend payable	68,354	65,047
Interest payable on convertible notes	295,977	280,217
Other payables	60,167	52,827
Total	**510,825**	**548,309**

Payables are non-interest bearing and unsecured. Unsettled trades are on the terms operating in the investment management industry which usually require settlement within two days of the date of the transaction.

9. Borrowings

The Company has on issue 230,000 unsecured, redeemable, convertible notes with a total face value of $23.0 million, listed under the ticker code (ASX: NCCGA). The convertible notes carry a fixed interest entitlement of 4.50% per annum until 30 September 2026, and are convertible into ordinary shares at a conversion price of $1.15 at any time until 30 September 2026.

From 30 September 2026 to 30 September 2027 the convertible notes carry a fixed interest entitlement of 5.50% per annum, and from 30 September 2027 to 30 September 2028 the convertible notes carry a fixed interest entitlement of 6.50% per annum. Interest is paid half-yearly on 31 March and 30 September. The maturity date of the convertible notes is 30 September 2028.

Terms of the notes are regulated under a trust deed between the Company and Melbourne Securities Corporation Limited. As of 30 June 2024, a total of $295,977 in interest is payable.

	As at 30 June 2024 $	As at 30 June 2023 $
Opening balance of convertible notes	22,540,380	22,452,959
Add amortisation of costs for the period	87,661	87,421
At reporting date	**22,628,041**	**22,540,380**

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10. Issued Capital

	30 June 2024		30 June 2023	
	No of Shares	$	No of Shares	$
Issued and paid-up capital – ordinary shares	73,799,601	78,022,430	72,952,814	77,465,260

Detailed provisions relating to the rights attaching to these shares are set out in the Company's Constitution and the *Corporations Act 2001*. The detailed provisions relating to the rights attaching to shares under the Constitution and the *Corporations Act 2001* are summarised below.

Each share will confer on its holder:

(a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the *Corporations Act 2001*;

(b) the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting that may attach to or be imposed on shares (at present there are none);

(c) the right to receive dividends;

(d) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of shareholders by special resolution); and

(e) subject to the *Corporations Act 2001* and the ASX Listing Rules, shares are fully transferable.

Movements in Ordinary Share Capital

	No of shares	$
Opening balance 1 July 2022	72,952,814	77,465,260
Purchase of shares on market for DRP	(812,090)	(633,256)
DRP shares allotted	812,090	633,256
Closing balance 30 June 2023	**72,952,814**	**77,465,260**
Opening balance 1 July 2023	72,952,814	77,465,260
Purchase of shares on market for DRP	(391,183)	(278,456)
DRP shares allotted	391,183	278,456
Shares issued under DRP	498,387	323,741
Shares issued due to options exercise	348,400	233,429
Closing balance 30 June 2024	**73,799,601**	**78,022,430**

During the year, the Company completed a 1-for-5 Bonus Options Issue with a record date of 21 December 2023, which entitled eligible shareholders to a bonus option to purchase new shares in the Company at an exercise price of $0.67, and which expire on 31 December 2026. A total of 14,583,245 bonus options were issued, which are listed on the ASX under code (ASX: NCCO), and 348,400 bonus options have been exercised as at 30 June 2024.

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11. Profits Reserve and Accumulated Losses

a) Profits Reserve

	30 June 2024 $	30 June 2023 $
Balance at the beginning of the year	27,541,215	33,012,681
Dividends paid	(5,484,857)	(5,471,466)
Balance at Reporting Date	**22,056,358**	**27,541,215**

To the extent possible under the *Corporations Act 2001* and applicable tax laws, the profits reserve is preserved for future dividend payments.

b) Accumulated Losses

	30 June 2024 $	30 June 2023 $
Balance at the beginning of the year	(42,910,306)	(42,453,219)
Loss for the year attributable to members of the company	(17,659,307)	(457,087)
Balance at Reporting Date	**(60,569,613)**	**(42,910,306)**

12. Auditor's Remuneration

During the year, the following fees were paid or payable for services provided by the auditor, its related parties and non-audit-related services:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Audit and other assurance services – Deloitte Touche Tohmatsu		
Audit and review of financial reports	59,500	50,000
Total remuneration for audit and other assurance services	**59,500**	**50,000**
Taxation services		
Tax compliance services	5,000	4,800
Total remuneration for non-audit services	**5,000**	**4,800**
Total remuneration	**64,500**	**54,800**

13. Cash and Cash Equivalents

a) Components of cash and cash equivalents

	As at 30 June 2024 $	As at 30 June 2023 $
Cash at bank	156,511	2,620,530

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b) Reconciliation of net profit for the year to net cash provided by operating activities

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Loss for the year attributable to shareholders after tax	(17,659,307)	(457,087)
Adjustments for:		
Change in value of financial assets designated at fair value through profit or loss	24,877,915	9,165,639
Income tax benefit recognised in the Statement of Profit or Loss and Other Comprehensive Income	(4,737,252)	(1,283,676)
Income tax received	–	403,672
Amortisation expense on convertible notes	87,661	87,421
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(67,867)	410,925
(Decrease)/increase in trade and other payables	(40,795)	(461,633)
Net cash provided by operating activities	**2,460,355**	**7,865,261**

14. Key Management Personnel

a) Key management personnel compensation

The remuneration of the Company's key management personnel and their related entities for the year ended 30 June 2024 was $60,000 (2023: $60,000).

There were no shares granted during the reporting period as compensation to the Directors (2023: nil). Transactions with related parties have taken place at arms-length and in the ordinary course of business.

b) Related party shareholdings

NAOS Asset Management Limited

The Company has outsourced its investment management function to NAOS Asset Management Limited. As at 30 June 2024, NAOS Asset Management Limited holds 1,036,863 shares (1.40%) (2023: 1,007,350 shares (1.38%)) and nil bonus options (2023: nil) in the Company.

Other than the disclosure at Note 16, there were no transactions entered into by the Company with other entities also managed by the key management personnel.

Holdings of shares by key management personnel

During the year, the relevant interests of the Directors and their related parties in the shares of the Company were as follows:

Ordinary shares Year ended 30 June 2024	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Sarah Williams (Chair)	18,286	2,077	–	20,363
Warwick Evans (Director)	2,703,536	–	–	2,703,536
Sebastian Evans (Director)	1,754,840	378,251	(309,281)	1,823,810
David Rickards (Director)	1,158,126	70,885	–	1,229,011

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Notes to the Financial Statements (continued)
14. Key Management Personnel (continued)
b) Related party shareholdings (continued)
Holdings of Shares by Key Management Personnel (continued)

Ordinary shares Year ended 30 June 2023	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Sarah Williams (Chair)	16,645	1,641	–	18,286
Warwick Evans (Director)	2,703,536	–	–	2,703,536
Sebastian Evans (Director)	1,547,340	207,500	–	1,754,840
David Rickards (Director)	1,064,686	93,440	–	1,158,126

Bonus Options Year Ended 30 June 2024	Opening balance No of bonus options	Issued No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
Sarah Williams (Chair)	–	3,850	–	3,850
Warwick Evans (Director)	–	540,706	–	540,706
Sebastian Evans (Director)	–	359,063	(319,063)	40,000
David Rickards (Director)	–	232,363	–	232,363

c) Other transactions within the company

Apart from those details disclosed in this note, no other key management personnel have entered into a material contract with the Company during the financial period, and there were no material contracts involving key management personnel's interests existing at year end.

15. Segment Information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry, being the securities industry, deriving revenue from dividend income, interest income, and from the investment portfolio.

16. Related Party Information

Transactions with related parties have taken place at arms-length and in the ordinary course of business.

Management Fees

In return for the performance of its duties, the Investment Manager of the Company is entitled to be paid a monthly management fee equal to 0.104% (excluding GST) of the gross value of the portfolio, calculated on the last business day of each month and representing an annualised management fee of 1.25% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the year ended 30 June 2024:

- Management fees of $888,531 (2023: $1,128,972) (excluding RITC*) were incurred during the year.
- Management fees payable at 30 June 2024 were $62,577 (2023: $93,893) (excluding RITC*).

*RITC – Reduced Input Tax Credit on GST of 75%.

Performance Fees

In the event that the portfolio outperforms the Benchmark Index (being the S&P/ASX Small Ordinaries Accumulation Index (XSOAI)), the Company must pay the Investment Manager a performance fee equal to 20% (excluding GST) per annum of the amount the portfolio outperforms the Benchmark Index. No performance fee is payable if the portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. At its discretion and subject to shareholder approval, the Investment Manager may elect to receive the performance fee in shares. No performance fees were paid or payable to the Investment Manager during the year ended 30 June 2024 (2023: nil).

In addition, for the year ended 30 June 2024 the Investment Manager was paid total fees of $89,000 for the provision of company secretarial, administrative, financial and accounting services under the terms of a services agreement (2023: $89,000).

17. Financial Risk Management

Risks arising from holding financial instruments are inherent in the Company's activities. These risks are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Company comprise investments in financial assets held for the purpose of generating a return on the investment made by shareholders. In addition, the Company also holds cash and cash equivalents, and other financial instruments such as trade receivables and trade payables, which arise directly from the operations of the Company. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Investment Manager of the Company.

The method used to measure the risks reflects the expected impact on the performance of the Company as well as the assets attributable to shareholders of the Company resulting from reasonably possible changes in the relevant risk variables. Information regarding the Company's risk exposure is prepared and monitored by the Investment Manager against established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Company, as well as the level of risk the Company is willing to accept. Information about these risk exposures at Reporting Date is disclosed below.

a) Credit risk

Credit risk represents the risk that the Company will incur financial loss as a result of a failure by a counterparty to discharge a contractual obligation to a financial instrument. The Investment Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging 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 provision for impairment of those assets.

The Investment Manager is responsible for ensuring that counterparties are of sufficient quality 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. The exposure to credit risk for cash and cash equivalents is considered to be low, as all counterparties (National Australia Bank) have a rating of A or higher.

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

b) Market risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices, and other price risks and liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

By its nature, as an LIC that invests in tradeable securities, the Company will always be subject to market risk, as it invests its capital in securities that are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The unsecured, redeemable convertible notes that were issued on 15 April 2021 pay a fixed interest rate of 4.50% per annum until 30 September 2026. They will then pay a fixed interest rate of 5.50% per annum from 30 September 2026 to 30 September 2027, and a fixed interest rate of 6.50% per annum from 30 September 2027 to 30 September 2028. Interest is paid half-yearly on 31 March and 30 September.

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Notes to the Financial Statements (continued)
17. Financial Risk Management (continued)
b) Market risk (continued)
(i) Interest rate risk (continued)

The Company's exposure to interest rate risk is set out in the following table:

30 June 2024	Floating interest rate $	Non-interest bearing $	Total $
Assets			
Cash and cash equivalents	156,511	–	156,511
Trade and other receivables	–	144,199	144,199
Financial assets at fair value through profit or loss	–	54,503,045	54,503,045
Total assets	**156,511**	**54,647,244**	**54,803,755**
Liabilities			
Trade and other payables	–	510,825	510,825
Total liabilities	**–**	**510,825**	**510,825**
Net exposure	**156,511**	**54,136,419**	**54,292,930**

30 June 2023	Floating interest rate $	Non-interest bearing $	Total $
Assets			
Cash and cash equivalents	2,620,530	–	2,620,530
Trade and other receivables	–	76,332	76,332
Financial assets at fair value through profit or loss	–	79,380,960	79,380,960
Total assets	**2,620,530**	**79,457,292**	**82,077,822**
Liabilities			
Trade and other payables	–	548,309	548,309
Total liabilities	**–**	**548,309**	**548,309**
Net exposure	**2,620,530**	**78,908,983**	**81,529,513**

The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the Reporting Date, and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 250-basis-point increase or decrease is used when reporting interest rate risk internally to key management personnel, and represents management's assessment of the reasonably possible changes in interest rates.

	Change in basis points increase/(decrease)	Impact on operating profit/ net assets attributable to shareholders ($)
30 June 2024		
AUD interest rate	250bps/(250bps)	3,913/(3,913)
30 June 2023		
AUD interest rate	250bps/(250bps)	65,513/(65,513)

(ii) Price risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As at 30 June 2024 and 30 June 2023, a 10% sensitivity would have had an impact in the Company's Statement of Profit or Loss and Other Comprehensive Income and net assets attributable to shareholders, as shown in the table below:

	Impact on operating profit/net assets attributable to shareholders	
	–10%	**+10%**
	$	**$**
30 June 2024	(5,450,305)	5,450,305
30 June 2023	(7,938,096)	7,938,096

The Company's industry sector weighting of the investment portfolio as at the reporting date is as below:

	% of Portfolio	
Industry	**30 June 2024**	**30 June 2023**
Financials	37.06%	26.60%
Industrials	29.64%	34.10%
Construction Materials	20.07%	26.10%
Information Technology	6.15%	5.20%
Health Care	5.89%	2.60%
Agriculture	1.18%	2.60%
Commercial & Professional Services	0.01%	2.80%
	100.00%	**100.00%**

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Investment Manager.

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

The Investment 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 assets of the Company are largely in the form of tradeable securities, which (if liquidity is available) can be sold on the market if necessary.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2024 and 30 June 2023 to the contractual maturity date.

30 June 2024	**Less than 1 year** $	**>1 year to 5 years** $	**5+ years** $	**Total** $	**Carrying amount** $
Trade and other payables	510,825	–	–	510,825	510,825
Borrowings	–	23,000,000	–	23,000,000	22,628,041
Total	**510,825**	**23,000,000**	**–**	**23,510,825**	**23,138,866**

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Notes to the Financial Statements (continued)
17. Financial Risk Management (continued)
c) Liquidity risk (continued)

30 June 2023	Less than 1 year $	>1 year to 5 years $	5+ years $	Total $	Carrying amount $
Trade and other payables	548,309	–	–	548,309	548,309
Borrowings	–	–	23,000,000	23,000,000	22,540,380
Total	**548,309**	**–**	**23,000,000**	**23,548,309**	**23,088,689**

The amounts in the table are the contractual undiscounted cash flows.

d) Fair value hierarchy

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

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arms-length basis.

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the quoted closing prices at the end of the reporting period.

Level 2

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, and quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

Level 3

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

As at 30 June 2024, the Company had $8,584,722 (2023: $6,244,196) financial assets held at fair value through profit or loss included in Level 3. The unlisted equity investments in MitchCap Pty Ltd and Ordermentum Pty Ltd are categorised as Level 3 given that they are not traded in an active market.

The price of these Level 3 unlisted positions have been determined using unobservable inputs that were not developed internally by the Company; in this case, the cost of the investment or the price of a recent capital raising. A change of +/– 10% in these unobservable inputs would result in a change of +/– $858,472 in the fair value of these investments as at 30 June 2024.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2024.

30 June 2024	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets	45,918,323	–	8,584,722	54,503,045
Total	**45,918,323**	**–**	**8,584,722**	**54,503,045**

30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets	73,136,764	–	6,244,196	79,380,960
Total	**73,136,764**	**–**	**6,244,196**	**79,380,960**

Reconciliation of Level 3 fair values

Financial assets measured using significant unobservable inputs (level 3) are shown below:

	30 June 2024 $	30 June 2023 $
Opening balance	6,244,196	2,500,000
Purchases	2,300,000	3,300,000
Unrealised gain/(loss) on financial instruments held at fair value through profit or loss	40,526	444,196
Closing balance	**8,584,722**	**6,244,196**
Total gains/(losses) on Level 3 financial assets	**40,526**	**444,196**

e) Capital Management

The Company's objectives for managing capital are:

- to maximise returns to shareholders over the long term while safeguarding capital by investing in a concentrated portfolio, and closely monitoring the performance of the underlying investments;
- to maintain sufficient liquidity to meet the ongoing expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

The Board manages the Company's capital through share placements, share purchase plans, option issues, the DRP, convertible note issues and the distribution of dividends to shareholders. These capital management initiatives will be used when deemed appropriate by the Board. The Company is not subject to externally imposed capital requirements.

18. Earnings per Share

	Year ended 30 June 2024 cents	Year ended 30 June 2023 cents
Basic and diluted (loss)/earnings per share	(24.12)	(0.63)
	Shares	**Shares**
Weighted-average number of ordinary shares used in the calculation of basic and diluted earnings per share	73,199,917	72,952,814
	$	**$**
Net loss used in the calculation of basic and diluted (loss)/earnings per share	(17,659,307)	(457,087)

19. Commitments and Contingencies

There are no commitments or contingencies at 30 June 2024 (2023: $nil).

20. Subsequent Events

On 22 August 2024, the Company declared a final dividend of 2.00 cents per share, fully franked, to be paid on 31 October 2024.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Consolidated Entity Disclosure Statement as at 30 June 2024

Subsection 295(3A)(a) of the Corporations Act 2001 does not apply to the Company as the Company is not required to prepare consolidated financial statements by Australian Accounting Standards.

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Directors' Declaration

In accordance with a resolution of the Directors of NAOS Emerging Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including compliance with the Corporations Regulations 2001, Australian Accounting Standards, and give a true and fair view of the financial position and performance of the Company for the financial year ended 30 June 2024;
- the attached Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1 (c) to the Financial Statements;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- the Directors have received the declarations required by section 295A of the *Corporations Act 2001*; and
- 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 Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Board

Sarah Williams
Independent Chair

22 August 2024

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Additional Information

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

Investment Portfolio

As at 30 June 2024, the Company held the following investments:

Listed Investments	Unlisted Investments
Big River Industries Limited	MitchCap Pty Ltd
BSA Limited	Ordermentum Pty Ltd
BTC Health Ltd	
COG Financial Services Limited	
Dropsuite Limited	
Saunders International Limited	
Wingara AG Limited	

During the financial year ended 30 June 2024, the Company had 202 (2023: 269) transactions in investment securities. Total brokerage fees incurred during the year ended 30 June 2024 were $53,372 (2023: $80,871).

20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 31 July 2024.

Shareholders	Ordinary shares held	% of issued shares
Myall Resources Pty Ltd	2,611,029	3.54%
Nivesa Pty Ltd	1,862,438	2.52%
Burtoh Ventures Pty Ltd	1,640,917	2.22%
IR & JB Investments Pty Ltd	1,151,706	1.56%
Patolo Pty Limited	1,150,977	1.56%
NAOS Asset Management Limited	1,042,093	1.41%
HSBC Custody Nominees (Australia) Limited	912,535	1.24%
Netwealth Investments Limited	760,880	1.03%
My Game Plan Pty Ltd	714,621	0.97%
J P Morgan Nominees Australia Pty Limited	667,694	0.90%
W.W.E Investments Pty Ltd	641,098	0.87%
Tilt Consulting Pty Ltd	583,953	0.79%
Angus Mac Pty Ltd	520,804	0.71%
Woodduck Pty Ltd	500,000	0.68%
Mr Andrew Richard Porter & Mr David John Porter	500,000	0.68%
Hidiga Pty Ltd	471,522	0.64%
Edamdeen Pty Ltd	467,100	0.63%
Certane CT Pty Ltd	441,294	0.60%
MI Lake Eliza Pty Ltd	402,913	0.55%
Vasnan Pty Ltd	376,019	0.51%
Total	**17,419,593**	**23.61%**

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Additional Information (continued)

Distribution of Ordinary Shares

Analysis of ordinary shares by size of shareholders as at 31 July 2024.

Category	Number of shareholders	Ordinary shares held	% of issued shares
1–1,000	237	129,199	0.18%
1,001–5,000	511	1,494,889	2.03%
5,001–10,000	306	2,373,172	3.22%
10,001–100,000	1,014	34,399,420	46.61%
100,001 and over	124	35,402,921	47.96%
Total	**2,192**	**73,799,601**	**100.00%**

20 Largest Optionholders

Details of the 20 largest optionholders and their respective holdings as at 31 July 2024.

Optionholders	Options held	% of issued options
Myall Resources Pty Ltd	522,205	3.67%
Nivesa Pty Ltd	372,487	2.62%
Burtoh Ventures Pty Ltd	328,183	2.31%
Munrose Investments Pty Ltd	299,000	2.10%
ABH Consulting Services Pty Ltd	270,398	1.90%
IR & JB Investments Pty Ltd	217,747	1.53%
Patolo Pty Limited	217,610	1.53%
Abeille Investments Pty Limited	200,000	1.41%
HSBC Custody Nominees (Australia) Limited	187,514	1.32%
Mr Francois Joseph Schamberger & Mrs Erica Sheina Schamberger	182,930	1.29%
Lawrence Crowe Consulting Pty Ltd	157,712	1.11%
Netwealth Investments Limited	155,647	1.09%
Patagorang Superannuation Pty Ltd	142,311	1.00%
J.P. Morgan Nominees Australia Pty Limited	133,538	0.94%
W.W.E Investments Pty Ltd	128,219	0.90%
Mr Alistair Peter Wright	124,442	0.87%
Perpetual Corporate Trust Ltd	108,954	0.77%
Angus Mac Pty Ltd	104,160	0.73%
Mr Andrew Richard Porter & Mr David John Porter	100,000	0.70%
Trappett Investments Pty Ltd	100,000	0.70%
Total	**4,053,057**	**28.49%**

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Distribution of Options

Analysis of options by size of optionholders as at 31 July 2024.

Category	Number of optionholders	Options held	% of issued options
1–1,000	709	328,326	2.31%
1,001–5,000	741	1,999,734	14.05%
5,001–10,000	288	2,083,465	14.64%
10,001–100,000	270	5,970,263	41.94%
100,001 and over	18	3,853,057	27.07%
Total	**2,026**	**14,234,845**	**100.00%**

20 Largest Convertible Noteholders

Details of the 20 largest convertible noteholders and their respective holdings as at 31 July 2024.

Convertible noteholders	Convertible notes held	% of issued convertible notes
Mutual Trust Pty Ltd	12,834	5.58%
HSBC Custody Nominees (Australia) Limited	8,549	3.72%
J.P. Morgan Nominees Australia Pty Limited	13,980	6.07%
V.C.M Investments Pty Ltd	5,138	2.23%
Riseley Family Investments Pty Ltd	5,000	2.17%
Securities and Estates Pty Ltd	4,800	2.09%
KST Group Pty Ltd	9,500	4.13%
Davft Pty Ltd	7,000	3.04%
Press Form Holdings Pty Ltd	4,980	2.17%
V.C.M Investments Pty Ltd	3,934	1.71%
ACN 101 162 056 Pty Ltd	3,700	1.61%
The Friends' School D/F Inc	3,445	1.50%
Netwealth Investments Limited	3,784	1.65%
Vantage Capital Management Pty Ltd	3,350	1.46%
Mr Milton Yannis	3,474	1.51%
G Chan Pension Pty Limited	3,000	1.30%
Apis Holdings Pty Limited	2,920	1.27%
Dr Graeme Peter Dorahy & Mrs Jean Elizabeth Dorahy	2,500	1.09%
Mr William Johnston & Ms Christine Johnston	2,500	1.09%
Perpetual Corporate Trust Ltd	4,239	1.84%
Total	**108,627**	**47.23%**

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Additional Information (continued)

Distribution of Convertible Notes

Analysis of convertible notes by size of convertible noteholders as at 31 July 2024.

Category	Number of convertible noteholders	Convertible notes held	% of issued notes
1–1,000	244	68,939	29.97%
1,001–5,000	46	104,060	45.24%
5,001–10,000	4	30,187	13.12%
10,001–100,000	2	26,814	11.66%
100,001 and over	–	–	–
Total	**296**	**230,000**	**100.00%**

Voting Rights

All shareholders registered on the Company's share register have the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting, which may attach to or be imposed on shares (at present there are none).

ASX Listing

Quotation has been granted for all ordinary shares, bonus options and convertible notes (ASX codes: NCC, NCCO, and NCCGA respectively) of the Company on all member exchanges of the Australian Securities Exchange Limited.

Buyback

Currently there is no intention to buy back any of the shares of the Company.

Unmarketable Parcels

As at 31 July 2024, the number of shareholdings held in less than marketable parcels was 240.

Unquoted Securities

There are currently no unquoted securities on issue by the Company.

Restrictions on Shares

There are currently no restrictions attached to the shares of the Company.

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Corporate Information

Directors

Sarah Williams (Independent Chair)
David Rickards OAM (Independent Director)
Warwick Evans (Director)
Sebastian Evans (Director)

Company Secretary

Sebastian Evans
Rajiv Sharma

Registered Office

Level 34
25 Martin Place
Sydney NSW 2000

Investment Manager

NAOS Asset Management Limited
Level 34
25 Martin Place
Sydney NSW 2000
(Australian Financial Services Licence Number: 273 529)

Contact Details

T: (02) 9002 1576
E: enquiries@naos.com.au
W: www.naos.com.au

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000
Telephone: 1300 737 760

Auditor

Deloitte Touche Tohmatsu
Level 46, Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

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