Spheria Emerging Companies Limited

ACN 621 402 588

Annual Report

For the year ended 30 June 2025

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Corporate governance

The Company's corporate governance statement is available on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec under the Board and Governance section.

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Glossary

Term	Meaning
Administrator	Pinnacle as the provider of various administration support services to the Company.
Annual General Meeting	the annual general meeting of the Company.
ASX	Australian Securities Exchange.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index.
Board	board of Directors.
Company	Spheria Emerging Companies Limited (ACN 621 402 588).
Company Performance	the performance of the Company inclusive of portfolio performance after management and performance fees, taking into account all other Company expenses paid excluding taxes and adjusted for dividends paid by the Company.
Company Secretary	company secretary of the Company.
Corporations Act	the *Corporations Act 2001* (Cth).
Director	director of the Company.
DRP	dividend reinvestment plan.
GST	has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Investment Management Agreement	the investment management agreement dated 10 October 2017 between the Company and the Manager.
Manager	Spheria Asset Management Pty Limited (ACN 611 081 326).

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Term	Meaning
NTA	net tangible assets.
Pinnacle	Pinnacle Investment Management Limited (ACN 109 659 109).
Services Agreement	the services agreement dated 10 October 2017 between the Company and Pinnacle.
TSR Performance	a measure of the change in the share price adjusted for any dividends paid during the period, excluding the value of any franking credits which are paid to shareholders.

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Chairman's letter

Dear fellow shareholders,

On behalf of your Board, I am pleased to present the results of the Company for the year ended 30 June 2025.

The Company was established to provide shareholders with exposure to an actively managed portfolio of Australian and New Zealand smaller companies that generate solid and predictable cash flows. The Company's appointed investment manager, Spheria Asset Management Pty Limited (the Manager), believes free cash flow drives valuations in the medium to long term with risk assessment a critical overlay.

The Manager has an experienced team that has witnessed various investment cycles. The team currently comprises 9 investment professionals who have over 100 years of combined experience and expertise across different markets and small- and micro-cap securities.

The investment objective of the Company over each full investment cycle (typically 3-5 years) is to generate total returns greater than the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark) and provide investors with capital growth by investing predominantly in listed entities within the Benchmark.

The Company earned a net profit after income tax of $16,401,000 for the year, compared to a prior year profit after tax of $7,594,000. Markets continued to improve as inflation eased and interest rates decreased, reflected by the Benchmark increasing 12.3% over the period. During the year the Company's investment portfolio performed strongly, increasing 16.8% and outperforming the Benchmark by 4.5%.

Pleasingly, the Company also continues to outperform its Benchmark since inception, while paying quarterly fully-franked dividends at the highest value since the Company moved to quarterly dividend payments in October 2021.

We remain confident that the Company's investment process is well positioned to endure the continued market volatility and the Board will continue to manage the Company's capital appropriately to economic circumstances.

Dividends

During the year, the Company declared fully-franked quarterly dividends at the rate of 3.5 cents for each of the September 2024, December 2024 and March 2025 quarters. Since period end the Board resolved to pay a fully franked quarterly dividend of 3.6 cents per share for the June 2025 quarter, which was paid on 15 August 2025 and is the highest level of quarterly dividend that the Company has paid to date.

The payment of these dividends was consistent with the Company's aim to pay dividends on a quarterly basis, at a level of 1.5% of post-tax NTA at the end of each calendar quarter, subject to available profits, cash flow and franking credits.

The Company's dividend reinvestment plan (DRP) continued to be in place for these dividends.

The franking credit balance at 30 June 2025 was $4.3m before payment of the June 2025 quarterly dividend.

Performance

We consider that it is useful to report performance from three different perspectives:

1) Firstly, to show how the investment portfolio has performed after deducting management fees and performance fees (if applicable) compared to the Benchmark. We refer to this as the **Manager Performance**. The Benchmark is also used to calculate any Manager performance fees;

2) Secondly, to show how the Company has performed which, in addition to the management and performance fees mentioned above, accounts for all other Company expenses paid excluding taxes. We refer to this as the **Company Performance**. Company performance is adjusted for dividends paid by the Company and does not include the value of franking credits held by the Company; and

3) Finally, to show the **Total Shareholder Return or TSR Performance**, which measures the change in the share price adjusted for any dividends paid during the period. The TSR Performance does not include the value of any franking credits when they are paid to shareholders. The TSR Performance can be an important measure as often the share market can trade at a premium or discount to the NTA.

The results of each of these measures for the year to 30 June 2025, and since inception, are outlined below:

	Year ended 30 June 2025	Since inception (p.a.)
Manager Performance	+ 16.8%	+ 7.8%
Portfolio Benchmark	+ 12.3%	+ 5.3%
Manager Out-Performance	+ 4.5%	+ 2.5%
Company Performance	+ 16.3%	+ 7.5%
TSR Performance	+ 16.3%	+ 7.1%

Conditional Proposal

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

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

The Board subsequently assessed the impact of the 2024 conditional proposal and deemed it to have been successful in contributing to the substantial reduction of the Company's discount to NTA during calendar 2024[1]. The effectiveness of the 2024 conditional proposal as a discount narrowing measure and the ongoing commitment by the Board to focus on this issue resulted in the Board deciding, in conjunction with the Manager, to reinstate a conditional proposal.

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

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

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

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

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

We are also pleased to note that as at 30 June 2025 the Company's share price was trading at a premium to NTA of 0.8%[2], which is significant in circumstances where large discounts continue to be experienced by many listed investment companies more generally.

Finally, we wish to express our thanks to you for your continued support of the Company as shareholders, and we look forward to welcoming you to the Company's Annual General Meeting in Sydney on 18 November 2025.

Yours sincerely



Jonathan Trollip
Chairman
22 August 2025

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[2] Based on pre-tax NTA per share of $2.411 and share price of $2.43 at 30 June 2025.

Investment manager's report

The Company has appointed Spheria Asset Management Pty Limited (the Manager) as the investment manager of the Company's portfolio.

Manager

The Manager is a fundamental investor with a focus on smaller and micro companies, which can provide higher returns in the long term than their larger peers. At the date of this report the Manager has approximately A$2.0bn across its strategies.

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

Investment Philosophy

The Manager aims to grow shareholder wealth over the long-term by generating absolute returns in excess of the Benchmark, at below market levels of risk. The Manager believes the share market can be inefficient particularly within the small- and micro-cap segment, providing opportunities to purchase companies where the prevailing share price is at a discount to the present value of the prospective free cash flow. The Manager seeks to take advantage of the market's tendency for irrational behaviour, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus. Assessing risk is fundamental to the Manager's philosophy.

Investment Strategy

The Manager's investment strategy is to invest in a select number of small- and micro-cap companies listed in Australia and New Zealand that the Manager considers to be attractively valued. The valuation process involves defining a sustainable and predictable free cash flow stream that a business can produce and discounting to present at an appropriate rate of return. Predicting future cash flows is based on a number of factors including industry dynamics/structure, historical financial information and return on invested capital. Purchasing businesses that produce positive free cash flow (after all capital expenditures) mitigates risk but the Manager also assesses financial strength based on debt levels including all off-balance sheet leases. Qualitative risk factors are also important including an assessment of the industry cycle and fixed cost operating leverage inherent in the business and relevant ESG considerations.

Being a fundamental investor, the Manager does not target a cash weighting, however, in the unlikely event there is a lack of valuation opportunity within the universe, the investment portfolio can hold up to a maximum of 20% cash. The majority of the investment portfolio is invested in companies where the Manager believes quantitative and qualitative risks are relatively low, these are defined as 'core' holdings. The Manager can invest in higher risk businesses defined as 'satellite' holdings, but the specific weightings are lower, with the aggregate exposure to satellites limited to a minority of the investment portfolio.

The investment process seeks to add value through buying smaller and micro companies using qualitative fundamental analysis married within a quantitative framework.

Manager commentary

Performance

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

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

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

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

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

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

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

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

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

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

Outlook

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

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

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

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

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

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



Matt Booker

Portfolio Manager
Spheria Asset Management Pty Limited
22 August 2025



Marcus Burns

Portfolio Manager
Spheria Asset Management Pty Limited
22 August 2025

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Directors' report

The Directors present their report together with the financial statements of the Company for the year ended 30 June 2025.

The Company is a company limited by shares and is incorporated in Australia.

Directors

The following persons held office as Directors during the year or since the end of the year and up to the date of this report, unless otherwise stated:

Jonathan Trollip, Chairman

Lorraine Berends AM

Matt Booker

Chris Meyer, Alternate Director

Principal activities

The principal activity of the Company is to provide shareholders the opportunity to invest in an actively managed equities portfolio that provides exposure to Australian and New Zealand small- and micro-cap securities. There have been no significant changes in the nature of these activities during the year.

Review of operations

The Company offers investors access to an actively managed portfolio, predominantly comprised of Australian small-cap securities, which aims to outperform its benchmark S&P/ASX Small Ordinaries Accumulation Index over each full investment cycle, which the Company's Manager considers to typically be 3 to 5 years. The investment strategy aims to provide total returns in excess of the Benchmark, and capital growth.

Activities for the year ended 30 June 2025 resulted in an operating profit before tax of $21,395,000 and an operating profit after tax of $16,401,000. This compares to an operating profit before tax of $8,800,000 and an operating profit after tax of $7,594,000 in the prior corresponding period.

Further information regarding the Company's operations and financial performance during the year can be found in the Chairman's letter and Investment manager's report at pages 3 to 8.

Dividends

During the year the Company paid the following dividends to shareholders:

- Quarterly fully franked dividend for the June 2024 quarter of 3.4 cents per fully paid ordinary share paid on 13 August 2024;
- Quarterly fully franked dividend for the September 2024 quarter of 3.5 cents per fully paid ordinary share paid on 12 November 2024;
- Quarterly fully franked dividend for the December 2024 quarter of 3.5 cents per fully paid ordinary share paid on 12 February 2025; and
- Quarterly fully franked dividend for March 2025 quarter of 3.5 cents per fully paid ordinary share paid on 15 May 2025.

Since year end the Board resolved to pay a fully franked quarterly dividend for the June 2025 quarter of 3.6 cents per share which was paid on 15 August 2025 with a record date of 29 July 2025.

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Options

The Company does not have any issued options over ordinary shares.

Significant changes in state of affairs

Other than as included in this Directors' report, there have been no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year

Apart from the items disclosed in note 20 to the financial statements on page 39, no matter or circumstance has occurred subsequent to year end 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 subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders. Please refer to the Chairman's letter and Investment manager's report at pages 3 to 8 for further information.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors are not aware of any breach by the Company of those regulations.

Information on Directors

Jonathan Trollip, Chairman

Experience and expertise

Jonathan Trollip is a non-executive director with several years of commercial, corporate, governance, legal and transaction experience. Prior to becoming a professional non-executive director, he worked as a principal of Meridian International Capital Limited, and before that, he was a Partner with law firm Herbert Smith Freehills. In the philanthropy area, he is chairman of the PNI Foundation. Jonathan has a B.Arts, post graduate degrees in Economics and Law and is a Fellow of the Australian Institute of Company Directors.

Other current directorships

Jonathan Trollip is the independent chairman of ASX listed Plato Income Maximiser Limited (appointed February 2017) and Staude Capital Global Value Fund Limited (appointed March 2014) (listed investment companies). He is also a non-executive director of ASX listed BCAL Diagnostics Limited (appointed December 2020) and of Kore Potash PLC (ASX, AIM and JSE listed) (appointed November 2017).

Former directorships in last 3 years

Jonathan Trollip was formerly chairman of Future Generation Investment Company Limited until 31 July 2022.

Special responsibilities

Chairman of the Board.

Interests in shares and options

Details of Jonathan Trollip's interests in shares of the Company are included in the Remuneration Report.

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Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

Lorraine Berends AM

Experience and expertise

Lorraine Berends has worked in the financial services industry for over 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. Lorraine contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (**IMCA Australia**, now the **CIMA Society of Australia**) for 13 years (7 as Chair) and the Association of Superannuation Funds Australia (**ASFA**) for 12 years (3 as Chair). Lorraine has been awarded Life Membership of both the CIMA Society and ASFA.

Lorraine holds a BSc from Monash University, is a Fellow of the Actuaries Institute and a Fellow of ASFA.

Other current directorships

Lorraine Berends is an independent director of Plato Income Maximiser Limited (appointed February 2017) and Hearts and Minds Investments Limited (appointed September 2018) (listed investment companies). She is also an independent non-executive director of Pinnacle Investment Management Group Limited (appointed September 2018), a non-executive director of the PNI Foundation, Chair of the Qantas Group Super Plan Superannuation Committee (part of Australian Retirement Trust) and an independent member of the Australian Commonwealth Games Foundation Investment Committee.

Former directorships in last 3 years

Lorraine Berends has not held any other directorships of listed companies within the last 3 years.

Interests in shares and options

Details of Lorraine Berends interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Lorraine Berends has no interests in contracts of the Company.

Matt Booker

Experience and expertise

Matt Booker is a co-founder of Spheria Asset Management Pty Limited (Manager) and a portfolio manager with research responsibilities. He has managed small company portfolios through volatile market cycles for over 19 years and has established a significant track record for generating returns that have exceeded portfolio benchmarks. Prior to co-founding the Manager, Mr Booker worked at Concord Capital and then Schroders, managing the smaller companies fund as well as the micro-cap product at Schroders. Mr Booker is an Associate of the Institute of Actuaries of Australia, a Fellow of FINSIA and has over 28 years of financial markets experience.

Other current directorships

Matt Booker is a director of the Manager.

Former directorships in last 3 years

Matt Booker has not held any other directorships of listed companies within the last 3 years.

Interests in shares and options

Details of Matt Booker's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Details of Matt Booker's interests in contracts of the Company are included in the Remuneration Report.

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Chris Meyer, Alternate

Experience and expertise

Chris Meyer is Director of Listed Products at Pinnacle Investment Management Group Limited (**PNI**) and responsible for driving the listed products business including in excess of $6.5bn of funds under management (**FUM**) across active ETFs and listed closed end funds (LICs and LITs).

Prior to joining PNI in 2018, Chris was the CEO of RMI Investment Managers since 2015 where he built an asset management business by partnering with ten independent boutique asset management businesses in South Africa, collectively managing $10bn of FUM.

Chris was also previously the founder and CEO of RMB Morgan Stanley since 2006, successfully leading the company to be the number one institutional equity business in South Africa and an Executive Director in Morgan Stanley's US equity research team where he analysed the US brokerage, asset management and stock exchange industries.

Chris is a Chartered Financial Analyst and a Business Science honours graduate of the University of Cape Town.

Other current directorships

Chris is a director of Plato Income Maximiser Limited (appointed February 2022).

Former directorships in last 3 years

Chris Meyer has not held any other directorships of listed companies within the last 3 years.

Interests in shares and options

Details of Chris Meyer's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Details of Chris Meyer's interests in contracts of the Company are included in the Remuneration Report.

Meetings of Directors

The number of Board meetings held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

Director	Board meetings attended	Board meetings eligible to attend
Jonathan Trollip	4	4
Lorraine Berends AM	4	4
Matt Booker	4	4
Chris Meyer	4	4

There were no Board committees in place during the year.

Company Secretary

During the 2025 financial year, the role of Company Secretary was performed by Calvin Kwok. Calvin is also Chief Legal and Commercial Officer and company secretary of Pinnacle Investment Management Group Limited. Calvin has prior experience at Herbert Smith Freehills, UBS Global Asset Management and Deutsche Bank. He holds a Master of Applied Finance, a Graduate Diploma of Applied Corporate Governance, Bachelor of Laws and a Bachelor of Commerce.

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Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Spheria Emerging Companies Limited in accordance with the Corporations Act. The Company Secretary is remunerated under a service agreement with Pinnacle.

Details of remuneration

The Board from time to time determines the remuneration of Directors within the maximum amount approved by shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration from the Company.

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

The maximum total pooled remuneration of the Directors has been set at $250,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities.

The following table shows details of the remuneration received by the Directors for the current financial year.

	Short term employee benefits		Post-employment benefits			
Director	**Salary and fees**		**Superannuation**		**Total**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Jonathan Trollip - Chairman	$40,359	$40,541	$4,641	$4,459	$45,000	$45,000
Lorraine Berends AM	$31,390	$31,532	$3,610	$3,468	$35,000	$35,000
Matt Booker *	$ -	$ -	$ -	$ -	$ -	$ -
Chris Meyer *	$ -	$ -	$ -	$ -	$ -	$ -
Total director remuneration	**$71,749**	**$72,073**	**$8,251**	**$7,927**	**$80,000**	**$80,000**

* Matt Booker and Chris Meyer are employed by the Manager and Administrator respectively and do not receive Directors' fees from the Company.

The Company has no employees and therefore does not have a remuneration policy for employees.

All Directors are non-executive directors and are the only people considered to be key management personnel of the Company.

Directors' remuneration is not directly linked to the Company's performance.

The following table outlines key elements of the Company's financial performance for the previous 5 years:

	2025	**2024**	**2023**	**2022**	**2021**
Operating profit / (loss) after tax ($)	16,401,000	7,594,000	9,638,000	(13,393,000)	40,185,000
Dividends per share (cents per share)	13.9	11.4	9.3	9.8	8.5
Closing Pre-tax NTA ($)	2.411	2.231	2.198	2.090	2.599
Closing Share Price ($)	2.43	2.22	1.90	1.97	2.40
Shares cancelled under on-market buy-back	-	161,786	192,345	-	1,807,763
Share buy-back consideration ($)	-	298,000	355,000	-	3,138,000

Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

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Management fee

Matt Booker, who is a Director, is also a director of the Manager. In its capacity as investment manager, the Manager is entitled to be paid, and the Company must pay to the Manager, a management fee payable monthly in arrears equivalent to 1% per annum (plus GST) of the value of the Company's investment portfolio calculated on the last business day of each month.

For the year ended 30 June 2025, the Manager was entitled to be paid management fees (inclusive of unclaimable GST) of $1,476,689 (2024: $1,361,974).

As at 30 June 2025, the remaining balance payable to the Manager was $124,087 (2024: $111,876).

Performance fee

In further consideration for the performance of its duties as investment manager of the Company's investment portfolio, the Manager may be entitled to be paid a performance fee equal to 20% (plus GST) of any portfolio out performance in excess of the Benchmark. Full details of the terms of the performance fee calculation are disclosed in note 17 to the financial statements.

For the year ended 30 June 2025, in its capacity as investment manager, the Manager earned performance fees (inclusive of unclaimable GST) of $672,838 (2024: $1,170,439). At 30 June 2025, the balance payable to the Manager was $nil (2024: $nil).

Service fee

Chris Meyer, an alternate Director, is an executive responsible for listed products at PNI. The Company has entered into a Services Agreement with Pinnacle, a wholly owned subsidiary of PNI, for the provision of the following administration support services:

- Middle office portfolio administration;
- Finance, tax and reporting and administration;
- Investor relations; and
- Legal counsel and company secretarial.

Fees for additional services, where required by the Company, are agreed between the Company and Pinnacle as needed.

For the year ended 30 June 2025 the Administrator was paid fees (inclusive of unclaimable GST) of $102,273 (2024: $100,934).

As at 30 June 2025, the balance payable to the Administrator was $31,236 (30 June 2024: $25,736).

Contracts

Other than as stated above, no Director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest since the inception of the Company.

Equity instrument disclosures relating to Directors

During the financial year and as at the date of this report, the Directors and their related parties held the following interests in the Company:

Director	Opening Balance 1 July	Acquisitions	Disposals	Closing Balance 30 June	Balance at date of this report
Jonathan Trollip*	77,300	-	-	77,300	77,300
Lorraine Berends AM*	50,000	-	-	50,000	50,000
Matt Booker*	274,819	93,523	-	368,342	373,551
Chris Meyer*	49,505	3,076	-	52,581	53,324
Total shares held*	**451,624**	**96,599**	**-**	**548,223**	**554,175**

* Held through direct and indirect interests

Directors and their related parties acquired shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not been granted options over unissued shares or interests in shares of the Company as part of their remuneration during or since the end of the financial year.

End of Remuneration Report

Insurance and indemnification of officers and auditors

During and since the end of the financial year, the Company has given an indemnity and paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as the Company is prevented from doing so under the terms of its contract.

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

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, or for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed other services in addition to their statutory duties for the Company as disclosed in note 16 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 for auditors imposed by the Corporations Act. The Directors are satisfied that the services disclosed in note 16 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 independence in accordance with the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 17.

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Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

This report is made in accordance with a resolution of the Directors.



Jonathan Trollip
Chairman
22 August 2025

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Auditor's Independence Declaration
To the Directors of Spheria Emerging Companies Limited
ABN 84 621 402 588

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Spheria Emerging Companies Limited for the year ended 30 June 2025, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

C I Chandran
Partner

Pitcher Partners
Sydney

22 August 2025

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bakertilly NETWORK MEMBER

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Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

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Financial statements

Statement of profit or loss and other comprehensive income

For the year to 30 June 2025

	Note	30 June 2025 $'000	30 June 2024 $'000
Investment income			
Interest income received		72	97
Dividends received		6,750	6,191
Net gains on financial instruments held at fair value through profit and loss	4	17,427	5,802
Total investment income		**24,249**	**12,090**
Expenses			
Management fees		(1,477)	(1,362)
Performance fees		(673)	(1,170)
Brokerage costs		(200)	(270)
ASX and share registry fees		(149)	(139)
Professional fees		(92)	(90)
Director fees		(80)	(80)
Other expenses		(183)	(179)
Total expenses		**(2,854)**	**(3,290)**
Profit before income tax		**21,395**	**8,800**
Income tax expense	5	(4,994)	(1,206)
Net profit after income tax attributable to ordinary equity holders of the Company		**16,401**	**7,594**
Other comprehensive income net of tax		-	-
Total comprehensive income attributable to ordinary equity holders of the Company		**16,401**	**7,594**

Earnings per share for profit attributable to ordinary equity holders of the Company		**Cents**	**Cents**
Basic earnings per share	19	27.4	12.7
Diluted earnings per share	19	27.4	12.7

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2025

	Note	30 June 2025 $'000	30 June 2024 $'000
Assets			
Cash and cash equivalents	6	1,028	2,962
Trade and other receivables	7	463	828
Financial assets at fair value through profit or loss	8	145,260	130,199
Current tax assets	9	-	972
Deferred tax assets	10	21	532
Total assets		**146,772**	**135,493**
Liabilities			
Trade and other payables	11	560	1,571
Current tax liabilities	9	1,941	-
Deferred tax liabilities	10	2,193	18
Total liabilities		**4,694**	**1,589**
Net assets		**142,078**	**133,904**
Shareholders' equity			
Issued capital	12	122,252	122,166
Profits reserve	13	74,159	64,467
Accumulated losses		(54,333)	(52,729)
Total equity		**142,078**	**133,904**

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

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Statement of changes in equity

For the year ended 30 June 2025

	Note	Issued capital	Profits reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Year ended 30 June 2024					
Balance as at 1 July 2023		**122,464**	**56,734**	**(45,768)**	**133,430**
Total comprehensive loss					
Profit for the period		-	-	7,594	**7,594**
Other comprehensive income		-	-	-	**-**
Total comprehensive loss		**-**	**-**	**7,594**	**7,594**
Transfer between reserves					
Transfer to profit reserve	13	-	14,555	(14,555)	**-**
Total transfer between reserves		-	**14,555**	**(14,555)**	**-**
Transactions with owners in their capacity as owners					
Purchase of shares under on-market share buy-back	12	(298)	-	-	**(298)**
Dividends paid	14	-	(6,822)	-	**(6,822)**
Total transactions with owners in their capacity as owners		**(298)**	**(6,822)**	**-**	**(7,120)**
Balance as at 30 June 2024		**122,166**	**64,467**	**(52,729)**	**133,904**
Year ended 30 June 2025					
Total comprehensive income					
Profit for the period		-	-	16,401	**16,401**
Other comprehensive income		-	-	-	**-**
Total comprehensive income		**-**	**-**	**16,401**	**16,401**
Transfer between reserves					
Transfer to profit reserve	13	-	18,005	(18,005)	**-**
Total transfer between reserves		-	**18,005**	**(18,005)**	**-**
Transactions with owners in their capacity as owners					
Issue of shares under dividend reinvestment plan	12	86	-	-	**86**
Dividends paid	14	-	(8,313)	-	**(8,313)**
Total transactions with owners in their capacity as owners		**86**	**(8,313)**	**-**	**(8,227)**
Balance as at 30 June 2025		**122,252**	**74,159**	**(54,333)**	**142,078**

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

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Statement of cash flows

For the year ended 30 June 2025

	Note	30 June 2025 $'000	30 June 2024 $'000
Cash flows from operating activities			
Proceeds from sale of investments		65,365	77,148
Payment for investments		(63,660)	(70,372)
Interest received		86	85
Dividends received		6,670	6,005
Payments to suppliers		(2,774)	(4,103)
Net income taxes refunded / (paid)		606	(649)
Net cash provided by operating activities	**18**	**6,293**	**8,114**
Cash flows from financing activities			
Purchase of shares under on-market share buy-back	12	-	(298)
Dividends paid to shareholders	14	(8,227)	(6,822)
Net cash used in financing activities		**(8,227)**	**(7,120)**
Net increase / (decrease) in cash and cash equivalents		**(1,934)**	**994**
Cash assets at beginning of the financial period		2,962	1,968
Cash assets at the end of the financial period	**6**	**1,028**	**2,962**

The above statement of cash flows should be read in conjunction with the notes to the financial statements.

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Notes to the financial statements

For the year ended 30 June 2025.

Note 1 Summary of material accounting policies

The financial statements were authorised for issue on 22 August 2025 by the Board.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a "for-profit" entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected financial assets.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

It is considered that the information needs for a company of this type are better met by presenting the Statement of Financial Position on a liquidity basis. All balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and the deferred tax balances. The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet liquidity requirements. As such, it is expected that a portion of the investment portfolio will be realised within 12 months, however, an estimate of that amount cannot be reliably determined as at reporting date.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

The presentation currency for these financial statements is Australian dollars.

Material accounting policies

Material accounting policies adopted in the preparation of the financial statements are presented below. Other than the implementation of new accounting standards noted in 1(o) below, the accounting policies adopted are consistent with the previous year, unless stated otherwise:

(a) Investments

(i) Classification

This category of financial assets comprises financial assets designated at fair value through profit and loss. This includes financial assets that are held for trading and may be sold, such as investments in listed equity securities, and their fair value changes are recorded in profit and loss.

(ii) Recognition and Measurement

Financial assets are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss. Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

(iii) Derecognition

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

Note 1 Summary of material accounting policies (continued)

(a) Investments (continued)

(iv) Valuation

All investments are classified and measured at fair value. Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued.

If a quoted market price is not available on a recognised security exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

(b) Fair value measurement

When a financial asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured on a recurring basis at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Further information regarding fair value measurements is provided in note 3.

(c) Income and expenditure

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 year end and the fair value at the previous valuation point. Net gains / (losses) do not include interest or dividend income.

Dividend income relating to exchange-traded equity instruments is recognised in the statement of profit or loss on the ex-dividend date.

Interest income is recognised as it accrues, using the effective interest method of the instrument calculated at the acquisition date.

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accruals basis.

(d) Foreign currency translation

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated.

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Note 1 Summary of material accounting policies (continued)

(d) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of profit or loss on a net basis within net gains / (losses) on financial instruments held at fair value through profit or loss.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the tax authority are presented as operating cash flows.

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Note 1 Summary of material accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and 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.

(h) Trade and other receivables

Trade and other receivables are measured at amortised cost and relate to outstanding settlements as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days. Impairment of receivables is assessed using a simplified expected credit loss (ECL) model allocating an overall expected credit loss rate to each group of receivables. Further information regarding the ECL assessment is included in note 7.

(i) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Share capital

Ordinary shares are classified as equity.

(k) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners 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 year adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (e.g. options on issue and in the money).

(m) Operating segments

The Company's investment activities are its only reportable segment. The Company operates from one geographic location, being Australia.

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Note 1 Summary of material accounting policies (continued)

(n) Critical accounting estimates and judgments

The preparation of financial statements requires the use of estimates and judgments which affect the reported amounts of assets and liabilities of the Company. These estimates and judgments are constantly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. The Company estimates its income taxes based on the Company's understanding of tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Further information regarding the Company's income tax expense / (benefit) is provided at note 5.

The Company has recognised deferred tax assets relating to deductible timing differences on the basis that it is considered probable that there will be future taxable profits relating to the same taxation authority against which the carried forward tax losses and deductible timing differences will be utilised. Further information regarding the Company's deferred tax assets is provided at note 10.

(o) New and revised accounting requirements applicable to the current year reporting period

There are no new accounting standards, interpretations or amendments to existing standards that were effective from 1 July 2024 that have been applied that have had a material impact on the Company's financial statements.

(p) New and revised accounting requirements not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published which are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Company.

AASB 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027) AASB 18 will replace AASB 101 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of AASB 18 will have no impact on the Company's net profit, the line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for: management-defined performance measures; a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for expenses of a certain nature; and for the first annual period of application of AASB 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying AASB 18 and the amounts previously presented applying AASB 101.

The Company will apply the new standard from its mandatory effective date of 1 July 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with AASB 18.

There are no other standards, amendments or interpretations that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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Note 2 Financial risk management

(a) Objectives, strategies, policies and processes

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

The Board has implemented a risk management framework to mitigate these risks. This includes consideration of compliance and risk management reporting on a quarterly basis to monitor compliance and evaluate risk, and regular reporting from the Manager to ensure ongoing compliance with the investment strategy and investment guidelines. During the financial year, the risk management framework for the Company was reviewed.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price risks.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established parameters and investment strategies.

The market risk disclosures are prepared on the basis of the Company's direct investments and not on a look-through basis for investments held by the Company.

The sensitivity of the Company's net assets attributable to shareholders (and net operating profit / (loss)) to price risk and interest rate risk is measured by the reasonably possible movements approach. This approach has regard to a number of factors, including the historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure arises from the Company's investment portfolio. The investments are classified on the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Manager manages price risk through diversification and a careful selection of securities within specified limits set by the Board.

The Company's overall market positions are monitored on a daily basis by the Manager and are considered at least quarterly by the Board.

At 30 June 2025, the overall market exposures were as follows:

	30 June 2025	30 June 2024
	$'000	$'000
Financial assets at fair value through profit or loss	145,260	130,199
Overall exposure	**145,260**	**130,199**

At 30 June 2025, if the equity prices had changed by +/- 15% with all other variables held constant, the movement in net assets attributable to shareholders after tax would be approximately +/- $15,252,000 (2024: +/- $13,671,000).

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Note 2 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company may from time to time hold assets denominated in New Zealand dollars, rather than the Australian dollar which is the functional currency. It is therefore exposed to foreign exchange risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

At 30 June 2025 the majority of financial assets held were denominated in Australian dollars. As a result, there was limited exposure to foreign exchange risk at balance date. This was also the case at 30 June 2024.

(iii) Cash flow and fair value interest rate risk

The majority of the Company's financial assets and liabilities are non interest-bearing. Any interest-bearing financial assets and interest-bearing financial liabilities either mature or reprice in the short-term, no longer than twelve months. As a result, the Company is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Please refer to Note 6 for further details relating to interest bearing cash and cash equivalents.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company holds no collateral as security or any other credit enhancements. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets of the Company which include cash, trade and other receivables. At balance date none of these assets were impaired, nor past due but not impaired.

The Company's cash balances are held with a counterparty that has a credit rating of AA- (as determined by Standard and Poor's (S&P)). The clearing and depository operations of the Company's security transactions are mainly concentrated with one counterparty which has a credit rating of A-1 with S&P.

There were no material concentrations of credit risk at 30 June 2025. This was also the case at 30 June 2024.

(d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash, as they are listed on Australian and New Zealand exchanges. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. The Manager and Administrator monitor the Company's liquidity position on a daily basis.

Maturity analysis for financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month $'000	1 month to 1 year $'000	More than 1 year $'000	Total $'000
At 30 June 2025				
Trade creditors	1	-	-	1
Accruals	248	-	-	248
Due to brokers	307	-	-	307
Other payables	4	-	-	4
Total financial liabilities	**560**	**-**	**-**	**560**

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Note 2 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

	Less than 1 month $'000	1 month to 1 year $'000	More than 1 year $'000	Total $'000
At 30 June 2024				
Trade creditors	4	-	-	4
Accruals	232	-	-	232
Due to brokers	1,330	-	-	1,330
Other payables	5	-	-	5
Total financial liabilities	**1,571**	**-**	**-**	**1,571**

Note 3 Fair value measurements

The Company measures and recognises its financial assets at fair value through profit or loss (FVTPL) on a recurring basis.

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:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

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

Recognised fair value measurements

The following table presents the Company's assets measured and recognised at fair value at 30 June 2025.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2025				
Financial Assets				
Financial assets at fair value through profit and loss				
Australian listed equity securities	145,260	-	-	145,260
Total assets	**145,260**	**-**	**-**	**145,260**
At 30 June 2024				
Financial Assets				
Financial assets at fair value through profit and loss				
Australian listed equity securities	130,199	-	-	130,199
Total assets	**130,199**	**-**	**-**	**130,199**

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Note 3 Fair value measurements (continued)

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

There were no transfers between levels for recurring fair value measurements during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of all financial instruments other than those measured at fair value on a recurring basis are considered to represent a reasonable approximation of their fair values.

Note 4 Net gains on financial instruments held at fair value through profit and loss

	2025 $'000	2024 $'000
Net gains on financial instruments held at fair value through profit and loss comprise:		
Net realised gains on financial instruments	8,329	1,920
Net unrealised gains on financial instruments	9,098	3,882
Net gains on financial instruments held at fair value through profit and loss	**17,427**	**5,802**

Note 5 Income tax expense

	2025 $'000	2024 $'000
(a) Income tax expense		
Current tax expense	2,307	92
Deferred tax expense	2,687	1,114
Total income tax expense	**4,994**	**1,206**
Deferred income tax expense included in total income tax expense comprises:		
Decrease in deferred tax assets	512	1,120
Increase / (decrease) in deferred tax liabilities	2,175	(6)
	2,687	**1,114**

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Note 5 Income tax expense (continued)

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

	30 June 2025 $'000	30 June 2024 $'000
Profit before income tax expense	21,395	8,800
Tax at the Australian tax rate of 30%	**6,418**	**2,640**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax credits	(1,494)	(1,359)
Prior period adjustments	70	(75)
Income tax expense	**4,994**	**1,206**

(c) Effective Income Tax Rate

	30 June 2025	30 June 2024
The effective income tax rate reflects the benefit of tax credits received on dividend income during the year	**23.3%**	**13.7%**

Note 6 Cash and cash equivalents

	30 June 2025 $'000	30 June 2024 $'000
Cash at bank – investment portfolio	895	2,868
Cash at bank – operating account	133	94
Total cash and cash equivalents	**1,028**	**2,962**

The weighted average interest rate for cash as at 30 June 2025 is 3.41% (30 June 2024: 4.27%).

Note 7 Trade and other receivables

	30 June 2025 $'000	30 June 2024 $'000
Receivable from broker	-	441
Dividends receivable	393	316
GST receivable	37	27
Other receivables	33	44
Total trade and other receivables	**463**	**828**

Collectability of trade and other receivables is reviewed on an ongoing basis in accordance with the expected credit loss ('ECL') model (refer note 1(h)). The ECL assessment at 30 June 2025 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Company. Further information regarding credit risk of the Company is provided at note 2(c).

Note 8 Financial assets at fair value through profit or loss

	30 June 2025 $'000	30 June 2024 $'000
Financial assets at fair value through profit or loss:		
Australian listed equity securities	145,260	130,199
Financial assets at fair value through profit or loss	**145,260**	**130,199**

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Note 9 Current tax assets / liabilities

	30 June 2025 $'000	30 June 2024 $'000
Opening balance – Current tax asset	972	414
Current tax expense	(2,307)	(92)
Net income tax paid / (refunded)	(606)	649
Closing balance – Current tax (liability) / asset	**(1,941)**	**972**

Note 10 Deferred tax assets / liabilities

(a) Deferred tax assets

	30 June 2025 $'000	30 June 2024 $'000
The deferred tax assets balance comprises temporary differences attributable to:		
Accruals	20	19
Unrealised losses on investments	-	513
Deferred tax assets	**20**	**532**
The overall movement in deferred tax asset accounts is as follows:		
Opening balance	532	1,652
Charged directly to profit or loss	(512)	(1,120)
Closing balance	**20**	**532**
The movement in deferred tax assets for each temporary difference during the year is as follows:		
(i) Accruals		
Opening balance	19	20
Credited / (charged) directly to profit or loss	1	(1)
Closing balance	**20**	**19**
(ii) Unrealised losses on investments		
Opening balance	513	1,632
Charged directly to profit or loss	(513)	(1,119)
Closing balance	**-**	**513**

(b) Deferred tax liabilities

The deferred tax liabilities balance comprises temporary differences attributable to:		
Dividends receivable	-	18
Unrealised gains on investments	2,193	-
Deferred tax liabilities	**2,193**	**18**
The overall movement in deferred tax liability accounts is as follows:		
Opening balance	18	24
Charged / (credited) directly to profit or loss	2,175	(6)
Closing balance	**2,193**	**18**

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Note 10 Deferred tax assets / liabilities (continued)

The movement in deferred tax liability for each temporary difference during the year is as follows:

	30 June 2025 $'000	30 June 2024 $'000
(i) Dividends receivable		
Opening balance	18	24
Credited directly to profit or loss	(18)	(6)
Closing balance	**-**	**18**
(ii) Unrealised gains on investments		
Opening balance	-	-
Charged directly to profit or loss	2,193	-
Closing balance	**2,193**	**-**

Note 11 Trade and other payables

	30 June 2025 $'000	30 June 2024 $'000
Trade creditors	1	4
Accrued expenses	248	232
Due to broker	307	1,330
Other payables	4	5
Total trade and other payables	**560**	**1,571**

Trade and other payables primarily relate to outstanding settlements and are usually paid within 30 days of recognition.

Note 12 Issued capital

(a) **Share capital**

	2025 Number	2025 $'000	2024 Number	2024 $'000
Fully paid ordinary shares	59,832,949	122,252	59,796,502	122,166
Total share capital	**59,832,949**	**122,252**	**59,796,502**	**122,166**

The Company does not have an authorised capital value or par value in respect of its issued shares.

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Note 12 Issued capital (continued)

(b) **Movements in ordinary share capital**

Date	Details	Number of shares	Total $'000
1 July 2023	Opening balance	59,958,288	122,464
July 2023 – June 2024	Purchase of ordinary shares under on-market share buy-back (refer (d) below)	(161,786)	(298)
30 June 2024	**Balance**	**59,796,502**	**122,166**
1 July 2024	Opening balance	59,796,502	122,166
15 February 2025	Issue of ordinary shares under dividend reinvestment plan (refer (e) below)	36,447	86
30 June 2025	**Balance**	**59,832,949**	**122,252**

(c) **Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At a general meeting upon a poll each share is entitled to one vote.

(d) **On-market share buy-back**

The Company commenced an on-market share buy-back on 14 June 2023 with the ability to purchase up to 5,413,557 shares through to 13 June 2024.

During the prior year 161,786 shares were purchased for total consideration of $298,000. The buy-back ceased on 13 June 2024.

(e) **Dividend reinvestment plan**

During the year the Company issued 36,447 shares under its dividend reinvestment plan (DRP) in relation to the dividend for the December 2024 quarter paid on 15 February 2025. The issue price for the shares was $2.3643 per share.

(f) **Capital Management**

The Company's objective in managing its capital is to satisfy its aim to provide shareholders with total returns in excess of the Benchmark and capital growth over each investment cycle. The Company considers its capital to be its issued capital, reserves and accumulated retained earnings.

The Company's capital will fluctuate with market conditions. The Company can manage its capital through the level of dividends paid to shareholders, the issue of shares or the use of share buy-backs.

The Company is an ASX listed investment company and is subject to ASX listing rule requirements.

Note 13 Reserves

	30 June 2025 $'000	30 June 2024 $'000
Opening balance – profits reserve	64,467	56,734
Transfer of profits from profit and loss	18,005	14,555
Dividends paid	(8,313)	(6,822)
Closing balance - profits reserve	**74,159**	**64,467**

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

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Note 14 Dividends

(a) **Dividends paid**

During the year ended 30 June 2025 the Company paid the following dividends:

	2025 $'000	2024 $'000
Quarterly dividend for June 2024 quarter of 3.4 cents per fully paid ordinary share paid on 13 August 2024 – fully franked at 30% (2024: 2.8 cents per full paid ordinary share paid on 7 August 2023)	2,033	1,678
Quarterly dividend for September 2024 quarter of 3.5 cents per fully paid ordinary share paid on 12 November 2024 – fully franked at 30% (2024: 2.7 cents per fully paid ordinary share paid on 6 November 2023)	2,093	1,616
Quarterly dividend for December 2024 quarter of 3.5 cents per fully paid ordinary share paid on 12 February 2025 – fully franked at 30% (2024: 2.9 cents per fully paid ordinary share paid on 6 February 2024)	2,093	1,734
Quarterly dividend for March 2025 quarter of 3.5 cents per fully paid ordinary share paid on 15 May 2025 – fully franked at 30% (2024: 3.0 cents per fully paid ordinary share paid on 7 May 2024)	2,094	1,794
Total dividends paid	**8,313**	**6,822**

Details of shares that were issued under the dividend reinvestment plan during the year to satisfy payment of dividends are provided in note 12(e).

(b) Dividends not recognised at the end of the year

Since year end the Board resolved to pay a fully franked quarterly dividend for the June 2025 quarter of 3.6 cents per share which was paid on 15 August 2025 with a record date of 29 July 2025. The aggregate amount of dividend paid but not recognised as a liability at year end was $2,154,000 (2024: $2,033,000).

(c) Dividend franking account

The balance of the Company's dividend franking account at 30 June 2025 was $4,311,000 (2024: $6,541,000). The balance of the franking account available for dividends paid in subsequent financial years, when adjusted for franking debits / credits that will arise from current tax receivable / payable, is $6,252,000 (2024: $5,570,000).

The franking debit that arose from the payment of the dividend not recognised at the end of the reporting period was $923,000 (2024: $871,000).

Note 15 Key management personnel disclosures

(a) **Key management personnel compensation**

	2025 $	2024 $
Short-term employment benefits	71,749	72,073
Post-employment benefits	8,251	7,927
Total remuneration	80,000	80,000

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13 to 15.

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Note 15 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel

The numbers of shares in the Company held during the financial year by each Director, including their related parties, are set out below. There were no shares granted during the financial year as compensation.

Ordinary shares held

Director	Year	Opening Balance	Initial Director Interest	Acquisitions	Disposals	Final Director Interest	Closing Balance
Jonathan Trollip*	2025	77,300	-	-	-	-	77,300
	2024	77,300	-	-	-	-	77,300
Lorraine Berends AM*	2025	50,000	-	-	-	-	50,000
	2024	50,000	-	-	-	-	50,000
Matt Booker*	2025	274,819	-	93,523	-	-	368,342
	2024	212,375	-	62,444	-	-	274,819
Chris Meyer*	2025	49,505	-	3,076	-	-	52,581
	2024	46,765	-	2,740	-	-	49,505
Total shares held*	**2025**	**451,624**	**-**	**96,599**	**-**	**-**	**548,223**
Total shares held*	**2024**	**386,440**	**-**	**65,184**	**-**	**-**	**451,624**

* Held through direct and indirect interests

Directors and their related parties acquired shares in the Company on the same terms and conditions available to other shareholders.

Note 16 Remuneration of auditors

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

(a) Audit and other assurance services

	2025 $	2024 $
Audit services – Pitcher Partners Sydney		
Audit of financial statements	74,290	72,900
Total remuneration for audit and other assurance services	**74,290**	**72,900**

(b) Non-audit services

Taxation services – Pitcher Partners		
Tax compliance services	16,139	15,428
Total remuneration for tax compliance services	**16,139**	**15,428**
Total remuneration paid to auditors of the Company	**90,429**	**88,328**

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

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Note 17 Related party transactions

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

(a) **Investment Management Agreement**

Matt Booker, a Director, is also a director of the Manager.

The Company appointed the Manager to act as investment manager of the Company's portfolio under the Investment Management Agreement.

Under the Investment Management Agreement, the Manager must:

(i) invest money constituted in or available to the Company's portfolio, including money received as a consequence of disposal of investments or any dividend or other distribution received;

(ii) retain investments; and

(iii) realise or dispose of investments.

The initial term of the Investment Management Agreement is 10 years, which will be automatically extended for successive five year periods at the end of the initial term and each subsequent term thereafter, unless terminated earlier. The Company may remove the Manager and terminate the agreement after the expiration of the initial term if the shareholders resolve by ordinary resolution that the Manager should be removed as investment manager of the Company's portfolio, on delivery of three months' prior written notice.

The associated fees payable to the Manager are listed below:

Management fee

In its capacity as investment manager, the Manager is entitled to receive a management fee of 1% per annum (plus GST) of the value of the Company's investment portfolio calculated daily and paid at the end of each month in arrears.

For the year ended 30 June 2025, the Manager was entitled to be paid management fees (inclusive of unclaimable GST) of $1,476,689 (2024: $1,361,974).

As at 30 June 2025, the remaining balance payable to the Manager was $124,087 (2024: $111,876).

Performance fee

In return for the performance of its duties as investment manager of the Company's portfolio, the Manager is entitled to be paid by the Company a fee equal to 20% (plus GST) of the portfolio's outperformance relative to the Benchmark. The performance fee for each performance calculation period (initially, the period commencing on the date of allotment of shares under the IPO to 31 December 2017, and thereafter each 6 month period ending on 30 June or 31 December) is calculated subject to the recoupment of prior underperformance.

For the year ended 30 June 2025, in its capacity as investment manager, the Manager earned performance fees (inclusive of unclaimable GST) of $672,838 (2024: $1,170,439). At 30 June 2025, the balance payable to the Manager was $nil (2024: $nil).

Services Agreement

Chris Meyer, an alternate Director, is an executive responsible for Listed Products at PNI, whose wholly owned subsidiary Pinnacle is the Administrator.

The Company has entered into a Services Agreement with Pinnacle for the provision of the following administration support services:

- Middle office portfolio administration;
- Finance, tax and reporting and administration;
- Investor relations; and
- Legal counsel and company secretarial.

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Note 17 Related party transactions (continued)

Services Agreement (continued)

The Company is required to pay Pinnacle an annual service fee quarterly in arrears for the provision of the services calculated as follows:

(1) in respect of the first financial year to 30 June 2018 – $70,000 (exclusive of GST) (Base Retainer); and

(2) in respect of each subsequent financial year – the Base Retainer calculated for the immediately preceding financial year indexed by 3%.

Fees for additional services, where required by the Company, are agreed between the Company and Pinnacle as needed.

For the year ended 30 June 2025 the Administrator was paid fees (inclusive of unclaimable GST) of $102,273 (2024: $100,934).

As at 30 June 2025, the balance payable to the Administrator was $31,236 (30 June 2024: $25,736).

Note 18 Reconciliation of profit after income tax to net cash inflow from operating activities

	2025 $'000	2024 $'000
Profit for the year	**16,401**	**7,594**
Unrealised fair value gains on investments	(9,098)	(3,882)
Changes in operating assets / liabilities		
Decrease / (increase) in trade and other receivables	365	(400)
(Increase) / decrease in investments	(5,964)	4,270
Decrease in deferred tax assets	512	1,120
Decrease in trade and other payables	(1,011)	(24)
Increase / (decrease) in provision for income tax payable	2,913	(558)
Increase / (decrease) in deferred tax liabilities	2,175	(6)
Net cash inflow from operating activities	**6,293**	**8,114**

Note 19 Earnings per share

(a) **Earnings used in the calculation of basic and diluted earnings per share**	**2025 $'000**	**2024 $'000**
Profit from continuing operations attributable to the owners of the Company	16,401	7,594
(b) **Basic earnings per share**	**Cents**	**Cents**
Profit from continuing operations attributable to the owners of the Company	27.4	12.7
(c) **Diluted earnings per share**	**Cents**	**Cents**
Profit from continuing operations attributable to the owners of the Company	27.4	12.7
(d) **Weighted average number of ordinary shares used in the calculation of earnings per share**	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	59,810,282	59,833,952

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Note 20 Subsequent events

Apart from the dividend paid subsequent to balance date as disclosed in note 14(b), no matter or circumstance has occurred subsequent to year end 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 subsequent financial years.

Note 21 Contingencies and commitments

The Company has no known contingent assets or liabilities nor material commitments as at 30 June 2025.

Note 22 Investment portfolio

The Company's investment portfolio at balance date was as follows (investments are listed equities unless otherwise shown):

Security	30 June 2025 Quantity Number	30 June 2025 AUD Fair Value $'000
Arn Media Limited	2,874,615	1,351
Abacus Group	3,058,470	3,425
Ainsworth Game Technology Limited	1,583,408	1,433
Eagers Automotive Limited	227,405	3,968
Abacus Storage King	2,156,914	3,311
Bega Cheese Limited	536,918	2,932
Breville Group Limited	119,951	3,537
City Chic Collective Limited	10,052,788	824
Coast Entertainment Holdings Limited	4,312,032	1,639
Channel Infrastructure NZ Limited	1,450,269	2,956
Cromwell Property Group	15,133,769	5,145
Centuria Capital Group	689,935	1,163
Corporate Travel Management Limited	201,449	2,790
Clinuvel Pharmaceuticals Limited	152,159	1,579
Domain Holdings Australia Limited	927,577	4,072
Deterra Royalties Limited	1,755,713	6,601
Data#3 Limited	138,732	1,056
Fletcher Building Limited	1,790,217	4,834
GDI Property Group	2,129,745	1,374
GWA Group Limited	1,425,723	3,422
Healius Limited	4,873,372	3,826
Harvey Norman Holdings Limited	482,263	2,542
Horizon Oil Limited	14,682,637	2,863

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Note 22 Investment portfolio (continued)

Security (continued)	30 June 2025 Quantity Number	30 June 2025 AUD Fair Value $'000
Insignia Financial Ltd	1,281,035	4,650
Imdex Limited	1,354,031	3,683
IRESS Limited	908,659	7,269
Johns Lyng Group Limited	412,444	1,308
Jupiter Mines Limited	3,642,169	728
Mader Group Limited	313,961	2,113
Mainfreight Limited	22,007	1,369
Michael Hill International Limited	3,978,338	1,631
Nzme Limited	3,406,136	3,559
NZX Limited	1,367,375	1,887
Premier Investments Limited	118,003	2,387
Praemium Limited	2,736,706	1,751
Perpetual Limited	273,932	4,947
Platinum Asset Management Limited	2,950,858	1,357
Restaurant Brands New Zealand Limited	301,381	860
Siteminder Limited	541,996	2,401
Sims Limited	407,384	6,249
Skycity Entertainment Group Limited	2,155,339	1,778
Superloop Limited	1,252,001	3,769
Supply Network Limited	234,869	8,782
Seven West Media Limited	9,792,542	1,420
Southern Cross Media Group Limited	4,318,868	2,311
Technology One Limited	110,354	4,526
Tyro Payments Limited	2,175,522	1,914
Universal Store Holdings Limited	586,481	4,563
Virgin Australia Holdings Limited	454,556	1,405
Total Value – Equities		**145,260**

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Note 22 Investment portfolio (continued)

Reconciliation to Total Investment Portfolio:	**$'000**
Equities	145,260
Cash deposits (note 6)	895
Receivable from broker (note 7)	-
Dividends receivable (note 7)	393
Due to broker (note 11)	(307)
Total Investment Portfolio	**146,241**

The total number of securities transactions entered into during the reporting period was 690 (2024: 879).

The total brokerage paid during the reporting period was $200,000 (2024: $270,000).

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Consolidated Entity Disclosure Statement

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

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Directors' declaration

The Directors declare that:

(a) the financial statements and notes as set out on pages 18 to 41 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the year ended on that date.

(b) in the Directors' opinion there are reasonable grounds to believe that Spheria Emerging Companies Limited will be able to pay its debts as and when they become due and payable.

(c) the consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* on page 42 is true and correct.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting standards as issued by the International Accounting Standards Board; and

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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



Jonathan Trollip
Chairman
22 August 2025

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Independent Auditor's Report
To the Members of Spheria Emerging Companies Limited
ABN 84 621 402 588

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Spheria Emerging Companies Limited ("the Company"), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

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

i. giving a true and fair view of the Company's financial position as at 30 June 2025 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Existence and Valuation of Financial Assets ***Refer to Note 8: Financial Instruments at fair value through profit or loss***	
We focused our audit effort on the existence and valuation of the Company's financial instruments ("investments") as they are its largest assets and represent the most significant driver of the Company's Net Tangible Assets and Profit. The Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in an active market).	Our procedures included, amongst others: ▪ Obtaining an understanding of and evaluating the design and implementation of the investment management process and controls; ▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 *Assurance Reports on Controls at a Service Organisation*) for the Custodian; ▪ Making enquiries with the Custodian as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate and obtaining a bridging letter; ▪ Obtaining confirmations of the investment holdings directly from the Custodian; ▪ Recalculating the Company's valuation of individual investment holdings using independent observable pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

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Key Audit Matters (Continued)

Key audit matter	***How our audit addressed the matter***
Accuracy of Management Fees and Performance Fees ***Refer to Note 11: Trade and other payables, Note 17: Related party transactions***	
We focused our audit effort on the accuracy, completeness and existence of management and performance fees as they are significant expenses of the Company, and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager. In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.	Our procedures included, amongst others: ▪ Obtaining an understanding of and evaluating the design and implementation of the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as dividends paid, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal controls as the Directors determine is necessary to enable the preparation of:

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

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the Directors' Report for the year ended 30 June 2025. In our opinion, the Remuneration Report of Spheria Emerging Companies Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

C I Chandran
Partner

Pitcher Partners
Sydney

22 August 2025

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Shareholder information

The shareholder information set out below was applicable as at 20 August 2025.

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report, is listed below.

Distribution of equity securities and option holders

Analysis of numbers of equity security holders by size of holding:

Holding	Number of shareholders	Shares	Percentage
1 – 1,000	239	83,900	0.14%
1,001 – 5,000	727	2,467,433	4.12%
5,001 – 10,000	617	4,906,725	8.20%
10,001 – 100,000	1,260	30,414,883	50.80%
100,001 and over	42	21,994,792	36.74%
Total	**2,885**	**59,867,733**	**100%**
Holdings less than a marketable parcel (less than $500)	**91**	**914**	**0**

There are no options on issue by the Company.

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Equity security holders

The Company's twenty largest quoted equity security holders are:

Name	Number held	Percentage of shares issued
IOOF INVESTMENT SERVICES LIMITED	4,393,954	7.34%
CITICORP NOMINEES PTY LIMITED	3,324,084	5.55%
BNP PARIBAS NOMINEES PTY LTD	1,967,024	3.29%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,717,087	2.87%
NETWEALTH INVESTMENTS LIMITED	1,652,071	2.76%
IOOF INVESTMENT SERVICES LIMITED	1,573,217	2.63%
NETWEALTH INVESTMENTS LIMITED	1,015,482	1.70%
SPHERIA ASSET MANAGEMENT PTY LIMITED	622,058	1.04%
BNP PARIBAS NOMS PTY LTD	535,107	0.89%
T Q L INVESTMENTS PTY LTD	300,000	0.50%
EVLO PTY LIMITED	291,437	0.49%
CUSTODIAL SERVICES LIMITED	280,654	0.47%
BT PORTFOLIO SERVICES LTD	250,000	0.42%
MACOUN FAMILY SUPER PTY LTD	250,000	0.42%
SIDMOUTH PTY LIMITED	200,000	0.33%
LLIHNROHT PTY LTD	200,000	0.33%
ZANACORP FINANCIAL GROUP PTY LTD	184,750	0.31%
MALES & ROBINSON PTY LTD	175,000	0.29%
MR GREGORY ALAN BELL & MRS MYRA MARGARET BELL	156,000	0.26%
MRS LORRAINE GEORGINA GREEN	154,000	0.26%
BOND STREET CUSTODIANS LIMITED	152,900	0.26%
MACOUN FAMILY SUPER PTY LTD	152,450	0.25
Total	**19,547,275**	**32.65%**
Total remaining holders balance	**40,320,458**	**67.35%**

Voting rights

Each ordinary share is entitled to one vote when a poll is called.

Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all member exchanges of the ASX.

Unquoted securities

There are no unquoted shares.

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Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Net Tangible Asset Backing per share

	30 June 2025	30 June 2024
Net tangible asset backing per ordinary security – including tax provided on realised gains only *	$2.411	$2.231
Net tangible asset backing per ordinary security – including tax provided on realised gains and unrealised gains *	$2.375	$2.239

* Net of DTA relating to capitalised issue cost related balances and income tax losses.

Further information regarding items that impact the movement in NTA during the year including portfolio performance (net of management fees), dividends paid and capital management initiatives are provided in the Chairman's letter and Investment manager's report at pages 3 to 8.

On-market share buy-back

There is no current on-market share buy-back.

Working Capital

In accordance with ASX Listing Rule 4.10.19, between the date of admission to the official list of ASX and 30 June 2025, the Company has used its working capital in a way consistent with its business objective.

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Corporate directory

Board of Directors
Jonathan Trollip, Chairman (appointed 12 September 2017)
Lorraine Berends AM (appointed 12 September 2017)
Matt Booker (appointed 21 October 2021)
Chris Meyer, Alternate Director
(appointed 28 February 2022)

Company Secretary
Calvin Kwok

Manager
Spheria Asset Management Pty Limited
ACN 611 081 326
Level 25
264 George Street
SYDNEY NSW 2000
Toll Free: 1300 010 311

ASX Code
SEC - Ordinary Shares

Auditors
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Sydney NSW 2000
Tel: +61 (0) 2 9221 2099
www.pitcher.com.au

Share Register
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Sydney NSW 2000
Toll Free: 1300 902 587
International: +61 (0) 2 7208 4521
www.automic.com.au

Registered Office
Level 25, 264 George Street
SYDNEY NSW 2000
Tel: 1300 010 311

Principal Place of Business
Level 25, 264 George Street
SYDNEY NSW 2000
Tel: 1300 010 311

Website Address
https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec

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