

## NAOS Ex-50 Opportunities Company Limited

ASX Code: NAC ACN: 169 448 837

### Appendix 4E | Results for Announcement to the Market

Results Announcement for the year ended 30 June 2021

All comparisons are to the year ended 30 June 2020

	\$	up/down	% change
Revenue from ordinary activities	33,290,733	up	413%
Profit from ordinary activities before tax attributable to shareholders	27,449,732	up	447%
Profit from ordinary activities after tax attributable to shareholders	19,365,236	up	371%
<b>Dividend Information</b>	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2021 Final quarterly dividend	1.55	1.55	30%
2020 First quarterly dividend	1.40	1.40	30%
2020 Second quarterly dividend	1.40	1.40	30%
2020 Third quarterly dividend	1.40	1.40	30%
<b>Final Dividend Dates</b>			
Ex-dividend date			31 August 2021
Record date			1 September 2021
Last date for DRP election			2 September 2021
Payment date			20 September 2021
<b>Dividend Reinvestment Plan</b>			
The Dividend Reinvestment Plan is in operation and the recommended fully franked final quarterly dividend of 1.55 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
		<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>\$</b>	<b>\$</b>
<b>(Post Tax) Net tangible asset backing per share</b>		1.44	1.05
This report is based on the annual report which has been subject to independent audit by the auditors, Deloitte Touche Tohmatsu Australia. The audit report is included with the Company's Annual Report, which accompanies this Appendix 4E. All the documents comprise the information required by the Listing Rule 4.3A.			

# NAC

ASX: NAC  
NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

ANNUAL REPORT 2021

ACN 169 448 837

NAOS

## CONTENTS

Directors' Report	28
Auditor's Independence Declaration	34
Independent Auditor's Report	35
Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2021	38
Statement of Financial Position as at 30 June 2021	39
Statement of Changes in Equity for the Year Ended 30 June 2021	40
Statement of Cash Flows for the Year Ended 30 June 2021	41
Notes to the Financial Statements	42
Directors' Declaration	58
Additional Information	59
Corporate Information	63

## DIRECTORS' REPORT

The Directors present their report together with the financial report of NAOS Ex-50 Opportunities Company Limited (the "Company") for the year ended 30 June 2021.

### COMPANY INFORMATION

The Company is a Listed Investment Company (LIC) and its shares are listed on the Australian Securities Exchange (ASX). The Company has outsourced its investment management function to NAOS Asset Management Limited (ACN 107 624 126) (Australian Financial Services Licence Number 273529) (the "Investment Manager").

### PRINCIPAL ACTIVITIES

The Company invests primarily in a concentrated portfolio of mid-cap Australian listed equities through a long-biased structure, with the objective of providing investors with genuine exposure to mid-cap industrial companies with a long-term value focus.

### DIRECTORS AND OFFICERS

#### Directors

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

Name	Appointment Date	Period of Office
David Rickards (Independent Chairman)	8 May 2014	8 May 2014 – present
Warwick Evans	8 May 2014	8 May 2014 – present
Sebastian Evans	8 May 2014	8 May 2014 – present
Sarah Williams	31 January 2019	31 January 2019 – present

The qualifications and experience of each person who has been a Director of the Company at any time since 1 July 2020 are provided below.

### DIRECTORS' INFORMATION

#### David Rickards – Independent Chairman

David Rickards has been a Director and Chairman of the Company since its inception. David is also a Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chairman of NAOS Emerging Opportunities Company Limited (ASX: NCC). He is also Co-founder of Social Enterprise Finance Australia Limited (Sefa) and until recently, he was a director and treasurer of Bush Heritage Australia.

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

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

#### Warwick Evans – Non-independent Director

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

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

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

## DIRECTORS INFORMATION (CONTINUED)

### Sebastian Evans – Non-independent Director

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

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

### Sarah Williams – Independent Director

Sarah Williams was appointed as an Independent Director during January 2019. Sarah is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC). Sarah has over 25 years' experience in executive management, leadership, IT and risk management in the financial services and IT industries. Most recently, Sarah was an executive director at Macquarie Group and Head of IT for the group's asset management, investment banking and leasing businesses. During her 18-year tenure at Macquarie Group, she also led the Risk and Regulatory Change team and the Equities IT team and developed the IT M&A capability. Sarah has also held senior roles with JP Morgan and PricewaterhouseCoopers in London.

Sarah has been a director of charitable organisations, including Cure Cancer Australia Foundation and Make a Mark Australia. Sarah holds an honours degree in engineering physics from Loughborough University and has also studied at the Harvard Business School.

## COMPANY SECRETARY

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

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

## COMPANY SECRETARY INFORMATION

### Rajiv Sharma, Company Secretary (appointed 12 March 2021)

Rajiv is Head of Legal and Compliance at NAOS Asset Management and holds a Bachelor of Laws (First Class Honours), a Bachelor of Business (Accounting major) and a Graduate Diploma in Legal Practice from the University of Technology, Sydney. Rajiv has over 11 years' experience, having most recently held senior legal roles at Custom Fleet, part of Element Fleet Management Group (TSX: EFN) and Magellan Financial Group (ASX: MFG). He has also previously worked at law firms Johnson Winter & Slattery and Clayton Utz.

Rajiv is a member of the Law Society of New South Wales, an Associate of the Governance Institute of Australia and is admitted to the Supreme Court of New South Wales and the High Court of Australia.

## MEETINGS OF DIRECTORS

The following table shows the number of Board meetings for the year ended 30 June 2021.

### Year ended 30 June 2021

	Eligible to attend	Attended
Mr David Rickards (Chairman)	12	12
Mr Warwick Evans (Director)	12	12
Mr Sebastian Evans (Director)	12	12
Ms Sarah Williams (Director)	12	12

## REVIEW OF OPERATIONS

The Company's operating profit before tax for the year ended 30 June 2021 was \$27,449,732 (30 June 2020: operating profit before tax of \$5,016,774), and operating profit after tax for the year was \$19,365,236 (30 June 2020: operating profit after tax of \$4,113,325). The profit for the year is primarily attributable to the performance of the investment portfolio, which delivered a return of +63.36% for the year, significantly outperforming the benchmark S&P / ASX 300 Industrials Accumulation Index, which returned +27.93% for the financial year, in an exceptionally strong year for domestic equities.

## DIRECTORS' REPORT

Continued

### REVIEW OF OPERATIONS (CONTINUED)

The post-tax Net Tangible Asset ("NTA") value per share of the Company has increased from \$1.05 to \$1.44 over the year, which was mainly driven by the performance of the investment portfolio. After adjusting for the 5.40 cents of fully franked dividends paid to shareholders during the year, the NTA return was +42.29%.

During the year, the Company completed the issue of \$17.5 million of listed, redeemable, unsecured convertible notes (ASX: NACGA) with a maturity date of 30 September 2027. The convertible notes pay an interest rate of 5.50% per annum until the first step-up date of 30 September 2025 and are convertible into ordinary shares at a conversion price of \$1.15.

The on-market share buyback continued to be active during the financial year to take advantage of the discount of the share price relative to NTA. During the financial year, a total of 3,606,955 shares were bought back for a total consideration of \$3,579,105. The buyback of shares by the Company at a discount is accretive to NTA per share and as such the Board considers the buyback program to be an effective use of the Company's capital and is thus in the interests of all shareholders.

During the year, 717,583 bonus options (ASX: NACOA) were exercised and converted into ordinary shares. As at 30 June 2021, 23,069,287 bonus options remain unexercised. The bonus options have an exercise price of \$1.03 and an expiry date of 31 March 2023.

Please refer to the Investment Manager's Review on page 11 for further information regarding the performance of the Company.

### FINANCIAL POSITION

The Net Tangible Asset value of the Company as at 30 June 2021 was \$63,710,353 (2020: \$49,621,846). Further information on the financial position of the Company is included in the Chairman's Letter.

### DIVIDENDS PAID OR PAYABLE

Year ended 30 June 2021	Dividend rate (cents per share)	Total \$ amount	% franked	Date of payment
2020 final quarterly dividend (declared 20 August 2020)	1.20	556,292	100%	16 September 2020
2021 first quarterly interim dividend (declared 15 October 2020)	1.40	631,817	100%	26 November 2020
2021 second quarterly interim dividend (declared 18 February 2021)	1.40	624,033	100%	18 March 2021
2021 third quarterly interim dividend (declared 21 April 2021)	1.40	624,597	100%	26 May 2021
		<b>2,436,739</b>		

Year ended 30 June 2020	Dividend rate (cents per share)	Total \$ amount	% franked	Date of payment
2019 final quarterly dividend (declared 22 August 2019)	1.20	617,476	100%	16 September 2019
2020 first quarterly interim dividend (declared 17 October 2019)	1.35	680,312	100%	19 November 2019
2020 second quarterly interim dividend (declared 20 February 2020)	1.35	642,762	100%	18 March 2020
2020 third quarterly interim dividend (declared 18 May 2020)	1.35	638,974	100%	18 June 2020
		<b>2,579,524</b>		

Since 30 June 2021, the Board has declared a final quarterly dividend of 1.55 cents per share, fully franked, to be paid on 20 September 2021.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

## SUBSEQUENT EVENTS

On 19 August 2021, the Company declared a fully franked quarterly dividend of 1.55 cents per share.

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

## LIKELY DEVELOPMENTS

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

## ENVIRONMENTAL REGULATION AND PERFORMANCE

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

## INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

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

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

## NON-AUDIT SERVICES

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

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

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

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 34.

## REMUNERATION REPORT – AUDITED

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

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

### Remuneration of Directors

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

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

## DIRECTORS' REPORT

Continued

## REMUNERATION REPORT – AUDITED (CONTINUED)

## Remuneration of Directors (Continued)

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

Director's remuneration received for the years ended 30 June 2021 and 30 June 2020 are disclosed below:

30 June 2021	Short-term employee benefits Directors' fees \$	Post- employment benefit superannuation \$	Total \$
Mr David Rickards (Chairman)	27,397	2,603	30,000
Mr Warwick Evans (Director)	9,132	868	10,000
Ms Sarah Williams (Director)	13,699	1,301	15,000
Mr Sebastian Evans (Director)	–	–	–
	<b>50,228</b>	<b>4,772</b>	<b>55,000</b>

30 June 2020	Short-term employee benefits Directors' fees \$	Post- employment benefit superannuation \$	Total \$
Mr David Rickards (Chairman)	27,397	2,603	30,000
Mr Warwick Evans (Director)	9,132	868	10,000
Ms Sarah Williams (Director)	13,699	1,301	15,000
Mr Sebastian Evans (Director)	–	–	–
	<b>50,228*</b>	<b>4,772*</b>	<b>55,000</b>

\* The 2020 Directors' fees and superannuation sub-totals has been restated as a result of a typographical error.

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

## Interests in Shares and Options of the Company

During the year ended 30 June 2021 and the year ended 30 June 2020, the relevant interests of the Directors and their related parties in the shares and bonus options of the Company were:

Ordinary shares Year ended 30 June 2021	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Mr David Rickards (Chairman)	756,238	93,683	–	849,921
Mr Warwick Evans (Director)	1,651,532	25,930	–	1,677,462
Mr Sebastian Evans (Director)	5,543,104	466,336	(429,214)	5,580,226
Ms Sarah Williams (Director)	15,463	195	–	15,658

Ordinary shares Year ended 30 June 2020	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Mr David Rickards (Chairman)	563,973	192,265	–	756,238
Mr Warwick Evans (Director)	1,421,054	230,478	–	1,651,532
Mr Sebastian Evans (Director)	5,541,487	1,617	–	5,543,104
Ms Sarah Williams (Director)	–	15,463	–	15,463



**REMUNERATION REPORT – AUDITED (CONTINUED)****Interests in Shares and Options of the Company (Continued)**

<b>Bonus Options Year ended 30 June 2021</b>	<b>Opening balance No of bonus options</b>	<b>Acquired No of bonus options</b>	<b>Exercised No of bonus options</b>	<b>Closing balance No of bonus options</b>
Mr David Rickards (Chairman)	371,875	–	–	371,875
Mr Warwick Evans (Director)	821,568	–	–	821,568
Mr Sebastian Evans (Director)	2,771,323	–	(451,651)	2,319,672
Ms Sarah Williams (Director)	7,731	–	–	7,731

<b>Bonus Options Year ended 30 June 2020</b>	<b>Opening balance No of bonus options</b>	<b>Issued No of bonus options</b>	<b>Exercised No of bonus options</b>	<b>Closing balance No of bonus options</b>
Mr David Rickards (Chairman)	–	371,875	–	371,875
Mr Warwick Evans (Director)	–	821,568	–	821,568
Mr Sebastian Evans (Director)	–	2,771,323	–	2,771,323
Ms Sarah Williams (Director)	–	7,731	–	7,731

**Consequences of Company's Performance on Shareholder Wealth**

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Operating profit/(loss) after tax (\$)	19,365,236	4,113,325	(1,058,206)	3,880,720	1,082,354
Fully franked dividends (cents per share)	5.75	5.25	5.25	5.25	5.00
NTA after tax (\$ per share)	1.44	1.05	1.01	1.09	1.07
Total Director's remuneration (\$)	55,000	55,000	46,250	40,000	40,000
Number of Directors	4	4	4	3	3
Shareholder's equity (\$)	63,710,353	49,621,846	52,572,209	57,440,990	56,318,457

End of Remuneration Report (Audited).

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



**Sebastian Evans**

Director

19 August 2021

## AUDITOR'S INDEPENDENCE DECLARATION

**Deloitte.**

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

Level 2, Brindabella Business Park  
8 Brindabella Circuit  
Canberra ACT 2609 Australia

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

The Board of Directors  
NAOS Ex-50 Opportunities Company Limited  
Level 34, MLC Centre  
19 Martin Place  
Sydney NSW 2000

19 August 2021

Dear Directors,

**NAOS Ex-50 Opportunities Company Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of NAOS Ex-50 Opportunities Company Limited.

As lead audit partner for the audit of the financial statements of NAOS Ex-50 Opportunities Company Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;  
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*David Salmon*

David Salmon  
Partner  
Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT



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

Level 2, Brindabella Business Park  
8 Brindabella Circuit  
Canberra ACT 2609 Australia

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

### Independent Auditor's Report to the Members of NAOS Ex-50 Opportunities Company Limited

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

##### Opinion

We have audited the financial report of NAOS Ex-50 Opportunities Company Limited (the "Company"), which comprises the statement of financial position as at 30 June 2021, 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 significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of NAOS Ex-50 Opportunities Company 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 2021 and of its 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 directors as at the time of this auditor's report.

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

##### Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Valuation and existence of financial assets held at fair value through profit or loss</b></p> <p>As at 30 June 2021, the Company's listed equity securities held at fair value through profit or loss totalled circa \$90.9 million as disclosed in Notes 7 and 17.</p> <p>Whilst there is not significant judgement in determining the valuation of Company's financial assets held at fair value through profit or loss, these represent the most significant driver of the Company's revenue and its performance.</p> <p>The fluctuations in financial assets valuation also impacts the realised and unrealised gains/(losses) recognised in the statement of profit or loss and other comprehensive income, which in turn also affects the current and deferred tax provisions.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• evaluating key controls in place at the outsourced service providers (i.e. administrator and custodian) in relation to the valuation and existence of financial assets at fair value through profit or loss, including any exceptions noted;</li> <li>• agreeing on a sample basis, the valuation of listed equity securities to an independent pricing source;</li> <li>• agreeing on a sample basis, the investment holdings to the external custodian's holdings statement; and</li> <li>• reperforming a reconciliation of the financial assets balance for the year, including the 1 July 2020 investment balance, purchases, sales, other relevant transactions and the 30 June 2021 investment balance.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Notes 7 and 17 to the financial statements.</p>

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Asia Pacific Limited and the Deloitte Organisation.

INDEPENDENT AUDITOR'S REPORT

Continued



<p><b><u>Accuracy and completeness of Performance fees</u></b></p> <p>For the year ended 30 June 2021, performance fees expense amounted to \$3,254,319 (for the year ended 30 June 2020: \$nil). The entire amount was payable as of 30 June 2021 (30 June 2020: \$nil).</p> <p>The calculation of performance fees expense is complex and contains multiple variables that are input into excel calculations. Errors in performance fee calculations may result in Net asset value ("NAV") reporting errors, errors in amounts disclosed in the financial statements, and inappropriate fees being charged to the Company and thus resulting in a loss to shareholders.</p> <p>We note that in the calculation of NAC's performance fee expense, certain adjustments were made by the Company's Administrator which included dividends declared during the year, tax payments and capital raisings undertaken. Key inputs used by the Company's Administrator included portfolio movements, index benchmarking and applying set percentage as noted within the Investment Management Agreement (IMA).</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• reviewing the Company's offering documents (IMA) for the underlying calculation methodology;</li> <li>• assessing NAC's performance relative to underlying performance benchmarks and hurdles;</li> <li>• performing a recalculation of the performance fee expense in accordance with the Investment Management Agreement and assessing the reasonableness of key inputs and adjustments used within the calculation; and</li> <li>• obtaining an understanding of key controls in place at the outsourced Administrator in relation to the calculation of performance fee, including any exceptions noted.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Notes 16 to the financial statements.</p>
---	---

*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 2021 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 Responsibility 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.

## Deloitte.

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

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

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

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

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 31 to 33 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of NAOS Ex-50 Opportunities Company Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



David Salmon  
Partner  
Chartered Accountants  
Canberra, 19 August 2021

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Income</b>	3	33,290,733	6,490,429
<b>Expenses</b>			
Management fees	16	(1,315,038)	(933,560)
Performance fees	16	(3,254,319)	–
Interest expense on convertible notes		(595,959)	–
Administration fees		(60,748)	(56,615)
Directors' remuneration		(55,000)	(55,000)
Australian stock exchange fees		(52,128)	(84,249)
Auditor's remuneration	12	(52,400)	(44,500)
Custody fees		(34,750)	(29,958)
Registry fees		(56,105)	(37,375)
Company secretarial fees		(31,900)	(31,900)
Other expenses from ordinary activities		(332,654)	(200,498)
<b>Profit before income tax expense</b>		<b>27,449,732</b>	<b>5,016,774</b>
Income tax expense	4(a)	(8,084,496)	(903,449)
<b>Profit for the year attributable to shareholders of the Company</b>		<b>19,365,236</b>	<b>4,113,325</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>		<b>19,365,236</b>	<b>4,113,325</b>
<b>Basic and diluted earnings per share (cents per share)</b>	18	<b>42.74</b>	<b>8.38</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	As at 30 June 2021 \$	As at 30 June 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13 (a)	234,048	270,992
Trade and other receivables	6	459,323	467,757
Financial assets at fair value through profit or loss	7	90,911,910	49,882,767
<b>Total current assets</b>		<b>91,605,281</b>	<b>50,621,516</b>
<b>Non-current assets</b>			
Deferred tax assets	4 (b)	1,128,684	1,484,349
<b>Total non-current assets</b>		<b>1,128,684</b>	<b>1,484,349</b>
<b>Total assets</b>		<b>92,733,965</b>	<b>52,105,865</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Provision for income tax	4 (d)	948,989	–
Trade and other payables	8	3,992,953	740,586
<b>Total current liabilities</b>		<b>4,941,942</b>	<b>740,586</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4 (c)	7,094,617	1,743,433
Borrowings	9	16,987,053	–
<b>Total non-current liabilities</b>		<b>24,081,670</b>	<b>1,743,433</b>
<b>Total liabilities</b>		<b>29,023,612</b>	<b>2,484,019</b>
<b>Net assets</b>		<b>63,710,353</b>	<b>49,621,846</b>
<b>Equity</b>			
Issued capital	10	45,834,627	48,674,617
Profits reserve	11 (a)	24,789,804	7,861,307
Accumulated losses	11 (b)	(6,914,078)	(6,914,078)
<b>Total equity</b>		<b>63,710,353</b>	<b>49,621,846</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>	<b>53,158,781</b>	<b>2,214,042</b>	<b>(2,800,614)</b>	<b>52,572,209</b>
Profit for the year	–	–	4,113,325	4,113,325
Transfer to profits reserve	–	8,226,789	(8,226,789)	–
Dividend paid	–	(2,579,524)	–	(2,579,524)
DRP shares allotted	247,752	–	–	247,752
Purchase of shares on market for DRP	(247,752)	–	–	(247,752)
Share options exercised	2,575	–	–	2,575
Shares bought back from shareholders	(4,486,739)	–	–	(4,486,739)
<b>Balance at 30 June 2020</b>	<b>48,674,617</b>	<b>7,861,307</b>	<b>(6,914,078)</b>	<b>49,621,846</b>
<b>Balance at 1 July 2020</b>	<b>48,674,617</b>	<b>7,861,307</b>	<b>(6,914,078)</b>	<b>49,621,846</b>
Profit for the year	–	–	19,365,236	19,365,236
Transfer to profits reserve	–	19,365,236	(19,365,236)	–
Dividend paid	–	(2,436,738)	–	(2,436,738)
DRP shares allotted	207,103	–	–	207,103
Purchase of shares on market for DRP	(207,103)	–	–	(207,103)
Share options exercised	739,115	–	–	739,115
Shares bought back from shareholders	(3,579,105)	–	–	(3,579,105)
<b>Balance at 30 June 2021</b>	<b>45,834,627</b>	<b>24,789,804</b>	<b>(6,914,078)</b>	<b>63,710,353</b>

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



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Cash flows from operating activities</b>			
Payments for purchase of investments		(92,545,698)	(94,111,453)
Proceeds from sale of investments		83,841,050	96,481,130
Dividends received		682,841	1,964,569
Interest received		1,551	9,416
Management fees paid		(1,248,900)	(935,954)
Directors' remuneration paid		(55,000)	(55,000)
Income tax paid		(1,428,658)	–
Administration and tax service fee paid		(81,468)	(69,662)
ASX fees paid		(52,128)	(84,249)
Audit fees paid		(50,989)	(51,610)
Custody fees paid		(37,438)	(26,521)
Registry fees paid		(50,593)	(47,492)
Company secretarial fees paid		(31,900)	(31,900)
Interest paid on convertible notes		(350,894)	–
Other payments		(300,114)	(124,073)
<b>Net cash (used in)/provided by operating activities</b>	13 (b)	<b>(11,708,338)</b>	<b>2,917,201</b>
<b>Cash flows from financing activities</b>			
Dividends paid net of amounts reinvested		(2,218,013)	(2,333,171)
Purchase of shares on market for dividend reinvestment plan		(207,103)	(247,752)
Share buybacks		(3,579,105)	(4,486,739)
Share options exercised		739,115	2,575
Net proceeds from issue of convertible notes		16,936,500	–
<b>Net cash provided by/(used in) financing activities</b>		<b>11,671,394</b>	<b>(7,065,087)</b>
		(36,944)	(4,147,886)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		270,992	4,418,878
<b>Cash and cash equivalents at the end of the year</b>	13 (a)	<b>234,048</b>	<b>270,992</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## GENERAL INFORMATION

NAOS Ex-50 Opportunities Company Limited (the "Company") is a public company listed on the Australian Securities Exchange (ASX: NAC) registered and domiciled in Australia. The Company was constituted on 8 May 2014 and commenced operations on 12 November 2014.

The registered office and principal place of business of the Company is Level 34 MLC Centre, 19 Martin Place, Sydney, NSW 2000.

NAOS Asset Management Limited (the "Investment Manager") is the investment manager for the Company. The financial statements were authorised for issue by the Directors on 19 August 2021.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### a) Basis of Preparation

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

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

During the current year, the Company altered its presentation of Statement of Financial Position from liquidity basis to current and non-current assets, and current and non-current liabilities classifications.

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

### b) Prior Year Comparatives

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

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified to conform with current year presentation.

### c) Statement of Compliance

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

### d) Reporting Currency

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

### e) Going Concern Basis

This financial report has been prepared on a going concern basis.

### f) Revenue and Income Recognition

#### *Revenue*

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

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

#### *Dividends*

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

#### *Interest Income*

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

### g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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) Investments in Financial Instruments

Investments in financial instruments, as defined by AASB 132 'Financial Instruments: Presentation', are categorised in accordance with AASB 9 'Financial Instruments'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial period end.

#### *(i) Initial recognition, measurement and derecognition*

The Company recognises financial assets and financial liabilities on the date that it becomes party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h) Investments in Financial Instruments (continued)

#### (i) Initial recognition, measurement and derecognition (continued)

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

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

#### (ii) Classification and Subsequent Measurement

##### *Financial Assets and Liabilities Held at Fair Value Through Profit or Loss*

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

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

##### *Financial Liabilities*

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

##### *Compound Financial Instruments*

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

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

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

##### *Impairment of Financial Assets*

The Company recognises a loss allowance for expected credit losses ('ECL') on financial assets excluding investments that are measured at fair value through profit and loss. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions at the reporting date, including time value of money where appropriate.

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

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

### i) Expenses

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

### j) Receivables

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

### k) Payables

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

### l) Taxation

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

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

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### l) Taxation (continued)

Current and deferred tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

#### m) Dividends

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

#### n) Share Capital

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

#### o) Profits Reserve

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

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

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

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

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

#### q) Earnings per Share

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

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

#### r) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

### 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

#### New or Amended Accounting Standard and Interpretations Adopted in the Current Period

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

#### New Accounting Standards and Interpretations Not Yet Adopted

There are no new Accounting Standards or Interpretations applicable that would have a material impact for the Company.

### 3. INCOME

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Net gains on financial instruments held at fair value through profit or loss	32,472,176	4,517,140
Interest income	1,551	8,720
Dividend income	817,006	1,964,569
	<b>33,290,733</b>	<b>6,490,429</b>

### 4. INCOME TAX

#### a) Income Tax Expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as shown below.

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Prima facie income tax expense calculated at 30%	8,234,921	1,505,033
Less the tax effect of:		
Imputation credit gross up	53,584	252,587
Franking credit offset	(178,613)	(841,958)
Other non-assessable items	(25,396)	(12,213)
	<b>8,084,496</b>	<b>903,449</b>

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Total income tax expense results in a:</b>		
Current tax liability	948,989	–
Income tax paid	1,428,658	–
Change in deferred tax liabilities	5,351,184	1,111,511
Change in deferred tax assets	355,665	(208,062)
	<b>8,084,496</b>	<b>903,449</b>

#### b) Deferred Tax Assets

	As at 30 June 2021 \$	As at 30 June 2020 \$
Tax losses	–	1,446,524
Accruals	1,062,837	7,964
Capitalised share issue costs	65,847	29,861
	<b>1,128,684</b>	<b>1,484,349</b>

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 4. INCOME TAX (CONTINUED)

## b) Deferred Tax Assets (continued)

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the period	1,484,349	1,276,287
(Charged)/credited to the Statement of Profit or Loss and Comprehensive Income	(391,651)	204,109
Capitalised share issue and placement costs	35,986	3,953
<b>At reporting date</b>	<b>1,128,684</b>	<b>1,484,349</b>

## c) Deferred Tax Liabilities

	As at 30 June 2021 \$	As at 30 June 2020 \$
<b>Temporary differences in relation to:</b>		
Unrealised gains on investments	7,094,617	1,743,433
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	1,743,433	631,922
Charged to the Statement of Profit or Loss and Comprehensive Income	5,351,184	1,111,511
<b>At reporting date</b>	<b>7,094,617</b>	<b>1,743,433</b>

## d) Current Tax Liabilities

	As at 30 June 2021 \$	As at 30 June 2020 \$
Balance at the beginning of the year	–	–
Income tax provision	948,989	–
<b>At reporting date</b>	<b>948,989</b>	–

## 5. DIVIDEND PAID AND PAYABLE

Year ended 30 June 2021	Dividend rate (cents per share)	Total \$ amount	% franked	Date of payment
2020 final quarterly dividend (declared 20 August 2020)	1.20	556,292	100%	16 September 2020
2021 first quarterly interim dividend (declared 15 October 2020)	1.40	631,817	100%	26 November 2020
2021 second quarterly interim dividend (declared 18 February 2021)	1.40	624,033	100%	18 March 2021
2021 third quarterly interim dividend (declared 21 April 2021)	1.40	624,597	100%	26 May 2021
		<b>2,436,739</b>		

## 5. DIVIDEND PAID AND PAYABLE (CONTINUED)

Year ended 30 June 2020	Dividend rate (cents per share)	Total \$ amount	% franked	Date of payment
2019 final quarterly dividend (declared 22 August 2019)	1.20	617,476	100%	16 September 2019
2020 first quarterly interim dividend (declared 17 October 2019)	1.35	680,312	100%	19 November 2019
2020 second quarterly interim dividend (declared 20 February 2020)	1.35	642,762	100%	18 March 2020
2020 third quarterly interim dividend (declared 18 May 2020)	1.35	638,974	100%	18 June 2020
		<b>2,579,524</b>		

As at 30 June 2021, the outstanding dividend payable was \$36,600 (30 June 2020: \$24,978).

### Dividend Franking Information

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Franking credits available for shareholders from previous financial periods	68,311	331,864
Impact on the franking account of dividends paid during the period	(1,044,316)	(1,105,511)
Impact on the franking account of dividends received during the period	178,613	841,958
Impact on franking account of income tax paid	1,428,659	–
<b>Franking account balance at reporting date</b>	<b>631,267</b>	<b>68,311</b>

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

## 6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 \$	As at 30 June 2020 \$
GST receivable	285,950	29,436
Unsettled trade receivables	–	398,360
Prepaid expenses	39,208	39,961
Dividend receivable	134,165	–
<b>Total</b>	<b>459,323</b>	<b>467,757</b>

Receivables are non-interest bearing and unsecured. Outstanding trades, i.e. "Unsettled trade receivables", are on the terms operating in the investment management industry which usually require settlement within two days of the date of the transaction. None of the receivables are past due or impaired at the end of the reporting period (2020: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 7. INVESTMENTS IN FINANCIAL INSTRUMENTS

*Financial assets at Fair Value through Profit or Loss*

	As at 30 June 2021 \$	As at 30 June 2020 \$
Investment in listed equity securities	81,957,610	49,692,125
Investment in listed unit trusts	8,899,595	–
Investment in unlisted options	54,705	190,642
<b>Total financial assets at fair value through profit or loss</b>	<b>90,911,910</b>	<b>49,882,767</b>

*Disclosed Fair Values*

For all financial instruments other than those measured at fair value, their carrying value approximates fair value as they are either cash/cash equivalents and/or short-term in nature like trade and other payables/receivables.

## 8. TRADE AND OTHER PAYABLES

	As at 30 June 2021 \$	As at 30 June 2020 \$
Auditor's remuneration payable	19,495	9,048
Management fees payable	146,401	80,263
Unsettled trades payable	10,033	556,073
Performance fees payable	3,492,440	–
Other payables	324,584	95,202
<b>Total</b>	<b>3,992,953</b>	<b>740,586</b>

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

## 9. BORROWINGS

On 17 November 2020, the Company issued 175,000 unsecured, redeemable, convertible notes with a total face value of \$17.5 million, listed under the code (ASX: NACGA). The convertible notes carry a fixed interest entitlement of 5.50% per annum until 30 September 2025, and are convertible into ordinary shares at a conversion price of \$1.15 at any time until 30 September 2025. Interest is paid half-yearly on 31 March and 30 September. The maturity date of the convertible notes is 30 September 2027. Terms of the convertible notes are regulated under a trust deed between the Company and Melbourne Securities Corporation Limited. As at 30 June 2021, a total of \$245,065 interest is payable on the convertible notes.

	As at 30 June 2021 \$
Opening balance of convertible notes	–
Issue of convertible notes	17,500,000
Less issue costs	(563,500)
Add amortisation of costs for period	50,553
<b>Closing balance of convertible notes</b>	<b>16,987,053</b>



## 10. ISSUED CAPITAL

	30 June 2021		30 June 2020	
	No. of shares	\$	No. of shares	\$
Issued and paid up capital – ordinary shares	44,292,032	45,834,627	47,181,404	48,674,617

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

Each share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the Corporations Act 2001;
- the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting which may attach to or be imposed on shares (at present there are none);
- the right to receive dividends;
- the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of shareholders by special resolution); and
- subject to the Corporations Act 2001 and the ASX Listing Rules, shares are fully transferable.

### Movements in Ordinary Share Capital

Date	Details	No. of shares	\$
<b>01 July 2019</b>	Opening balance	52,076,616	53,158,781
	DRP shares allotted	287,251	247,752
	Purchase of shares on market for DRP	(287,251)	(247,752)
	Share buybacks	(4,897,712)	(4,486,739)
	Share options exercised	2,500	2,575
<b>30 June 2020</b>	<b>Closing balance</b>	<b>47,181,404</b>	<b>48,674,617</b>
<b>01 July 2020</b>	Opening balance	47,181,404	48,674,617
	DRP shares allotted	259,865	207,103
	Purchase of shares on market for DRP	(259,865)	(207,103)
	Share buybacks	(3,606,955)	(3,579,105)
	Share options exercised	717,583	739,115
<b>30 June 2021</b>	<b>Closing balance</b>	<b>44,292,032</b>	<b>45,834,627</b>

During the 2020 financial year, the Company made a 1-for-2 bonus option issue to eligible shareholders. These bonus options are listed on the ASX under the code NACOA and give the right to option holders to acquire new ordinary shares at a price of \$1.03 per share. The bonus options will expire on 31 March 2023.

During the 2021 financial year, a total of 717,583 bonus options were exercised, and 23,069,287 options remain unexercised as at 30 June 2021.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 11. PROFITS RESERVE AND ACCUMULATED LOSSES

## a) Profits Reserve

	As at 30 June 2021 \$	As at 30 June 2020 \$
Balance at the beginning of the year	7,861,307	2,214,042
Transfer to profits reserve	19,365,236	8,226,789
Dividends paid	(2,436,739)	(2,579,524)
<b>Balance at reporting date</b>	<b>24,789,804</b>	<b>7,861,307</b>

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

## b) Accumulated Losses

	As at 30 June 2021 \$	As at 30 June 2020 \$
Balance at the beginning of the year	(6,914,078)	(2,800,614)
Transfer to profits reserve	(19,365,236)	(8,226,789)
Profit for the year attributable to the members of the Company	19,365,236	4,113,325
<b>Balance at reporting date</b>	<b>(6,914,078)</b>	<b>(6,914,078)</b>

## 12. AUDITOR'S REMUNERATION

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

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Audit and other assurance services – Deloitte Touche Tohmatsu</b>		
Audit and review of financial reports	46,900	44,500
Agreed upon procedures on issue of convertible notes	5,500	–
<b>Total remuneration for audit and other assurance services</b>	<b>52,400</b>	<b>44,500</b>
<b>Taxation Services</b>		
Tax compliance services	6,600	6,600
<b>Total remuneration for non-audit services</b>	<b>6,600</b>	<b>6,600</b>
<b>Total remuneration</b>	<b>59,000</b>	<b>51,100</b>

## 13. CASH AND CASH EQUIVALENTS

## a) Components of Cash and Cash Equivalents

	As at 30 June 2021 \$	As at 30 June 2020 \$
Cash at bank	234,048	270,992
	<b>234,048</b>	<b>270,992</b>

### 13. CASH AND CASH EQUIVALENTS (CONTINUED)

#### b) Reconciliation of Net Profit for the Year to Cash Provided by Operating Activities

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
<b>Profit for the year attributable to shareholders after tax</b>	19,365,236	4,113,325
<b>Adjustments for:</b>		
Change in value of financial assets designated at fair value through profit or loss	(41,029,143)	(2,716,872)
Income tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income	8,084,496	903,449
Income tax paid	(1,428,658)	–
Amortisation expense on convertible notes	50,553	–
<b>Change in assets and liabilities:</b>		
Decrease in trade and other receivables	8,434	215,082
Increase in trade and other payables	3,240,744	402,217
<b>Net cash (used in)/provided by operating activities</b>	<b>(11,708,338)</b>	<b>2,917,201</b>

### 14. KEY MANAGEMENT PERSONNEL

#### a) Key Management Personnel Compensation

The remuneration of the Company's key management personnel and their related entities for the year ended 30 June 2021 was \$55,000 (2020: \$55,000).

There were no shares or options granted during the reporting period as compensation to the Directors. Transactions with related parties have taken place at arm's length and in the ordinary course of business.

#### b) Related Party Shareholdings

##### *NAOS Asset Management Limited*

The Company has outsourced its investment management function to NAOS Asset Management Limited. As at 30 June 2021, NAOS Asset Management Limited holds 5,420,000 shares (12.24%) (2020: 5,387,615 shares (11.48%)) in the Company, and 2,242,156 options (2020: 2,693,807).

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

##### *Holdings of Shares by Key Management Personnel*

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

Ordinary shares Year ended 30 June 2021	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Mr David Rickards (Chairman)	756,238	93,683	–	849,921
Mr Warwick Evans (Director)	1,651,532	25,930	–	1,677,462
Mr Sebastian Evans (Director)	5,543,104	466,336	(429,214)	5,580,226
Ms Sarah Williams (Director)	15,463	195	–	15,658

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 14. KEY MANAGEMENT PERSONNEL (CONTINUED)

## b) Related Party Shareholdings (continued)

*Holdings of Shares by Key Management Personnel (continued)*

Ordinary shares Year ended 30 June 2020	Opening balance No of shares	Acquired No of shares	Sold No of shares	Closing balance No of shares
Mr David Rickards (Chairman)	563,973	192,265*	–	756,238
Mr Warwick Evans (Director)	1,421,054	230,478	–	1,651,532
Mr Sebastian Evans (Director)	5,541,487	1,617	–	5,543,104
Ms Sarah Williams (Director)	–	15,463	–	15,463

\* The 2020 acquired number of shares for David Rickards has been amended as a result of an administrative error.

Bonus options Year ended 30 June 2021	Opening balance No of bonus options	Acquired No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
Mr David Rickards (Chairman)	371,875	–	–	371,875
Mr Warwick Evans (Director)	821,568	–	–	821,568
Mr Sebastian Evans (Director)	2,771,323	–	(451,651)	2,319,672
Ms Sarah Williams (Director)	7,731	–	–	7,731

Bonus options Year ended 30 June 2020	Opening balance No of bonus options	Issued No of bonus options	Exercised No of bonus options	Closing balance No of bonus options
Mr David Rickards (Chairman)	–	371,875	–	371,875
Mr Warwick Evans (Director)	–	821,568	–	821,568
Mr Sebastian Evans (Director)	–	2,771,323	–	2,771,323
Ms Sarah Williams (Director)	–	7,731	–	7,731

## c) Other Transactions within the Company

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

## 15. SEGMENT INFORMATION

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

## 16. RELATED PARTY INFORMATION

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

## Management Fees

In return for the performance of its duties, as Investment Manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.146% (excluding GST) of the gross value of the portfolio calculated on the last business day of each month representing an annualised management fee of 1.75% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the year ended 30 June 2021:

- Management fees of \$1,315,038 (2020: \$933,560) (excluding RITC\*) were incurred during the year.
- Management fees payable at 30 June 2021 were \$146,401 (2020: \$80,263) (including RITC\*).

## 16. RELATED PARTY INFORMATION (CONTINUED)

### Performance Fees

In the event that the portfolio outperforms the Benchmark, being the S&P/ASX 300 Industrials Accumulation Index (XKIAI), the Company must pay the Investment Manager a performance fee equal to 20% (excluding GST) per annum of the amount the portfolio outperforms the Benchmark. No performance fee is payable if the portfolio underperforms the Benchmark. Any underperformance to the Benchmark is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. At its discretion and subject to shareholder approval, the Investment Manager may elect to receive the performance fee in shares.

The following performance fees were paid or payable to the Investment Manager during the year ended 30 June 2021:

- Performance fees of \$3,254,319 (2020: \$nil) (excluding RITC\*) were incurred during the year.
- Performance fees payable at 30 June 2021 were \$3,492,440 (2020: \$nil) (including RITC\*).

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

In addition, for the year ended 30 June 2021 the Investment Manager was paid total fees of \$89,000 for the provision of company secretarial, administrative, financial and accounting services (2020: \$89,000) under the terms of a services agreement.

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### a) Credit Risk

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

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

The Investment Manager is responsible for ensuring that counterparties are of sufficient quality to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end, which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk. The exposure to credit risk for cash and cash equivalents is considered to be low, as all counterparties (National Australia Bank) have a rating of A or higher.

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

### b) Market Risk

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

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

#### (i) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The unsecured, redeemable convertible notes that were issued on 17 November 2020 pay a fixed rate of 5.50% per annum payable half-yearly on 31 March and 30 September each year until 30 September 2025. The Company's exposure to interest rate risk is set out in the following table:

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## b) Market Risk (continued)

## (i) Interest Rate Risk (continued)

	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2021</b>			
<b>Assets</b>			
Cash and cash equivalents	234,048	–	234,048
Trade and other receivables	–	459,323	459,323
Financial assets at fair value through profit or loss	–	90,911,910	90,911,910
<b>Total assets</b>	<b>234,048</b>	<b>91,371,233</b>	<b>91,605,281</b>
<b>Liabilities</b>			
Trade and other payables	–	3,992,953	3,992,953
<b>Total liabilities</b>	<b>–</b>	<b>3,992,953</b>	<b>3,992,953</b>
<b>Net exposure</b>	<b>234,048</b>	<b>87,378,280</b>	<b>87,612,328</b>

	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2020</b>			
<b>Assets</b>			
Cash and cash equivalents	270,992	–	270,992
Trade and other receivables	–	467,757	467,757
Financial assets at fair value through profit or loss	–	49,882,767	49,882,767
<b>Total assets</b>	<b>270,992</b>	<b>50,350,524</b>	<b>50,621,516</b>
<b>Liabilities</b>			
Trade and other payables	–	740,586	740,586
<b>Total liabilities</b>	<b>–</b>	<b>740,586</b>	<b>740,586</b>
<b>Net exposure</b>	<b>270,992</b>	<b>49,609,938</b>	<b>49,880,930</b>

The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 25 basis-point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

	Change in basis points increase/ (decrease)	Impact on operating profit/net assets attributable to shareholders (\$)
<b>30 June 2021</b>		
AUD interest rate	25bps/(25bps)	585/(585)
<b>30 June 2020</b>		
AUD interest rate	25bps/(25bps)	677/(677)

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### b) Market Risk (continued)

#### (ii) Price Risk

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

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

	Impact on operating profit/Net assets attributable to shareholders	
	-10% \$	+10% \$
30 June 2021	(9,091,191)	9,091,191
30 June 2020	(4,988,277)	4,988,277

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

Industry	% of Portfolio	
	30 June 2021	30 June 2020
Information Technology	52.25%	63.91%
Real Estate	26.77%	7.68%
Travel & Leisure	20.64%	11.34%
Industrials	0.26%	–
Healthcare	0.07%	0.41%
Commercial & Professional Services	0.01%	4.68%
Financials	–	11.98%
	<b>100%</b>	<b>100%</b>

### c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Investment Manager. The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Investment Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount; the Company can alter its cash outflows as appropriate. The assets of the Company are largely in the form of tradable securities which (if liquidity is available), can be sold on the market if necessary.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2021 and 30 June 2020 to the contractual maturity date.

	Less than 1 year \$	>1 year to 5 years \$	5+ years \$	Total \$	Carrying amount \$
<b>30 June 2021</b>					
Trade and other payables	3,992,953	–	–	3,992,953	3,992,953
Borrowings	–	–	17,500,000	17,500,000	16,987,053
<b>Total financial liabilities</b>	<b>3,992,953</b>	<b>–</b>	<b>17,500,000</b>	<b>21,492,953</b>	<b>20,980,006</b>

## NOTES TO THE FINANCIAL STATEMENTS

Continued

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## c) Liquidity Risk (continued)

30 June 2020	Less than 1 year \$	>1 year to 5 years \$	5+ years \$	Total \$	Carrying amount \$
Trade and other payables	740,586	–	–	740,586	740,586
<b>Total financial liabilities</b>	<b>740,586</b>	<b>–</b>	<b>–</b>	<b>740,586</b>	<b>740,586</b>

The amounts in the table are the contractual undiscounted cash flows. Balances are equal to their carrying balances, as the impact of discounting is not significant.

## d) Fair Value Hierarchy

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

*Level 1:*

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

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

*Level 2:*

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

Included within Level 2 of the hierarchy are unlisted investments. The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. As at 30 June 2021 the Company had \$54,705 (2020: \$190,642) financial instruments classified as Level 2.

*Level 3:*

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

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

*Financial Assets and Liabilities at Fair Value Through Profit or Loss*

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	90,857,205	54,705	–	90,911,910
<b>Total</b>	<b>90,857,205</b>	<b>54,705</b>	<b>–</b>	<b>90,911,910</b>

  

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	49,692,125	190,642	–	49,882,767
<b>Total</b>	<b>49,692,125</b>	<b>190,642</b>	<b>–</b>	<b>49,882,767</b>



## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### e) Capital Management

The Company's objectives for managing capital are:

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

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

## 18. EARNINGS PER SHARE

	Year ended 30 June 2021 cents	Year ended 30 June 2020 cents
Basic and diluted earnings per share	42.74	8.38
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	45,310,497	49,085,938
	\$	\$
Net profit used in the calculation of basic and diluted earnings per share	19,365,236	4,113,325

## 19. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at 30 June 2021 (30 June 2020: Nil).

## 20. SUBSEQUENT EVENTS

On 19 August 2021, the Company declared a fully franked quarterly dividend of 1.55 cents per share.

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

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of NAOS Ex-50 Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the financial statements and notes are in accordance with the Corporations Act 2001 including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial year ended 30 June 2021;
- the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1(c) to the financial statements;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the Directors have received the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



**Sebastian Evans**  
Director

19 August 2021

## ADDITIONAL INFORMATION

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

### INVESTMENT PORTFOLIO

As at 30 June 2021 the Company had the following investments:

Aerison Group Limited	Lifestyle Communities Limited
BTC Health Limited unlisted options	MNF Group Limited
Cogstate Limited	Objective Corporation Limited
Eroad Limited	Over the Wire Holdings Limited
Eureka Group Holdings Limited	Service Stream Limited
Experience Co Limited	Urbanise.com Limited
Frontier Digital Ventures Limited	360 Capital REIT
Gentrack Group Limited	

During the financial year ended 30 June 2021, the Company had 736 (2020: 704) transactions in investment securities. Total brokerage fees incurred during the year ended 30 June 2021 were \$739,692 (2020: \$749,860).

### 20 LARGEST SHAREHOLDERS

Details of the 20 largest ordinary shareholders and their respective holdings as at 31 July 2021.

Shareholders	Ordinary shares held	% of issued shares
NAOS Asset Management Limited	5,420,000	12.15%
J.P. Morgan Nominees Australia Pty Ltd	1,578,994	3.54%
Nivesa Pty Ltd	1,277,462	2.86%
Myall Resources Pty Ltd	1,213,392	2.72%
Equitas Nominees Pty Ltd	796,225	1.78%
Gold Tiger Investments Pty Ltd	750,000	1.68%
Lonceta Pty Ltd	628,000	1.41%
Alex Land Pty Ltd	608,811	1.36%
Equitas Nominees Pty Ltd	555,000	1.24%
Wallbay Pty Ltd	462,470	1.04%
W W E Investments Pty Ltd	400,000	0.90%
R & G Holdings Pty Ltd	367,624	0.82%
Vasnan Pty Ltd	340,000	0.76%
Mr Donald Gordon Mackenzie & Mrs Gwenneth Edna Mackenzie	314,392	0.71%
Lactic Investment Managers Pty Ltd	300,000	0.67%
Bond Street Custodians Ltd	300,000	0.67%
Mrs Anne Elizabeth Scott	275,000	0.62%
Castle Partners Pty Ltd	220,000	0.49%
BT Portfolio Services Limited	212,300	0.48%
<b>Total</b>	<b>16,019,670</b>	<b>35.90%</b>

## ADDITIONAL INFORMATION

Continued

## SUBSTANTIAL SHAREHOLDERS

Shareholders	Ordinary shares held	% of issued shares
NAOS Asset Management Limited	5,420,000	12.15%

## DISTRIBUTION OF ORDINARY SHARES

Analysis of ordinary shares by size of shareholders as at 31 July 2021.

Category	Number of shareholders	Ordinary shares held	% of issued shares
1–1,000	100	38,328	0.09
1,001–5,000	172	533,600	1.20
5,001–10,000	114	902,426	2.02
10,001–100,000	504	19,572,598	43.86
100,001 and over	70	23,576,494	52.83
<b>Totals</b>	<b>960</b>	<b>44,623,446</b>	<b>100.00</b>

## 20 LARGEST OPTIONHOLDERS

Details of the 20 largest optionholders and their respective holdings as at 31 July 2021.

Option holders	Options held	% of issued options
Jetosea Pty Ltd	2,604,348	11.52%
NAOS Asset Management Limited	2,242,156	9.92%
J.P. Morgan Nominees Australia Pty Ltd	807,989	3.57%
Perpetual Corporate Trust Ltd	800,000	3.54%
Nivesa Pty Ltd	621,568	2.75%
Jetosea Pty Ltd	618,201	2.73%
Myall Resources Pty Ltd	606,296	2.68%
Mr Brett James Rudd	498,398	2.20%
Wallbay Pty Ltd	417,713	1.85%
Dr Alan Donovan	400,000	1.77%
Gold Tiger Investments Pty Ltd	375,000	1.66%
Equitas Nominees Pty Limited	371,875	1.65%
Vikand Consulting Pty Ltd	350,000	1.55%
Alex Land Pty Limited	284,344	1.26%
Mr David Michael Hinchin & Mrs Lynette Ann Hinchin	250,000	1.11%
Mr Stephen Robert Donnelly	240,378	1.06%
Munrose Investments Pty Ltd	231,000	1.02%
Mrs Anne Elizabeth Scott	225,000	1.00%
Vasnan Pty Ltd	218,750	0.97%
W W E Investments Pty Ltd	200,000	0.89%
<b>Total</b>	<b>12,363,016</b>	<b>54.70%</b>

## SUBSTANTIAL OPTIONHOLDERS

Optionholders	Options held	% of issued options
Jetosea Pty Ltd	2,604,348	11.32%
NAOS Asset Management Limited	2,242,156	10.24%

## DISTRIBUTION OF OPTIONS

Analysis of options by size of optionholders as at 31 July 2021.

Category	Number of optionholders	Options held	% of issued options
1–1,000	84	40,842	0.18
1,001–5,000	142	387,930	1.72
5,001–10,000	84	630,920	2.79
10,001–100,000	203	7,056,617	31.21
100,001 and over	34	14,493,267	64.10
<b>Totals</b>	<b>547</b>	<b>22,609,576</b>	<b>100.00</b>

## 20 LARGEST CONVERTIBLE NOTE HOLDERS

Details of the 20 largest convertible note holders and their respective holdings as at 31 July 2021.

Convertible note holders	Convertible notes held	% of issued convertible notes
Jetosea Pty Ltd	19,720	11.27%
HSBC Custody Nominees (Australia) Limited	9,340	5.34%
Davenport Group Pty Ltd	6,900	3.94%
Boorne Management Pty Ltd	5,000	2.86%
ACN 101 162 056 Pty Ltd	5,000	2.86%
Mr James Vincent Chester Guest	5,000	2.86%
VCM Investments Pty Ltd	4,000	2.29%
Abbawood Nominees Pty Ltd	3,585	2.05%
Pindan Investments Pty Ltd	2,750	1.57%
Earglow Pty Limited	2,700	1.54%
Clendon House Investments Pty Ltd	2,626	1.50%
Cellar Stocks Pty Ltd	2,377	1.36%
Mr Paul Fry & Miss Gillian Evans	2,250	1.29%
Beck Havas Pty Ltd	2,110	1.21%
Securities & Estates Pty Ltd	2,000	1.14%
Benjamin Hornigold Limited	2,000	1.14%
Australian Executor Trustees Limited	1,948	1.11%
Securities & Estates Pty Ltd	1,900	1.09%
Mutual Trust Pty Ltd	1,750	1.00%
Selrid Pty Ltd	1,727	0.99%
<b>Total</b>	<b>84,683</b>	<b>48.41%</b>

## SUBSTANTIAL CONVERTIBLE NOTE HOLDERS

Convertible note holders	Convertible notes held	% of issued convertible notes
Jetosea Pty Ltd	19,720	11.27%
HSBC Custody Nominees Australia Limited	9,340	5.34%

## DISTRIBUTION OF CONVERTIBLE NOTES

Analysis of options by size of convertible note holders as at 31 July 2021.

Category	Number of convertible note holders	Convertible notes held	% of issued convertible notes
1–1,000	204	66,342	37.91
1,001–5,000	34	72,698	41.54
5,001–10,000	2	16,240	9.28
10,001–100,000	1	19,720	11.27
100,001 and over	0	0	0.00
<b>Totals</b>	<b>241</b>	<b>175,000</b>	<b>100.00</b>

## VOTING RIGHTS

All shareholders registered on the Company's share register have the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per share) subject to the rights and restrictions on voting which may attach to or be imposed on shares (at present there are none). Bonus options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the bonus options are exercised and subsequently registered as ordinary shares.

## ASX LISTING

Quotation has been granted for all ordinary shares, bonus options and convertible notes (ASX codes: NAC, NACOA and NACGA respectively) of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

## BUYBACK

For the financial year ended 30 June 2021 the Company has bought back a total of 3,606,955 shares for a consideration of \$3,579,105 (2020: 4,897,712 shares for a consideration of \$4,486,739).

## UNMARKETABLE PARCELS

As at 31 July 2021, the number of shareholdings held in less than marketable parcels was 51.

## UNQUOTED SECURITIES

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

## RESTRICTIONS ON SHARES

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

## CORPORATE INFORMATION

### DIRECTORS

David Rickards (Independent Chairman)  
Sarah Williams (Independent Director)  
Sebastian Evans (Director)  
Warwick Evans (Director)

### COMPANY SECRETARY

Rajiv Sharma  
Sebastian Evans

### REGISTERED OFFICE

Level 34, MLC Centre  
19 Martin Place  
Sydney NSW 2000

### INVESTMENT MANAGER

NAOS Asset Management Limited  
Level 34, MLC Centre  
19 Martin Place  
Sydney NSW 2000  
(Australian Financial Services Licence Number: 273529)

### CONTACT DETAILS

T: (02) 9002 1576  
E: [enquiries@naos.com.au](mailto:enquiries@naos.com.au)  
W: [www.naos.com.au](http://www.naos.com.au)

### SHARE REGISTRY

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

### AUDITOR

Deloitte Touche Tohmatsu  
Level 1, Grosvenor Place  
225 George Street  
Sydney NSW 2000

NAOS