

NAOS Ex-50 Opportunities Company Limited

ASX Code: NAC ACN: 169 448 837

Appendix 4D | Results for Announcement to the Market

Results Announcement for the half year ended 31 December 2020

All comparisons are to the year ended 31 December 2019

	\$	up/down	% change
Revenue from ordinary activities	13,184,651	up	24%
Profit / (Loss) from ordinary activities before tax attributable to shareholders	10,847,890	up	10%
Profit / (Loss) from ordinary activities after tax attributable to shareholders	7,715,534	up	5%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2021 Second quarterly interim dividend	1.40c	1.40c	30%
2021 First quarterly interim dividend	1.40c	1.40c	30%
2020 Final quarterly dividend	1.20c	1.20c	30%
Second Quarterly Interim Dividend Dates			
Ex-dividend date			26 February 2021
Record date			1 March 2021
Last date for DRP election			2 March 2021
Payment date			18 March 2021
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked quarterly interim dividend of 1.40 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
	31 Dec 2020 \$	31 Dec 2019 \$	
(Post Tax) Net tangible asset backing per share	1.20	1.14	
This report is based on the half-year financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2020 Annual Financial Report.			

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NAOS Ex-50 Opportunities Company Limited

ACN 169 448 837

Financial report for the half-year ended 31 December 2020

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Directors' Report

The Directors of NAOS Ex-50 Opportunities Company Limited ACN 169 448 837 ("the Company"), submit their half-year report for the Company for the half-year ended 31 December 2020.

Company Information

The Company is a listed investment company ("LIC") and its shares are listed on the Australian Securities Exchange (ASX: NAC). 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. No change in this activity took place during the half-year or is likely in the future.

Directors

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

Name	Title
Mr David Rickards	Independent Chairman
Ms Sarah Williams	Independent Director
Mr Warwick Evans	Director
Mr Sebastian Evans	Director

Results and Review of Operations

The Company's operating profit before tax for the half-year was \$10,847,890 (31 December 2019: operating profit before tax of \$9,871,205), and operating profit after tax was \$7,715,534 (31 December 2019: operating profit after tax of \$7,355,497). The current period profit is primarily attributable to strong performance of the investment portfolio over the 6 months to 31 December 2020, with the investment portfolio producing a return of 27.73% in the 6 months to 31 December 2020, while the benchmark S&P / ASX 300 Industrials Accumulation Index returned 12.49% over the same period as domestic equity markets continued to recover from COVID-19 related volatility.

The post-tax Net Tangible Asset ("NTA") per share of the Company has increased by 14.28%, from \$1.05 at 30 June 2020 to \$1.20 at 31 December 2020. During this period a fully franked final FY20 dividend of 1.20c per share, and a fully franked quarterly interim dividend of 1.40c per share was paid, along with corporate tax payments of \$477k, or 1.05 cents per share. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

Total shareholder return (TSR), which measures the change in share price and dividends paid during the period, increased by 39.57% for the 6 months to 31 December 2020. This increase is reflective of both the increase in the investment portfolio and the narrowing of the share price discount to NTA over the period. This measure does not include the benefit of franking credits received by shareholders.

In November 2020, the Company issued \$17.5 million of listed, unsecured, convertible notes, under the ticker code (ASX: NACGA). The convertible notes pay an interest entitlement of 5.5% per annum until 30 September 2025, and are convertible into ordinary shares at a conversion price of \$1.15.

During the half-year, the Company continued with the on-market buyback program to take advantage of the discount of the share price relative to NTA. During the half-year 2,165,121 shares were bought back for a total consideration of \$2,060,517. 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 in the interests of all shareholders.

Directors' Report (continued)

Results and Review of Operations (continued)

492,225 listed bonus options (ASX: NACOA) were exercised during the 6 months to 31 December 2020. The bonus options were issued to all eligible shareholders in March 2020, and have an exercise price of \$1.03. The options have an expiry date of 31 March 2023, and 23,294,645 options remain unexercised as at 31 December 2020.

Subsequent Events

Since the end of the half year, the Directors declared a quarterly interim fully franked dividend of 1.40 cents per share, to be paid on 18 March 2021.

There has been no other matter or circumstance occurring subsequent to the end of the half-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.

Rounding

In accordance with ASIC Corporation (rounding in Financials/Directors' Report) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

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 3.

This directors' report is signed in accordance with a resolution of directors of the Company made pursuant to Section 306 (3) of the *Corporations Act 2001*.



Sebastian Evans

Director

18 February 2021

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

18 February 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 review of the financial statements of Naos Ex-50 Opportunities Company Limited for the half-year ended 31 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants

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

Conclusion

We have reviewed the half-year financial report of NAOS Ex-50 Opportunities Company Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2020, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 16.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants
Canberra, 18 February 2021

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	Note	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Income	3	13,184,651	10,624,189
Expenses			
Management fees		(573,047)	(507,487)
Performance fees		(1,269,620)	-
Administration fees		(29,221)	(29,414)
Directors' remuneration		(27,500)	(27,500)
ASX fees		(31,517)	(24,613)
Registry fees		(37,622)	(18,790)
Other expenses		(368,234)	(145,180)
Profit before income tax expense		10,847,890	9,871,205
Income tax expense		(3,132,356)	(2,515,708)
Profit for the half-year attributable to shareholders of the Company		7,715,534	7,355,497
Other comprehensive income		-	-
Total comprehensive income for the half-year attributable to shareholders of the Company		7,715,534	7,355,497
Basic earnings per share (cents per share)		16.79	14.54
Diluted earnings per share (cents per share)		16.79	14.54

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

Condensed Statement of Financial Position as at 31 December 2020

	Note	As at 31 December 2020 \$	As at 30 June 2020 \$
Assets			
Cash and cash equivalents		350,360	270,992
Trade and other receivables		265,275	467,757
Financial assets at fair value through profit or loss	5	75,646,118	49,882,767
Deferred tax assets		487,973	1,484,349
Total assets		76,749,726	52,105,865
Liabilities			
Trade and other payables		1,805,244	740,586
Provision for income tax		865,728	-
Deferred tax liabilities		2,536,440	1,743,433
Convertible notes	11	16,946,566	-
Total liabilities		22,153,978	2,484,019
Net assets		54,595,748	49,621,846
Equity			
Issued capital	6	47,121,094	48,674,617
Profits reserve	7	16,859,459	7,861,307
Accumulated losses	7	(9,384,805)	(6,914,078)
Total equity		54,595,748	49,621,846

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

Condensed Statement of Changes in Equity for the half-year ended 31 December 2020

	Note	Issued capital	Profits reserve	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2019		53,158,781	2,214,042	(2,800,614)	52,572,209
Profit for the half-year		-	-	7,355,497	7,355,497
Transfer to profit reserve		-	7,355,497	(7,355,497)	-
Dividend paid		-	(1,297,787)	-	(1,297,787)
Shares bought back from shareholders		(2,745,457)	-	-	(2,745,457)
Shares allotted under dividend reinvestment plan		118,618	-	-	118,618
Purchase of shares on market for DRP		(118,618)	-	-	(118,618)
Balance at 31 December 2019	6	50,413,324	8,271,752	(2,800,614)	55,884,462
Balance at 1 July 2020		48,674,617	7,861,307	(6,914,078)	49,621,846
Profit for the half-year		-	-	7,715,534	7,715,534
Transfer to profits reserve		-	10,186,261	(10,186,261)	-
Dividend paid		-	(1,188,109)	-	(1,188,109)
Shares bought back from shareholders		(2,060,517)	-	-	(2,060,517)
Share options exercised		506,994	-	-	506,994
Shares allotted under dividend reinvestment plan		(130,233)	-	-	(130,233)
Purchase of shares on market for DRP		130,233	-	-	130,233
Balance at 31 December 2020	6	47,121,094	16,859,459	(9,384,805)	54,595,748

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

Condensed Statement of Cash Flows for the half-year ended 31 December 2020

	Note	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Cash flows from operating activities			
Payments for purchase of investments		(60,092,862)	(52,854,122)
Proceeds from sale of investments		47,079,291	54,443,912
Dividends received		306,137	1,481,678
Interest received		9	7,444
Management fees paid		(531,564)	(497,584)
Income tax paid		(477,245)	-
Audit fee paid		(36,822)	(38,637)
Registry fees paid		(26,859)	(22,671)
ASX fees paid		(31,517)	(42,003)
Administration and tax fees paid		(42,302)	(42,389)
Other payments		(230,286)	(125,519)
Net cash (used in)/provided by operating activities		(14,084,020)	2,310,109
Cash flows from financing activities			
Dividends paid net of amounts reinvested		(1,051,170)	(1,184,889)
Purchase of shares on market for dividend reinvestment plan		(130,233)	(118,618)
Share buybacks		(2,098,703)	(2,865,984)
Share options exercised		506,994	-
Net proceeds from issue of convertible notes		16,936,500	-
Net cash provided by/(used in) financing activities		14,163,388	(4,169,491)
Net increase/(decrease) in cash and cash equivalents		79,368	(1,859,382)
Cash and cash equivalents at the beginning of the half-year		270,992	4,418,878
Cash and cash equivalents at the end of the half-year		350,360	2,559,496

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

Notes to the Condensed Financial Statements

1. Summary of Significant Accounting Policies

These interim financial statements and notes for the half-year represent those of NAOS Ex-50 Opportunities Company Limited. The financial statements were authorised for issue by the Directors on 18 February 2021.

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

a) Basis of Preparation

This general purpose half-year 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.

The condensed Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets, deferred tax assets, deferred tax liabilities and net assets attributable to shareholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

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.

Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

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 period presentation.

c) Statement of Compliance

The half-year report is a general purpose financial report in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standards ("IFRS") IAS 34 "Interim Financial reporting". A typical half-year report does not include notes of the type normally included in an annual report and should be read in conjunction with the annual report.

d) Details of Reporting Half-year

The current reporting period is the half-year ended 31 December 2020. For the condensed Statement of Profit or Loss and Other Comprehensive Income, condensed Statement of Changes in Equity and the condensed Statement of Cash Flow, the previous corresponding period is the half-year ended 31 December 2019. For the condensed Statement of Financial Position, the previous corresponding date is 30 June 2020.

e) Reporting Currency

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

f) Going Concern Basis

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

Notes to the Condensed Financial Statements

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

	Half-year ended 31 December 2020	Half-year ended 31 December 2019
	\$	\$
Gains on financial instruments held at fair value through profit or loss	12,878,505	9,135,388
Interest income	9	7,123
Dividend income	306,137	1,481,678
Total income	13,184,651	10,624,189

4. Dividend Paid or Payable

Half-year ended 31 December 2020

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of payment
2020 Final 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

Half-year ended 31 December 2019

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of payment
2019 Final 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

Since the end of the period, the Directors have declared an interim quarterly fully franked dividend of 1.40 cents per share, payable on 18 March 2021.

Notes to the Condensed Financial Statements

5. Investments in Financial Instruments

a) Financial Assets at Fair Value through Profit or Loss

	As at 31 December 2020 \$	As at 30 June 2020 \$
Investment in listed equity securities	75,522,355	49,692,125
Investment in unlisted options	123,763	190,642
Total	75,646,118	49,882,767

b) Financial Liabilities at Fair Value through Profit or Loss

There were no financial liabilities at fair value through profit or loss as at 31 December 2020 (30 June 2020: \$nil)

c) Disclosed Fair Values

For all financial instruments their carrying value approximates fair value.

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.

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.

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.

Notes to the Condensed Financial Statements

5. Investments in Financial Instruments (continued)

d) Fair Value Hierarchy (continued)

The following table shows an analysis of financial instruments, recorded at fair value and presented by level of the fair value hierarchy:

Financial Assets at Fair Value through Profit or Loss

	31 December 2020			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets	75,522,355	123,763	-	75,646,118
Total	75,522,355	123,763	-	75,646,118

	30 June 2020			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets	49,692,125	190,642	-	49,882,767
Total	49,692,125	190,642	-	49,882,767

There were no transfers between levels 1, 2 and 3 during the half-year (2019: None). The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

6. Issued Capital

	As at 31 December 2020		As at 30 June 2020	
	No. of shares	\$	No. of shares	\$
Issued and paid up capital - Ordinary shares	45,508,508	47,121,094	47,181,404	48,674,617

Movements in Ordinary Share Capital

Date	Details	No. of shares	\$
01 July 2019	Opening balance	52,076,616	53,158,781
	DRP shares allotted	287,251	247,752
	Purchase of shares on market for dividend reinvestment plan	(287,251)	(247,752)
	Share buy backs	(4,897,712)	(4,486,739)
	Share options exercised	2,500	2,575
30 June 2020	Closing balance	47,181,404	48,674,617
01 July 2020	Opening balance	47,181,404	48,674,617
	DRP shares allotted	127,377	130,233
	Purchase of shares on market for dividend reinvestment plan	(127,377)	(130,233)
	Share buy backs	(2,165,121)	(2,060,517)
	Share options exercised	492,225	506,994
31 December 2020	Closing balance	45,508,508	47,121,094

Notes to the Condensed Financial Statements

7. Accumulated Losses and Reserves

a) Accumulated Losses

	Half-year ended 31 December 2020	Year Ended 30 June 2020
	\$	\$
Opening balance	(6,914,078)	(2,800,614)
Profit for the period attributable to shareholders of the Company	7,715,534	4,113,325
Transfer to profits reserve	(10,186,261)	(8,226,789)
Balance at the end of the reporting period	(9,384,805)	(6,914,078)

b) Profits Reserve

	Half-year ended 31 December 2020	Year Ended 30 June 2020
	\$	\$
Opening balance	7,861,307	2,214,042
Transfer of profits during the period	10,186,261	8,226,789
Dividends paid	(1,188,109)	(2,579,524)
Balance at the end of the reporting period	16,859,459	7,861,307

8. 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.

9. Commitments and Contingencies

There are no commitments or contingencies at 31 December 2020 (30 June 2020: \$ nil).

10. Key Management Personnel and Related Party Information

Remuneration arrangements of key management personnel are disclosed in the 2020 annual report.

	Half-year ended 31 December 2020	Half-year ended 31 December 2019
	\$	\$
Directors' remuneration	27,500	27,500

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 half-year ended 31 December 2020:

- Management fees of \$573,047 (for the half-year ended 31 December 2019: \$507,487) (excluding GST and RITC*) were incurred during the half-year
- Management fees payable at 31 December 2020 amounted to \$121,746 (30 June 2020: \$80,263) (including GST and RITC*).

Notes to the Condensed Financial Statements

10. Key Management Personnel and 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.

There was an accrued performance fee of \$1,362,519 payable to the Investment Manager as at 31 December 2020 (31 December 2019: Nil). Any performance fee payable will not be crystallised until 30 June 2021.

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

11. Convertible Notes

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 ticker code (ASX: NACGA). The convertible notes carry a fixed interest entitlement of 5.5% 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. Terms of the convertible notes are regulated under a trust deed between the Company and Melbourne Securities Corporation Limited.

12. Subsequent Events

Since the end of the half year, the Directors declared a quarterly interim dividend of 1.40 cent per share fully franked, to be paid on 18 March 2021.

There has been no other matter or circumstance occurring subsequent to the end of the half-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 subsequent financial periods.

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 condensed 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 half-year ended 31 December 2020; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



Sebastian Evans

Director

18 February 2021

Corporate Information

Directors

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

Company Secretary

Laura Newell
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

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E: enquiries@naos.com.au
W: 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