

NAOS SMALL CAP
OPPORTUNITIES
COMPANY LIMITED
(ASX: NSC)

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19 May 2021

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

1 for 3 Bonus Options Issue NAOS Small Cap Opportunities Company Limited (ASX: NSC)

The Board of NAOS Small Cap Opportunities Company Limited (**Company**) is pleased to announce a pro-rata, one-for-three issue of bonus options to Eligible Shareholders (**Issue**). Eligible Shareholders will receive, at no cost, 1 bonus option for every 3 shares that they hold in the Company at 5:00pm (Sydney time) on the record date, being 25 May 2021.

The key highlights of the Issue include:

- **Exercise Price**
The exercise price of the Options is \$1.02. This is equivalent to the most recent pre-tax Net Tangible Assets (NTA) per share of the Company as at 30 April 2021.
- **Expiry Date**
The Options will expire on 28 June 2024 and gives Eligible Shareholders an appropriate period of time to determine how they deal with their Options (by either exercising their options; or otherwise trading them on-market).
- **Issued at no cost and listed on the ASX**
The Options will be issued at no cost to Eligible Shareholders and listed on the ASX under the code (ASX: NSCOA). Depending on demand, liquidity and prevailing market prices at the time, the Options may be bought or sold on-market.
- **No brokerage or commissions payable upon exercise**
Eligible Shareholders are able to purchase (without paying any brokerage or commission) additional shares in the Company at the exercise price at any time from their date of issue until 5:00pm (Sydney time) on the expiry date.
- **Increases size of the Company**
Where Options are exercised, this increases the size of Company, which in turn, unlocks the benefits of scale, meaning lower costs for all shareholders as the Company grows.

Growing and limiting the size of the Company to a strategically optimal level

The Board believes that the Issue is a measured way to allow the Company to grow over the next 36 months. In the Board's view, it would allow NAOS Asset Management Limited (the Investment Manager) to take advantage of a number of undervalued investment opportunities that have arisen within the small cap end of the Australian stock market; whilst not placing undue pressure on the short-term performance and dividend reserves of the Company.

The Board remains committed to managing the capital base of the Company in a manner that provides the most suitable framework for maximising potential shareholder return. The Board believes that growing the size of the Company to between \$200 million and \$300 million is optimal as it not only allows the Investment Manager to maximise performance by still being able to access meaningful positions in quality companies; but also scales the Company to an appropriate size that lowers the total expenses and costs for all shareholders.

Key dates

Set out below is an indicative timetable of the Issue:

Lodgement of the Prospectus with ASIC and ASX	Wednesday, 19 May 2021
Shares trade ex-bonus Option entitlements	Monday, 24 May 2021
Record Date	Tuesday, 25 May 2021
Prospectus sent to Eligible Shareholders	Friday, 28 May 2021
Intended date for issue and entry of Options on the option register	Monday, 31 May 2021
Normal trading in Options commences on ASX	Tuesday, 1 June 2021
Dispatch of new holding statements	Thursday, 3 June 2021
Options expire	Friday, 28 June 2024

Prospectus

A Prospectus for the Issue has today been lodged with ASIC and ASX. It contains detailed information about the Issue and the Company and a description of the key risks associated with an investment in the Company. Eligible Shareholders should read the Prospectus carefully and in its entirety before dealing in or exercising Options offered under the Issue.

If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser. Unless otherwise defined herein, capitalised terms used in this announcement have the same meanings as those defined in the Prospectus.

About the Company

The Company seeks to protect investor capital whilst providing a sustainable growing stream of dividends, franked to the maximum extent possible, and long-term investment performance above the benchmark index, being the S&P/ASX Small Ordinaries Accumulation Index (XSOAI).

The Company aims to provide investors with genuine, long-term, concentrated exposure to Australian undervalued listed small cap companies (market capitalisation generally between \$100 million and \$1 billion) with an industrial focus. Since inception of the Investment Portfolio, the Company has declared an aggregate 17.25 cents per share in dividends.

Further information

For further information, or if you have any questions relating to the Issue, you can contact the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.