Spheria Emerging Companies Limited

ACN 621 402 588

Annual Report

For the year ended 30 June 2026

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Corporate governance

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

Glossary

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

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

Chairman's letter

Dear fellow shareholders,

On behalf of your Board, I am pleased to present the results of the Company for the year ended 30 June 2026.

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

The Manager has an experienced team that has witnessed various investment cycles. The team currently comprises 8 investment professionals who have over 100 years of combined experience and expertise across different markets and small- and micro-cap securities.

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

The Company earned a net profit after income tax of $1,498,000 for the year, compared to a prior year profit after tax of $16,401,000. During the year the Company's investment portfolio returned 0.3%, compared to the Benchmark return of 8.1%. The relative underperformance for the year was largely due to the portfolio being underweight the resource sector.

Pleasingly, despite the lower performance during the year, the Company's investment portfolio continues to outperform its Benchmark by 1.3% since inception (after management and performance fees), and the Company also moved to the payment of monthly dividends during the third quarter of the financial year.

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

Dividends

During the year, the Company paid fully-franked quarterly dividends of 3.8 cents per share for the September and December 2025 quarters, and then transitioned to monthly dividend payments, initially for 1.3 cents per share paid in February and March 2026, followed by monthly dividends of 1.1 cents per share in April, May and June 2026.

The dividends continue to be paid at the level of 1.5% of post-tax NTA at the end of each calendar quarter, divided into 3 monthly dividend payments rather than one quarterly payment, subject to available profits, cash flow and franking credits.

Since period end the Company has resolved to pay three fully franked monthly dividends of 1.1 cents per share, the first of which was paid on 31 July 2026, with two further dividends payable on 31 August 2026 and 30 September 2026. The franking credit balance at 30 June 2026 was $3.7m before payment of these dividends.

Performance

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

1) Firstly, to show how the investment portfolio has performed after deducting management fees and performance fees (if applicable) compared to the Benchmark. We refer to this as the **Manager Performance**. The Benchmark is also used to calculate any Manager performance fees;
2) Secondly, to show how the Company has performed which, in addition to the management and performance fees mentioned above, accounts for all other Company expenses paid excluding taxes. We refer to this as the **Company Performance**. Company performance is adjusted for dividends paid by the Company and does not include the value of franking credits held by the Company; and

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

The results of each of these measures for the year to 30 June 2026, and since inception, are outlined below:

	Year ended 30 June 2026	**Since inception (p.a.)**
Manager Performance	+ 0.3%	+ 6.9%
Portfolio Benchmark	+ 8.1%	+ 5.6%
Manager Out-Performance	- 7.8%	+ 1.3%
Company Performance	0.0%	+ 6.6%
TSR Performance	+ 1.1%	+ 6.4%

Conditional Proposal

Following the success of the initial conditional proposal in contributing to the substantial reduction in the Company's discount to NTA during 2024[1], a reinstated and modified conditional proposal agreed between the Company and the Manager was announced in February 2025.

Under this conditional proposal should the average premium/discount of the Company's share price to pre-tax NTA during the period 1 April 2025 to 31 March 2026 (Annual Measurement Period) be a discount of more than 5%, the Company would arrange for a meeting of shareholders to be convened to vote on whether the Company should remain a LIC or should convert to a managed fund.

The Company's daily share price traded at an average premium of 0.3% compared to its daily pre-tax NTA over the Annual Measurement Period to 31 March 2026, and as a result the Company successfully passed the proposal test and will remain an LIC. Shareholders will continue to enjoy the benefits of SEC's LIC structure including the payment of regular monthly fully franked dividends.

The Board was very pleased with this outcome and the improvement of SEC's shares from trading at an NTA discount to an NTA premium over the Annual Measurement Period. We are also pleased to note that as at 30 June 2026 the Company's share price was continuing to trade at a premium to NTA of 2.8%[2], which is significant in circumstances where large discounts continue to be experienced by many listed investment companies more generally.

The Board will continue to monitor how the SEC share price trades relative to the NTA and assess whether any further measures should be undertaken as circumstances require.

Finally, we wish to express our thanks to you for your continued support of the Company as shareholders, and we look forward to welcoming you to the Company's Annual General Meeting in Sydney on 20 November 2026.

Yours sincerely

Jonathan Trollip
Chairman
28 August 2026

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

[2] Based on pre-tax NTA per share of $2.238 and share price of $2.30 at 30 June 2026.

Investment manager's report

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

Manager

The Manager is a fundamental investor with a focus on smaller and micro companies, which can provide higher returns in the long term than their larger peers. At the date of this report the Manager has approximately A$1.6bn across its strategies.

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

Investment Philosophy

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

Investment Strategy

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

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

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

Manager commentary

<u>Performance</u>

The investment portfolio returned 0.3% for the financial year ending 30 June 2026, underperforming the Benchmark by 7.8%.

In our last annual letter we mused to investors that we lived in strange times. Is it a tautology to add that we seem to be living in even *stranger* times this year? The list of tail type (seemingly unusual) events over the past twelve months is perhaps worth briefly recanting. We've had US tariffs introduced, changed, recanted and then re-introduced and now mostly being refunded. Another global conflict or extension of one in the Middle East, the advent of Agentic AI and the seemingly relentless tide of money flowing into large caps and passive investing both here and abroad.

It's a valid question to ask does this present an incredible opportunity in small-caps or a structural issue? The answer is possibly both. Whilst we don't have a perfect crystal ball, we can say that the fear of underperformance riven into investment decisions by the Your Future, Your Super annual performance test has had a dramatic impact in our universe of stocks. The idea behind the test, whilst admirable in some regards, has in practice created the largest herding of the market's major investors into the same 50 or 100 stocks domestically. It is not an exaggeration to say we now have the most or amongst the most expensive Banks, food retailers and telcos in the world. Conversely the growth engine of the country in terms of innovation and employment – the small- and micro-cap market – has been left somewhat bereft by the very people who should be supporting it. This is not a good long-term outcome for the depth and quality of our stock market nor for the growth and development of our economy. Mr Treasurer can you hear me??

Every coin has two sides however and the other side of this coin says "Opportunity". Indeed we are not the only investors to be pointing this out a - number of other eminent names in the Australian market have been pointing out the extreme value in small-caps certainly relative to large-caps which are at the top of their valuation ranges.

Our portfolio's performance over the year saw good contributions from our investments in Sims ltd (SGM.ASX), L1 Group (L1G.ASX), Imdex (IMD.ASX) and Deterra Royalties (DRR.ASX). SGM had a very strong year rising 83% on the back of a rising recognition that its SLS (Sims Lifecycle Services) division was well positioned to capitalise on the rising demand for second hand memory chips. SLS keeps a portion of the value of the recycled DDR4 memory chips which have seen their prices jump on considerable demand to keep older data centres running to fuel the demand for AI compute. L1 Group saw a strong rise over the year on strong underlying investment performance and its takeover of Platinum Asset Management (PTM.ASX) which consummated in October 2025 (we exited our position into that strength over the year). Finally DRR and IMD both rose on the back of a strong resources backdrop.

Four holdings accounted for most of the drag on performance this year: Healius (-50%), Iress (-20%), Supply Network (-12.8%) and Technology One (-27%). The falls were painful, however the causes were quite different from one another. We think it's worth separating them out individually. **Healius** is the number 2 pathology testing company in the country and its core pathology business faces a genuinely weaker near-term earnings outlook: softer volumes, a reduction in government funding and a step-up in labour costs following Gender Equality and Fair Work Commission decisions. This combination produced a minor May earnings downgrade and a sharp share price reaction. We remain invested because the pathology network remains a strategically valuable national asset, management has real scope to lift productivity and monetisation and there is the potential to divest Agilex which could leave about half the market cap in cash post divestment.

Iress de-rated over the year driven largely by investor caution about the pace and cost of the multi-year restructuring. Results so far have come in ahead of guidance, with the continuing businesses growing revenue 6.5% and earnings by ~15%. IRE has a new management team led ably by CEO Andrew Russell, a largely ungeared balance sheet and a stable, if frustrated, client base. At just over 11x forward EV/EBIT we think the company remains very undervalued relative to its potential under new management.

Lastly **Supply Network** and **Technology One** have been long-term holdings in the portfolio and both remain in our view incredibly strong businesses with top class management teams. Both de-rated over year rather than suffered earnings deterioration as the market reflected on longer term outlooks. Whilst SNL continues to take considerable market share in bus and truck parts supply, valuation was full a year ago and there are some emerging threats with EV or Hybrids trucks potentially on the horizon. TNE likewise de-rated from a high starting point on fears that Agentic AI could create short or medium term competitive threats. To date, TNE looks to be harnessing AI as a tool for greater productivity and could potentially turn this into an additional revenue stream.

Outlook

Whilst the past year has been disappointing in terms of performance both absolute and relative we remain positive on the outlook for small-caps and the SEC portfolio holdings. Small-caps now trade at a substantial discount to large-cap stocks and we believe many of our holdings have been sold down to levels that reflect far worse fundamentals than we think they possess.

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

Matt Booker

Portfolio Manager
Spheria Asset Management Pty Limited
28 August 2026

Marcus Burns

Portfolio Manager
Spheria Asset Management Pty Limited
28 August 2026

Directors' report

The Directors present their report together with the financial statements of the Company for the year ended 30 June 2026.

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

Directors

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

Jonathan Trollip, Chairman

Lorraine Berends AM

Marcus Burns (appointed 23 September 2025)

Matt Booker (resigned 13 November 2025)

Chris Meyer, Alternate Director

Principal activities

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

Review of operations

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

Activities for the year ended 30 June 2026 resulted in an operating profit before tax of $991,000 and an operating profit after tax of $1,498,000. This compares to an operating profit before tax of $21,395,000 and an operating profit after tax of $16,401,000 in the prior corresponding period.

Further information regarding the Company's operations and financial performance during the year can be found in the Chairman's letter and Investment manager's report at pages 3 to 7. Information regarding material business risks can be found on pages 9 and 10.

Dividends

During the year the Company paid the following dividends, fully-franked at 30% tax rate:

	Amount	**Record Date**	**Payment Date**
Quarterly dividend - June 2025	$0.036	29 July 2025	15 August 2025
Quarterly dividend - September 2025	$0.038	27 October 2025	14 November 2025
Quarterly dividend - December 2025	$0.038	28 January 2026	13 February 2026
Monthly dividend - February 2026	$0.013	18 February 2026	27 February 2026
Monthly dividend - March 2026	$0.013	17 March 2026	31 March 2026
Monthly dividend - April 2026	$0.011	24 April 2026	30 April 2026
Monthly dividend - May 2026	$0.011	15 May 2026	29 May 2026
Monthly dividend - June 2026	$0.011	16 June 2026	30 June 2026

Since year end the Company has resolved to pay the following dividends fully franked at 30%:

Month	Amount	Record Date	Payment Date
July 2026	$0.011	27 July 2026	31 July 2026
August 2026	$0.011	17 August 2026	31 August 2026
September 2026	$0.011	16 September 2026	30 September 2026

Options

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

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

Apart from the items disclosed in note 20 to the financial statements on page 39, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders. Please refer to the Chairman's letter and Investment manager's report at pages 3 to 7 for further information.

Material business risks

The risks below are those considered material to the Company's financial performance and outcomes.

Material risk	How the risk is managed
Small- and micro-cap equity market risk. The Company invests directly in Australian and New Zealand smaller companies, which can be more volatile and more sensitive to company-specific events than larger listed entities.	The Manager applies a valuation-based process focused on sustainable free cash flow, balance sheet strength and margin of safety. Approximately 50 holdings are held within Board-set limits. Exposures are monitored daily and reviewed by the Board at least quarterly.
Liquidity and position size risk. Smaller securities can be thinly traded and the Company holds substantial stakes in some portfolio companies, so holdings may not be realisable at the time, volume or price intended.	Liquidity is assessed within the investment process and position sizes are set with regard to each security's turnover. Investments are ASX or NZX listed and under normal conditions readily convertible to cash. The Manager monitors liquidity regularly.
Premium or discount to NTA. Shares may trade at a premium or discount to net tangible asset backing. Where shares trade at a discount, shareholders may realise less than the underlying value of the investment portfolio.	The Company's NTA is published daily, supported by regular investor and adviser engagement. The Board monitors the share price against NTA and may undertake capital management initiatives where considered appropriate.
Dividend sustainability and franking capacity. The Company aims to pay regular fully franked dividends, set by reference to post-tax NTA. These dividends are subject to available profits, cash flow and franking credits.	Profits are retained in a profits reserve, providing a buffer to support dividend continuity. The Board reviews the value of profit reserves and the franking account before resolving dividends.

Material risk	How the risk is managed
Reliance on the Manager and key personnel. Returns depend on the Manager's valuation-based process and its specialist investment team. The Investment Management Agreement has a long initial term with automatic extensions, and is only terminable in limited circumstances, including material breach.	The Board assesses performance against the Benchmark over each full investment cycle and receives regular reporting on positioning and mandate compliance. The Manager is majority owned by its investment team, and team members also hold shares in the Company. The Board monitors resourcing and compliance.
Conflicts of interest and related party arrangements. The Manager and the Administrator are related to certain Directors, and management, performance and service fees are payable to related parties.	A majority of Directors, including the Chairman, are independent, and related party arrangements are on normal commercial terms and disclosed in the financial report. The performance fee is calculated against the Benchmark subject to recoupment of prior underperformance and is independently audited. Conflicted Directors abstain from relevant deliberations.
Operational, outsourcing and cyber risk. The Company has no employees and relies on the Manager, the Administrator, the custodian and the share registry. Error, service failure, fraud or a cyber incident could disrupt operations, impair reporting or cause loss.	An external custodian holds assets and the Administrator values them each trading day. The custodian's controls are subject to independent assurance reporting and holdings are confirmed directly with the custodian. Providers are established institutions with their own control and information security frameworks. Providers operate under contractual service standards subject to periodic Board review, and the financial report is independently audited.
Regulatory and taxation risk. Changes to the imputation system, the corporate tax rate or the taxation of dividends and capital management could reduce after-tax returns and the Company's capacity to pay franked dividends.	The Board and Manager monitor legislative and regulatory developments with external advisers. Material changes affecting the investment approach or dividend policy would be notified to shareholders through ASX.

The Directors monitor these risks through the Board's reporting cycle and the Company's risk management and governance framework. The measures described cannot guarantee against an adverse effect on financial position or performance.

Environmental regulation

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

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

Information on Directors

Jonathan Trollip, Chairman

Experience and expertise

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

Other current directorships

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

Former directorships in last 3 years

Jonathan Trollip has not held any other directorships of listed companies within the last 3 years.

Special responsibilities

Chairman of the Board.

Interests in shares and options

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

Interests in contracts

Jonathan Trollip has no interests in contracts of the Company.

Lorraine Berends AM

Experience and expertise

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

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

Other current directorships

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

Former directorships in last 3 years

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

Interests in shares and options

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

Interests in contracts

Lorraine Berends has no interests in contracts of the Company.

Marcus Burns (appointed 23 September 2025)

Experience and expertise

Marcus Burns is a co-founder of Spheria Asset Management Pty Limited and a portfolio manager with research responsibilities. He has managed small company portfolios for over 20 years and has established a significant track record for generating returns that have exceeded portfolio benchmarks through a variety of market cycles. Prior to co-founding the Manager, Mr Burns worked at Natural Capital Funds Management, GLG Partners (UK), Citigroup (UK) and then Schroders where he co-managed the smaller companies and micro-cap funds. Mr Burns is a Law Graduate from the University of Sydney and a Fellow of FINSIA and has over 25 years of financial markets experience.

Other current directorships

Marcus Burns is a director of the Manager.

Former directorships in last 3 years

Marcus Burns has not held any other directorships of listed companies within the last 3 years.

Interests in shares and options

Details of Marcus Burns' interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Details of Marcus Burns' interests in contracts of the Company are included in the Remuneration Report.

Matt Booker (resigned 13 November 2025)

Experience and expertise

Matt Booker is a co-founder of Spheria Asset Management Pty Limited (Manager) and a portfolio manager with research responsibilities. He has managed small company portfolios through volatile market cycles for over 20 years and has established a significant track record for generating returns that have exceeded portfolio benchmarks. Prior to co-founding the Manager, Mr Booker worked at Concord Capital and then Schroders, managing the smaller companies fund as well as the micro-cap product at Schroders. Mr Booker is an Associate of the Institute of Actuaries of Australia, a Fellow of FINSIA and has over 30 years of financial markets experience.

Other current directorships

Matt Booker is a director of the Manager.

Former directorships in last 3 years

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

Interests in shares and options

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

Interests in contracts

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

Chris Meyer, Alternate

Experience and expertise

Chris Meyer is Director of Listed Products at Pinnacle Investment Management Group Limited (**PNI**) and responsible for driving the listed products business including in excess of $10.0bn of funds under management (**FUM**) across active ETFs and listed closed end funds (LICs and LITs).

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

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

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

Other current directorships

Chris is a director of the listed investment companies Plato Income Maximiser Limited (appointed February 2022) and Solaris Australian Equity Income Plus Limited (appointed February 2026).

Former directorships in last 3 years

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

Interests in shares and options

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

Interests in contracts

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

Meetings of Directors

The number of Board meetings held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

Director	Board meetings attended	Board meetings eligible to attend
Jonathan Trollip	4	4
Lorraine Berends AM	4	4
Marcus Burns	3	3
Matt Booker	2	2
Chris Meyer	3	4

There were no Board committees in place during the year.

Company Secretary

During the year Terence Kwong was appointed Company Secretary on 13 October 2025 following the resignation of Calvin Kwok on the same date. Terence is also Chief Legal, Risk and Compliance Officer and company secretary of Pinnacle Investment Management Group Limited, and company secretary of Plato Income Maximiser Limited and Solaris Australian Equity Income Plus Limited. Terence has prior experience as a solicitor at Clayton Utz and Clifford Chance LLP in Sydney and London, specialising in financial services, funds management, mergers and acquisitions and private equity. He holds a Bachelor of Laws (Hons I) and a Bachelor of Science from the University of Sydney.

Remuneration Report (Audited)

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

Details of remuneration

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

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

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

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

	Short term employee benefits		Post-employment benefits			
Director	**Salary and fees**		**Superannuation**		**Total**	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Jonathan Trollip - Chairman	$44,643	$40,359	$5,357	$4,641	$50,000	$45,000
Lorraine Berends AM	$35,714	$31,390	$4,286	$3,610	$40,000	$35,000
Marcus Burns *	$ -	$ -	$ -	$ -	$ -	$ -
Matt Booker *	$ -	$ -	$ -	$ -	$ -	$ -
Chris Meyer *	$ -	$ -	$ -	$ -	$ -	$ -
Total director remuneration	**$80,357**	**$71,749**	**$9,643**	**$8,251**	**$90,000**	**$80,000**

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

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

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

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

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

	2026	2025	2024	2023	2022
Operating profit / (loss) after tax ($)	1,498,000	16,401,000	7,594,000	9,638,000	(13,393,000)
Dividends per share (cents per share)	17.1	13.9	11.4	9.3	9.8
Closing Pre-tax NTA ($)	2.238	2.411	2.231	2.198	2.090
Closing Share Price ($)	2.30	2.43	2.22	1.90	1.97
Shares cancelled under on-market buy-back	-	-	161,786	192,345	-
Share buy-back consideration ($)	-	-	298,000	355,000	-

Director related entity remuneration

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

Management fee

Marcus Burns, who is a Director, is also a director of the Manager. Matt Booker, who was a Director until his resignation on 13 November 2025, is also a director of the Manager. In its capacity as investment manager, the Manager is entitled to be paid, and the Company must pay to the Manager, a management fee payable monthly in arrears equivalent to 1% per annum (plus GST) of the value of the Company's investment portfolio calculated on the last business day of each month.

For the year ended 30 June 2026, the Manager was entitled to be paid management fees (inclusive of unclaimable GST) of $1,555,107 (2025: $1,476,689).

As at 30 June 2026, the remaining balance payable to the Manager was $114,995 (2025: $124,087).

Performance fee

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

For the year ended 30 June 2026, in its capacity as investment manager, the Manager earned performance fees (inclusive of unclaimable GST) of $nil (2025: $672,838). At 30 June 2026, the balance payable to the Manager was $nil (2025: $nil).

Service fee

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

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

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

For the year ended 30 June 2026 the Administrator was paid fees (inclusive of unclaimable GST) of $105,700 (2025: $102,273).

As at 30 June 2026, the balance payable to the Administrator was $29,175 (30 June 2025: $31,236).

Contracts

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

Equity instrument disclosures relating to Directors

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

Director	Opening Balance 1 July	Initial Director Interest	Acquisitions	Disposals	Final Director Interest	Closing Balance 30 June	Balance at date of this report
Jonathan Trollip*	77,300	-	-	-	-	77,300	77,300
Lorraine Berends AM*	50,000	-	-	-	-	50,000	50,000
Marcus Burns*	-	76,665	-	-	-	76,665	76,665
Matt Booker*	368,342	-	5,209	-	(373,551)	-	-
Chris Meyer*	52,581	-	2,271	-	-	54,852	54,852
Total shares held*	**548,223**	**76,665**	**7,480**	**-**	**(373,551)**	**258,817**	**258,817**

* Held through direct and indirect interests

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

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

End of Remuneration Report

Insurance and indemnification of officers and auditors

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

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

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

Proceedings on behalf of the Company

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

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

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed other services in addition to their statutory duties for the Company as disclosed in note 16 to the financial statements.

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the services disclosed in note 16 did not compromise the external auditor's independence for the following reasons:

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

Auditor's independence declaration

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

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

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

Jonathan Trollip
Chairman
28 August 2026

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

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Spheria Emerging Companies Limited for the year ended 30 June 2026, there have been:

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

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

C I Chandran
Partner

Pitcher Partners
Sydney

28 August 2026

Financial statements

Statement of profit or loss and other comprehensive income

For the year to 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Investment income			
Interest income received		83	72
Dividends received		4,343	6,750
Net (losses) / gains on financial instruments held at fair value through profit and loss	4	(1,096)	17,427
Total investment income		**3,330**	**24,249**
Expenses			
Management fees		(1,555)	(1,477)
Performance fees		-	(673)
Brokerage costs		(258)	(200)
ASX and share registry fees		(166)	(149)
Professional fees		(94)	(92)
Director fees		(90)	(80)
Other expenses		(176)	(183)
Total expenses		**(2,339)**	**(2,854)**
Profit before income tax		**991**	**21,395**
Income tax benefit / (expense)	5	507	(4,994)
Net profit after income tax attributable to ordinary equity holders of the Company		**1,498**	**16,401**
Other comprehensive income net of tax		-	-
Total comprehensive income attributable to ordinary equity holders of the Company		**1,498**	**16,401**
Earnings per share for profit attributable to ordinary equity holders of the Company		**Cents**	**Cents**
Basic earnings per share	19	2.5	27.4
Diluted earnings per share	19	2.5	27.4

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

Statement of financial position

As at 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Assets			
Cash and cash equivalents	6	2,060	1,028
Trade and other receivables	7	204	463
Financial assets at fair value through profit or loss	8	132,496	145,260
Deferred tax assets	10	21	21
Total assets		**134,781**	**146,772**
Liabilities			
Trade and other payables	11	253	560
Current tax liabilities	9	391	1,941
Deferred tax liabilities	10	524	2,193
Total liabilities		**1,168**	**4,694**
Net assets		**133,613**	**142,078**
Shareholders' equity			
Issued capital	12	122,530	122,252
Profits reserve	13	80,105	74,159
Accumulated losses		(69,022)	(54,333)
Total equity		**133,613**	**142,078**

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

Statement of changes in equity

For the year ended 30 June 2026

	Note	Issued capital	Profits reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Year ended 30 June 2025					
Balance as at 1 July 2024		**122,166**	**64,467**	**(52,729)**	**133,904**
Total comprehensive loss					
Profit for the period		-	-	16,401	**16,401**
Other comprehensive income		-	-	-	**-**
Total comprehensive loss		**-**	**-**	**16,401**	**16,401**
Transfer between reserves					
Transfer to profit reserve	13	-	18,005	(18,005)	**-**
Total transfer between reserves		-	**18,005**	**(18,005)**	**-**
Transactions with owners in their capacity as owners					
Purchase of shares under on-market share buy-back	12	86	-	-	**86**
Dividends paid	14	-	(8,313)	-	**(8,313)**
Total transactions with owners in their capacity as owners		**86**	**(8,313)**	**-**	**(8,227)**
Balance as at 30 June 2025		**122,252**	**74,159**	**(54,333)**	**142,078**
Year ended 30 June 2026					
Total comprehensive income					
Profit for the period		-	-	1,498	**1,498**
Other comprehensive income		-	-	-	**-**
Total comprehensive income		**-**	**-**	**1,498**	**1,498**
Transfer between reserves					
Transfer to profit reserve	13	-	16,187	(16,187)	**-**
Total transfer between reserves		-	**16,187**	**(16,187)**	**-**
Transactions with owners in their capacity as owners					
Issue of shares under dividend reinvestment plan	12	278	-	-	**278**
Dividends paid	14	-	(10,241)	-	**(10,241)**
Total transactions with owners in their capacity as owners		**278**	**(10,241)**	**-**	**(9,963)**
Balance as at 30 June 2026		**122,530**	**80,105**	**(69,022)**	**133,613**

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

Statement of cash flows

For the year ended 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Cash flows from operating activities			
Proceeds from sale of investments		82,082	65,365
Payment for investments		(70,817)	(63,660)
Interest received		82	86
Dividends received		4,603	6,670
Payments to suppliers		(2,242)	(2,774)
Net income taxes (paid) / refunded		(2,713)	606
Net cash provided by operating activities	18	**10,995**	**6,293**
Cash flows from financing activities			
Dividends paid to shareholders	14	(9,963)	(8,227)
Net cash used in financing activities		**(9,963)**	**(8,227)**
Net increase / (decrease) in cash and cash equivalents		**1,032**	**(1,934)**
Cash assets at beginning of the financial period		1,028	2,962
Cash assets at the end of the financial period	6	**2,060**	**1,028**

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

Notes to the financial statements

For the year ended 30 June 2026.

Note 1 Summary of material accounting policies

The financial statements were authorised for issue on 28 August 2026 by the Board.

Basis of preparation

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

Apart from cash flow information, the financial statements have been prepared on an accruals basis. The financial statements are based on historical costs, except for selected financial assets which are measured at fair value.

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

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

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

The presentation currency for these financial statements is Australian dollars.

Material accounting policies

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

(a) Investments

(i) Classification

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

(ii) Recognition and Measurement

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

(iii) Derecognition

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

Note 1 Summary of material accounting policies (continued)

(a) Investments (continued)

(iv) Valuation

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

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

(b) Fair value measurement

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

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

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

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

(c) Income and expenditure

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

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

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

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

(d) Foreign currency translation

Functional and presentation currency

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

Note 1 Summary of material accounting policies (continued)

(d) Foreign currency translation (continued)

Transactions and balances

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

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

(e) Income tax

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

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

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

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

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

(f) Goods and services tax

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

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

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

Note 1 Summary of material accounting policies (continued)

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

(i) Trade and other payables

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

(j) Share capital

Ordinary shares are classified as equity.

(k) Operating segments

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

(l) Critical accounting estimates and judgments

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

Income taxes

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

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

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

There are no new accounting standards, interpretations or amendments to existing standards that were effective from 1 July 2025 that have been applied that have had a material impact on the Company's financial statements.

Note 1 Summary of material accounting policies (continued)

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

Certain new accounting standards and interpretations have been published which are not mandatory for 30 June 2026 reporting periods and have not been early adopted by the Company.

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

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

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

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

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

Note 2 Financial risk management

(a) Objectives, strategies, policies and processes

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

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

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

(b) Market risk

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

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

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

(i) Price risk

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

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

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

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

At 30 June 2026, the overall market exposures were as follows:

	30 June 2026	**30 June 2025**
	$’000	**$’000**
Financial assets at fair value through profit or loss	132,496	145,260
Overall exposure	**132,496**	**145,260**

At 30 June 2026, if the equity prices had changed by +/- 15% with all other variables held constant, the movement in net assets attributable to shareholders after tax would be approximately +/- $13,912,000 (2025: +/- $15,252,000).

Note 2 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk

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

At 30 June 2026 the majority of financial assets held were denominated in Australian dollars. As a result, there was limited exposure to foreign exchange risk at balance date. This was also the case at 30 June 2025.

(iii) Cash flow and fair value interest rate risk

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

(c) Credit risk

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

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

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

There were no material concentrations of credit risk at 30 June 2026. This was also the case at 30 June 2025.

(d) Liquidity risk

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

Maturity analysis for financial liabilities

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

	Less than 1 month $'000	1 month to 1 year $'000	More than 1 year $'000	Total $'000
At 30 June 2026				
Accruals	248	-	-	248
Other payables	5	-	-	5
Total financial liabilities	**253**	**-**	**-**	**253**

Note 2 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

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

Note 3 Fair value measurements

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

Fair value hierarchy

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

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

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

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

Recognised fair value measurements

The following table presents the Company's assets measured and recognised at fair value at 30 June 2026.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2026				
Financial Assets				
Financial assets at fair value through profit and loss				
Australian listed equity securities	132,496	-	-	132,496
Total assets	**132,496**	**-**	**-**	**132,496**
At 30 June 2025				
Financial Assets				
Financial assets at fair value through profit and loss				
Australian listed equity securities	145,260	-	-	145,260
Total assets	**145,260**	**-**	**-**	**145,260**

Note 3 Fair value measurements (continued)

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

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

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

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

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

	2026 $'000	2025 $'000
Net gains on financial instruments held at fair value through profit and loss comprise:		
Net realised gains on financial instruments	4,372	8,329
Net unrealised (losses) / gains on financial instruments	(5,468)	9,098
Net (losses) / gains on financial instruments held at fair value through profit and loss	**(1,096)**	**17,427**

Note 5 Income tax (benefit) / expense

	2026 $'000	2025 $'000
(a) Income tax (benefit) / expense		
Current tax expense	1,163	2,307
Deferred tax (benefit) / expense	(1,670)	2,687
Total income tax (benefit) / expense	**(507)**	**4,994**
Deferred income tax expense included in total income tax expense comprises:		
(Increase) / decrease in deferred tax assets	(1)	512
(Decrease) / increase in deferred tax liabilities	(1,669)	2,175
	(1,670)	**2,687**

Note 5 Income tax expense (continued)

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

	30 June 2026 $'000	30 June 2025 $'000
Profit before income tax expense	991	21,395
Tax at the Australian tax rate of 30%	**297**	**6,418**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax credits	(795)	(1,494)
Prior period adjustments	(9)	70
Income tax expense	**(507)**	**4,994**

(c) Effective Income Tax Rate

	30 June 2026	30 June 2025
The effective income tax rate reflects the benefit of tax credits received on dividend income during the year	**(51.2)%**	**23.3%**

Note 6 Cash and cash equivalents

	30 June 2026 $'000	30 June 2025 $'000
Cash at bank – investment portfolio	1,930	895
Cash at bank – operating account	130	133
Total cash and cash equivalents	**2,060**	**1,028**

The weighted average interest rate for cash as at 30 June 2026 is 4.01% (30 June 2025: 3.41%).

Note 7 Trade and other receivables

	30 June 2026 $'000	30 June 2025 $'000
Dividends receivable	133	393
GST receivable	37	37
Other receivables	34	33
Total trade and other receivables	**204**	**463**

Collectability of trade and other receivables is reviewed on an ongoing basis in accordance with the expected credit loss ('ECL') model (refer note 1(h)). The ECL assessment at 30 June 2026 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Company. Further information regarding credit risk of the Company is provided at note 2(c).

Note 8 Financial assets at fair value through profit or loss

	30 June 2026 $'000	30 June 2025 $'000
Financial assets at fair value through profit or loss:		
Australian listed equity securities	132,496	145,260
Financial assets at fair value through profit or loss	**132,496**	**145,260**

Note 9 Current tax liabilities

	30 June 2026 $'000	30 June 2025 $'000
Opening balance – Current tax (liability) / asset	(1,941)	972
Current tax expense	(1,163)	(2,307)
Net income tax paid / (refunded)	2,713	(606)
Closing balance – Current tax liability	**(391)**	**(1,941)**

Note 10 Deferred tax assets / (liabilities)

(a) Deferred tax assets

	30 June 2026 $'000	30 June 2025 $'000
The deferred tax assets balance comprises temporary differences attributable to:		
Accruals	21	20
Unrealised losses on investments	-	-
Deferred tax assets	**21**	**20**
The overall movement in deferred tax asset accounts is as follows:		
Opening balance	20	532
Charged directly to profit or loss	1	(512)
Closing balance	**21**	**20**

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

(i) Accruals		
Opening balance	20	19
Credited directly to profit or loss	1	1
Closing balance	**21**	**20**
(ii) Unrealised losses on investments		
Opening balance	-	513
Charged directly to profit or loss	-	(513)
Closing balance	**-**	**-**

(b) Deferred tax liabilities

The deferred tax liabilities balance comprises temporary differences attributable to:		
Dividends receivable	-	-
Unrealised gains on investments	524	2,193
Deferred tax liabilities	**524**	**2,193**
The overall movement in deferred tax liability accounts is as follows:		
Opening balance	2,193	18
Charged / (credited) directly to profit or loss	(1,669)	2,175
Closing balance	**524**	**2,193**

Note 10 Deferred tax assets / liabilities (continued)

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

	30 June 2026 $'000	30 June 2025 $'000
(i) Dividends receivable		
Opening balance	-	18
Credited directly to profit or loss	-	(18)
Closing balance	**-**	**-**
(ii) Unrealised gains on investments		
Opening balance	2,193	-
Charged directly to profit or loss	(1,669)	2,193
Closing balance	**524**	**2,193**

Note 11 Trade and other payables

	30 June 2026 $'000	30 June 2025 $'000
Trade creditors	-	1
Accrued expenses	248	248
Due to broker	-	307
Other payables	5	4
Total trade and other payables	**253**	**560**

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

Note 12 Issued capital

(a) Share capital

	2026 Number	2026 $'000	2025 Number	2025 $'000
Fully paid ordinary shares	59,938,517	122,530	59,832,949	122,252
Total share capital	**59,938,517**	**122,530**	**59,832,949**	**122,252**

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

Note 12 Issued capital (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	Total $'000
1 July 2024	Opening balance	59,796,502	122,166
15 February 2025	Purchase of ordinary shares under on-market share buy-back (refer (d) below)	36,447	86
30 June 2025	**Balance**	**59,832,949**	**122,252**
1 July 2025	Opening balance	59,832,949	122,252
15 August 2025	Issue of ordinary shares under dividend reinvestment plan (refer (d) below)	34,784	89
14 November 2025	Issue of ordinary shares under dividend reinvestment plan (refer (d) below)	34,609	92
13 February 2026	Issue of ordinary shares under dividend reinvestment plan (refer (d) below)	36,175	97
30 June 2026	**Balance**	**59,938,517**	**122,530**

(c) Ordinary shares

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

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

(d) Dividend reinvestment plan

During the year the Company issued a total of 105,568 shares under its dividend reinvestment plan (DRP) comprising:

- 34,784 shares in relation to the dividend for the June 2025 quarter paid on 15 August 2025, at an issue price of $2.5455 per share;
- 34,609 shares in relation to the dividend for the September 2025 quarter paid on 14 November 2025, at an issue price of $2.6738 per share; and
- 36,175 shares in relation to the dividend for the December 2025 quarter paid on 13 February 2026, at an issue price of $2.6689 per share.

The DRP was suspended after the payment of the December 2025 quarterly dividend and was not available for the payment of the Company's subsequent monthly dividends.

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

(e) Capital Management

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

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

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

Note 13 Reserves

	30 June 2026 $'000	30 June 2025 $'000
Opening balance – profits reserve	74,159	64,467
Transfer of profits from profit and loss	16,187	18,005
Dividends paid	(10,241)	(8,313)
Closing balance - profits reserve	**80,105**	**74,159**

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

Note 14 Dividends

(a) Dividends paid

During the year ended 30 June 2026 the Company paid the following dividends:

	2026 $'000	2025 $'000
Quarterly dividend for June 2025 quarter of 3.6 cents per fully paid ordinary share paid on 15 August 2025 – fully franked at 30% (2025: 3.4 cents per full paid ordinary share paid on 13 August 2024)	2,154	2,033
Quarterly dividend for September 2025 quarter of 3.8 cents per fully paid ordinary share paid on 14 November 2025 – fully franked at 30% (2025: 3.5 cents per fully paid ordinary share paid on 12 November 2024)	2,275	2,093
Quarterly dividend for December 2025 quarter of 3.8 cents per fully paid ordinary share paid on 13 February 2026 – fully franked at 30% (2025: 3.5 cents per fully paid ordinary share paid on 12 February 2025)	2,277	2,093
Monthly dividend of 1.3 cents per fully paid ordinary share paid on 27 February 2026 – fully franked at 30%	779	-
Monthly dividend of 1.3 cents per fully paid ordinary share paid on 31 March 2026 – fully franked at 30%	779	-
Monthly dividend of 1.1 cents per fully paid ordinary share paid on 30 April 2026 – fully franked at 30%	659	-
Quarterly dividend for March 2025 quarter of 3.5 cents per fully paid ordinary share paid on 15 May 2025 – fully franked at 30%	-	2,094
Monthly dividend of 1.1 cents per fully paid ordinary share paid on 29 May 2026 – fully franked at 30%	659	-
Monthly dividend of 1.1 cents per fully paid ordinary share paid on 30 June 2026 – fully franked at 30%	659	-
Total dividends paid	**10,241**	**8,313**

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

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

Since year end the Company has resolved to pay three fully franked monthly dividends of 1.1 cents per share, the first of which was paid on 31 July 2026, with two further dividends payable on 31 August 2026 and 30 September 2026. The aggregate amount of dividends paid or payable but not recognised as a liability at year end was $1,978,000 (2025: $2,154,000).

Note 14 Dividends (continued)

(c) Dividend franking account

The balance of the Company's dividend franking account at 30 June 2026 was $3,697,000 (2025: $4,311,000). The balance of the franking account available for dividends paid in subsequent financial years, when adjusted for franking debits / credits that will arise from current tax receivable / payable, is $4,088,000 (2025: $6,252,000).

The franking debits that will arise from the payment of dividends not recognised at the end of the reporting period was $848,000 (2025: $923,000).

Note 15 Key management personnel disclosures

(a) Key management personnel compensation

	2026 $	2025 $
Short-term employment benefits	80,357	71,749
Post-employment benefits	9,643	8,251
Total remuneration	90,000	80,000

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

(b) Equity instrument disclosures relating to key management personnel

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

Ordinary shares held

Director	Year	Opening Balance	Initial Director Interest	Acquisitions	Disposals	Final Director Interest	Closing Balance
Jonathan Trollip*	2026	77,300	-	-	-	-	77,300
	2025	77,300	-	-	-	-	77,300
Lorraine Berends AM*	2026	50,000	-	-	-	-	50,000
	2025	50,000	-	-	-	-	50,000
Marcus Burns*	2026	-	76,665	-	-	-	76,665
Matt Booker*	2026	368,342	-	5,209	-	(373,551)	-
	2025	274,819	-	93,523	-	-	368,342
Chris Meyer*	2026	52,581	-	2,271	-	-	54,852
	2025	49,505	-	3,076	-	-	52,581
Total shares held*	**2026**	**548,223**	**76,665**	**7,480**	**-**	**(373,551)**	**258,817**
Total shares held*	**2025**	**451,624**	**-**	**96,599**	**-**	**-**	**548,223**

* Held through direct and indirect interests

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

Note 16 Remuneration of auditors

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

(a) Audit and other assurance services

	2026 $	2025 $
Audit services – Pitcher Partners Sydney		
Audit of financial statements	79,390	74,290
Total remuneration for audit and other assurance services	**79,390**	**74,290**

(b) Non-audit services

	2026 $	2025 $
Taxation services – Pitcher Partners		
Tax compliance services	14,980	16,139
Total remuneration for tax compliance services	**14,980**	**16,139**
Total remuneration paid to auditors of the Company	**94,370**	**90,429**

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

Note 17 Related party transactions

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

(a) Investment Management Agreement

Marcus Burns, a Director, is also a director of the Manager. Matt Booker, who was a Director until his resignation on 13 November 2025, is also a director of the Manager.

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

Under the Investment Management Agreement, the Manager must:

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

(ii) retain investments; and

(iii) realise or dispose of investments.

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

The associated fees payable to the Manager are listed below:

Management fee

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

For the year ended 30 June 2026, the Manager was entitled to be paid management fees (inclusive of unclaimable GST) of $1,555,107 (2025: $1,476,689).

As at 30 June 2026, the remaining balance payable to the Manager was $114,995 (2025: $124,087).

Note 17 Related party transactions (continued)

Performance fee

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

For the year ended 30 June 2026, in its capacity as investment manager, the Manager earned performance fees (inclusive of unclaimable GST) of $nil (2025: $672,838). At 30 June 2026, the balance payable to the Manager was $nil (2025: $nil).

Services Agreement

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

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

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

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

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

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

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

For the year ended 30 June 2026 the Administrator was paid fees (inclusive of unclaimable GST) of $105,700 (2025: $102,273).

As at 30 June 2026, the balance payable to the Administrator was $29,175 (30 June 2025: $31,236).

Note 18 Cash flow information

	2026 $'000	2025 $'000
Profit for the year	**1,498**	**16,401**
Unrealised fair value gains on investments	5,468	(9,098)
Changes in operating assets / liabilities		
Decrease in trade and other receivables	259	365
Decrease / (increase) in investments	7,296	(5,964)
Decrease in deferred tax assets	-	512
(Decrease) in trade and other payables	(307)	(1,011)
(Decrease) / increase in provision for income tax payable	(1,550)	2,913
(Decrease) / increase in deferred tax liabilities	(1,669)	2,175
Net cash inflow from operating activities	**10,995**	**6,293**

Non-cash financing activities

During the year payments under the Company's dividend reinvestment plan were satisfied by the issue of 105,568 ordinary shares in the Company for consideration of $278,000 (30 June 2025: 36,447 shares for consideration of $86,000) – refer note 12(d).

Note 19 Earnings per share

(a) Earnings used in the calculation of basic and diluted earnings per share	2026 $'000	2025 $'000
Profit from continuing operations attributable to the owners of the Company	1,498	16,401
(b) Basic earnings per share	**Cents**	**Cents**
Profit from continuing operations attributable to the owners of the Company	2.5	27.4
(c) Diluted earnings per share	**Cents**	**Cents**
Profit from continuing operations attributable to the owners of the Company	2.5	27.4
(d) Weighted average number of ordinary shares used in the calculation of earnings per share	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	59,898,546	59,810,282

Note 20 Subsequent events

Apart from the dividend paid subsequent to balance date as disclosed in note 14(b), no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 21 Contingencies and commitments

The Company has no known contingent assets or liabilities nor material commitments as at 30 June 2026.

Note 22 Investment portfolio

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

Security	30 June 2026 Quantity Number	30 June 2026 AUD Fair Value $'000
Arn Media Limited	6,096,513	1,494
Aussie Broadband Limited	164,404	811
Adore Beauty Group Limited	2,722,883	817
Eagers Automotive Limited	132,508	2,817
Abacus Storage King	1,862,163	2,505
Bapcor Limited	8,733,043	3,799
Bellevue Gold Limited	1,991,677	2,420
Breville Group Limited	85,686	2,764
Chrysos Corporation Limited	350,150	2,034
City Chic Collective Limited	593,754	23
Coast Entertainment Holdings Limited	5,880,042	2,646
Channel Infrastructure NZ Limited	1,023,511	2,690
Capricorn Metals Ltd	220,463	2,787

Note 22 Investment portfolio (continued)

Security (continued)	30 June 2026 Quantity Number	30 June 2026 AUD Fair Value $'000
Centuria Capital Group	1,762,893	3,402
Clinuvel Pharmaceuticals Limited	92,975	956
Dicker Data Limited	206,912	2,603
Deterra Royalties Limited	1,244,340	5,848
Fletcher Building Limited	2,002,989	5,548
GWA Group Limited	1,313,965	3,022
Healius Limited	8,100,140	3,159
HMC Capital Limited	500,640	1,487
Harvey Norman Holdings Limited	411,953	1,986
Horizon Oil Limited	14,593,543	2,919
Imdex Limited	1,347,792	5,526
Ipd Group Ltd	363,496	2,065
IRESS Limited	857,888	5,302
Jupiter Mines Limited	6,896,118	1,862
Karoon Energy Ltd	2,400,478	3,493
Mader Group Limited	524,638	4,155
Michael Hill International Limited	3,185,945	1,035
New Hope Corporation Limited	733,517	3,917
Nzme Limited	3,406,136	2,963
NZX Limited	1,355,460	1,569
Orora Limited	3,687,581	5,107
Praemium Limited	1,877,303	1,267
Perpetual Limited	345,408	5,354
Siteminder Limited	481,425	1,964
Sims Limited	195,043	5,375
Skycity Entertainment Group Limited	3,135,601	1,442
Superloop Limited	535,319	1,767
Supply Network Limited	211,158	6,742
Southern Cross Media Group Limited	2,944,923	1,502
Technology One Limited	90,840	2,677
Tuas Limited	432,212	981
Tyro Payments Limited	3,743,676	2,920
Universal Store Holdings Limited	639,320	4,974
Total Value – Equities		**132,496**

Equities (refer above)	132,496
Cash deposits (note 6)	1,930
Dividends receivable (note 7)	133
Total Investment Portfolio	**134,559**

The total number of securities transactions entered into during the reporting period was 681 (2025: 690).

The total brokerage paid during the reporting period was $258,000 (2025: $200,000).

Consolidated Entity Disclosure Statement

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

Directors' declaration

The Directors declare that:

(a) the financial statements and notes as set out on pages 18 to 40 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the year ended on that date.

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

(c) the consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* on page 41 is true and correct.

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

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

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

Jonathan Trollip
Chairman
28 August 2026

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Spheria Emerging Companies Limited ("the Company"), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

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

i. giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Key Audit Matters (Continued)

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the Directors' Report for the year ended 30 June 2026. In our opinion, the Remuneration Report of Spheria Emerging Companies Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

C I Chandran
Partner

Pitcher Partners
Sydney

28 August 2026

Shareholder information

The shareholder information set out below was applicable as at 25 August 2026.

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

Distribution of equity securities and option holders

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

Holding	Number of shareholders	Shares	Percentage
1 – 1,000	270	88,727	0.15%
1,001 – 5,000	718	2,439,011	4.07%
5,001 – 10,000	615	4,845,961	8.08%
10,001 – 100,000	1,283	31,310,614	52.24%
100,001 and over	38	21,254,204	35.46%
Total	**2,924**	**59,938,517**	**100%**
Holdings less than a marketable parcel (less than $500)	**115**	**4847**	**0.01%**

There are no options on issue by the Company.

Equity security holders

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

Name	Number held	Percentage of shares issued
IOOF INVESTMENT SERVICES LIMITED	4,335,543	7.23%
CITICORP NOMINEES PTY LIMITED	3,299,386	5.50%
BNP PARIBAS NOMINEES PTY LTD	2,219,039	3.70%
IOOF INVESTMENT SERVICES LIMITED	1,977,554	3.30%
NETWEALTH INVESTMENTS LIMITED	1,792,419	2.99%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,291,026	2.15%
NETWEALTH INVESTMENTS LIMITED	1,030,353	1.72%
SPHERIA ASSET MANAGEMENT PTY LIMITED	639,882	1.07%
MALES & ROBINSON PTY LTD	300,000	0.50%
T Q L INVESTMENTS PTY LTD	300,000	0.50%
EVLO PTY LIMITED	299,788	0.50%
MACOUN FAMILY SUPER PTY LTD	250,000	0.42%
BT PORTFOLIO SERVICES LTD	200,000	0.33%
SIDMOUTH PTY LIMITED	200,000	0.33%
LLIHNROHT PTY LTD	200,000	0.33%
J A BUTTNER PTY LTD	180,000	0.30%
MR GREGORY ALAN BELL	156,000	0.26%
BOND STREET CUSTODIANS LIMITED	152,900	0.26%
MACOUN FAMILY SUPER PTY LTD	152,450	0.25%
MRS LORRAINE GEORGINA GREEN	150,000	0.25%
LACE POP PTY LTD	150,000	0.25%
PNI FOUNDATION LTD	135,600	0.23%
BOND STREET CUSTODIANS LIMITED	133,300	0.22%
DR MICHAEL CRAIG HING	131,909	0.22%
Total	**19,677,149**	**32.83%**
Total remaining holders balance	**40,261,368**	**67.17%**

Voting rights

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

Stock exchange listing

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

Unquoted securities

There are no unquoted shares.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Net Tangible Asset Backing per share

	30 June 2026	30 June 2025
Net tangible asset backing per ordinary security – including tax provided on realised gains only *	$2.238	$2.411
Net tangible asset backing per ordinary security – including tax provided on realised gains and unrealised gains *	$2.229	$2.375

* NTA calculations exclude deferred tax assets relating to capitalised issue cost related balances and income tax losses.

Further information regarding items that impact the movement in NTA during the year including portfolio performance (net of management fees), dividends paid and capital management initiatives are provided in the Chairman's letter and Investment manager's report at pages 3 to 7.

On-market share buy-back

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

Working Capital

In accordance with ASX Listing Rule 4.10.19, between the date of admission to the official list of ASX and 30 June 2026, the Company has used its working capital in a way consistent with its business objective.

Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, the Company advises that its 2026 Annual General Meeting will be held on 20 November 2026 and under Clause 6.3 of the Company's Constitution, the closing date for receipt of nominations from persons wishing to be considered for election as a director of the Company is 24 September 2026.

Corporate directory

Board of Directors
Jonathan Trollip, Chairman (appointed 12 September 2017)
Lorraine Berends AM (appointed 12 September 2017)
Marcus Burns (appointed 23 September 2025)
Chris Meyer, Alternate Director
(appointed 28 February 2022)

Company Secretary
Terence Kwong

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

ASX Code
SEC - Ordinary Shares

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Tel: +61 (0) 2 9221 2099
www.pitcher.com.au

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

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

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

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