

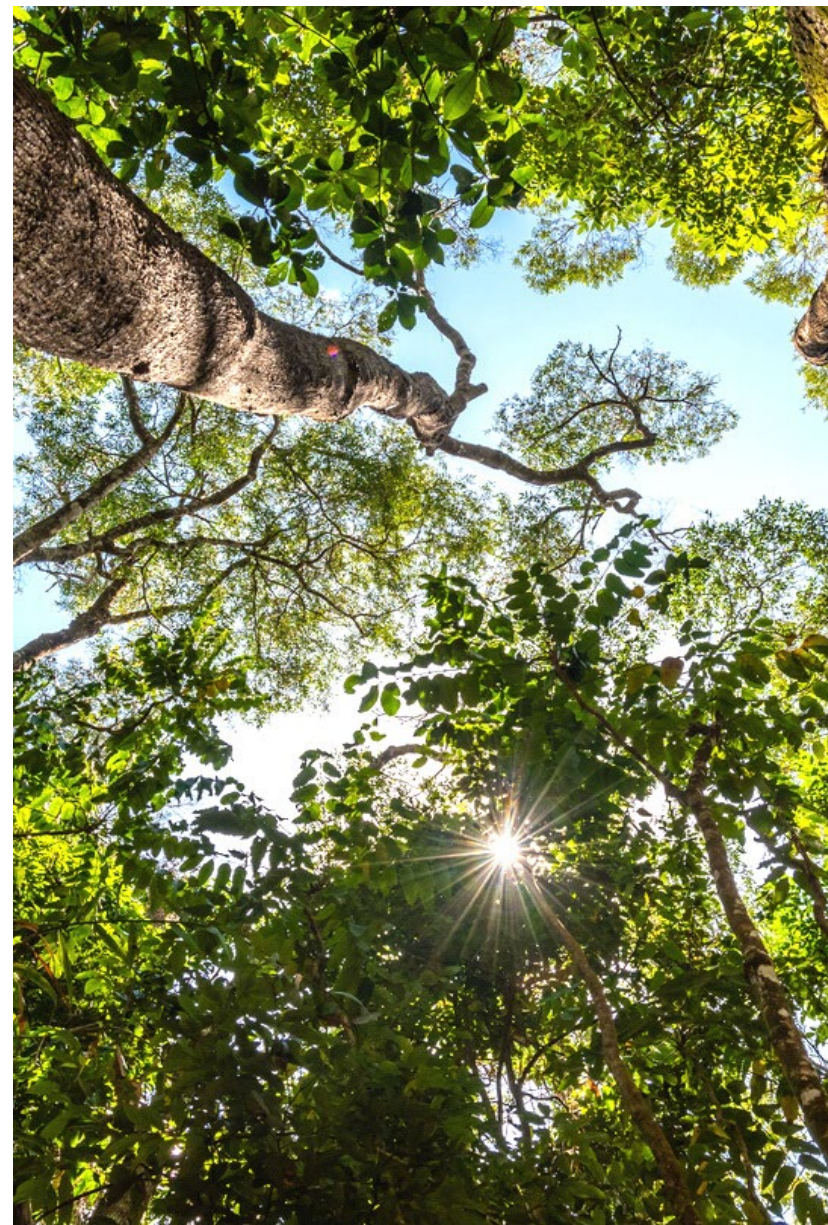
# Q1 FY22 INVESTOR UPDATE & Q&A

Tuesday 26 October 2021 | 10:30 am (AEDT)

Audio Dial In: +61 2 8355 1054

Audio Access Code: 628-989-569

PRESENTED BY  
NAOS ASSET MANAGEMENT



NAOS

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# NAOS Asset Management

## Our Mission

To provide investors genuine long-term, concentrated exposure to growing Australian undervalued emerging companies with an industrial focus.

NAOS established its first Listed Investment Company (LIC) in 2013 with 400 shareholders, today NAOS manages ~\$400 million across three LIC vehicles for approximately 8,000 shareholders.

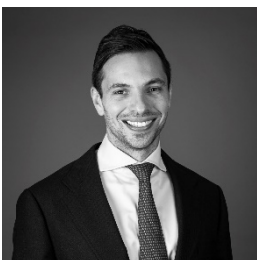
Our directors and employees have a significant interest in all three LICs, this means we are invested alongside our shareholders creating strong alignment of interests.

We believe that demonstrating leadership in ESG is ultimately a differentiating factor that benefits all parties. At NAOS we strive to create a positive impact on social, environmental and governance issues. We choose our investments based on a long list of criteria which include their ability to grow their revenue base, their pricing power, scalability, as well as their capability to internally fund their expansion.



# NAOS Directors and Team

## OUR DIRECTORS



**Sebastian Evans**  
Managing Director, NAOS Asset Management Limited & Director NCC, NSC & NAC



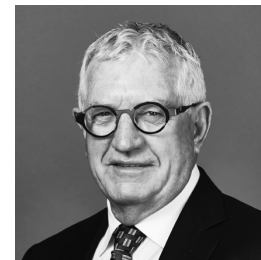
**Warwick Evans**  
Chairman, NAOS Asset Management Limited & Director NCC, NSC & NAC



**Sarah Williams**  
Independent Director, NCC and NAC



**Mark Bennett**  
Director, NAOS Asset Management Limited



**Trevor Carroll**  
Independent Chairman NSC

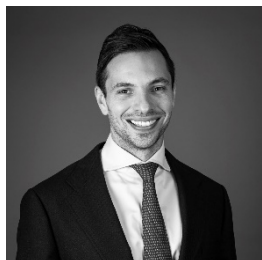


**Matthew Hyder**  
Director, NAOS Asset Management Limited



**David Rickards OAM**  
Independent Chairman & Director, NCC and NAC & Independent Director NSC

## OUR TEAM



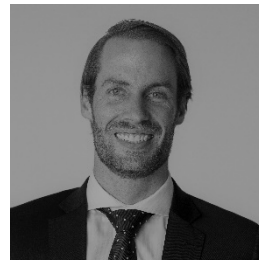
**Sebastian Evans**  
Chief Investment Officer



**Robert Miller**  
Portfolio Manager



**Brendan York**  
Portfolio Manager



**Jared Tilley**  
Senior Investment Analyst



**Nelson DeMestre**  
Associate Analyst



**Richard Preedy**  
Chief Financial and Operating Officer



**Rajiv Sharma**  
Head of Legal and Compliance



**Angela Zammit**  
Marketing & Communications Manager

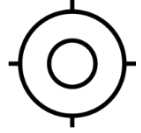


**Nina Dunn**  
Business Development Manager



**Julie Coventry**  
Business Sustainability Analyst

# NAOS investment beliefs provide a competitive advantage



Value with Long  
Term Growth



Quality over  
Quantity



Invest for the  
Long Term  
5+ years



Performance v  
Liquidity Focus

The closed end LIC structure  
removes application and  
redemption risk.



Ignore the  
Index

No Naos holdings  
are part of either the  
XSO or XKI indices.



Pure Exposure  
to Industrials



Management  
Alignment



Environmental, Social  
and Governance (ESG)

We do not invest in businesses that  
are directly related to the production  
or sale of tobacco, gambling, nuclear,  
uranium, coal or iron ore, animal  
cruelty, controversial weapons, coal  
mining operations or oil and gas  
production companies.



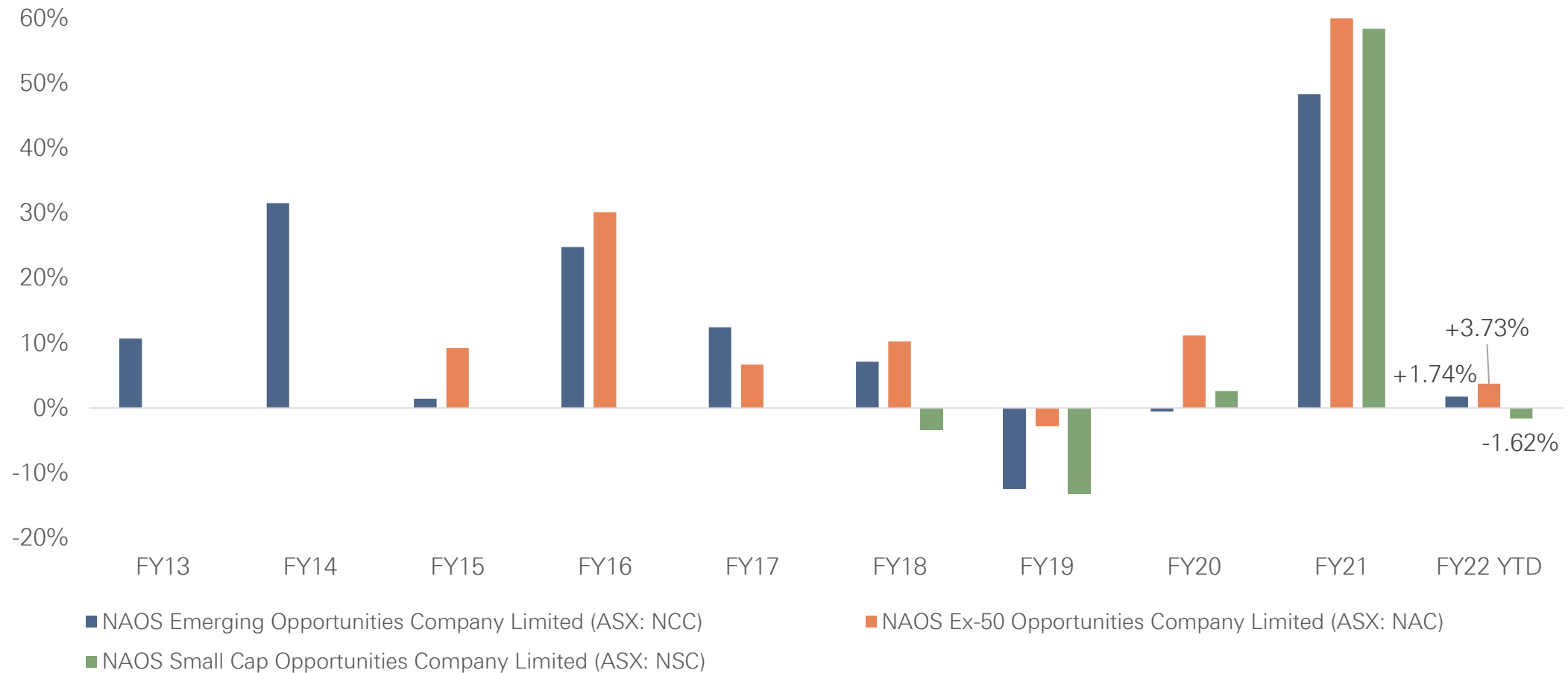
Constructive  
Engagement

# Reasons not to invest with NAOS

Our LICs are not for everyone. Some reasons why you may not choose to invest with NAOS include:

- Concentrated portfolios (0-15 investments)
- Long-term investment philosophy (5+ years)
- Focus on smaller companies (\$20 million - \$500 million)
- Benchmark unaware (No NAOS investments are within the XSOAI)
- Industrial focus (No exposure to resources or very early-stage businesses)
- Smaller fund size (increases ability to gain a meaningful exposure to smaller businesses)
- ESG aware with a focus on positive impact

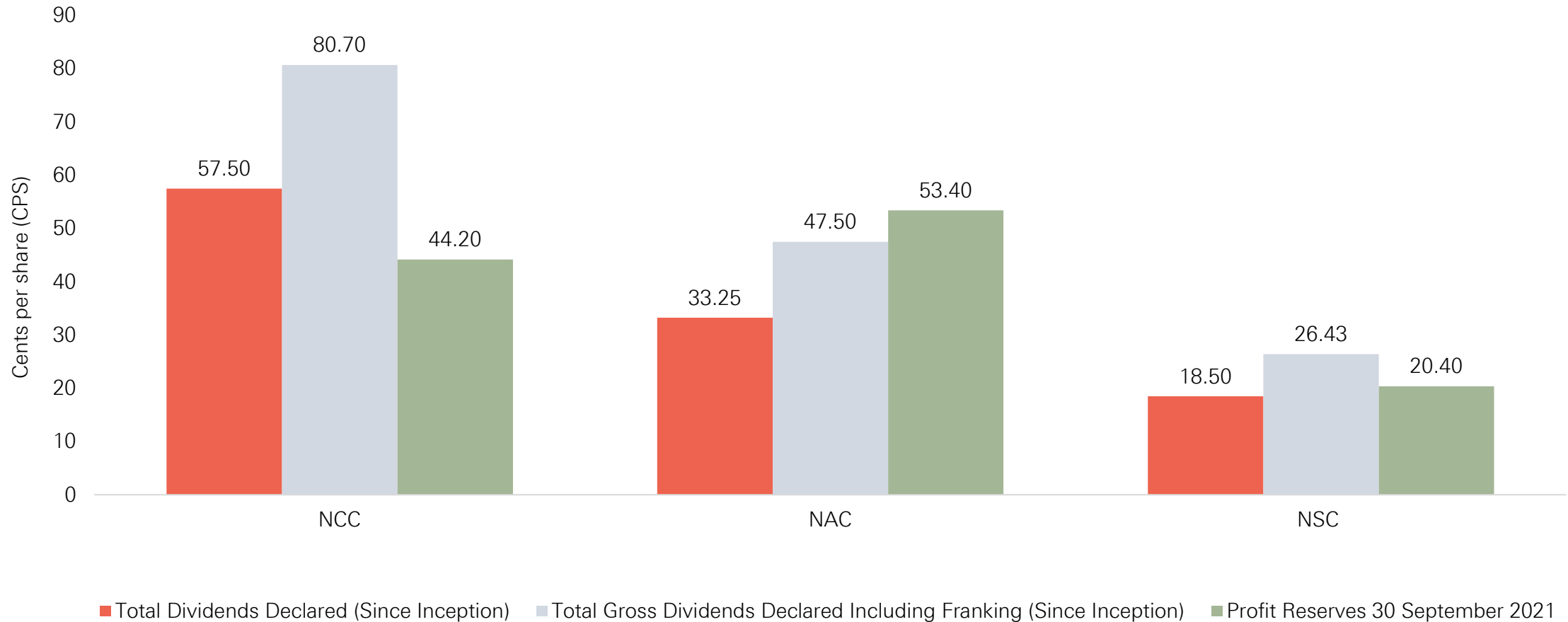
# NAOS LICs investment portfolio financial year returns\*



\* Investment Portfolio Performance is post all operating expenses, before fees, taxes, interest and initial IPO and subsequent capital raising costs. Returns compounded for periods greater than 12 months. Performance has not been grossed up for franking credits received by shareholders. Inception dates are February 2013 (NCC), November 2014 (NAC) and December 2017 (NSC).

# NAOS LIC Fully Franked Dividend History and Profit Reserves

Each LIC has consistently paid dividends and holds healthy profit reserves



All figures as at 30 September 2021



# Investment portfolio performance summary

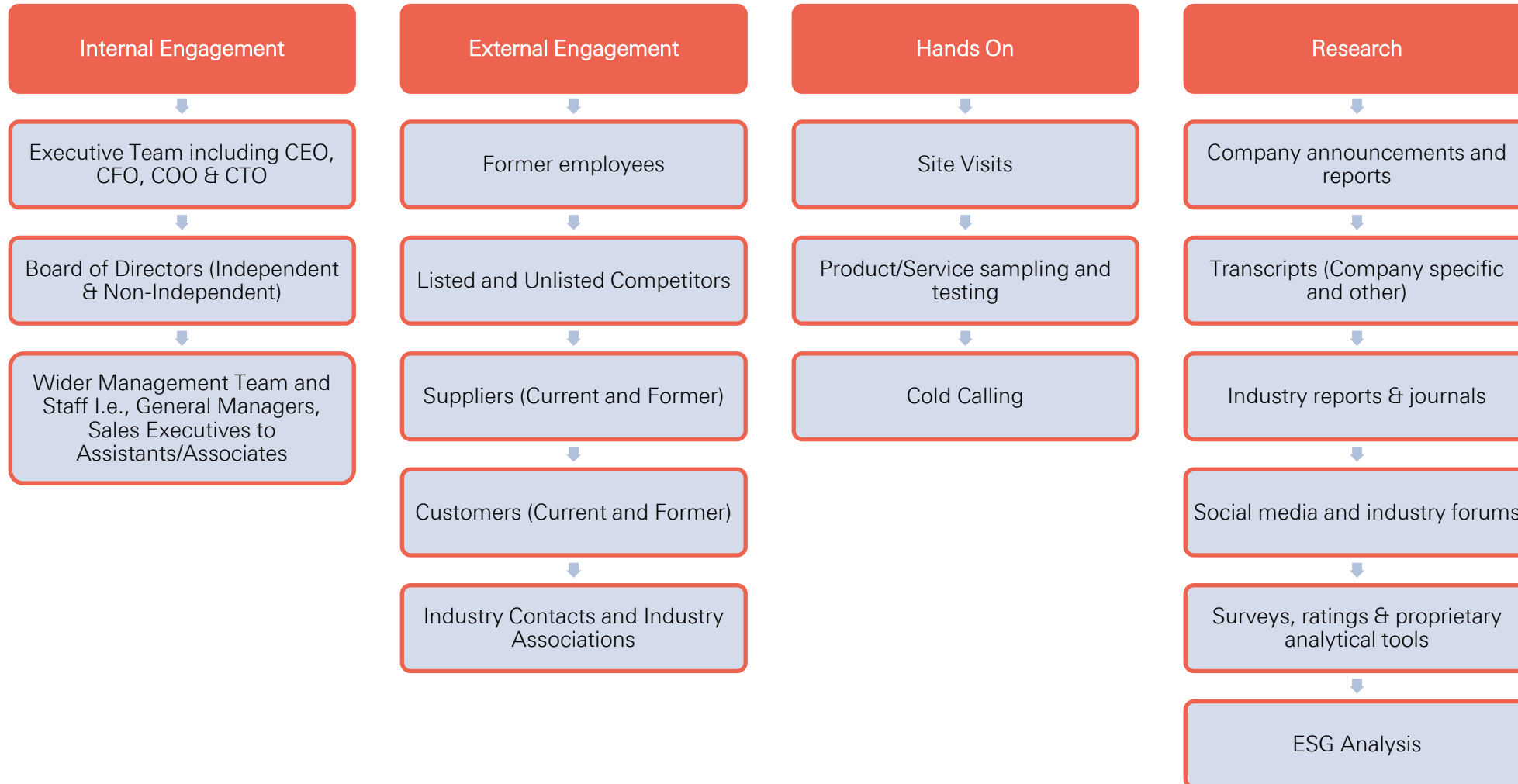
Investment Portfolio	Q1 FY22 PERFORMANCE	1 YEAR PERFORMANCE	1 YEAR BENCHMARK PERFORMANCE	INCEPTION (P.A.)	BENCHMARK INCEPTION PERFORMANCE (P.A)
NAC Investment Portfolio Performance*	+3.73%	+39.26%	+33.80% <sup>^</sup>	+17.64%	+8.91% <sup>^</sup>
NCC Investment Portfolio Performance*	+1.74%	+36.03%	+30.41% <sup>^</sup>	+13.25%	+7.77% <sup>^</sup>
NSC Investment Portfolio Performance*	-1.62%	+48.91%	+30.41% <sup>^</sup>	+7.90%	+9.80% <sup>^</sup>

\*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (P.A. and Total Return) includes part performance for the month of February 2013 (NCC), November 2014 (NAC) and December 2017 (NSC). Returns compounded for periods greater than 12 months. All figures as at 30 September 2021.

<sup>^</sup>NAC Benchmark= S&P/ASX 300 Industrials Accumulation Index, NCC & NSC Benchmark= S&P/ASX Small Ordinaries Accumulation Index

# What research does NAOS apply to the Investment Process?

The NAOS Investment Team undertakes fundamental analysis on potential and current investments. Some examples of our key focus areas include:



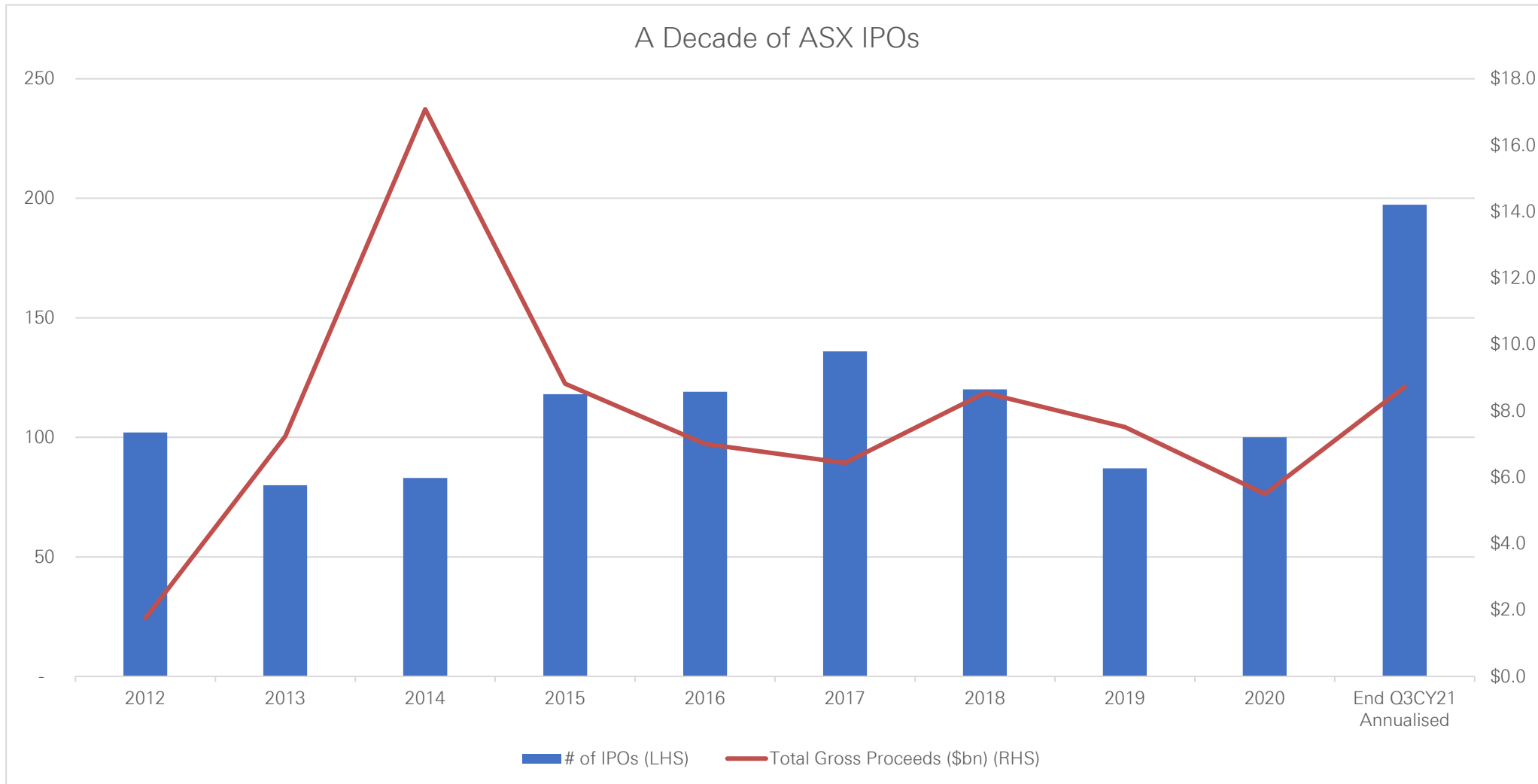
## Q1 FY22 Summary

- Q1 FY22 saw most NAOS portfolio companies report their full-year FY21 results. Overall, the results were in line with our expectations and provided us with further confidence in their ability to execute on their respective strategies.
- Given the impact of COVID-19, a distinct lack of company released guidance was a hallmark of the wider reporting season. Despite the lockdowns, we believe COVID-19 has solidified many of the long-term structural tailwinds underpinning many portfolio companies.
- It has been clear that the recent lockdowns had a more pronounced negative impact in companies that emerged relatively unscathed from the 1<sup>st</sup> round of lockdowns.
- The recent rotation into new investments in 2H FY21 has seen some new positions develop into core portfolio positions e.g., Gentrack Group (ASX: GTK) and Urbanise.com (ASX: UBN).

## Q1 FY22 Summary continued

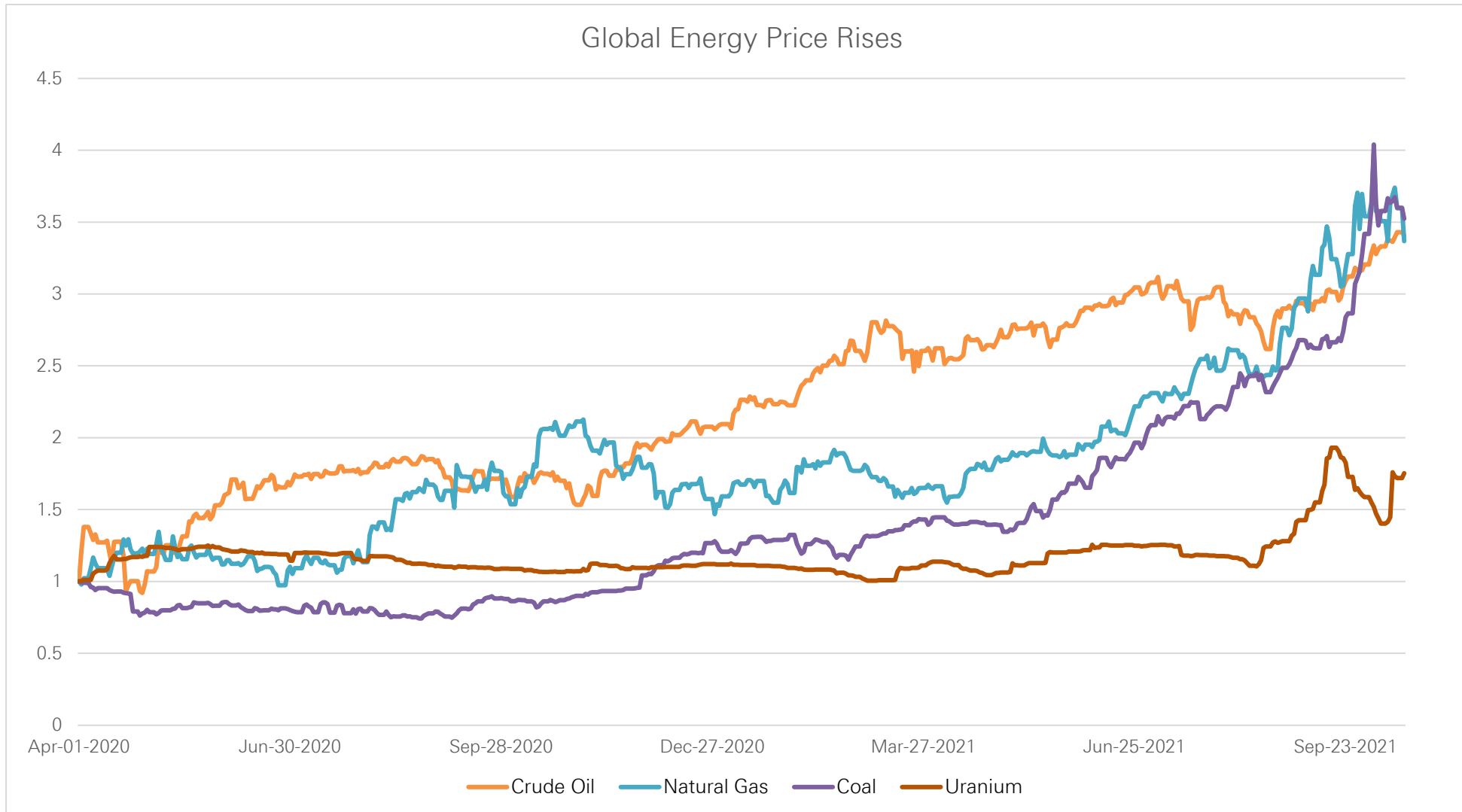
- The trends we saw in 2H FY21 have continued, and arguably strengthened from both a domestic & global macroeconomic standpoint:
  - Labour & skills shortages are hindering growth across many industries i.e. truck drivers and hospitality staff.
  - Continued impact of supply chain issues i.e. lead times for importing goods.
  - Commodity prices starting to lead to widespread inflation concerns.
  - Energy shortages have had global ramifications i.e. UK wholesale energy prices.
- Despite these factors, capital markets remained open and highly buoyant due to the significant amount of global liquidity.

# Initial Public Offering (IPO) Activity



Source: FactSet, NAOS

# Demand and underinvestment driving energy prices



Source: CapitalIQ, NAOS – Data as at 18/10/21  
Prices rebased to 1 as of April 1<sup>st</sup>, 2020



# Welcome Michael Omeros

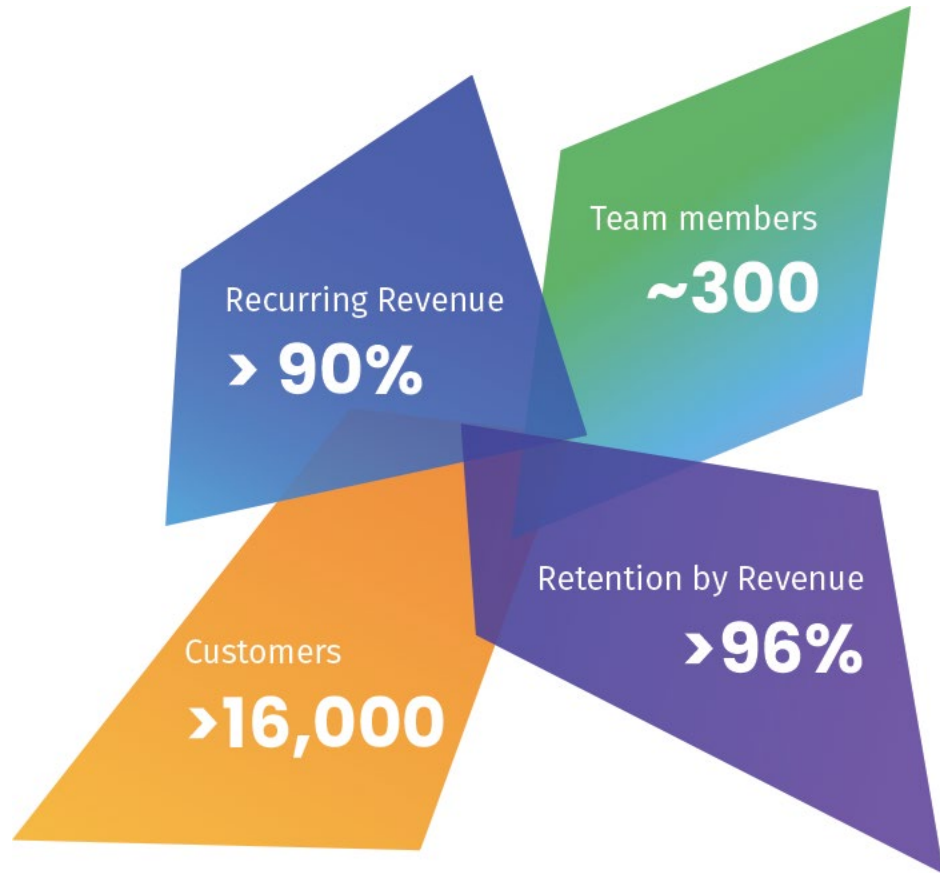


**Michael Omeros**

Managing Director, Over the Wire Holdings Limited (ASX: OTW)



# ABOUT OVER THE WIRE



Over the Wire is a technology company and integrated platform provider, establishing the model of the telco of the future. With offices across Australia, our purpose is to **simplify technology to empower business**.

- ▀ Brands include Over the Wire, NetSIP, FaktorTel, Telarus, VPN Solutions Comlinx, Access Digital Networks, Zintel, Fonebox and Digital Sense
- ▀ Brisbane HQ, with offices in Sydney, Melbourne and Adelaide

Companies across every industry rely on their IT and telecommunications infrastructure now more than ever, with Over the Wire supporting these business-critical services through our core pillars: **Cloud. Connect. Collaborate.**

- ▀ **Cloud:** supporting SMB, Enterprise and Government clients
- ▀ **Connect:** core network spanning Australia, with presence in NZ, US & Asia
- ▀ **Collaborate:** Tier 1 voice carrier status in Australia



# Global Cybercrime Damage Costs:

- **\$6 Trillion USD a Year. \***
- **\$500 Billion a Month.**
- **\$115.4 Billion a Week.**
- **\$16.4 Billion a Day.**
- **\$684.9 Million an Hour.**
- **\$11.4 Million a Minute.**
- **\$190,000 a Second.**






ALL FIGURES ARE  
PREDICTED BY 2021

\* SOURCE: CYBERSECURITY VENTURES



**CYBERSECURITY**  
VENTURES

# NCC key portfolio events Q1 FY22

HOLDING	INDUSTRY	Q1 UPDATE
 <p><b>SAUNDERS</b> INTERNATIONAL</p> <p>(ASX: SND)</p>	Construction/ Engineering	<ul style="list-style-type: none"> <li>Acquisition of Industrial Automation &amp; Technology business, PlantWeave.</li> <li>PlantWeave acquisition adds technical depth to overall SND offering &amp; expedites entry into a variety of new markets.</li> <li>Declared a special dividend at FY21 results.</li> <li>We believe the impacts of lockdowns, project delays likely to be mitigated in 2H FY22 given SND holds a record tender pipeline.</li> </ul>
 <p><b>ExperienceCo.</b></p> <p>(ASX: EXP)</p>	Tourism	<ul style="list-style-type: none"> <li>Heavily impacted by lockdowns during Q1 but improving conditions expected to occur in the short term and importantly over summer holidays.</li> <li>First major acquisition under current management - Trees Adventure.</li> <li>Acquisition fits company strategy to diversify customer base and gain further exposure towards domestic tourism.</li> <li>Conducted an oversubscribed \$55m capital raising.</li> </ul>
 <p><b>Wingara AG</b> Limited</p> <p>(ASX: WNR)</p>	Agriculture	<ul style="list-style-type: none"> <li>Completed strategic review of Austco Polar Cold Storage business. Decision to exit business confirmed.</li> <li>Completed an equity raising, largely to amend mistakes of prior management.</li> <li>Brendan York appointed as a NAOS director to WNR board.</li> <li>Improved trading update + FY22 guidance with profitable growth the focus.</li> </ul>

# NCC overview as at 30 September 2021

\$1.25

Pre-Tax  
NTA

6.64%

Fully Franked  
Dividend Yield

\$1.13

Share Price

11

Number of  
Holdings

+13.25%

Performance  
since Inception<sup>^</sup>  
p.a.

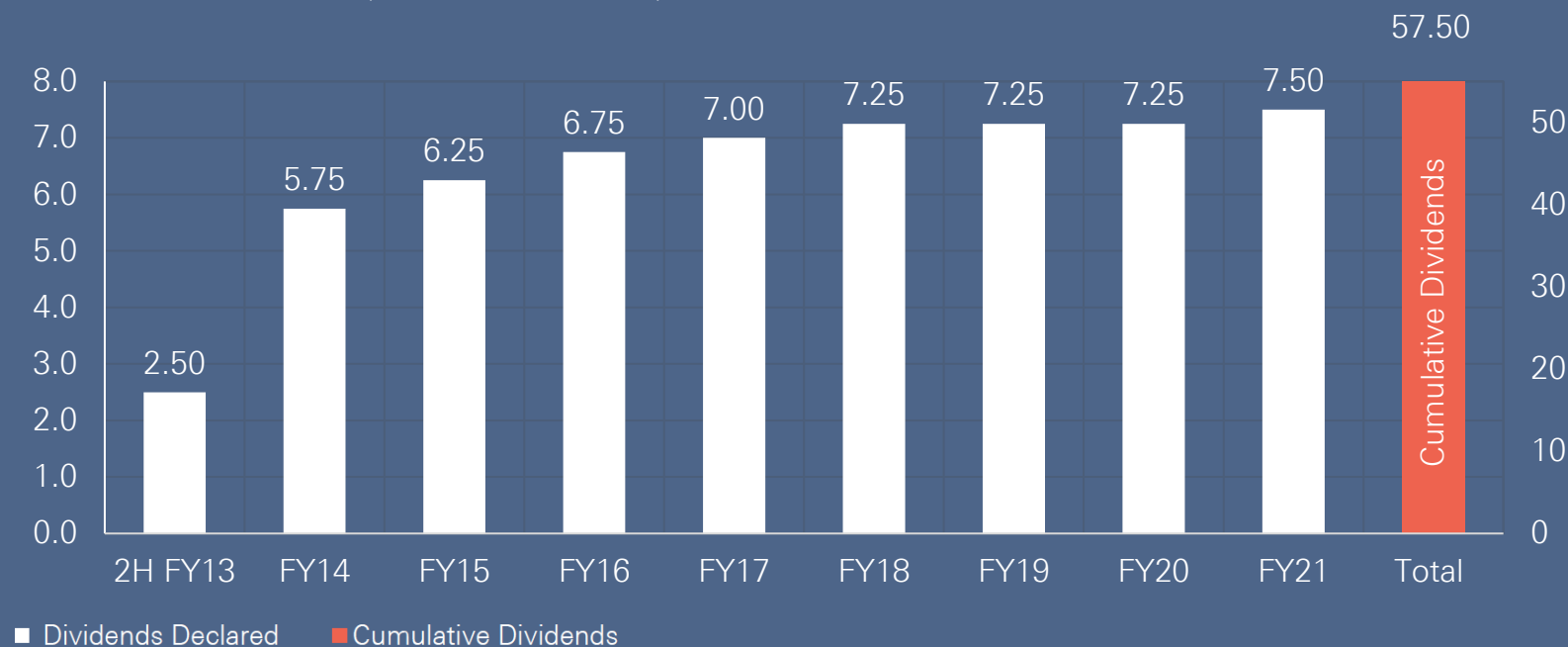
+36.03%

1 Year  
Performance<sup>^</sup>

\$122.3m




Weighted  
Average Market  
Capitalisation of  
the Investments

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



<sup>^</sup>Investment Performance is post all operating expenses, before fees, taxes, interest, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date February 2013.

# NSC key portfolio events Q1 FY22

HOLDING	INDUSTRY	Q1 UPDATE
 (ASX: COG)	Financial Services	<ul style="list-style-type: none"> <li>Reported a record FY21 profit with excellent cash conversion despite the headwinds from COVID-19.</li> <li>Translates to a strong forward order book for COG in FY22.</li> <li>Insurance broking strategy led by former Steadfast executive Cam Bott.</li> <li>Economy reopening to benefit COG across a diverse of industries, asset classes and geographies with ~\$70m available for acquisitions.</li> </ul>
 (ASX: BRI)	Building	<ul style="list-style-type: none"> <li>Acquisition of Brisbane based Revolution Wood Panels, highly complementary to existing Timberwood Panels operations and on sound valuation metrics.</li> <li>Appointment of 2 x independent non-executive directors - Brad Soller &amp; Martin Monro both with highly relevant experience.</li> <li>Strong market environment likely to remain for the longer term i.e., 3+ years.</li> </ul>
 (ASX: GTK)	Software & Services	<ul style="list-style-type: none"> <li>Globally, short-term wholesale energy price spikes impacting B2C clients.</li> <li>Despite this GTK released a strong trading update upgrading FY21 EBITDA and expecting revenue growth in FY22.</li> <li>Progress on the strategy under current management showing early positive signs.</li> </ul>



# NSC overview as at 30 September 2021

NAOS

\$1.06

Pre-Tax  
NTA

5.68%

Fully Franked  
Dividend Yield

\$0.88

Share Price

7

Number of  
Holdings

+7.90%

Performance  
since Inception <sup>^</sup>  
p.a.

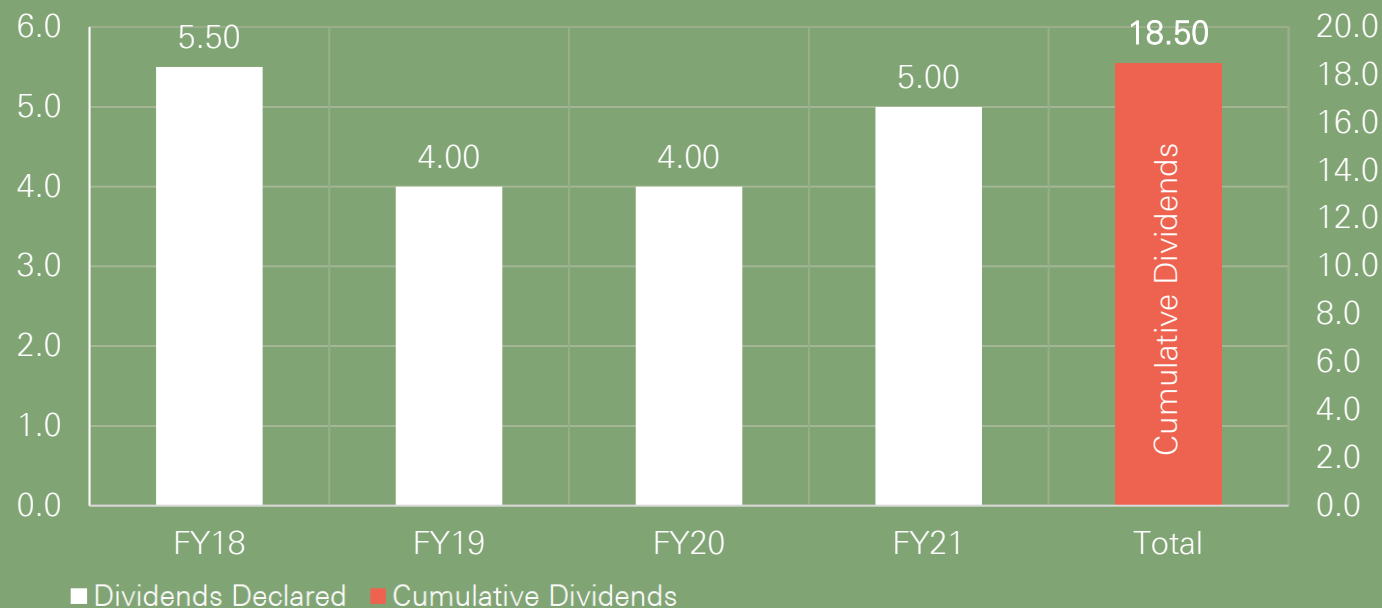
+48.91%

1 Year  
Performance <sup>^</sup>

\$189.2m




Weighted  
Average Market  
Capitalisation of  
the Investments

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



<sup>^</sup>Investment Performance is post all operating expenses, before fees, interest, taxes and capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date December 2017.

# NAC key portfolio events Q1 FY22

HOLDING	INDUSTRY	Q1 UPDATE
 <b>urbanise</b> (ASX: UBN)	Software & Services	<ul style="list-style-type: none"> <li>▪ UBN signed Colliers Australia as a Facilities Management software customer.</li> <li>▪ Post implementation this may become a material contract and a source of significant future opportunities.</li> <li>▪ UBN has recently signed multiple tier 1 global customers, highlighting the quality of their software platform and growth potential.</li> </ul>
 <b>eureka</b> <small>GROUP HOLDINGS</small> (ASX: EGH)	Real Estate	<ul style="list-style-type: none"> <li>▪ Cameron Taylor announced as CEO, previously COO. A milestone for EGH as turnaround process is largely completed.</li> <li>▪ Two assets acquired – a vacant block of land and a village, both in QLD.</li> <li>▪ EGH strategy of greenfield and brownfield development progressing.</li> <li>▪ We are expecting EGH to scale significantly over the medium term.</li> </ul>
 <b>ExperienceCo.</b> (ASX: EXP)	Tourism	<ul style="list-style-type: none"> <li>▪ Was heavily impacted by lockdowns during Q1 but improving conditions expected to occur in the short term and importantly summer holidays.</li> <li>▪ First major acquisition under current management - Trees Adventure.</li> <li>▪ Acquisition fits company strategy to diversify customer base and gain further exposure towards domestic tourism.</li> <li>▪ Conducted an oversubscribed \$55m capital raising.</li> </ul>

# NAC overview as at 30 September 2021

\$1.60

Pre-Tax  
NTA

4.87%

Fully Franked  
Dividend Yield

\$1.18

Share Price

9

Number of  
Holdings

+17.64%

Performance  
since Inception<sup>^</sup>  
p.a.

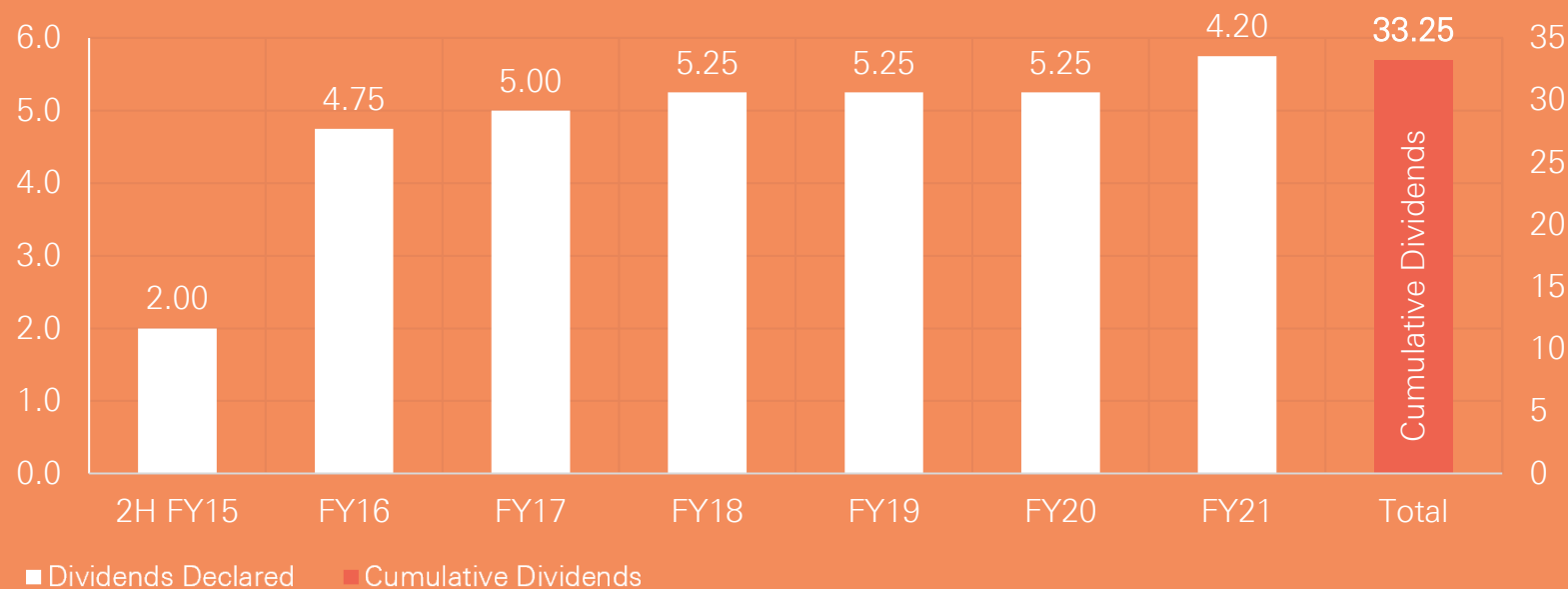
+39.26%

1 Year  
Performance<sup>^</sup>

\$197.4m

Weighted  
Average Market  
Capitalisation of  
the Investments

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



<sup>^</sup>Investment Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date November 2014.

# Capital Management Initiatives

Performance	<ul style="list-style-type: none"><li>• Maintain a focus on long term performance without deviating from the NAOS investment philosophy.</li></ul>
Dividends	<ul style="list-style-type: none"><li>• Continue to focus on a growing stream of dividends, franked to the maximum extent possible, whilst maintaining an adequate reserve balance.</li></ul>
Alignment	<ul style="list-style-type: none"><li>• Continue to be aligned with shareholders as Directors and Staff are some of the largest shareholders across all 3 of the LICs.</li></ul>
Communication	<ul style="list-style-type: none"><li>• Maintain a very high standard of marketing materials and communications so all current and prospective shareholders have a clear understanding of the NAOS offering.</li></ul>
NSC	<ul style="list-style-type: none"><li>• The share buyback remains active. 18.5 million shares, or 11% of shares on issue, have been bought back on market since the buyback commenced in April 2019.</li><li>• One-for-three bonus Options (ASX: NSCOA) were issued in May 2021, allowing shareholders to acquire fully paid ordinary shares exercisable at \$1.02 per Option on or before 28 June 2024.</li></ul>
NAC	<ul style="list-style-type: none"><li>• The share buyback remains active. Over 18% of shares on issue have been bought back on market since the buyback commenced in June 2019 to date, which has been significantly accretive for shareholders.</li><li>• One-for-two bonus issue of Options (ASX: NACOA) were issued in March 2020, allowing shareholders to acquire fully paid ordinary shares exercisable at \$1.03 per Option on or before 31 March 2023.</li></ul>
NCC	<ul style="list-style-type: none"><li>• NCC listed convertible notes offer in March 2021 closed over-subscribed and commenced trading on 20 April 2021 under ticker code (ASX: NCCGA).</li></ul>
DRP	<ul style="list-style-type: none"><li>• Shares purchased on-market to satisfy DRP requirements when shares are trading at a discount to NTA, thus eliminating any dilution for shareholders.</li></ul>

# Overview and Outlook Q2 FY22

- The easing of lockdown restrictions will have a significant effect on the earnings trajectory of many businesses over the short and medium term.
- Headwinds will continue to pose a challenge for many businesses with a specific focus on:
  - Supply chain issues
  - Employment costs (and lack of quality candidates)
  - Corporate activity
- We expect updates from almost all portfolio companies to occur in Q2 FY22 with AGM updates expected & September year end full year results.
- We will be looking for numerous catalysts to occur across portfolio companies such as:
  - Guidance/outlook commentary for FY22.
  - Post lockdown contract wins as economy reopens.
  - M&A execution.
  - Updates regarding medium/long term company strategies.
- NAOS has continued to constructively engage with numerous portfolio companies, and we will continue to do this to ensure a focus on generating sustainable shareholder returns.

# NAOS Asset Management 1% Pledge

As a company, we commit to Pledge 1% of revenue, time and intellect to movements and missions that matter.



## 1% Revenue

Each year NAOS donates 1% of its annual revenue to the charity partners below. Each charity supports a cause that we strongly believe in.



## 1% Time

Our people have an incredible range of skills that can be a huge help to charities and community organisations. Each year, team members have the opportunity to take 2 days paid volunteer leave to lend a helping hand to an organisation of their choice.



## 1% Intellect

NAOS sees the value in supporting young members of the investment community. We provide training and mentorship for one student each year.





# Q&A

Thank you for your continued support.

*“Games are won by players who focus on the playing field - not by those whose eyes are glued to the scoreboard.”*

Warren Buffett

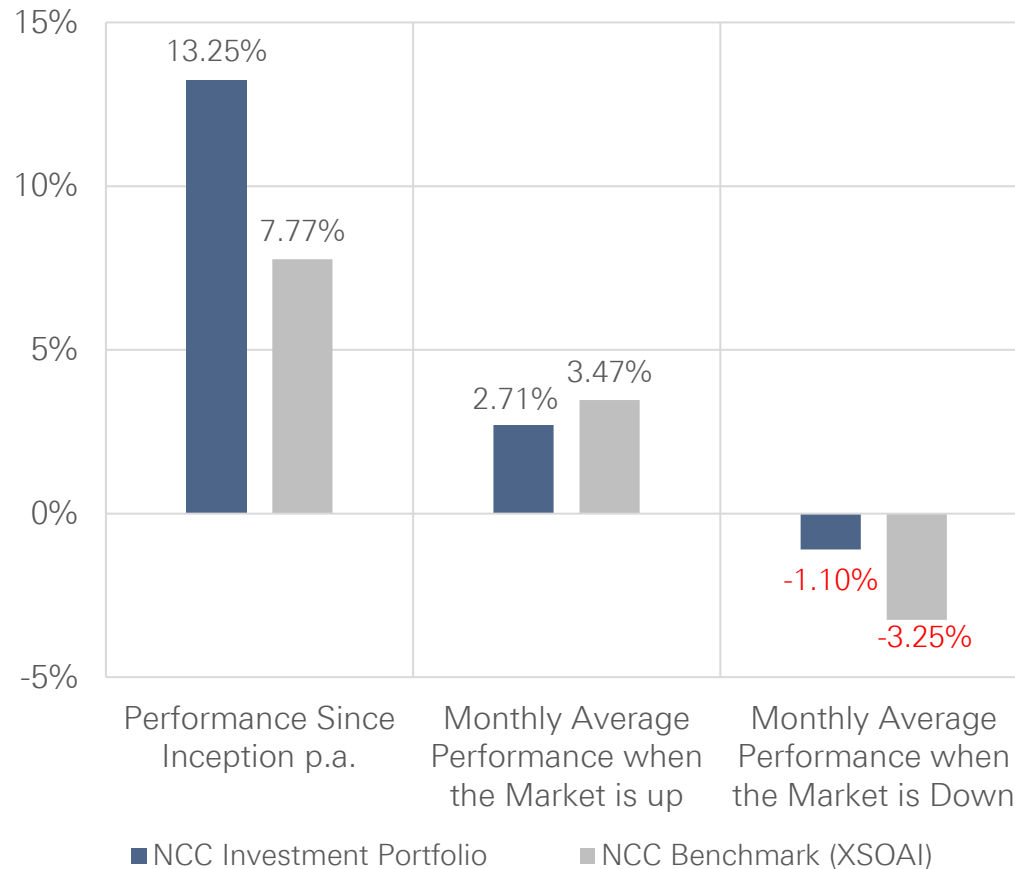
# APPENDIX



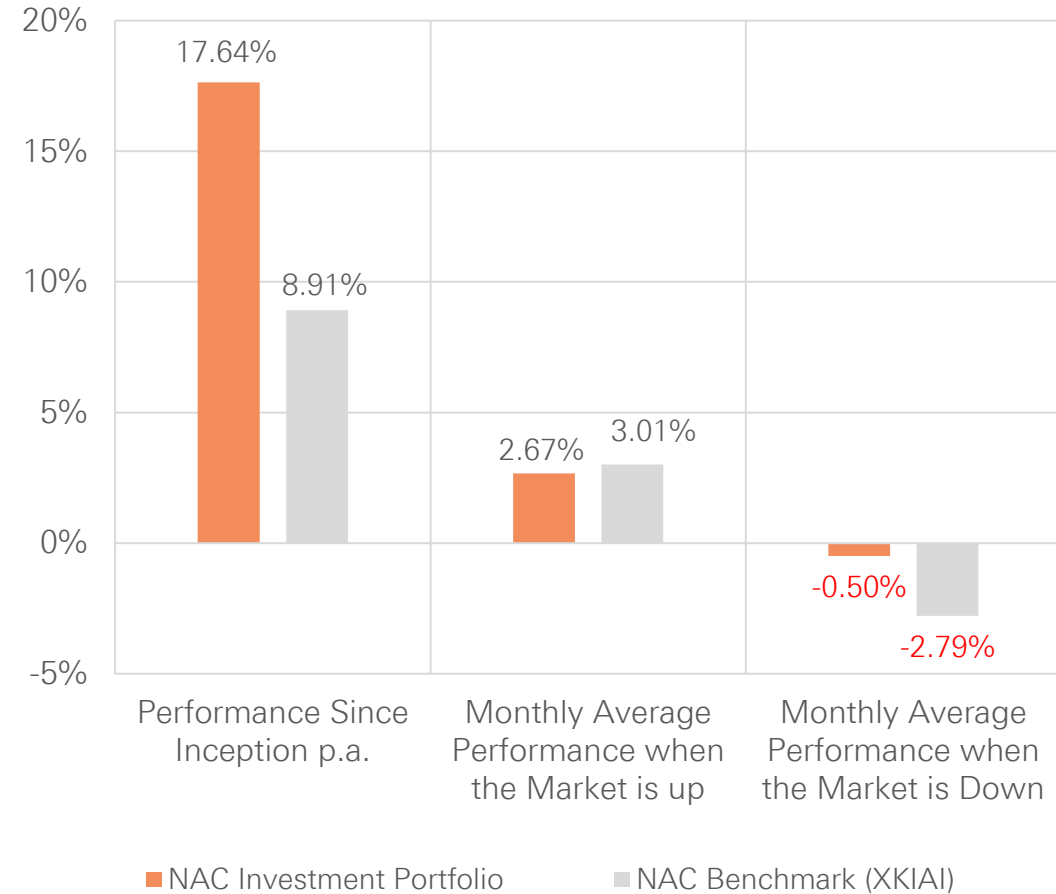
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# NAOS strong long term (5 years+) risk-adjusted returns\*

NCC Investment Portfolio Risk and Performance Metrics



NAC Investment Portfolio Risk and Performance Metrics



\* Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a.) includes part performance for the month of February 2013 (NCC) and November 2014 (NAC), returns compounded for periods greater than 12 months. All risk metrics are calculated from the inception date of each portfolio. All Figures are as at 30 September 2021. Since NCC's inception (103 months) there have been 68 positive months for the market and 35 negative months and since NAC's inception (83 months) there have been 56 positive months for the market and 27 negative months.

# The features of a NAOS LIC



**Closed-end structure**  
No applications or redemptions



**Long-term**  
Investment decisions



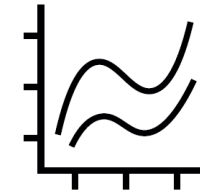
**Intra-day Liquidity**  
Trades on the ASX



**Corporate Governance**  
Public companies provide accountability of Directors



**Dividends**  
A growing stream of dividends, franked to the maximum extent possible



**Opportunity**  
May trade at a discount or premium to asset value

# Key business & industry traits for maximising long-term performance and reducing the risk of permanent capital loss events

## Industry Tailwinds Supporting Long Term Revenue Growth

A growing revenue base provides companies with a number of competitive advantages such as the ability to scale their fixed cost base and increase margins, the opportunity to reinvest to improve their product or service offering, or the chance to enter new markets and compete on a number of considerations other than just price.

## Pricing Power

Certain products and/or services around the globe can charge a price that is largely irrelevant to the consumer, due to the simple fact that it provides such a sound consumer experience.

## Scalability

Ideally, a business structure is built from the ground up and is structured in such a way that it has the systems and processes to handle significant scaling without an equivalent dollar of cost being added to the cost base. Businesses that can demonstrate a trend of increasing profits over the long term have generally been able to increase margins as well.

## Capability to Internally Fund Expansion Opportunities

The ability to invest in organic business initiatives such as research and development, new product or service launches into adjacent markets, or small bolt on acquisitions that bring with them a new capability.

## Business Moat

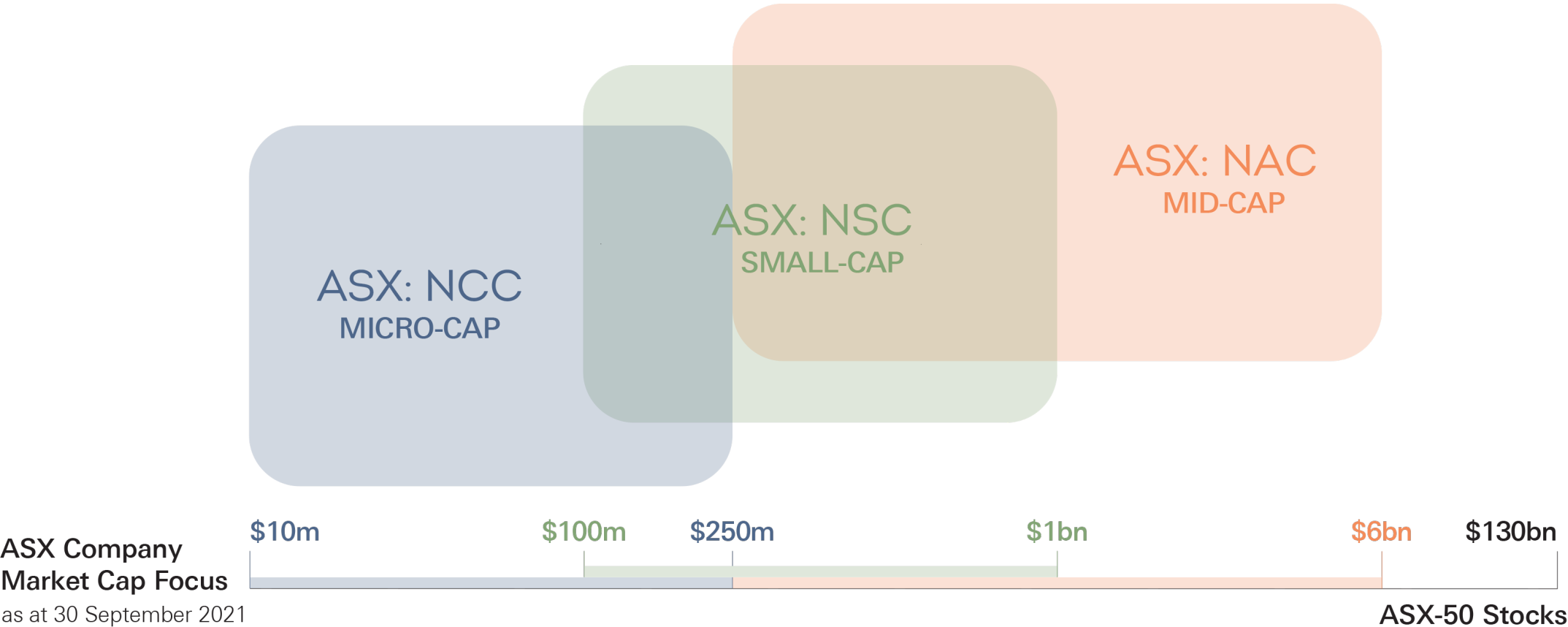
If a business has a sustainable competitive advantage and can also increase this advantage over time, this will generally lead to significant organic revenue growth over the long term. This is driven by a strong customer proposition as well as significant pricing power. With such organic growth the business should have the financial resources to support further innovation to ensure they maintain and even enhance this moat over time.

## Alignment

A company with the ability to support the interests of all shareholders can have substantial compounding effects over time. If the Board of Directors, key executives and staff are material shareholders then a business is more likely to develop a culture, values and a business strategy that aligns with total shareholder return outcomes over the long term.

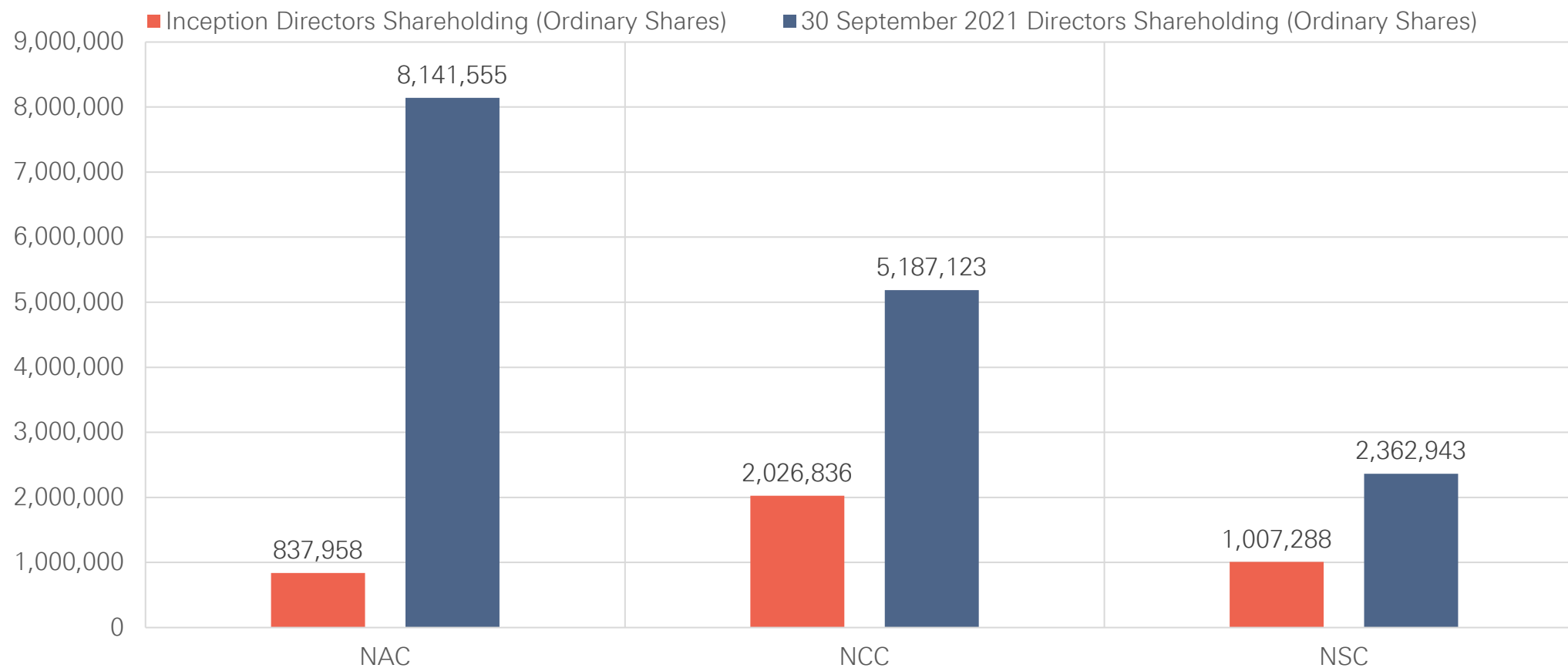
# NAOS Listed Investment Companies

Each of our LICs target a concentrated portfolio of 0-20 companies



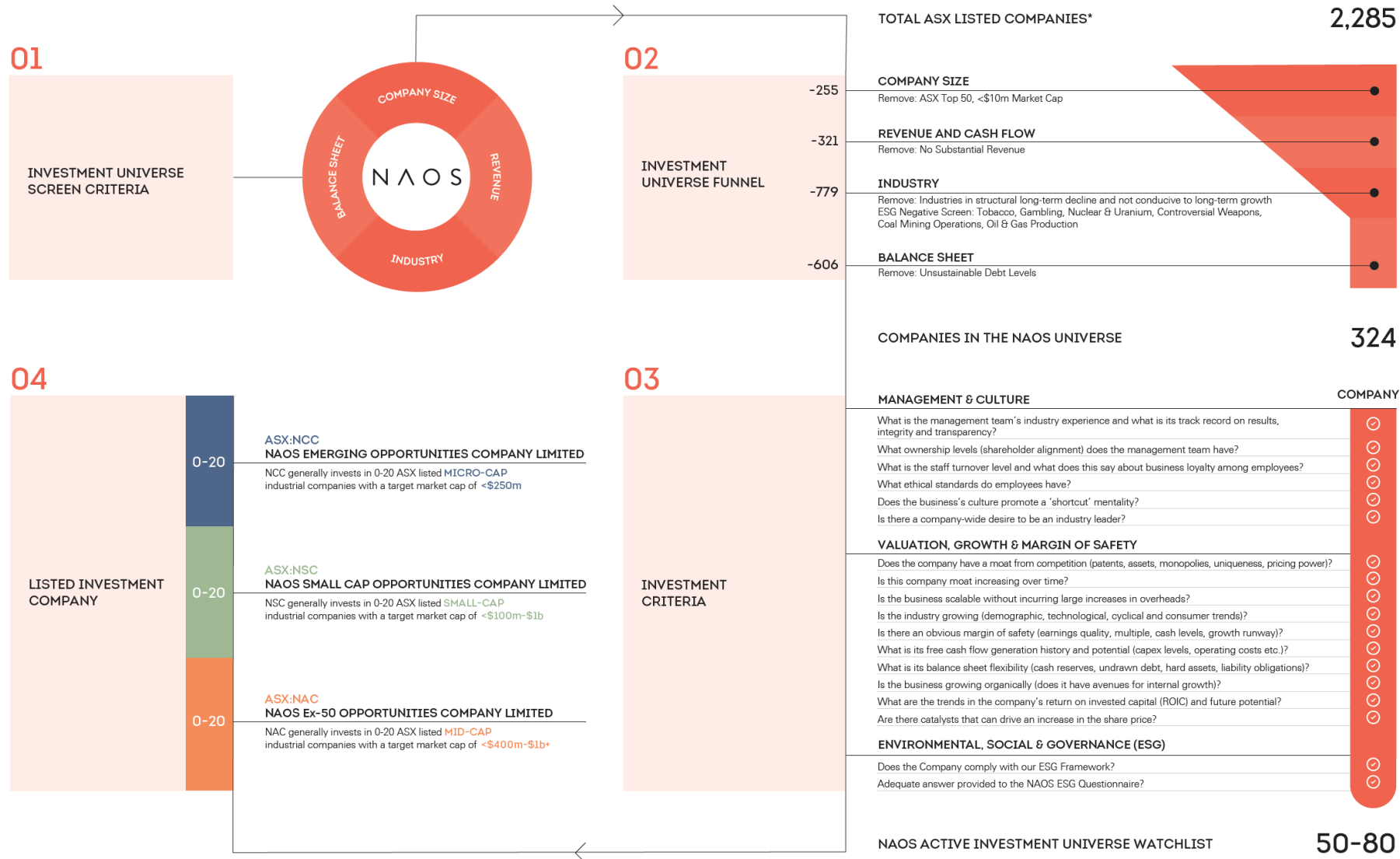
# NAOS management alignment

NAOS Director's shareholdings have significantly increased since the inception of each LIC





# NAOS investment process



\* Source: Bloomberg Data June 2021

# NAOS ESG framework

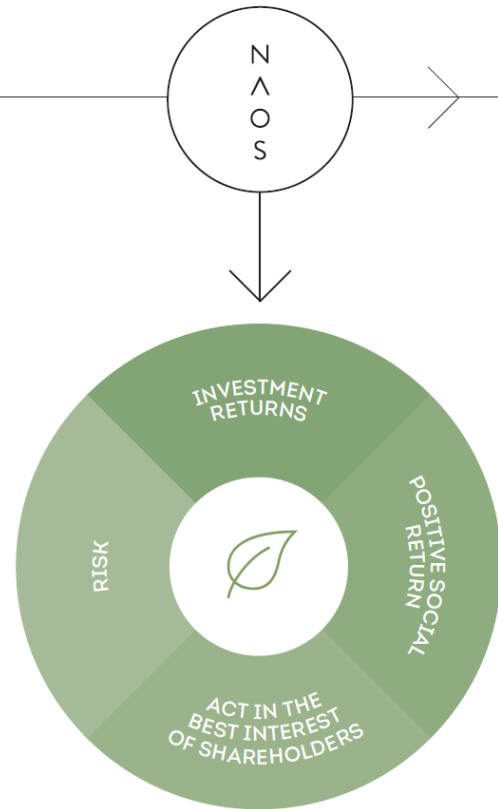
## 01

### OUR COMMITMENT TO RESPONSIBLE INVESTMENT

As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors is associated with a sustainable business model over the longer term that benefits not only shareholders but also the broader economy.

We recognise the material impacts that ESG factors can have on investment returns and risk, and also the wider implications for achieving a positive social return.

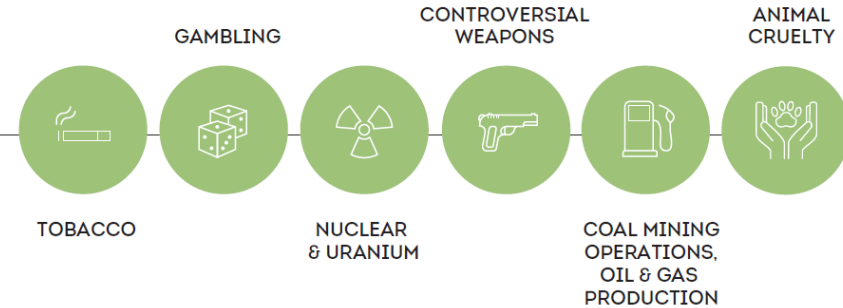
NAOS is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is guided by these principles in incorporating ESG into its investment practices.



## 02

### NEGATIVE SCREENS

NAOS systematically excludes investing in specific industries and companies that do not align with our responsible investment goals.



## 03

### ESG FRAMEWORK

The types of ESG factors we consider are represented by the following, although from time to time we will consider factors outside this group.



## 04

### THE INCORPORATION OF ESG

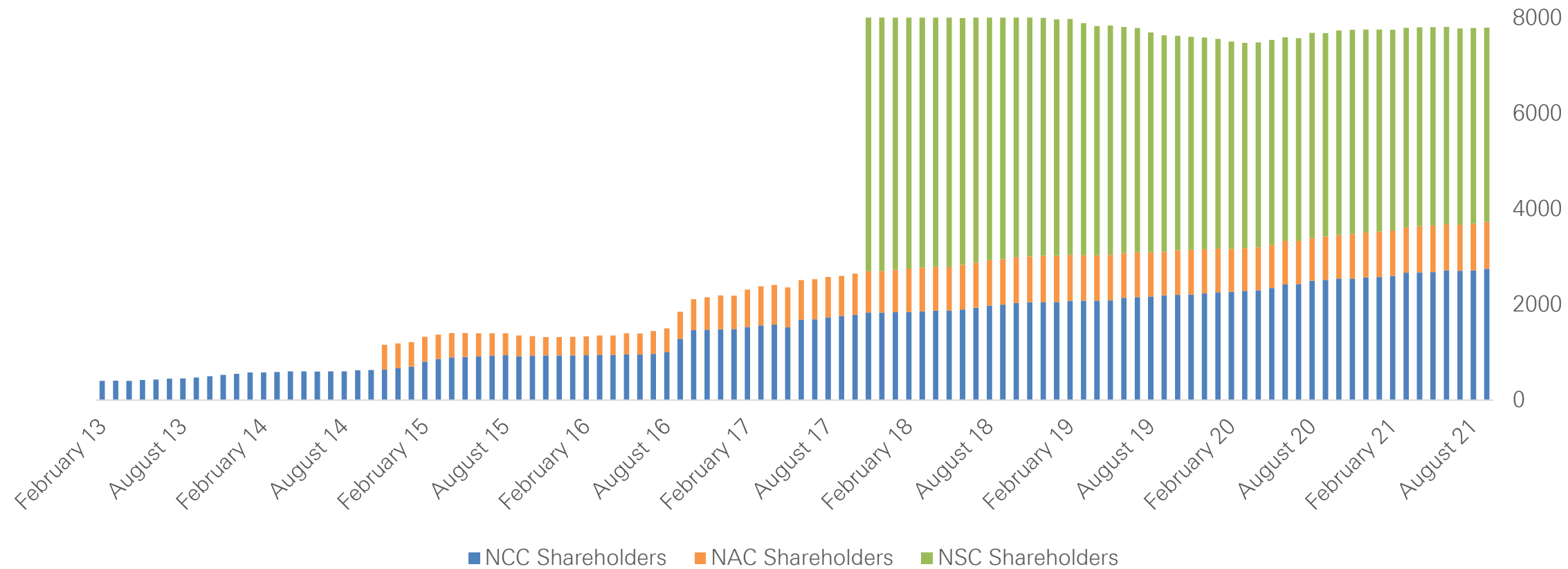
The incorporation of ESG considerations into the investment process applies across all NAOS investments and involves regular discussions and engagement with companies over material ESG issues.

ESG considerations rest at the core of the NAOS investment process. While the investment team screens all prospective investments on an ESG basis, NAOS also ensures that all its investee companies abide by the same principles. NAOS seeks to ensure investee companies are acting in a responsible manner, are setting clear targets and are having a positive impact on their respective stakeholders (i.e. employees, clients, community). Their impact on the environment is foremost among these priorities. As part of this process, NAOS has continued to evolve its ESG questionnaire it provides to all investee companies. This questionnaire provides NAOS with transparent, consistent and granular data on how these companies are both performing and improving upon these focus points.

Signatory of:



# Historical shareholder numbers



# Investor awareness and communication



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