



## SEC Results 1HFY26

1HFY26 Profit	Company Performance <sup>1</sup>	Dividends <sup>2</sup>	Yield	Yield (incl. franking)
<b>\$12.6m</b>	<b>11.8%</b>	<b>7.6c</b>	<b>5.2%<sup>3</sup></b>	<b>7.4%<sup>4</sup></b>

- **1HFY26 net profit after tax of \$12.6m (+\$1.8m compared to prior corresponding period)**
- **Company Performance of 11.8%, -5.6% compared to benchmark<sup>5</sup> of 17.4% (+2.2% p.a. to benchmark since inception)**
- **Total quarterly dividends declared for the half-year of 7.6 cents per share (fully franked)<sup>2</sup>**
- **Trailing dividend yield equal to 5.2%<sup>3</sup> (7.4%<sup>4</sup> including franking)**
- **Continued measurement of the modified conditional proposal implemented April 2025, after the 2024 conditional proposal successfully assisted in reducing the NTA discount**
- **Shareholder webinar on results and portfolio**

### Performance

We are pleased to announce that Spheria Emerging Companies Limited (ASX:SEC) (**Company**) recorded a profit of \$12.6m for the half-year ended 31 December 2025 (**1HFY26**). This compared to a profit of \$10.8m in the prior corresponding period.

The result was supported by strong performance from small-cap companies during the period, with the Company's benchmark S&P/ASX Small Ordinaries Accumulation Index increasing by 17.4% over the half-year. Company Performance, which comprises investment portfolio performance after deducting investment management fees and Company administration expenses (excluding taxes), was 11.8% for the half-year, which was 5.6% lower than the benchmark for the period.

Despite the lower performance to benchmark during the half, the Company continues to exceed its benchmark since inception, with Company performance of 8.5% p.a. compared to benchmark performance of 7.1% p.a.

### Dividends

The Company continued to declare quarterly dividends during 1HFY26 at its increased targeted rate of 1.5% of post-tax NTA, which has applied since the June 2024 quarter dividend.

The Company declared a total of 7.6 cents per share in fully franked dividends for 1HFY26<sup>2</sup>, comprising two quarterly dividends of 3.8 cents per share, which is the highest level since inception. When combined with dividends from 2HFY25 of 7.1 cents per share, this represents a trailing dividend yield of 5.2%<sup>3</sup> based on the 31 December 2025 share price of \$2.83, and a gross yield (including franking credits) of 7.4%<sup>4</sup>.

Including these quarterly dividends, the Company has now declared 76.8 cents per share total dividends since its ASX listing in Dec 2017, equivalent to 38.4% of the IPO price of \$2.00. At the

<sup>1</sup> Calculated as the Company's investment portfolio performance after fees excluding tax on realised and unrealised gains/losses and other earnings, after Company expenses.

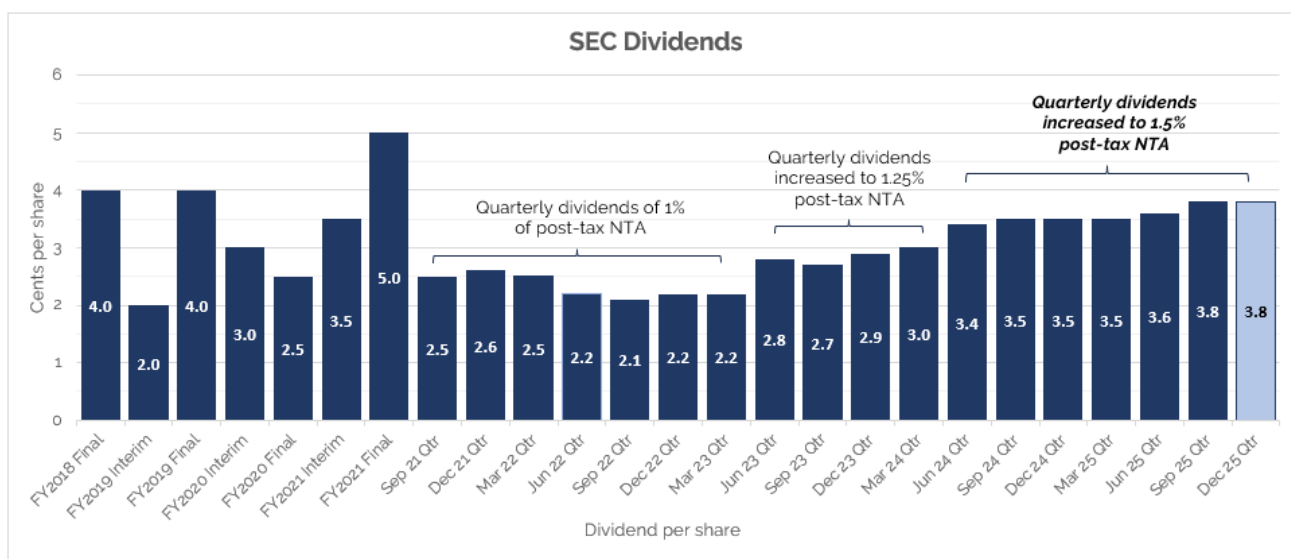
<sup>2</sup> Comprising September 25 quarter dividend of 3.8 cents (paid 14 November 2025) and December 25 quarter dividend of 3.8 cents (paid 13 February 2026).

<sup>3</sup> Trailing dividend yield based on total quarterly dividends declared for calendar year 2025 of 14.7 cents, calculated on share price as at 31 December 2025 of \$2.83.

<sup>4</sup> Trailing dividend yield including franking credits based on total quarterly dividends declared for calendar year 2025 of 14.7 cents, calculated on share price as at 31 December 2025 of \$2.83, using 30% tax rate.

<sup>5</sup> S&P/ASX Small Ordinaries Accumulation Index.

same time the pre-tax NTA per share of the Company has grown from \$2.00 to \$2.616 at 31 December 2025.



In addition, the Company is presently transitioning from the payment of quarterly to monthly dividends. This is being achieved by the payment of monthly dividends of 1.3 cents per share in February and March 2026, with regular monthly dividends then continuing from April 2026 onwards. Note the Company's dividend re-investment plan (**DRP**) will not be available for these monthly dividends.

The monthly dividends are intended to continue to be based on the current rate of 1.5% of post-tax NTA per share, calculated on a quarterly basis but paid in three equal monthly instalments<sup>2</sup>, instead of one quarterly dividend. The monthly dividends for February and March 2026 were based on the post-tax NTA at 31 December 2025, with ongoing monthly dividends then continuing to be calculated and announced on a quarterly basis using the post-tax NTA value at each quarter end. As always, monthly dividend payments will be subject to available profits, cash-flow and franking credits.

At 31 December 2025, the value of the Company's franking account was \$5.1m (\$0.084 per share). This is equivalent to \$0.197 per share in fully franked dividends at the Company tax rate of 30% and the Company presently maintains sufficient profit reserves for this value of dividends.

### Reinstated Conditional Proposal

Closing the discount of the Company's share price to NTA per share has been a focus of the Board, and we are pleased that the NTA discount has narrowed substantially since January 2024, when the initial conditional proposal was announced.

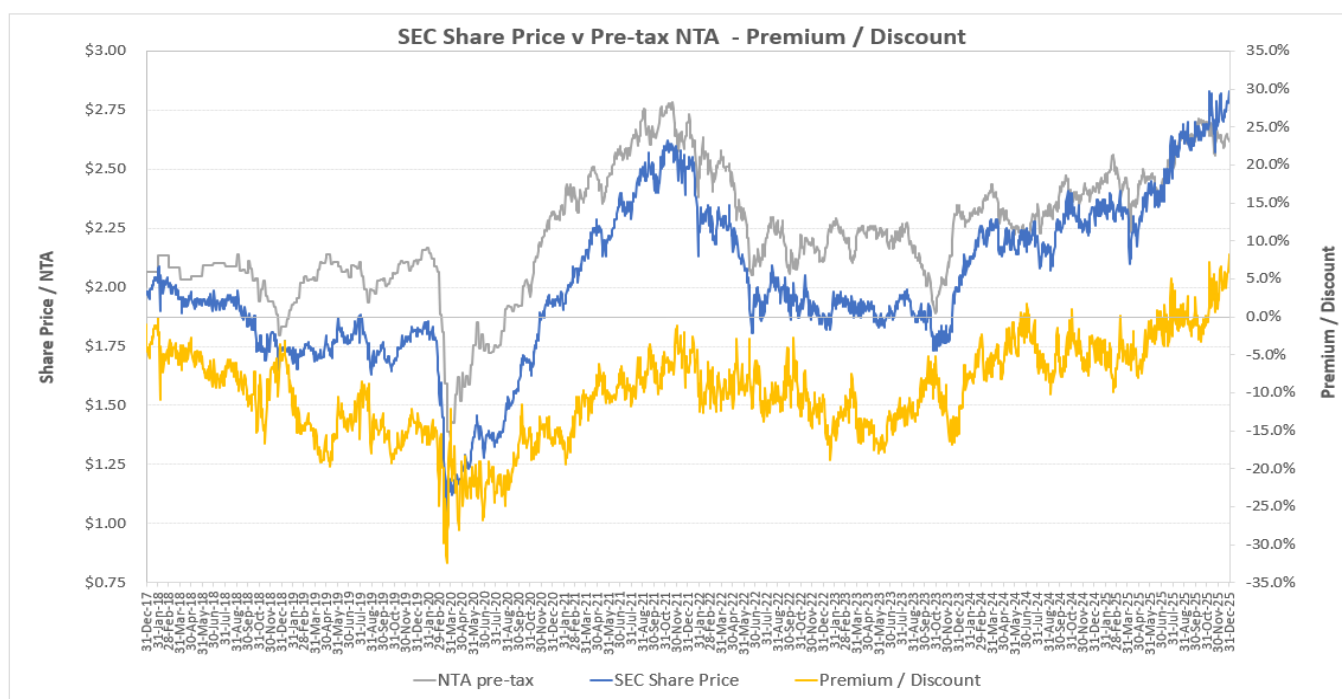
Shareholders will recall that under this conditional proposal the Company would pursue the conversion to a managed fund should the discount of share price to pre-tax NTA over the December quarter of 2024 exceed 5%. The discount to NTA during this period was less than 5% and thus the Company remained a listed investment company (**LIC**).

Following the success of the initial conditional proposal in contributing to the substantial reduction in the Company's discount to NTA during 2024<sup>6</sup>, a reinstated and modified conditional proposal agreed between the Company and Spheria Asset Management Pty Limited (**Manager**) was announced in February 2025.

<sup>6</sup> 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.

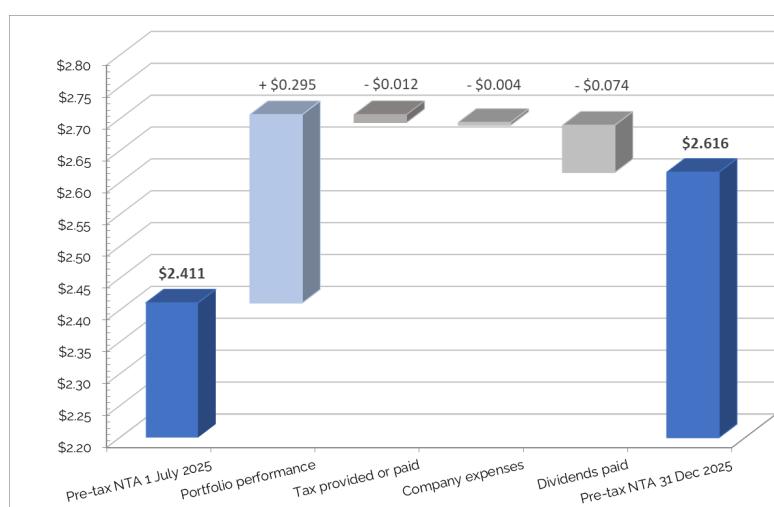
Under this conditional proposal should the average premium/discount of the Company's share price to pre-tax NTA during the period 1 April 2025 to 31 March 2026 be a discount of more than 5%, a meeting of shareholders will be convened to vote on whether the Company should remain a LIC or should convert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

We are presently within this measurement period, and from 1 April 2025 to 31 December 2025 the running average premium/discount was a 0.7% discount. Pleasingly, since early November 2025 the Company's share price has traded at a premium to its pre-tax NTA, and as at 31 December 2025 the premium was 8.2%<sup>7</sup>. This is a significant improvement, particularly in circumstances where large discounts continue to be experienced by many LICs more generally.



### NTA performance for 1HFY26<sup>8</sup>

During 1HFY26 the pre-tax NTA increased by \$0.205, from \$2.411 at 30 June 2025 to \$2.616 at 31 December 2025. The increase in NTA is attributable to the portfolio performance of \$0.295 during the half-year, and is after the effect of taxes, Company expenses and dividends, which totalled \$0.09.



<sup>7</sup> Based on pre-tax NTA per share of \$2.616 and share price of \$2.83 at 31 December 2025.

<sup>8</sup> Portfolio performance is shown net of investment management fees.

The post-tax NTA of the Company as at 31 December was \$2.512 per share, which was \$0.104 lower than pre-tax NTA, representing the effect of tax on unrealised investment portfolio gains at period end, at the Company's tax rate of 30%. This difference between pre-tax and post-tax NTA fluctuates as unrealised gains and losses are made on SEC's investments.

### **Shareholder webinar on results and portfolio**

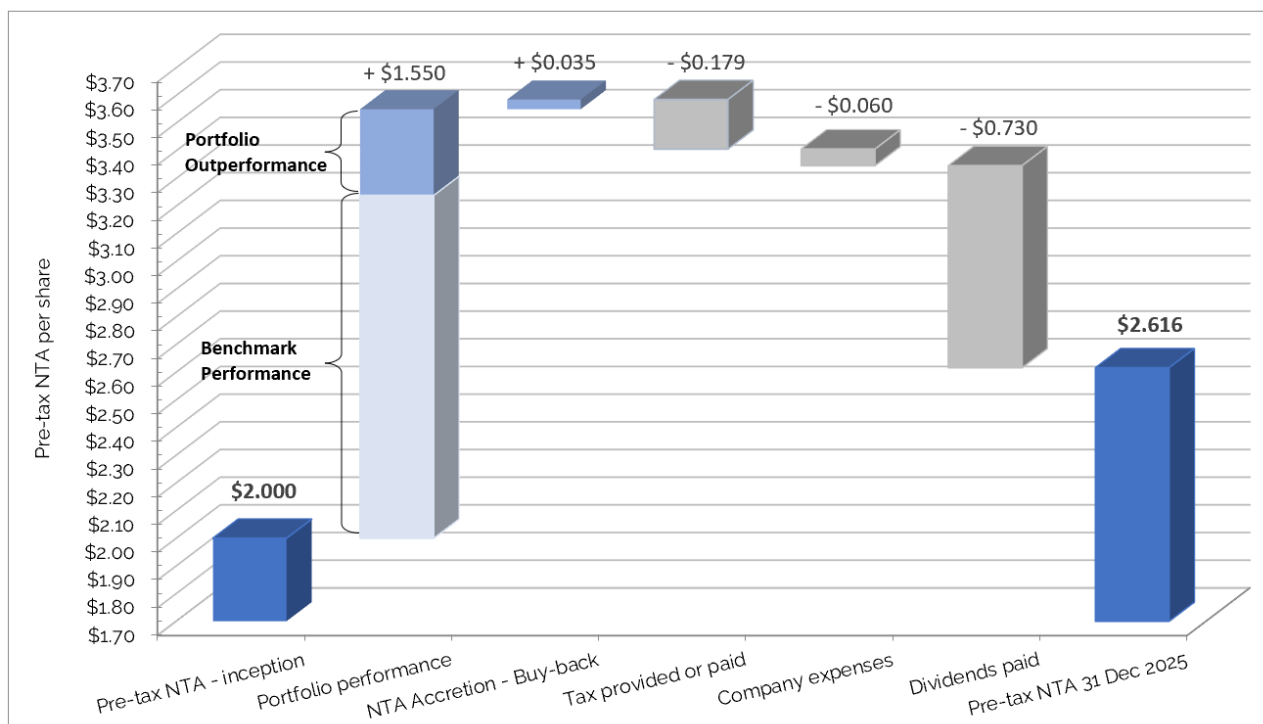
The Board invites you to the upcoming shareholder webinar on 5 March 2026 at 11.00am (Sydney time AEDT). The webinar will provide an update on the Company's financials and investments from the Company's director and Spheria Asset Management's Portfolio Manager, Marcus Burns.

Shareholders are invited to register at the following link: [SEC 1HFY2026 Results Presentation](#)

The Board of Spheria Emerging Companies Limited has authorised this announcement to be released to the ASX.

## Additional shareholder information

### NTA Performance since inception<sup>9</sup>



### Manager's commentary

#### Portfolio performance

**The investment portfolio increased 12.0%<sup>10</sup> for the half year ending 31<sup>st</sup> December 2025, underperforming the benchmark by 5.4%.**

Whilst the absolute performance of the Company and the portfolio over the past 6 months has been pleasing, the Company underperformed the Small Ordinaries which had a very strong six months to December. The driver behind this, and one of the key reasons for underperformance, has been the very strong performance of the Resources sector. The Resources sector rose a staggering 57% over the six months, putting in one of its best relative and absolute returns in living memory. Whilst the Company doesn't exclude resources from its investible universe, as we have explained before it's hard to find high quality investments in the small cap resources space that fit our investment process. As a result, we are generally underweight resources, preferring instead to gain industrial style exposure via higher quality mining services names.

Stocks that worked for the Company over the first half included a rebranded Platinum Investment Management which received a takeover and restructure from L1 Group. The market re-rated this stock heavily as it saw the prospect of improved performance and some material cost reductions with the shares rising 126% over the 6 months. Cromwell Property (CMW.ASX) rose 39% and Eagers Automotive (APE.ASX) continued its strong run rising 46% over the period on the back of strong results and the acquisition of Canada One – Canada's leading auto retailer giving the Company another growth angle over the medium term.

Against this was the resource trade. The strongest sub-sector within this being Gold. The Gold price rose 31% over the 6 months to around US\$4300/ oz. This saw Gold equities rally 72%

<sup>9</sup> Portfolio performance is shown net of investment management fees.

<sup>10</sup> After investment management fees. After deducting Company administration expenses (excluding taxes), Company performance was 11.8%.

over the period and saw Westgold (WGX.ASX) rally 124%, Vault Minerals (VAU.ASX) up 100% and Greatland Resources (GGP.ASX) which rose 48%, all of which were negative contributors on a relative basis to the Company's performance.

Of the stocks we held which underperformed, the two key ones were two of our stalwarts – Technology One (TNE.ASX) and Supply Network (SNL.ASX). We have spoken before about Supply Network and why we continue to like the shares in spite of the incredible returns to the Company. SNL declined 12% over the half on limited news. They continue to grow revenue and share in the bus and truck parts category and reported preliminary growth in revenue of 17% for their first half (all organic) suggesting the business continues to perform. Technology One de-rated over the first half with the share price retracing 31%. This was disappointing, however the company had performed exceedingly well over the year to June 30 and, with the benefit of hindsight, probably got too expensive on a medium term view. Their client base is largely government bodies (councils, state departments and universities) and retention is over 99% - which is amongst the best in the world for SAAS software. Having pulled back, the shares are looking better relative value and we continue to rate the management team highly.

## **Market Outlook**

We sometimes joke that there is always something to worry about in the world of investing. We live in a highly connected world, where information is ubiquitous and travels virtually instantaneously. As an increasing proportion of funds get either passively managed or managed with the direct aid of computers, market movements seem to be increasingly exaggerated both on the upside and downside. If we add to this the fact that we are clearly entering the age of AI and a significant transition to society as the technology becomes more widespread, it's no wonder we are entering a period of market volatility.

We are both excited and concerned by the advent of AI. We get asked many times by investors what our view and approach to AI is. The answer is that, with the utmost respect, we are trying to figure out the best ways we can use it in our business and as quickly as we can. We have little doubt it is both a threat and opportunity and we are determined to make it the latter.

As to the broader question about its likely impacts on the market – these are likely to be significant in both a positive and negative sense. Whilst the market is currently thinking about industry disruption – chiefly in the software sector – there will be beneficiaries who can use AI to drastically reduce cost and improve productivity. Against this there will be job displacement and some potentially significant societal disruption.

As we and the rest of the market start making sense of a world with AI as a key operator we expect volatility to likely remain elevated. We believe that active, bottom up investing with a strong process is one of the best ways to navigate this market and that our focus on cash flows, sound balance sheets and valuations will continue lead to opportunities for the Company.

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.

## About Spheria Asset Management Pty Limited (Manager)

Spheria Asset Management Pty Ltd is a fundamental-based investment management firm with a bottom-up focus, specialising in small- and micro-cap companies, which can provide higher returns in the long term than their larger peers.

The Manager is majority owned by its team, which has nearly 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 Limited.

## Find out More about the Company and Manager

To find out more information about the Company, please visit the [SEC Website](#)  
To find out more information about the Manager, please visit the [Spheria website](#)

## Contact Us

If you have any questions for the Company, please reach us on 1300 010 311  
If you have any questions regarding your shareholding, please call Automic, the Company's share registry on 1300 902 587

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