Investment & NTA Update

31 May 2025

NGE Capital Summary

ASX ticker	NGE
Share price (31 May 25)	$1.065
Shares outstanding	34,303,223
Market cap	$36.5m
NTA per share before tax	$1.380
NTA per share after tax	$1.476
NTA before tax	$47.3m
NTA after tax	$50.6m

Overview

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

Board & Management

David Lamm
Executive Chairman & Chief Investment Officer

Adam Saunders
Executive Director & Portfolio Manager

Ilan Rimer
Non-Executive Director

Leslie Smith
Company Secretary & Chief Financial Officer

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Net Tangible Assets Per Share

	31 May 2025	30 Apr 2025
NTA per share before tax	$1.380	$1.289
NTA per share after tax	$1.476	$1.385

NTA Per Share Performance Summary

			Since inception[1]	
1 month	Year-to-date	Last 12 months	(p.a.)	(cum.)
7.1%	7.2%	4.2%	12.4%	170.5%

Note: Returns are net of all expenses. FYE 31 December.
1 From 30 Nov 2016, the date on which NGE became a LIC.

Portfolio Composition

Company	Ticker	% of NTA
Yellow Cake plc	LSE:YCA	14.3%
Cash Converters International	ASX:CCV	8.1%
Pioneer Credit	ASX:PNC	8.0%
MLG Oz	ASX:MLG	7.2%
K92 Mining Inc.	TSX:KNT	6.4%
Jupiter Mines	ASX:JMS	6.3%
Metals X	ASX:MLX	5.6%
Indiana Resources	ASX:IDA	5.5%
Sprott Physical Uranium Trust	TSX:U.UN	5.3%
Capricorn Energy PLC	LSE:CNE	5.0%
Embark Early Education	ASX:EVO	4.9%
Industrial Logistics Properties	NAS:ILPT	4.6%
Northern Ocean Ltd.	OSL:NOL	3.9%
Danakali	NSX:DNK	2.4%
Achieve Life Sciences	NAS:ACHV	1.9%
Net cash and other		10%
Total		100%

Unrecognised Tax Losses

The Company has ~$26 million of Australian unused and unrealised losses available as at 31 May 2025. In the aggregate these losses equate to a potential future tax benefit of ~$6m or ~$0.19 per share (of which only ~$3.3m or ~$0.096 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the Income Tax Assessment Act 1997 (Cth).

Commentary

31 May 2025

On 27 May we published our AGM presentation, which provided an overview of our key investments. The presentation can be viewed here.

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During May we made the following notable portfolio changes:

- we trimmed our holding in **Capricorn Energy PLC (LSE:CNE)** after the company announced it had reached an agreement to consolidate, extend and improve its Western Desert concessions in Egypt. The agreement consolidates the 8 existing PSCs where Capricorn has an equal share with Cheiron into a single, integrated agreement on significantly improved fiscal terms. The new agreement increases the long-term value of Capricorn's Egyptian assets by providing an uplift to proved reserves, makes gas production more attractive, and provides additional downside protection through an improved cost recovery mechanism (a natural hedge against lower Brent oil pricing). The integrated concession agreement is subject to Egyptian Parliamentary ratification which is expected to take place later this year. We currently hold ~435k shares; and

- we added to our holding in **Industrial Logistics Properties Trust (NAS:ILPT)** after management noted on the 1Q25 earnings call that they are "evaluating opportunities to improve our balance sheet and reduce leverage" and "[a]ccordingly, in 2025, we may pursue options to refinance our existing debt and evaluate strategic property dispositions to accomplish these goals". A successful outcome may act as a catalyst to a significant upward re-rating in the equity, given how depressed the shares trade relative to our assessment of NAV. We held 430k shares at month end and have since increased our holding to 450k shares.

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We noted in our March 2025 NTA statement that last December South African coal-focused resources producer **Exxaro Resources Limited (JSE:EXX) (Exxaro)** had reportedly shown an interest in acquiring the Tshipi Borwa manganese mine, in which **Jupiter Mines Limited (ASX:JMS) (Jupiter)** holds a 49.9% stake. We further noted that comments made by Exxaro's management on their 4Q24 earnings call in March suggested they remained interested.

And so it came to pass that on 13 May Exxaro announced the acquisition of a portfolio of manganese assets held by **Ntsimbintle Holdings Proprietary Limited (Ntsimbintle)** and **OM Holdings Limited (ASX:OMH)**, including a 50.1% stake in Tshipi and a 19.99% stake in Jupiter. Following completion Exxaro will hold an effective 60.1% interest in Tshipi. Exxaro is acquiring its Jupiter stake at ZAR 3.69 per share (~A$0.317), a ~119% premium to the undisturbed price of $0.145.

Exxaro is also purchasing stakes in three smaller Mn mines in the near vicinity of Tshipi: Mokala (51%), Mamatwan (9%) and Wessels (9%).

The total consideration for the assets is ~ZAR 11.7bn (~US$650m) cash. If the shareholders of the three smaller mines exercise their pre-emptive rights the consideration increases to ~ZAR 14.6bn (~US$815m). With a ~US$2.7bn market cap, net cash of ~US$640m as at 31 December 2024, ~US$180m of undrawn debt facilities and consensus FY25E FCF of ~US$390m, Exxaro has plenty of capacity to absorb the acquisitions.

The transactions are expected to close in early 2026, subject to customary regulatory and governmental approvals.

On its M&A call Exarro management revealed that they had considered making a takeover offer for Jupiter, however a "deal with Jupiter would have only given us a stake into Tshipi" and not the portfolio positions across the KMF that the deal with Ntsimbintle afforded. Management described its purchases as "a great entry point for us into the Kalahari Manganese Field", a strong indication that further acquisitions are likely.

We think a takeover offer for Jupiter would be a logical next step; such a move would allow Exxaro to have sole ownership and operatorship of Tshipi, fully consolidate the operations in its accounts, and capture any logistical and marketing benefits from handling 100% of the mine's output. We interpret Exxaro's comments as indicating an intention to do just that:

> *"Certainly our intentions right now are to bed down the Ntsimbintle transaction. We look forward to working with Jupiter in the joint venture agreement going forward and looking at unlocking strategic value for both our organizations in whatever form that may take. So right now I think the focus is [bedding] down this transaction and we take it one day at a time."*
>
> Richard Lilleike, Chief Growth Officer
> Exxaro M&A Call, 13 May 2025

Exxaro is a more natural holder of Tshipi, has the necessary experience and skills as the owner and operator of 5 thermal coal mines in-country, and can leverage its strong relationships with the South African government and BEE stakeholders to unlock value across the KMF.

We would expect 31.7cps to be a starting point for discussions to acquire Jupiter – the price paid to Ntsimbintle for its shares. We note, however, that if we apply Exxaro's long-term Mn price assumption of US$4.20/dmtu (FOB) to our DCF model we get a valuation of ~42cps, which values the 2P reserves only and ascribes no value to Tshipi's huge resource base.

Whilst the timing is uncertain, we could foresee a scenario where Exxaro makes a move for Jupiter within a year of closing its manganese transactions.

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A comparable transaction in the childcare space during the month put the cheap absolute and relative valuation of portfolio holding **Embark Early Education Limited (ASX:EVO) (Embark)** into sharp focus. The AFR reported that US private equity firm Seidler Equity Partners had acquired a minority stake in Young Academics, a Sydney-based childcare operator, at an implied EV of ~$200m and EV/EBITDA multiple of ~10-12x.

With 43 childcare centres and 3,320 licensed places, Young Academics is of a similar size to Embark (38 centres with 3,476 licensed places). The article reported that Young Academics is expected to generate FY25 revenues of ~$100m (up from ~$80m in FY24), with earnings "sitting at about the $20 million mark". Whilst not audited numbers and the cited acquisition multiple range suggests earnings could be below $20m, they are also in the same ballpark as Embark. However, we suspect that Embark's Group-level EBITDA margins are comfortably higher at ~22%.

Of Young Academics' 43 centres, we note that 11 were granted service approval in the last 12 months, and of those 6 were approved in just the last 7 months. Young Academics has a further 16 centres at various stages of development, and an additional "50 in its construction pipeline". Young Academics will have to work hard to build and maintain the occupancy of its new centres, especially given the rapid succession of openings. Embark's modus operandi of buying established and proven centres at an EV/EBITDA multiple of ~4x offers a better risk-reward for investors in our view.

As we laid out in the AGM presentation, applying Young Academics' acquisition multiple range to Embark yields a valuation of ~$1.30-1.60 per share, well above the month end share price of $0.70.

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In our January 2025 NTA statement we wrote up our investment thesis for **MLG Oz Limited (ASX:MLG) (MLG)**, where we mentioned that:

> *"In the medium term, MLG could see growth come from the iron ore majors operating in the Pilbara, as grades from existing mines are starting to decline. Product grades could potentially be improved by blending ore from smaller, higher grade satellite deposits. It may make more economic sense to use outsourced road haulage services to transport ore from satellite mines back to existing iron ore processing infrastructure."*

We may not have to wait as long as we initially forecast for this part of the thesis to play out, as MLG announced a maiden $20m contract win with **Rio Tinto Limited (ASX:RIO) (Rio)** on 26 May. The contract, which runs for 12 months, is for the provision of off-road bulk ore haulage and site services at Rio's Western Turner Syncline Mine in the Pilbara.

Whilst relatively small, this contract is a significant win and may lead to much larger iron ore-related contracts in the future. It also comes on the back of 6 months of strong contract wins in the Goldfields.

We set out a valuation for MLG of ~$1.30-2.30 per share in the AGM presentation, based on what may end up looking like conservative valuation metrics given the growth MLG continues to achieve. MLG looks very cheap to us against the month-end share price of $0.68.

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Our holdings in **Yellow Cake plc (LSE:YCA)** and **Sprott Physical Uranium Trust (TSX:U.UN)** reacted positively during the month to US President Trump issuing 4 nuclear-related executive orders seeking to "[r]e-establish the United States as the global leader in nuclear energy" and revitalise the US nuclear industry. As part of its policy goals, the Trump administration wants to quadruple US nuclear capacity from ~100GW in 2024 to 400GW by 2050. Achievement of this implies additional U_3O_8 demand of ~150mmlbs p.a. for the US alone, a considerable increase on the current global demand level of ~200mmlbs.

Other initiatives announced include the targeting of a first new advanced reactor build by November 2027, facilitating 5GW of uprates to the existing fleet, having 10 new large reactors under construction by 2030, and cutting red tape and the time taken to approve new reactor licenses by imposing an 18-month deadline on the Nuclear Regulatory Commission when reviewing applications.

Additionally, the executive orders seek to strengthen the domestic nuclear fuel cycle by increasing uranium production (including via reprocessing and recycling of spent nuclear fuel), conversion and enrichment capacity.

Further positive news came on 3 June when **Meta Platforms, Inc. (NAS:META)** announced it had signed a 20-year Purchase Power Agreement to buy nuclear energy from **Constellation Energy Corporation (NAS:CEG)**. The PPA will begin in June 2027 and is for ~1.1GW of electricity (100% of plant output) from the Clinton Clean Energy Center in Illinois.

The deal supports the relicensing and long-term operation of the facility on market terms, and will obviate the need for state subsidies that have kept the plant running since 2017 and were set to expire in mid-2027. The Meta agreement follows other large, long-term nuclear power deals announced by **Amazon.com, Inc. (NAS:AMZN)**, **Alphabet Inc. (NAS:GOOG)** and **Microsoft Corporation (NAS:MSFT)** and represents incremental demand that was never in our base case demand thinking when we first invested in uranium.

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During the month **Cash Converters International Limited (ASX:CCV) (CCV)** announced that it will cease offering Small Amount Credit Contract (SACC) loans as of 30 September 2025 “in response to ongoing regulatory developments in Australia”. CCV had already been lowering its exposure to SACCs – also referred to as payday loans – which typically attract lower quality credits and result in high loss rates. The move to exit SACCs comes a year after CCV put its auto loan book into runoff.

CCV is now focused on profitably growing its loan book through highly regulated, less risky, longer duration products comprising Medium Amount Credit Contracts (MACC) and the Line of Credit (LoC) product. Management’s focus on credit quality over loan book growth saw a significant increase in 1H25 earnings due to lower loss rates.

In its release CCV noted that a “SACC market exit is also expected to improve our standing in debt markets” which may result in a “broader range of funding options and lower funding costs becoming available to the Company”. Currently CCV has a $200m Senior Financing Facility with Fortress Investment Group, which whilst not disclosed we estimate is priced somewhere in the region of BBSW + 750-800bps. Every 100bp cut to the margin on ~$135m of drawn debt (as at 31 December 2024) would provide a nice bump to our FY26E NPAT forecast of ~$25m.

CCV also continues to grow via its low-risk approach of acquiring franchise stores in Australia and offshore. Subsequent to month end it announced an agreement to acquire 10 franchise stores in the UK for ~GBP 7.5m (~A$15.7m), with the acquisition being funded with a new GBP 12m growth facility provided by Lloyds Bank at “[a]ttractive bank rate pricing and terms”.

Finally, we took notice during the month of the announced acquisition of UK pawnbroker **H&T Group plc (LSE:HAT) (H&T)** by **FirstCash Holdings, Inc. (NAS:FCFS)**, a US$5.6bn pawnbroker with operations across the US, Mexico and Latin America. H&T is being acquired for an equity value of ~GBP 297m at an implied forward P/E of ~12.2x; CCV looks very cheap in comparison.

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Announcement released to the market with the authorisation of:

David Lamm	**Adam Saunders**
Chief Investment Officer	Portfolio Manager