

ECP

Chairman's Address – Annual General Meeting

Wednesday 26 November 2025

Fellow Shareholders, Ladies and Gentlemen, it gives me great pleasure to present the Annual Chairman's Report of ECP Emerging Growth Limited.

THE YEAR IN REVIEW

As shared in our Annual Report, the ECP portfolio underperformed during the financial year and delivered a positive return of 2.4%, which is 6.8 percentage points below the ASX Small Ordinaries Index Return of 9.2%. Importantly, the underperformance does little to impact the long-term track record of a positive 13.4% per annum since inception as compared with the ASX Small Ordinaries Index Return of 3.5% over the same period.

Recurring headlines through 2025 have focused on the US trade policies, international political posturing and deal negotiation. While it seems the momentum is generally positive, it has created a back drop of uncertainty and volatility in many sectors of the global markets – unless you happen to mention Artificial Intelligence (AI).

AI has been a major topic across the market and has led to some significant gains in AI-linked stocks. So much so that some pundits suggest we are in an AI bubble, pointing out the intertwining relationships of the major players. However, at an investment level, it appears some companies are chasing AI because they feel they must, while others are quietly embedding it into workflows in ways that genuinely improves internal productivity and/or customer experience. In this instance, it is important to look past the hype and really understand the competitive advantages being developed within the business. As always, this will be the focus of ECP and our Investment Manager, ECP Asset Management.

INVESTMENT IN THE ECP PRIVATE GROWTH FUND

Later in the proceedings we shall be asking Shareholders to vote on a capital commitment in the ECP Private Growth Fund. The capital commitment is a way of ensuring ECP is afforded an opportunity to consider investment in pre-IPO companies; and can determine an appropriate investment size with regards to the offer and other opportunities available. The ECP Private Growth Fund is a strategic vehicle aligned with the investment philosophy of ECP but targeting private companies that have an intention to list within 12 to 36 months. The potential investee companies are not limited to specific industries; however, they must demonstrate the similar high-quality metrics that are used by our Manager in assessing listed equity investments. The Board believes that selectively investing in these private companies will give ECP a performance edge over the long term, realising both the upside of the IPO event and access to pre-IPO stock to increase our investment if appropriate. I look forward to discussing this further when we come to this agenda item.

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SHAREHOLDER VALUE

A core responsibility of the Board is the focus on ensuring ECP is delivering value to our stakeholders. Value creation occurs through a variety of ways, including portfolio performance to enhance the NTA, capital management to ensure long-term compounding, declaration of fully franked dividends and promoting ECP to attract investor interest thereby increasing demand for shares. Overall, we believe ECP continues to honour its promise to Shareholders on these fronts, however there is always more that can be done.

The Board acknowledges that ECP suffers from a persistent share price discount to its NTA, a disappointment when we consider the underlying quality of our portfolio and the reliable dividend stream paid to Shareholders. This is not uncommon for a LIC of our size, which is why we remain focused on growing the size of the company - without diluting existing Shareholders. Another comment we receive relates to the balance of our franking account. The franking account is accumulated through tax paid by the company and represents value that could be distributed to shareholders by way of dividends. ECP has accumulated a very robust franking balance after multiple years of strong returns, particularly utilising the leveraged portfolio from the convertible note raising. The franking account balance allows the Board to maintain our fully-franked dividend payments even during periods of lacklustre portfolio performance, however given the market movements over the last few years there has been substantial credits accumulated, in excess of normal prudent management.

The challenge is that the payment of a dividend with franking credits attached will deplete the cash reserves of the Company and therefore shrink the size of ECP, exacerbating the issues with the NTA discount. Therefore, the Board has resolved to implement a truly unique approach to our dividend policy: the Board will declare a special dividend of 10 cents per share within 30 days of our dividend reinvestment plan (DRP) participation reaching 80% of total shares on issue. At 10cps this dividend would be 217.5% higher than the FY2025 final dividend, it is nearly two years' worth of dividends paid in one go. This proposed special dividend is a direct reward to our loyal Shareholders and importantly will release franking credits without shrinking the total assets of the Company.

The current DRP participation is 6.9% and we have support of this initiative from our major shareholder representing a further 29.8%. We truly believe this is an innovative way of releasing value to our Shareholders and I do hope that we achieve support of this plan via shareholders opting to participate in DRP.

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THANK YOU

I would like to record my appreciation for my fellow Board members for their support and input throughout the past year. While in many respects it has been business as usual this year, the Board has maintained to challenge conventional thinking and consider any and all options to deliver long term value for all Shareholders.

In conclusion, I sincerely thank our Shareholders and Noteholders for their on-going support.



Murray d'Almeida

Chairman

26 November 2025