

Investment Report & NTA Update

9 JUNE 2023

Net Tangible Asset Value per share as at 31 May 2023

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA*	Post Tax NTA*	Share Price	Number of Holdings
\$0.892	\$0.947	\$0.943	\$0.66	29

Investment Portfolio Performance[†]

	1 Month	6 Months	1 Year	2 Year	3 Years p.a.	Inception p.a. [^]	Inception (Total Return) [^]
SB2	-0.30%	-14.89%	-4.90%	-6.15%	-	-2.12%	-4.22%
ASX Small Ordinaries Accumulation Index*	-3.26%	-2.48%	-5.77%	-10.06%	-	-4.82%	-9.46%
Difference	2.96%	-12.41%	0.87%	3.91%	-	2.70%	5.24%

[†] Investment portfolio performance is calculated net of Management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

[^] Inception date is 27 May 2021.

* Source: IRESS. References to ASX Small Ordinaries Accumulation Index are for illustrative purposes only, as it is compositionally different to the Investment Portfolio.

Key Contributors & Detractors

Key Contributors for May 2023			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	OFX Group Limited (OFX)	+28.4%	+1.7%
2	Bigtincan Holdings Limited (BTH)	+31.7%	+1.5%
3	RPMGlobal Holdings Limited (RUL)	+7.5%	+0.6%

Key Detractors for May 2023			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Top Shelf International Holdings Limited (TSI)	-48.9%	-1.2%
2	Acrow Formwork & Construction Services Limited (ACF)	-12.0%	-1.1%
3	Future First Technologies Limited (FFT)	-36.7%	-0.7%

Key Features of the SB2 Portfolio

- Taking a two year view, the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is 82.7%.
- The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation, long-term capital growth and income from its investments and generating attractive risk adjusted returns over the long term.
- As such, the weighted average investment profile of our portfolio (as at 31/05/2023) features:
 - Weighted average FY23-24F revenue growth of +33%
 - Weighted average FY23-24F EBITDA margin of c.14%
 - Weighted average FY23-24F NPAT margin of c.6%
 - Weighted average FY23-24F P/E multiple of 7.3x

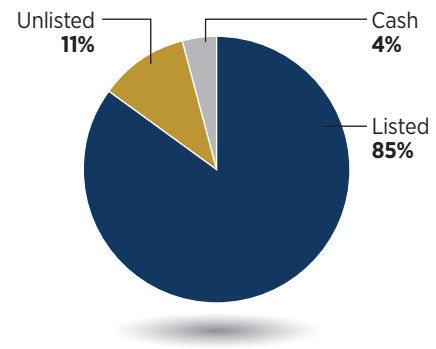
Metrics of the Portfolio*

	FY22A	FY23F	FY24F
Key Ratios			
EV / Revenue (x)	2.2x	1.6x	1.3x
EV / EBITDA (x)	12.4x	7.7x	6.9x
EV / EBIT (x)	7.6x	7.3x	6.5x
P / E (x)	8.6x	8.5x	6.0x
Portfolio Financials			
Revenue Growth (%)	+32%	+34%	+32%
EBITDA Margin (%)	10%	12%	15%
EBIT Margin (%)	6%	7%	9%
NPAT Margin (%)	4%	5%	7%

* All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/05/2023, adjusted for abnormalities

Portfolio Composition

- The SB2 Portfolio has 24 Listed holdings (85% of the total value), five Unlisted holdings (11% of the total value) and 4% cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is ~\$180m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 31 May 2023.



May 2023 Monthly Update

For the month of May 2023 the Portfolio performance was flat, posting a return of -0.30% and outperforming the ASX Small Ordinaries Index which declined -3.26%. Throughout the tough market conditions the Manager's conviction over the current portfolio holdings remains high and is also well positioned, offering an enticing risk versus reward proposition. The Manager continues to review new investment opportunities and closely monitor the existing portfolio on a daily basis.

During the month, the top 3 positive contributors to the portfolio were OFX Group Limited (**OFX**), Bigtincan Holdings Limited (**BTH**) and RPMGlobal Holdings Limited (**RUL**). The top 3 key detractors were Top Shelf International Limited (**TSI**), Acrow Formwork and Construction Services Limited (**ACF**) and Future First Technologies Limited (**FFT**).

OFX Group Limited (**OFX**) is a March year end business and released a positive set of results for FY23. Key highlights from the latest results include: Record underlying EBITDA in FY23 of \$62.4m, up +40.3% on the FY22 figure of \$44.5m. This translated to an NPAT improvement of +25.6% from \$25.0m in FY22 to \$31.4m in FY23. OFX continues to invest into its growth, announcing an acquisition of Paytron a Sydney-based B2B payments company that has developed a platform that offers card multi-currency account capabilities on a modern interface, in line with OFX's focus on expanding its services for B2B clients. This acquisition allows OFX to generate revenue beyond spot FX and accelerates its current investment program. OFX is a well managed, high quality growth business with a strong balance sheet trading at a meaningful discount to our valuation.

Bigtincan Holdings Limited (**BTH**) confirmed they had received a confidential, non-binding, incomplete and indicative offer at \$0.80 per share. This speculation created some traction for the BTH share price pushing price closer to the indicative offer price.

In May, RPMGlobal Holdings Limited (**RUL**) continued to buy back shares on-market and announced their intention to extend the current on-market share buy-back program as part of its ongoing capital management strategy. At the closing share price on the 31st of May of \$1.51, RUL's buy-back equated to approximately \$17.2m worth of shares being bought back over a 12 month period. RUL at the 30th of April 2023 held \$35.3m

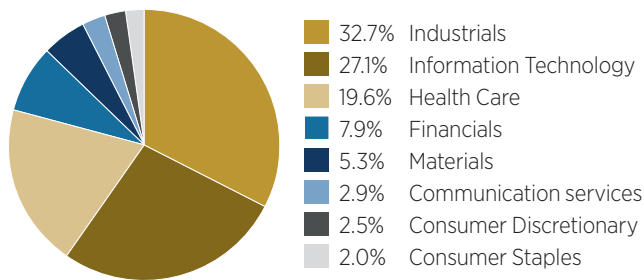
in cash and continues to have a strong growth profile. RUL continues to provide an attractive risk versus reward proposition for investors and continues to be a core holding of the Portfolio.

The key detractor in the month was Top Shelf International Limited (**TSI**). TSI announced a \$40.0m raise which resolves the funding requirements of the business. This raise extends the operating runway for TSI, providing capital through to profitable financial performance. Funds raised will be partially allocated to a reduction of existing debt. The Manager worked together with Salter Brothers Capital to conduct due diligence to identify the funding needs for the business. This involved numerous meetings with key Board and management personnel to arrive at and determine the suitable equity injection needed to see the business through to profitability. The Manager retains the strategic view that TSI trades at a meaningful discount to asset value and holds a portfolio of high quality assets and brands in the beverage sector.

Acrow Formwork and Construction Services Limited (**ACF**) released another upgrade to their FY23 earnings guidance, with the business upgrading its EBITDA guidance range by +3% and NPAT guidance range by +7%. ACF also announced an asset acquisition of Ishebeck Formwork Panel System, an internationally recognised leading formwork system in the industry. Despite the 3rd consecutive upgrade this year and opportunistic positive acquisition, ACF experienced a share price decline during the month of May. This decline was following recent monthly share price rallies and was partly driven by the exit of a major shareholder out of New Zealand. The Manager's conviction behind ACF is still strong with ACF continuing to be the largest holding within the Portfolio, as the defensive growth trends that ACF thrives from is expected to translate into further share price accretion, as seen over the past 12 months.

Future First Technologies Limited (**FFT**) experienced a reversion in the share price after a strong increase during the previous month. FFT fell victim to the low volatility in the small cap universe and resulted in the share price trading down off the back of no material news. The Manager continues to monitor this position and is comfortable to hold the position during short term volatility, in return for the medium term pay off that is expected.

Portfolio Sector Weights



Top 5 Holdings

1. Acrow Formwork And Construction Ltd (ASX:**ACF**)

2. RPMGlobal Holdings Ltd (ASX:**RUL**)

3. OFX Group Ltd (ASX:**OFX**)

4. Probiotec Ltd (ASX:**PBP**)

5. Bigtincan Holdings Ltd (ASX:**BTH**)

Investment Team



Gregg Taylor

Investment Director
25+ years' experience
Previous:
Bombora Investment Management,
Blue Ocean Equities



Advait Joshi

Senior Analyst
5+ years' experience
Previous:
Bombora Investment Management,
UBS Investment Bank



Francis Crossle

Analyst - Listed / Pre-IPO
1+ years' experience

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Authorised for release by the Board of SB2.

Important information

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