

Investment Performance

| | 3 Months (%) | 6 Months (%) | 1 Year (%) | 3 Years (% p.a.) | 5 Years (% p.a.) | Since Inception ⁽³⁾ (%) | Since Inception ⁽³⁾ (% p.a.) |
|---|-----------------|-----------------|---------------|---------------------|---------------------|--|---|
| Gross Portfolio Performance | -16.70 | -18.50 | -20.33 | 1.18 | 4.14 | 129.54 | 11.41 |
| Pre-tax Undiluted NTA Return ⁽¹⁾ | -16.99 | -19.07 | -21.55 | -2.17 | 1.19 | 75.32 | 7.57 |
| Pre-tax NTA Return ⁽²⁾ | -17.12 | -19.26 | -20.96 | -7.14 | -3.27 | 38.30 | 4.31 |
| Hurdle (RBA Cash Rate + 4.25%) | 1.94 | 3.75 | 6.90 | 5.22 | 5.29 | 50.87 | 5.49 |
| Excess Return Pre-tax Undiluted NTA Return ⁽¹⁾ (RBA cash rate + 4.25%) | -18.93 | -22.81 | -28.45 | -7.39 | -4.10 | 24.45 | 2.08 |

1. Adjusted for the dilution of the exercised 26.7m RYDO options and 26.5m RYDOA options. Calculation of pre-tax NTA is prior to the provision and payment of tax. 2. Fully diluted for all options exercised since inception. 3. Inception Date is 22 September 2015.

Investment Commentary

Pre-tax NTA decreased by 21.62 cents during May to \$1.1409 inclusive of the 11.69 cent negative revaluation (see ASX release dated 16 May) to the carrying value of our investment in Updater Inc. (Updater) following a deeply discounted capital raise (which was finalised over the weekend).

During the month Updater launched a USD40m placement of preferred stock. As at the end of April, the carrying value for the Updater investment was AUD10.3m, equivalent to \$0.1223 per share or a 9.0% portfolio weighting. Based on a post-money enterprise value of USD295m following the placement of preferred stock Ryder revalued the investment's carrying value down by (\$0.1169) per share, consistent with the equity issuance price. Ryder subscribed for USD1.4m in the Updater placement, resulting in a portfolio valuation (post investment) of ~AUD2.6m, noting this excludes the value of warrants attaching to the placement shares. Ryder will hold ~600k warrants post the placement exercisable at USD1.50 per warrant with a 3 year term.

Despite a very disappointing process and capital raising outcome we concluded there was sufficient value in the Updater investment thesis to justify risking additional capital, specifically given the proximity of the valuable US TRANSCOM Global Household Goods contract (which is scheduled to launch in September). The enterprise value implied at the capital raising transaction does not reflect the inherent value in Updater in our opinion, but rather reflects poor timing for an undercapitalised company seeking equity during an extremely challenging period for private loss-making US technology companies.

The capital raised under the placement (and subsequent rights issue) stabilises the company, enabling it to pursue its near term growth objectives and deliver the US TRANSCOM Global Household Goods contract. Ryder also welcomes an enlarged and more independent Board structure for Updater as part of the capital raising transaction.

Net of the impact of Updater, pre-tax NTA decreased by 7.32% led by negative contributions across core high conviction holdings Austin Engineering, SRG Global and Aurelia Metals with no notable offsetting positive contributions and drag from our market hedge of (0.10%).

Key Information

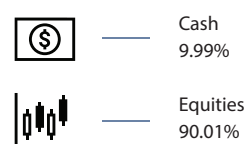
| | |
|-----------------------------------|--------------|
| ASX Code | RYD |
| Date of Listing | 22 Sep. 2015 |
| Share Price | \$1.0100 |
| NTA Pre-Tax | \$1.1409 |
| NTA Post-Tax | \$1.2259 |
| Annual Fully Franked Dividend * | 7.0 cps |
| Fully Franked Dividend Yield ** | 6.93% |
| Distributable Profits Reserve *** | 33.5cps |
| Gross Assets | \$95.96m |
| Market Cap | \$84.86m |
| Shares on Issue | 84,018,924 |

* Trailing annual fully franked dividend

** Based on annual dividend divided by month end share price

*** Distributable profits reserve figures as of 31 December 2022

Portfolio Asset Allocation



Investment Team

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Investment Commentary (continued)

Austin Engineering was down 26% for the month after an unexpected and disappointing trading update earlier in May, in which FY23 NPAT guidance was downgraded ~30% due to a delayed order (in Australia) from their largest customer. A subsequent announcement made at the end of the month confirmed more than 85% of the delayed order had been received and will be recognized in FY24 - though this has not been reflected in a recovery in the share price, notwithstanding a strong pipeline and outlook for FY24.

Earlier in the month, SRG Global released a guidance update implying a small upgrade to FY23 as the acquisition of ALS Asset Care continues to perform strongly. However, towards the end of the month, CEO David Macgeorge sold 2.5m shares (~30% of his holding in SRG) citing personal reasons, causing a share price fall ~10% as investors digested this as a negative signal. Despite the sale, we retain conviction in the investment with significant growth opportunities ahead.

Aurelia Metals completed an important and well anticipated \$40m capital raise at a price of 9c per share at the end of the month after finalising favourable debt funding (including an offtake agreement) for its Federation project which is now fully funded. Trading at a material discount to its intrinsic worth, Ryder invested a further \$1.3m into the capital raise.

In what continues to be an ongoing and at times increasingly challenging economic environment and market for small companies we see substantial value across the Portfolio with a number of core holdings trading materially below their intrinsic value.

Portfolio activity was primarily focused on managing position weightings to raise cash through trimming holdings in Cash Converters, Imdex, Capitol Health and our ETF position whilst supporting capital raisings for existing positions Aurelia Metals and 4DMedical – the combination resulted in net sales of \$3.46m for the month. Cash increased from \$6.3m (5.51%) to \$9.6m (9.99%) – noting our ETF position was valued at \$1.73m (1.80%) at month end.

Investment Strategy & Objectives

- Absolute return, value driven fundamental approach
- Exceed RBA Cash rate + 4.25% p.a. over the medium to longer term
- Concentrated portfolio
- ASX listed small/micro cap focus
- Medium to long term capital growth

About Ryder Capital Limited

Ryder Capital Limited (Company) was listed in September 2015 and is managed by Ryder Investment Management Pty Ltd (Investment Manager) a Sydney based boutique fund manager pursuing a high conviction value driven investment strategy specialising in small-cap Australian equities. The Investment Manager's approach is differentiated by investing for the medium to longer term; being aligned as a significant shareholder in the Company; and being focused on generating strong absolute returns first and foremost. A key foundation to the Investment Manager's success to date has been to minimise mistakes, ignore the crowd and back their judgement.

Investment Team

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