

# Investment Report & NTA Update

11 AUGUST 2023

## Net Tangible Asset Value per share as at 31 July 2023

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA*	Post Tax NTA*	Share Price	Number of Holdings
\$0.887	\$0.915	\$0.940	\$0.655	28

## Investment Portfolio Performance<sup>†</sup>

	1 Month	3 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. <sup>^</sup>	Inception (Total Return) <sup>^</sup>
<b>SB2</b>	1.50%	-0.58%	-12.02%	-6.74%	-	-2.06%	-4.43%
<b>ASX Small Ordinaries Accumulation Index*</b>	3.54%	0.20%	0.77%	-3.54%	-	-2.91%	-6.22%
<b>Difference</b>	-2.04%	-0.78%	-12.79%	-3.20%	-	0.85	1.79%

<sup>†</sup> 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.

<sup>^</sup> 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 July 2023

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Ansarada Group Limited (AND)	+57.4%	+2.7%
2	Top Shelf International Holdings Limited (TSI)	+31.6%	+1.7%
3	RPMGlobal Holdings Limited (RUL)	+10.5%	+0.7%

### Key Detractors for July 2023

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Bigtincan Holdings Limited (BTH)	-13.7%	-0.7%
2	Felix Group Holdings Limited (FLX)	-21.4%	-0.5%
3	Future First Technologies Limited (FFT)	-43.8%	-0.5%

## 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 73.7%.
- The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation and 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 31/07/2023) features:
  - Weighted average FY23-24F Revenue growth of +24%
  - Weighted average FY23-24F EBITDA margin of c.16%
  - Weighted average FY23-24F NPAT margin of c.5%
  - Weighted average FY23-24F P/E multiple of 8.1x

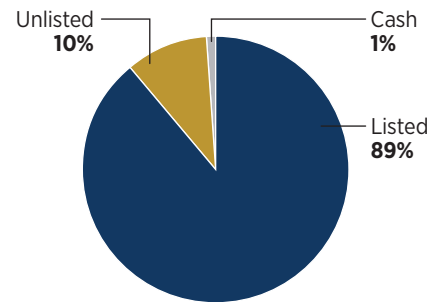
## Metrics of the Portfolio\*

	FY22A	FY23B	FY24F
<b>Key Ratios</b>			
EV / Revenue (x)	4.3x	1.9x	1.5x
EV / EBITDA (x)	15.4x	9.6x	7.3x
EV / EBIT (x)	8.1x	8.5x	6.8x
P / E (x)	9.0x	8.7x	7.4x
<b>Portfolio Financials</b>			
Revenue Growth (%)	+39%	+32%	+16%
EBITDA Margin (%)	10%	14%	18%
EBIT Margin (%)	2%	7%	12%
NPAT Margin (%)	-1%	3%	8%

\* All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/07/2023, adjusted for abnormalities

## Portfolio Composition

- The SB2 Portfolio has 23 Listed holdings (89% of the total value), 5 Unlisted holdings (10% of the total value) and 1% cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is -\$152m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 31 July 2023.



## July 2023 Monthly Update

In the month of July 2023, the portfolio posted a return of +1.50%. The Manager believes that the portfolio is well positioned for the upcoming 12-24 months, offering an appealing risk and reward proposition.

During the month, the top three positive contributors to the portfolio were Ansarada Group Limited (**AND**), Top Shelf International Holdings Limited (**TSI**) and RPMGlobal Holdings Limited (**RUL**). The top three key detractors Bigtincan Holdings Limited (**BTH**), Felix Group Holdings Limited (**FLX**) and Future First Technologies Limited (**FFT**).

Ansarada Group Limited (**AND**) released a positive 4th quarter trading update, prior to the annual results to be released in August. AND announced record customer growth of 96% (YoY) and ARR growth of 42%. They continued to generate positive cash flows in Q4 with \$21.6m net cash to fund AND's growth strategy. Also outlining a positive outlook for 1H24, underpinned by strong pipeline and contracted deferred revenue, maintaining cash flow positive generation. This update was positively received by the market translating into share price accretion over the month of July. The Manager holds the view that the operating environment for AND should improve over FY24, providing further over the medium term.

Top Shelf International Holdings Limited (**TSI**) has secured pre-commitments of \$30.0m through a placement and entitlement offer which the Manager participated in. This capital raise allows the company to commit to delivering an 18 month pathway to profitability. Transitioning TSI from build mode to delivery and execution of TSI's strategic initiatives with a clear pathway to profitability. Top Shelf has successfully secured in excess of 3,000 new distribution points through expanded ranging with the Coles Liquor Group and initial ranging of NED Australian Whisky with the Endeavour Group from the first quarter of FY24. The recent quarterly announcement published the branded revenue of \$23.4m, 74% growth (YoY). The Manager continues to monitor this position closely and 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.

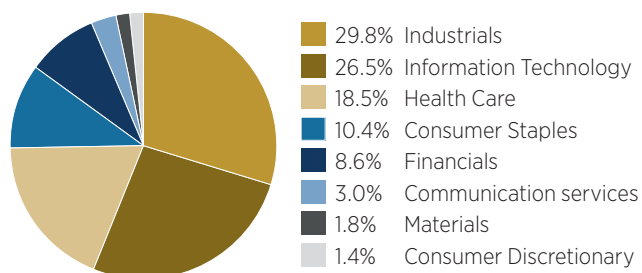
In July, RPMGlobal Holdings Limited (**RUL**) continued to trade strongly as the market increases the focus on the strategic value and fundamentals of this quality business. RUL remains as an enticing proposition in terms of risk and reward and continues to be a core holding of the Portfolio.

The key detractor for the month of June was Bigtincan Holdings Limited (**BTH**), declining -13.7% over the month of July. The trading performance was broadly in line with guidance. BTH also announced the completion of an acquisition of Modus Engagement Inc. funded through cash reserves. The negative share price performance was most likely driven by the drawn out process around the indicative acquisition proposal for BTH. The Company also announced they have entered into a binding heads of agreement to borrow \$15.0m from a large institutional investor, which was difficult to rationalize considering the live takeover process.

Felix Group Holdings Limited (**FLX**) produced a positive 4Q trading update, though the markets focus shifted onto the balance sheet as funding the growth pipeline became front of mind. This saw a selloff in the share price ahead of an equity raising that was finally announced in early August. FLX has a strong product and exciting sale pipeline, which is well placed to deliver strong earnings growth of the strengthen balance sheet.

Future First Technologies Limited (**FFT**) fell victim to the low volumes and high volatility in the microcap universe resulting in the share price trading down off the back of a positive 4Q update. Announcing a 69% increase on ARR (YoY), a 20% increase on FY22 Q4 total revenue with a 58% increase on FY22 Q4 licensing revenue. While also decreasing operating expenses by 104%. The Manager closely manages the position in FFT and is comfortable holding this position over the medium term volatility for a long term expected payoff.

## Portfolio Sector Weights



## Top 5 Holdings

1. Top Shelf International Holdings Ltd (ASX:**TSI**)
2. OFX Group Ltd (ASX:**OFX**)
3. Acrow Formwork and Construction Srvc Ltd (ASX:**ACF**)
4. Probiotec Ltd (ASX:**PBP**)
5. RPMGlobal Holdings Ltd (ASX:**RUL**)

## Investment Team



### Gregg Taylor

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



### Advait Joshi

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



### Francis Crossle

Analyst  
1+ years' experience

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Authorised for release by the Board of SB2.

### Important information

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