

ASX Announcement

16 February 2024

## Sandon Capital Investments Ltd Significant Increase in Net Profits

- **Strong investment result for the 6 months to 31 December 2023:**
  - **17.5%<sup>i</sup> portfolio return, more than double the market return**
  - **\$14.85 million NPAT**
- **Total shareholder returns over the period were 23.4%<sup>ii</sup>**
- **SNC intends to pay a fully franked interim dividend of 2.75 cents per share**
- **SNC Shares offer an attractive fully franked dividend yield of 8.0% (10.6% incl. franking)<sup>iii</sup>**

The Directors of Sandon Capital Investments Limited (ASX:SNC) are pleased to report that a 17.5% gross portfolio return in the six months to 31 December 2023 has helped deliver a significant increase in net profit after tax to \$14.85 million. The portfolio return was more than double that of the broader share market, as measured by the All Ordinaries Accumulation Index. The Investment Manager's commentary on the next page provides further details on performance.

The Directors intend to pay a 2.75 cents per share fully franked interim dividend. The dividend reinvestment plan (DRP) will apply, with no discount. The Directors advise that they (or any entities they control) will participate in the DRP for any eligible SNC shares.

### Indicative Dividend Timetable

The table below shows the indicative dividend timetable and may be subject to change.

<b>Ex date</b>	<b>15 May 2024</b>
Record Date	16 May 2024
DRP Election Date	17 May 2024
Payment Date	3 June 2024

### **SNC offers an attractive fully franked dividend yield of ~ 8.0% at a 17.5% discount to pre-tax NTA<sup>iv</sup>**

SNC shares are currently trading at a highly attractive annualised yield of 8.0% (which grosses up to 10.6% when including the value of franking credits at SNC's corporate tax rate of 25%).

The Company has significant profit reserves. As of 31 December 2023, SNC has profit reserves totalling 31.5 cents per share and a franking balance of 8.5 cents per share. Based on the current franking balance, SNC has the capacity to pay 25.5 cents per share in fully franked dividends should the directors choose. This equates to 4.6 years of dividends at the current rate of 5.5 cents per annum.

## Investment Manager Commentary

Calendar 2023 and the six months to 31 December 2023 delivered strong investment returns. The table below shows the various comparisons.

	SNC Gross Return	Small Ordinaries Accumulation Index	All Ords Accumulation Index
6 months to 31 December 2023	17.5%	6.4%	8.0%
12 months to 31 December 2023	23.0%	7.8%	13.0%

*All figures, including for SNC, are after management fees but before corporate expenses and taxes. Figures do not tally due to rounding and compounding.*

The Company's investments in A2B Australia Ltd (A2B), Spectra Systems, Inc (Spectra), Nuix Ltd (NXL) and Coventry Group Ltd (CYG) and others helped deliver this strong result.

A2B and Spectra were notable for their corporate activity: A2B as it proposes to sell itself and Spectra as it made an astute acquisition, both of which were announced in December 2023.

Throughout 2023 we maintained confidence and faith in our investment approach, despite often receiving contrary signals from the share prices of our companies. For much of the year, sentiment (and punditry) seemed to be dominated by concerns about interest rates and whether the economy was headed for recession. Despite this noise, many of the companies in our portfolio continued to report solid demand for their products and services and corresponding solid profitability and cash flow. Towards the end of the year, it seemed investors began to accept that the business environment may not have been as bad as feared.

We believe there are signs of increasing corporate and investor confidence as shown by increased takeover activity. We are considering a number of new investment opportunities, and we continue to press our portfolio companies to improve themselves.

We remain confident in the prospects for future returns as we continue to diligently and faithfully apply our investment approach.

*This Announcement has been authorised by the Board.*

### Further information:

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<sup>i</sup> Portfolio return is performance after investment management fees but before any performance fees, corporate expenses and taxes.

<sup>ii</sup> Total shareholder return is calculated using SNC's closing share prices on 30 June 2023 (\$0.625) and 31 December 2023 (\$0.74) and assumes reinvestment of the final dividend paid on 8 November 2023.

<sup>iii</sup> Based on a closing price of \$0.69 on 15 February 2024

<sup>iv</sup> Calculated assuming an annualised dividend of 5.5 cents per share using SNC's closing share price on 15 February 2023 and 31 Jan 2024 pre-tax NTA.