



**KAIZEN GLOBAL**  
Investments

## Unaudited NTA per share March 2023

Kaizen Global Investments Limited (“**KGI**”) advises that the unaudited pre-tax Net Tangible Asset (**NTA**) backing per share of the company as at 31 March 2023 is **\$1.2096** and on a post-tax basis is **\$1.2181**.

The company’s market investments were largely unchanged during the month but there was a re-pricing of an investment in a non-listed, non-alcoholic beverage spirits company due to an imminent capital raise. This is a different type of investment to the privately owned ones where KGI has influence on the capital allocation.

The funding environment for fast growing, but cash burning, businesses has changed dramatically in the past 8-12 months. Growth companies had abundant capital and pursued aggressive strategies, 12-24 months ago, but the proverbial music has now stopped and they need to pivot quickly (from burn to earn). The company will focus on reaching EBITDA break-even sooner, and larger key shareholders intend to under-write the funding round (so remain committed). However, the valuation will be markedly lower than recent rounds. KGI will participate in the round, based on the preliminary documents provided. We believe that this environment will prove difficult for all competitors and we could see failures (ultimately less competition) in the space as a result. The survivors of this test will likely be worth more.

We believe the business is strategically very attractive to a number of very large alcohol drinks companies (as they seek to diversify their earnings into more socially responsible products) and the company will probably not remain private forever. This funding round should enable the company to get to EBITDA breakeven (with all investment caveats as this is based on current trading and market conditions) and if that were the case, the brand and product range that has been built would be worth considerably more than the valuation at the current funding round. To remain conservative, we have written down the value this month as there is a high probability it occurs in the short term and is meaningful to the NTA.

KGI will pay its maiden dividend (release with details published concurrently). It will be 6.5 cents per share – 100% fully franked, which is equivalent to 8.66 cents per share gross – **for the first half of the year**. We would aim to pay a similar dividend in the second half providing that underlying trading conditions in the hair care business acquired in June '22 remain constant. A separate announcement will accompany this, so please read that too.

As highlighted in the first half results of 2021, we have taken a tax charge for the sale of the private business in the audited 1H numbers, as per the accounting standards. Investors should be aware that if we make an acquisition of a controlling stake out of the proceeds of the sale, within two years, this tax charge will not crystallise and it will be added back to the NTA.

All holding enquiries should be directed to our share registry, Boardroom on 1300 737 760.

Connor Grindlay  
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