

14 MAY 2025

# SB2 Investment Report & NTA Update

NTA PRE TAX	NTA POST TAX	TOTAL DIVIDENDS
<b>\$1.041</b>	<b>\$1.066</b>	<b>\$0.020</b>

NET TANGIBLE ASSET VALUE PER SHARE AS AT 30TH APRIL 2025

## SB2\* Portfolio Performance to 30th April 2025†

1 Month	3 Months	1 Year	3 Year (p.a.)	Since Inception (p.a.)^	Since Inception^
-2.82%	-3.49%	16.29%	2.39%	3.44%	14.18%

\* Salter Brothers Emerging Companies Limited ACN 646 715 111 (ASX:SB2)

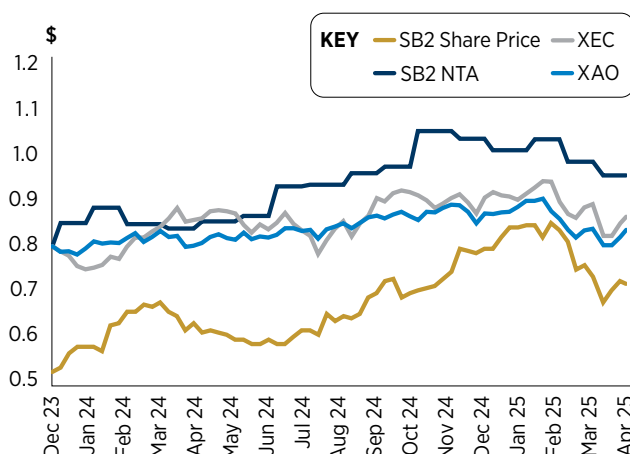
† Portfolio performance is calculated net of Management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

^ Inception date is 27 May 2021.

## Fund Summary

ASX Code	SB2
Net Tangible Assets	\$90.86m
SB2 Market Capitalisation	\$61.4m
Share Price	\$0.720
Discount to NTA	-32.46%
Companies Held	30
Weighted average market cap of portfolio	\$165m
Annualised Interim Dividend Per Share	4c
Annualised Interim Dividend Yield %	5.4%

## Performance



Pre-Tax NTA, Emerging companies index (ASX:XEC) and All ordinaries (ASX:XAO) have all been rebased to 0.80. Source Iress.

## Portfolio Commentary

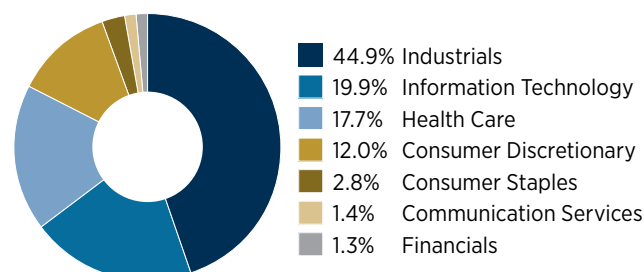
In April, the portfolio posted a negative return of -2.82% below the Australian Emerging Companies Index (ASX:XEC), which fell by -0.65%.

April experienced significantly increased volatility across global markets following Trump's 'Liberation Day' tariffs announced on 2nd of April, triggering the S&P 500 to fall 10.5% over two days to the 4th of April – the fourth worst decline in 75 years.

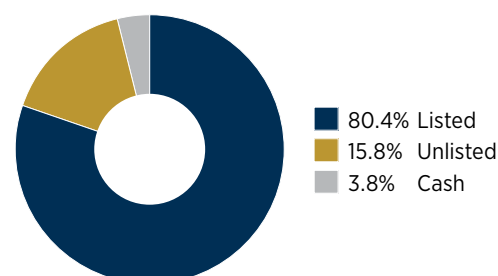
The Investment team reviewed the portfolio ahead of time for the likelihood of changing macro-economic trends, mostly surrounding flow on effects from US tariffs. Despite positioning the portfolio accordingly, it was difficult to be protected from the widespread sell-off and volatility.

A detailed research paper covering the likely impact of tariffs on the portfolio was released to the ASX by the Investment Team and investors are encouraged to refer to this document on the Salter Brothers website for further insight.

## Listed Portfolio Sector Weights



## Portfolio Composition



The portfolio's investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 30 April 2025.

## Feature Stocks



### BETR Entertainment Ltd (ASX:BBT)

BETR Entertainment Ltd (ASX:BBT – previously known as Bluebet Holdings Ltd) was a highly topical small cap stock through April following their Non-Binding Indicative Offer to acquire 100% of their larger competitor Pointsbet (ASX:PBH). BETR acquired a 19.9% stake in PBH with a stated intention to vote Against the Mixi transaction which requires 75% shareholder approval. BETR completed a \$130m fully underwritten equity raise at a 13.7% premium to the 10-day VWAP, announced a \$120m Debt facility with NAB and an indicative offer for the Canadian business of \$45m. SB2 participated in the raise and are bullish with the \$40m in identified synergies. The potential transaction is expected to be -100% EPS accretive and will see the combined group reach an attractive scale at -10% market share establishing BETR as a prominent tier 1 Australian operator. Despite being a detractor from performance in the month of April, the share price has appreciated in May once the market digested the newsflow.

**PYC Therapeutics Ltd (ASX:PYC)**, a highly prospective biotech company provided clinical data in April from their phase I/II trial in on their leading VP-001 drug asset. The readout demonstrated clear meaningful efficacy and provided a big-derisking point for the asset. PYC shared some early patient commentary with patient 1 saying “I could actually see the white lid of the [coffee] cup. When I only had my left eye open (my non-treated eye), the cup disappeared. When I only had my right eye open (my treated eye), the cup appeared. It is a moment I’ll always remember.” Another patient stated “She now sees airplanes in the sky (never had before)”. A third patient had to reduce their eyeglass prescription. The manager is encouraged with the data and acknowledges the continual progress of de-risking the asset.

### Acrow Formwork and Construction Services Ltd (ASX:ACF)

provided a mixed trading update during April. The company announced the acquisition of two highly complementary industrial services businesses. The businesses were acquired for an attractive upfront EV/EBITDA multiple of 4.0x. Acrow also provided a trading update with a -4% downgrade to EBITDA at the midpoint (-\$3.5m), due to delayed work in the second half, impacting EBITDA by \$9m. They also noted contracted work is up 35% on PCP. The combined effect of the acquisitions and the trading update resulted in a consensus uplift for FY26 EBITDA forecasts. Following further analysis, the investment team concludes that the delay in earnings is likely to be short term and maintains conviction in the FY26 outlook for ACF with tail winds likely to be experienced by Brisbane Olympic related construction.

## Top 5 Holdings

1. Alfabs Australia Ltd (ASX:**AAL**)
2. BETR Entertainment Ltd (ASX:**BBT**)
3. Ai-Media Technologies Ltd (ASX:**AIM**)
4. Alcidion Group Ltd (ASX:**ALC**)
5. Acrow Formwork and Construction Services Ltd (ASX:**ACF**)

## Metrics of the Listed Portfolio\*\*

	FY24A	FY25F	FY26F
<b>Key Ratios</b>			
EV / EBITDA (x)	7.7x	6.4x	6.0x
EV / EBIT (x)	12.9x	9.1x	9.2x
P / E (x)	10.0x	9.8x	7.4x
<b>Portfolio Financials</b>			
Revenue Growth (%)	17%	18%	19%
EBITDA Margin (%)	10%	13%	17%
EBIT Margin (%)	-4%	4%	10%
NPAT Margin (%)	-8%	-1%	6%

\*\*All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/04/2025, adjusted for abnormalities and key ratios earnings metrics exclude loss making entities.

## Key Listed Contributors & Detractors

### Key Contributors for April 2025

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Alfabs Australia Ltd (ASX: <b>AAL</b> )	+3.7%	+0.38%
2	Alcidion Group Ltd (ASX: <b>ALC</b> )	+4.9%	+0.625%
3	EVZ Ltd (ASX: <b>EVZ</b> )	+6.9%	+0.24%

### Key Detractors for April 2025

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	BETR Entertainment Ltd (ASX: <b>BBT</b> )	-11.1%	-1.02%
2	Prophecy International Holdings Ltd (ASX: <b>PRO</b> )	-18.3%	-0.37%
3	Acrow Formwork and Construction Ltd (ASX: <b>ACF</b> )	-6.3%	-0.33%

## About Salter Brothers Emerging Companies Limited

**ASX:SB2** is an actively managed Australian small caps investment fund that seeks to provide investors with attractive risk adjusted returns over the long term. Investing in listed and unlisted emerging companies (sub \$500m market cap) across a range of sectors.

## About Salter Brothers

Salter Brothers is an Australian-owned global alternatives investment manager, with offices and operations in Australia, Singapore, Japan and the United States of America. It is focused on property, equities and private credit, with group assets under management of over A\$4 billion.

To find out more about Salter Brothers visit [salterbrothers.com.au](http://salterbrothers.com.au)

## Investment Team



**Gregg Taylor**  
Investment Director



**Emily Mohan**  
Investment Director



**Tineyi Matanda**  
Investment Director



**Francis Crossle**  
Analyst



**Dane Grant**  
Analyst

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This information contained in this document has been prepared by Salter Brothers Funds Management Pty Ltd ACN 608 295 683 (**Manager**), a corporate authorised representative of Salter Brothers Asset Management Pty Ltd ACN 119 833 760 (AFSL 308 971) (**SBAM**) and Salter Brothers Emerging Companies Limited ACN 646 715 111 (**SB2**) (the Manager and SB2 are collectively known as the **Disclosers**).

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**E** | [info@salterbrothersemergingcompanies.com.au](mailto:info@salterbrothersemergingcompanies.com.au)  
**P** | 03 9258 2100  
**W** | [www.salterbrothersemergingcompanies.com.au](http://www.salterbrothersemergingcompanies.com.au)

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