

Investment Report & NTA Update

12 MAY 2023

Net Tangible Asset Value per share as at 30 April 2023

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA*	Post Tax NTA*	Share Price	Number of Holdings
\$0.895	\$0.949	\$0.945	\$0.675	30

Investment Portfolio Performance[†]

	1 Month	6 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. [^]	Inception (Total Return) [^]
SB2	-0.63%	-14.11%	-9.49%	-	-	-2.08%	-3.96%
ASX Small Ordinaries Accumulation Index*	2.78%	5.77%	-9.43%	-	-	-3.38%	-6.41%
Difference	-3.41%	-19.88%	-0.06%	-	-	1.30%	2.45%

[†] 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.

[^] 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 April 2023			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Future First Technologies Limited (FFT)	+57.9%	+1.1%
2	Acrow Formwork & Construction Services Limited (ACF)	+12.2%	+1.1%
3	Ansarada Group Limited (AND)	+17.9%	+0.2%

Key Detractors for April 2023			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Top Shelf International Holdings Limited (TSI)	-32.3%	-1.3%
2	OFX Group Limited (OFX)	-8.9%	-0.5%
3	Nova Eye Medical Limited (EYE)	-18.6%	-0.4%

Key Features of the SB2 Portfolio

- Taking a two year view (on FY24F metrics), the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is 82.7%.
- The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation, 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 30/04/2023) features:
 - Weighted average FY23-24F revenue growth of +33%
 - Weighted average FY23-24F EBITDA margin of c.14%
 - Weighted average FY23-24F NPAT margin of c.6%
 - Weighted average FY23-24F P/E multiple of 7.3x

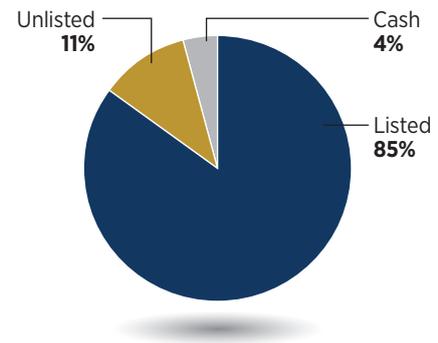
Metrics of the Portfolio*

	FY22A	FY23F	FY24F
Key Ratios			
EV / Revenue (x)	2.2x	1.6x	1.3x
EV / EBITDA (x)	12.4x	7.7x	6.9x
EV / EBIT (x)	7.6x	7.3x	6.5x
P / E (x)	8.6x	8.5x	6.0x
Portfolio Financials			
Revenue Growth (%)	+32%	+34%	+32%
EBITDA Margin (%)	10%	12%	15%
EBIT Margin (%)	6%	7%	9%
NPAT Margin (%)	4%	5%	7%

* All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/04/2023, adjusted for abnormalities

Portfolio Composition

- The SB2 Portfolio has 25 Listed holdings (85% of the total value), five Unlisted holdings (11% of the total value) and 4% cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is ~\$131m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 30 April 2023.



April 2023 Monthly Update

During April 2023, the portfolio was largely flat, posting a return of -0.63% for the month. The Manager continues to review new investment opportunities and closely monitor the existing portfolio on a daily basis throughout the volatile market conditions. The Manager retains conviction the portfolio is optimally positioned for the next two years, presenting an attractive risk versus reward proposition.

During the month, the top 3 positive contributors to the portfolio were Future First Technologies Limited (**FFT**), Acrow Formwork and Construction Services Limited (**ACF**) and Ansarada Group Limited (**AND**). The top 3 key detractors were Top Shelf International Limited (**TSI**), OFX Group Limited (**OFX**) and Nova Eye Medical Limited (**EYE**).

Future First Technologies Limited (**FFT**) released a positive March quarterly update this month. With a +69% increase in YTD ARR to \$3.0m and a +64% increase on FY22 Q3 total revenue to \$1.1m. Along with these top line revenue growth FFT was able to decrease operating expense on FY22 Q3 by 56% vastly improving operating cashflow. FFT also delivered further product enhancements to the Asset Vision platform.

Acrow Formwork & Construction Services Limited (**ACF**) has released an upgrade to the FY23 EBITDA guidance range by 5% and the NPAT guidance range was upgraded 8%. Off the back of this announcement the ACF share price continued to strengthen during April. ACF presents attractive defensive growth characteristics in the civil infrastructure industry and continues to trade at a meaningful discount to peers and the broader market.

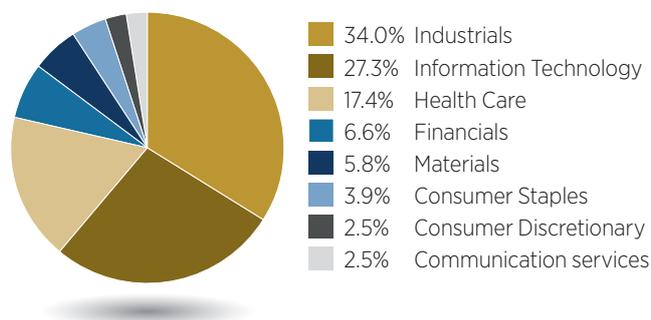
Ansarada Group Limited (**AND**) reported strong March trading metrics including subscriber growth rates of +43% along with ARPA up 4% on the pcp to \$1,360 (average monthly revenue generated from customers on subscription-based contracts). A better cash flow result was also positively received by the market.

The key detractor in the month was Top Shelf International (**TSI**) which saw a share price decline of -32.3% as the funding profile of TSI remains uncertain. TSI released their quarterly results for March with the brand revenue for the LTM being \$24.8m equivalent to a +90% growth on pcp. The month of April also saw a new CEO appointed in Trent Fraser along with a business simplification and cost out program being implemented. The Manager is supportive of these changes and continues to monitor the funding profile of the business. The Manager 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.

OFX Group Limited (**OFX**) saw further declines to its share price over the month of April following a minor downgrade to the lower end of their previously stated guidance. The Manager closely manages the position in OFX and is comfortable holding this position over the medium term volatility as the investment thesis is largely unchanged.

Nova Eye Medical Limited (**EYE**) experienced a reversion in the share price after a strong increase during the previous month. The shares have positively re-rated over the last 2 months following the positive catalyst of the FDA approval of the iTrack Advance device. During the month of April, EYE successfully completed multiple surgeries with the iTrack Advance device in the United States. EYE's focus is to now scale the iTrack advance device through the United States market with additional sales representatives already added. The medium term opportunity for EYE is significant driven by the global commercial roll out of the iTrack Advance device.

Portfolio Sector Weights



Top 5 Holdings

1. Acrow Formwork And Construction Ltd (ASX:**ACF**)
2. RPMGlobal Holdings Ltd (ASX:**RUL**)
3. Probiotec Ltd (ASX:**PBP**)
4. OFX Group Ltd (ASX:**OFX**)
5. Medadvisor Ltd (ASX:**MDR**)

Investment Team



Gregg Taylor

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



Advait Joshe

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

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Authorised for release by the Board of SB2.

Important information

This information has been prepared by SB2 and Salter Brothers Funds Management Pty Ltd ABN 94 608 295 683, an authorised representative of Salter Brothers Asset Management Pty Ltd ABN 33 119 833 760 (Australian Financial Services Licence 308971) (**Disclosers**).

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