



SALTER BROTHERS EMERGING COMPANIES LIMITED



MARCH 2024

DISCLAIMER

The information contained in this document is general in nature and not intended to constitute financial product, investment, accounting, financial, legal or tax advice. It has been prepared without taking into account any investors objectives, financial situation or needs. Each investor should determine its interest in the opportunity presented on the basis of all independent investigations that it considers necessary or desirable, and should obtain its own legal, financial, taxation and other professional advice regarding this information before making a decision based on this information.

Taxation considerations are general and may be subject to change. Investors should obtain appropriate independent professional tax advice that considers the taxation implications in respect of their own specific circumstances.

This document is not a prospectus or other form of disclosure document under the Corporations Act and is for information purposes only and should not be considered as an offer or invitation to apply for or purchase any shares in or other securities of the company or as an inducement to make an offer or invitation with respect to those shares or securities in any jurisdiction.

This document should be read in conjunction with the company's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Unless otherwise stated, statements made in this document are made only as at the date of this document. Past performance is provided for illustrative purposes only and should not be relied upon; it is not indicative of or a guarantee of future performance.

This document is being provided to you on the basis that you are, and you represent and warrant that you are a person to whom the provision of the information in this document is permitted by laws of the jurisdiction in which you are situated without the need for registration, lodgement or approval of a formal disclosure document or any other filing or formality in accordance with the laws of that jurisdiction. If you are not a person described above, you are not entitled to read or attend this document and must notify the company immediately and promptly return this document to the company without retaining any copies.

Any investment in the shares of the company is subject to investment and other known and unknown risks, some of which are beyond the control of the company,

including loss of income and principal invested. The company does not guarantee any particular rate of return or performance. Persons should have regard to the risks outlined in this document and the company's other disclosures.

While care has been taken in preparing the information in this document, no representation or warranty, express or implied, is made as to the currency, accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this document. The information in this document has been obtained from or based on sources believed by the company to be reliable.

Certain market and industry data used in connection with this document may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. The company has not independently verified any such market or industry data and no representation or warranty, express or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy.

This document and its general disclaimer may be translated into languages other than English. Translation may be undertaken by a third party, and no guarantee can be made that such a translation will be complete or correct. In the case of any conflict between the different versions of this document and its disclaimer, the English version shall prevail.

To the maximum extent permitted by law, each the company, its related bodies' corporate and each of their respective, directors, partners, advisors, officers and affiliates ('Representatives') expressly disclaims any and all liability (whether direct, indirect, consequential or contingent), including, without limitation, any liability arising out of fault or negligence on the part of any person, for any loss, expenses, damages or costs arising from the use of information contained in this document including representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any financial information, any estimates, projections, forecasts or forward-looking statements and any other derived financial information. Anyone proposing to rely on or use such information should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts.



CONTENTS

- 1.** About Salter Brothers
.....
- 2.** The Salter Brothers Team
.....
- 3.** About The Manager: Salter Brothers Funds Management
.....
- 4.** The Investment Team
.....
- 5.** The Manager's Investment Process
.....
- 6.** The Salter Brothers Emerging Companies Limited (SB2) Portfolio
.....
- 7.** Key Features of the Portfolio
.....
- 8.** Sector Preferences
.....
- 9.** Potential Outlook for ASX:SB2
.....

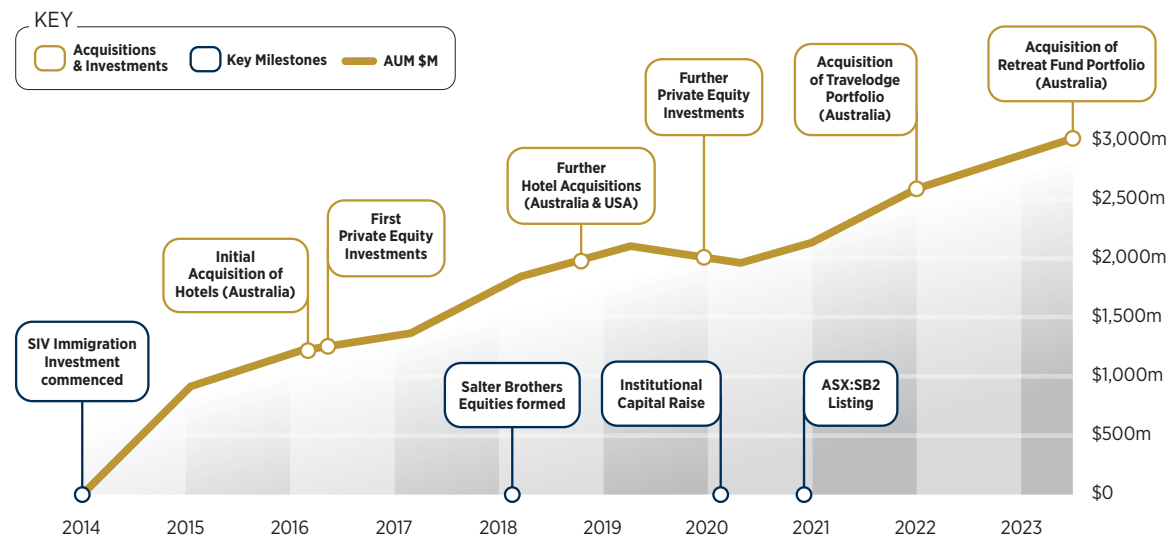


ABOUT SALTER BROTHERS

➤ Salter Brothers is a **Global Fund Manager** with a focus on alternative investment offerings for high net worth and institutional investors across **Equities, Property, and Credit**

- With Group assets under management of **over \$3.5bn of FUM**, Salter Brothers has established a track record of acquiring and adding value to high quality specialist assets and investing in selected growth businesses
- **International footprint** across Asia-Pacific and North America through its range of Funds and Partnerships
- **A diverse, multi-disciplinary team** with extensive funds management, investments, property, capital markets, finance and commercial experience, which is **led by a focused leadership group** who are dedicated to delivering value to investors

Salter Brothers' Milestones



THE SALTER BROTHERS TEAM

Board of Salter Brothers Asset Management



John Humphreys
Chairman
30+ years' industry experience
Previous: KPMG, Bearing Point



Robert Salter
Executive Director & CEO
20+ years' industry experience
Previous: Macquarie Bank,
UBS, Merrill Lynch



Paul Salter
Managing Director
20+ years' industry experience
Previous: MAP Capital,
KPMG, EY



George Boubouras
Director & Investment Advisor
27+ years' industry experience
Previous: Contango Asset
Management, UBS,
Macquarie, HSBC



Chris Calvert
Non-Executive Director
27+ years' industry experience
Previous: Cambridge Industrial
Trust, Macarthur Cook Ltd



Robert Millar
Company Secretary
20+ years' finance experience
Previous: various
accounting firms

Board of Salter Brothers Emerging Companies Ltd.



John Vatovec
Chairman
26+ years' industry experience
Previous: Macquarie Bank,
Lowy Funds Management



Marco Marcou
Non-Executive Director
30+ years' industry experience
Previous: Deloitte Consulting,
MAP Capital, Kazakhstan
Potash Corporation Limited



Robert Salter
Executive Director
20+ years' industry experience
Previous: Macquarie Bank,
UBS, Merrill Lynch



Justin Mouchacca
Company Secretary
15+ years' industry experience

Equities Investment Team



Gregg Taylor | *Head of Equities*
Investment Director - Listed /
Pre-IPO
25+ years' experience
Previous: Bombora Investment
Management



Tineyi Matanda
Investment Director
- Private / Growth Equity
15+ years industry experience
Previous: MAP Capital, PwC



Advait Joshi
Senior Investment Analyst -
Listed / Pre-IPO
6+ years' experience
Previous: Bombora Investment
Management, UBS



Francis Crossle
Analyst
1 year industry experience

Senior Management



Paul Joyce
Chief Operating Officer
20+ years' experience
Previous: JCP Investment
Partners, MLC



Peter Hamilton, CA
Chief Financial Officer
20+ years' experience
Previous: EY, McGrathNicol,
Integral Diagnostics



Karen Bomford
GM - Operations
16+ years' industry experience
Previous: Macquarie Bank,
Commonwealth Private Bank

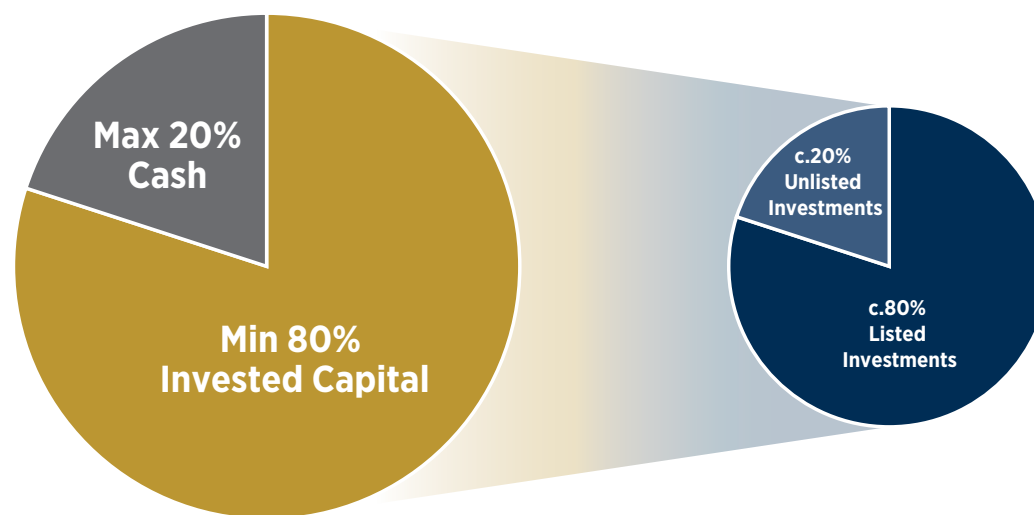


Cindy Seetoh
Manager - Compliance
12+ years' experience
Previous: Lewis Land Group,
CIT REIT, Newedge Group,
Barclays, JPMorgan



ABOUT THE MANAGER: SALTER BROTHERS FUNDS MANAGEMENT

- Salter Brothers Funds Management is an experienced Public/Private, Small/Emerging Companies Equity Manager with a proven track record of being a lead active investor in quality growth companies with global opportunity sets, deep intellectual property and strong management
- Salter Brothers Emerging Companies Limited (SB2), a Listed Investment Company (LIC) which has ~\$100M funds under management, is focused on investment in public and private small cap Australian companies (sub \$500M market capitalisation)
- SB2 was established to provide investors with exposure to unlisted and listed growth equities, a sector that historically may have been more difficult for investors to access
- Key financial profiles of our portfolio companies include:
 - Earnings growth
 - Sustainable business models
 - Strong balance sheets
- SB2 typically holds c.5-10% Cash (with a max of 20%) and c.90-95% invested capital (with a max of 20% unlisted investments)



THE INVESTMENT TEAM



Gregg Taylor
**Investment Director
& Head of Equities**

Years within:
• Salter Brothers: 2
• Industry: 25

- › Previously Chief Investment Officer and Portfolio Manager at Bombora Investment Management
- › Prior to that: Executive at Blue Ocean Equities; Investment Manager at Schrodgers covering ASX-listed companies
- › Current Directorships: Bikeexchange (ASX:BEX); Marketplacer; IP Solutions International (IPSI); True Woo
- › Previous Directorships: Acrow Formwork (ASX:ACF); Vortiv (ASX:VOR); Cronulla Sharks Football Club
- › Bachelor of Commerce (University of Wollongong), Chartered Financial Analyst (CFA)



Advait Joshi
Senior Investment Analyst

Years within:
• Salter Brothers: 2
• Industry: 7

- › Previously worked with Gregg as an Investment Analyst at Bombora Investment Management covering Listed and Pre-IPO equities (including providing structuring, financial modelling and other assistance on a number of corporate transactions - ASX-listings, private raises, M&A etc for Bombora's portfolio companies)
- › While at Bombora also undertook a corporate development secondment at Edtech business Pathify Incorporated
- › Prior to that: Equity Research at UBS Investment Bank (Emerging Companies coverage)
- › Bachelor of Commerce (UNSW)



Francis Crossle
Analyst

Years within:
• Salter Brothers: 2
• Industry: 2

- › Francis assists the Investment Team with financial modelling and research for the Listed coverage universe
- › Recently completed a Bachelor of Business (UTS)



THE MANAGER'S INVESTMENT PROCESS

A robust investment process designed to enable Salter Brothers Funds Management to stay on top of performance

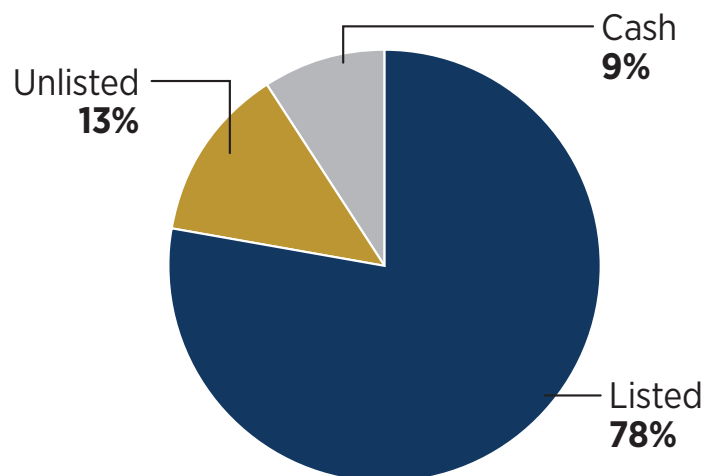
1	Opportunity Sourcing	The Manager utilises its network of financial advisors and brokers, industry experts and operational partners to identify a large number of investment opportunities
2	Investment Universe Screening	A quantitative screen is then applied to the Investment Universe. A qualitative review of the investment screen is then conducted by the Manager. We look for IP-driven, sustainable businesses with earnings growth and strong balance sheets at reasonable valuations
3	Phase 1 Due Diligence	Phase 1 due diligence includes a review of company financials and building an initial model on the business, detailed valuation analysis based on both a 2-year forward valuation multiple based on trading metrics of comparable companies as well as a DCF valuation, and an initial meeting with management
4	Phase 2 Due Diligence	Phase 2 Diligence includes finalising the financial model including all forecast assumptions, site visits and follow-up meetings with management if required and insights from Salter Brothers network of industry experts, advisors and the target company's customers and competitors
5	Investment Approval	A detailed discussion will take place to review outputs of the due diligence process. Opportunities may be rejected, may require further due diligence or may be accepted for investment
6	Ongoing Reporting & Monitoring	The Investment team will often work with and assist the management and Board of portfolio companies, acting as an investment partner to unlock the growth potential of the company



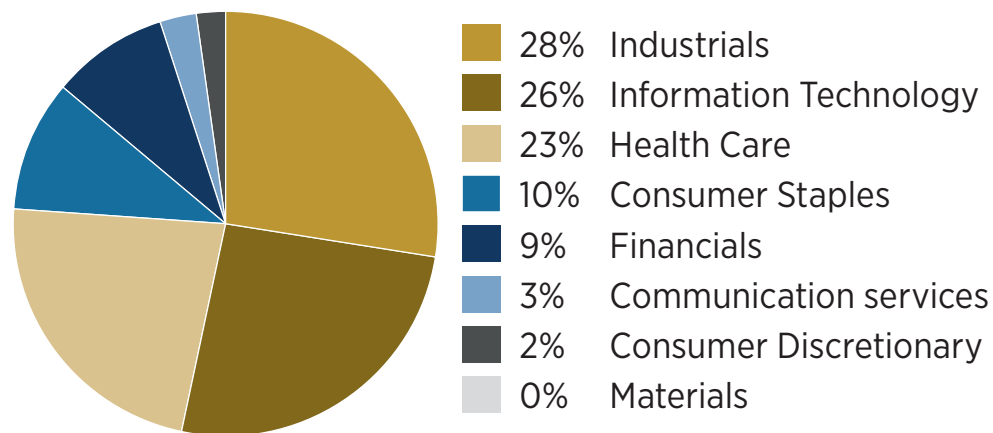
THE SB2 PORTFOLIO

Portfolio Composition (as at 29/02/2024)

- › The SB2 Portfolio has 20 Listed holdings (78% of the total value), 4 Unlisted holdings (13% of the total value) and 9% cash.
- › The weighted average market capitalisation of the stocks in the listed portfolio is ~\$168m.
- › The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 29 February 2024.



Portfolio Sector Weights



Top 5 Holdings

	Market Cap	Sector
1. Top Shelf International Holdings Ltd (ASX: TSI)	\$44m	Beverages
2. AI-Media Technologies Ltd (ASX: AIM)	\$77m	Information Technology
3. OFX Group Ltd (ASX: OFX)	\$378m	Financial Services
4. Medadvisor Ltd (ASX: MDR)	\$172m	Healthcare Technology
5. Probiotec Ltd (ASX: PBP)	\$224m	BPO/Outsource Services



KEY FEATURES OF THE PORTFOLIO

Over the last 18 months, our investment process has led to the creation of a profitable portfolio with strong revenue growth with undemanding trading multiples

- › Taking a two year view, the **weighted average valuation** upside of the listed holdings in the portfolio based on SB2 forecasts is **greater than 80%**.
- › 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 29/02/2024) features:
 - › Weighted average FY24-25F **Revenue growth of +16%**
 - › Weighted average FY24-25F **EBITDA margin of c.17%**
 - › Weighted average FY24-25F **NPAT margin of c.8%**
 - › Weighted average FY24-25F **P/E multiple of 8.6x**

Metrics of the Listed Portfolio*

	FY23A	FY24F	FY25F
Key Ratios			
EV / Revenue (x)	2.4x	2.0x	1.6x
EV / EBITDA (x)	9.5x	9.6x	7.5x
EV / EBIT (x)	10.0x	6.7x	8.5x
P / E (x)	12.4x	7.6x	9.6x
Portfolio Financials			
Revenue Growth (%)	+30%	+17%	+15%
EBITDA Margin (%)	11%	16%	18%
EBIT Margin (%)	3%	8%	12%
NPAT Margin (%)	-2%	6%	9%

* All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 29/02/2024, adjusted for abnormalities



SECTOR PREFERENCES

SB2 takes advantage of its broad mandate to seek outperformance through the cycle

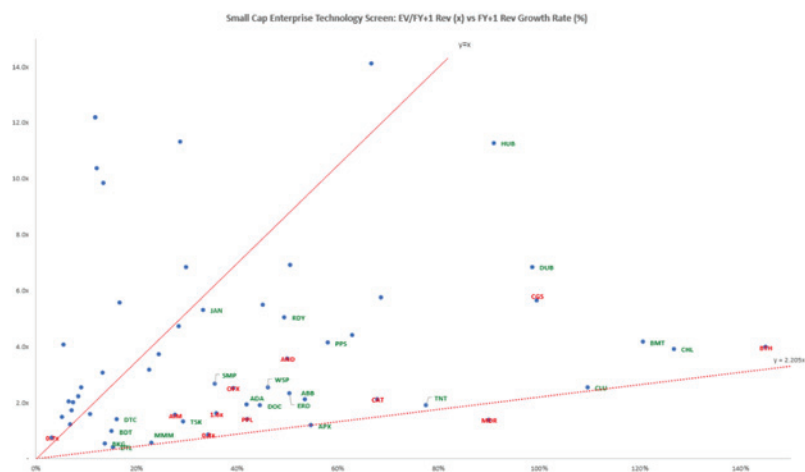
Target Industry Sectors:

- › Focus on both software technology companies as well as on industrial companies (though with no exposure to resources or biotech)
- › Looking for Defensive growth underpinned by strong intellectual property, management and balance sheet. Ideally companies with pricing power to navigate inflationary pressures
- › Avoiding sectors reliant on the consumer or strong economic growth such as retail
- › Also spending time reviewing unlisted opportunities which are presenting compelling risk v reward scenarios

Target Sector Examples:

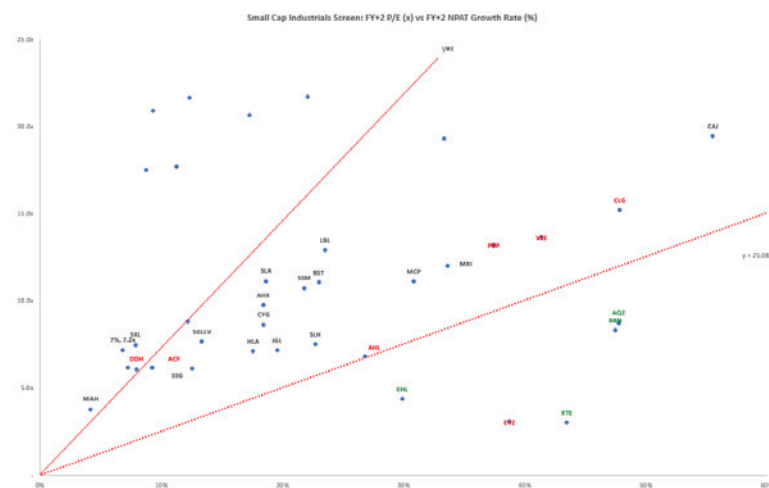
- › Technology
- › Telecommunications
- › Media
- › Healthcare (ex. Biotech)
- › Financial Services
- › Infrastructure and related services
- › General Industrial
- › Energy – including Renewables

The Manager's Software Technology Screen

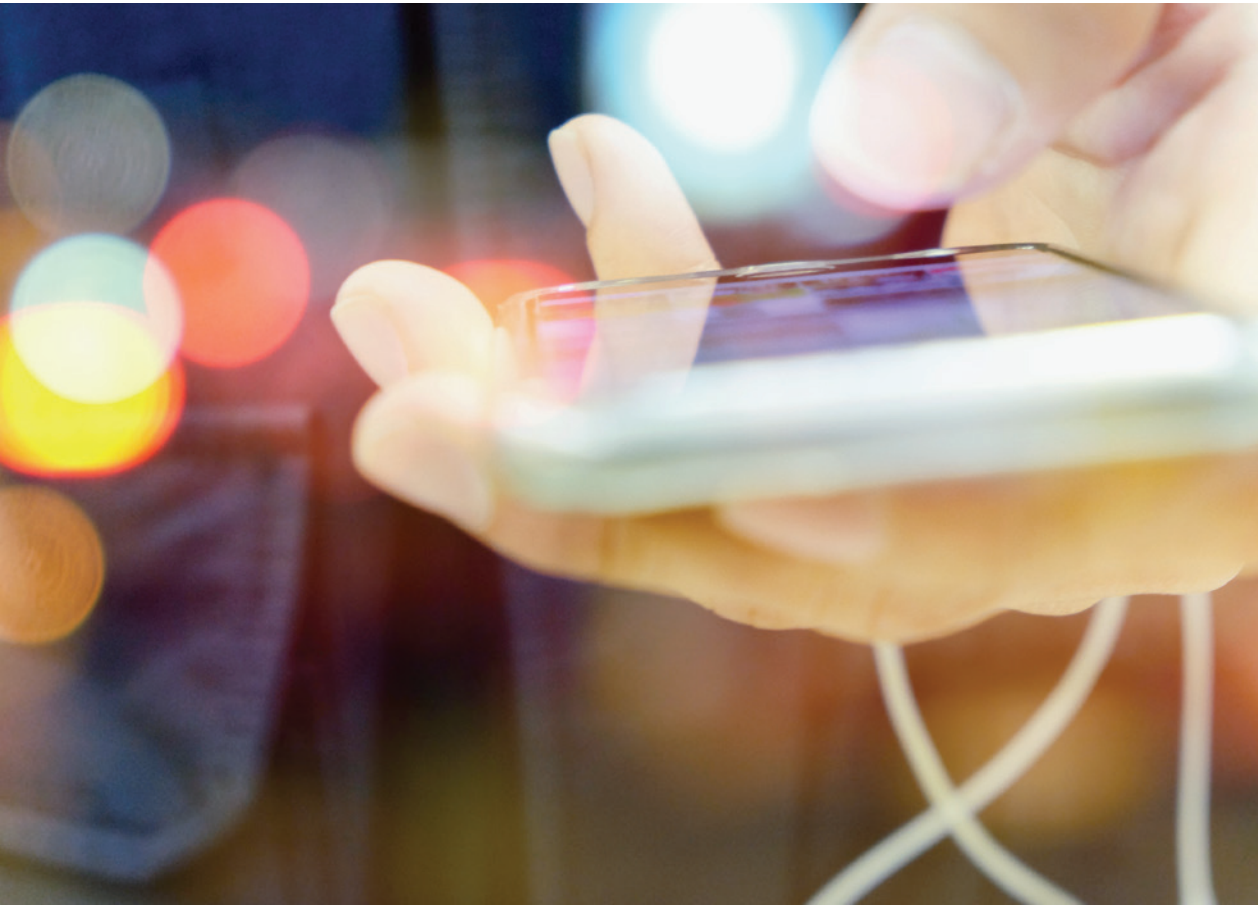


Source: CapitalIQ, SB2

The Manager's Industrials Screen



CONTACT US



Advait Joshi

Senior Investment Analyst

E | advait.joshi@salterbrothers.com.au

www.salterbrothers.com.au

