

SALTER BROTHERS
EMERGING COMPANIES LIMITED
(ASX CODE: SB2)

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1. EXECUTIVE SUMMARY



- Salter Brothers is a global fund manager with over A\$4B of group assets under management.
- Salter Brothers Emerging Companies Limited (ASX-SB2) is a listed investment company (LIC) dedicated to investing in small cap Australian companies with a market capitalisation of under A\$500M. It offers a professionally managed and diversified exposure to the Australian small cap sector.
- SB2 has a strong three-year track record of outperforming the small cap market ~8% increase for the month of November and ~44% year to date.*
- As at 30 November 2024 the current share price of SB2 trades at a ~34% discount to the underlying post tax NTA value.*
- The relative valuation of Australian small cap equities versus Australian large cap equities is at 20-year lows, offering a unique time in the cycle to invest in the sector.

* Figures are indicative only, based on current assumptions, and may be subject to change. The Disclosers do not guarantee the accuracy or correctness of the figures or performance metrics and recipients of this information should ensure that they read the latest Investment Report and NTA Updates as published on the SB2 website (salterbrothers.com.au/funds-management/emerging-companies/asx-announcements) from time to time.



2. SB2 PERFORMANCE

Performance Summary [#]	SB2	ASX Emerging Companies Index*	Outperformance
1 Months	8.04%	-0.90%	8.94%
3 Months	12.04%	5.77%	6.27%
12 Months	43.65%	20.18%	23.47%
Inception p.a*	5.74%	1.86%	3.88%
Inception*	19.96%	6.47%	13.49%

Performance numbers calculated as at 30 November 2024
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 is 27 May 2021

- The **Salter Brothers Emerging Companies Portfolio** continues to deliver strong performance, achieving a **12-month return of 43.65%** as of **30 November 2024**. This result significantly surpasses the **ASX Emerging Companies Index (XEC)**, which posted a return of **20.18%** over the same period.
- The **23.47% outperformance** underscores the **Investment Team's disciplined investment process** and comprehensive research, with a sharp focus on identifying high-potential small-cap opportunities that are often overlooked by the broader market.
- Sentiment in small caps has shifted positively, as communicated by the SB2 team, due to the **decrease in inflation** and the **prospect of interest rate cuts**. This improving macroeconomic environment has created a more favourable backdrop for small-cap investments.

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3. TOP 5 HOLDINGS AND PORTFOLIO METRICS

Top 5 Holdings

	Market Cap	Sector	Company Description
1. Ai-Media Technologies Ltd (ASX:AIM)	\$157m	Business Software	Provider of live and recorded captioning, transcription, subtitles, translation, and speech analytics using a proprietary, cloud-based technology platform.
2. Alfabs Australia Ltd (ASX:AAL)	\$75m	Construction & Engineering	Provides a design-to-delivery solution for its clients across heavy steel fabrication, construction and maintenance services, mining equipment, protective coatings, and transport.
3. Bluebet Holdings Ltd (ASX:BBT)	NEW \$150m	Casinos & Gaming	BlueBet Holdings Ltd provides sports and racing services through their leading online wagering platform and mobile applications.
4. EML Payments Ltd (ASX:EML)	NEW \$250m	Other Financial Services	Transaction and payment processing company delivering solutions across Australia, Europe and North America. EML offerings include, general purpose reloadable cards, Gift cards and digital payment options for open banking.
5. Alcidion Group Ltd (ASX:ALC)	NEW \$80m	Health Care Technology	Alcidion is a leading provider of intelligent informatics software, delivering intuitive solutions that enhance efficiency across the healthcare sector. The company primarily operates in Australia and the UK, supporting improved healthcare workflows through innovative technology.

Portfolio Metrics

- › Taking a two year view, the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is greater than 70%.
- › 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 31/10/2024) features:
 - › Weighted average FY25-26F Revenue growth of c.+17%
 - › Weighted average FY25-26F EBITDA margin of c.17%
 - › Weighted average FY25-26F NPAT margin of c.6%
 - › Weighted average FY25-26F P/E multiple of c.5.7x

Metrics of the Listed Portfolio**

	FY24A	FY25F	FY26F
Key Ratios			
EV / Revenue (x)	2.0x	1.6x	1.3x
EV / EBITDA (x)	8.4x	8.0x	6.9x
EV / EBIT (x)	9.6x	5.6x	4.5x
P / E (x)	6.0x	5.9x	5.6x
Portfolio Financials			
Revenue Growth (%)	16%	18%	16%
EBITDA Margin (%)	12%	15%	19%
EBIT Margin (%)	0%	6%	11%
NPAT Margin (%)	-3%	4%	8%

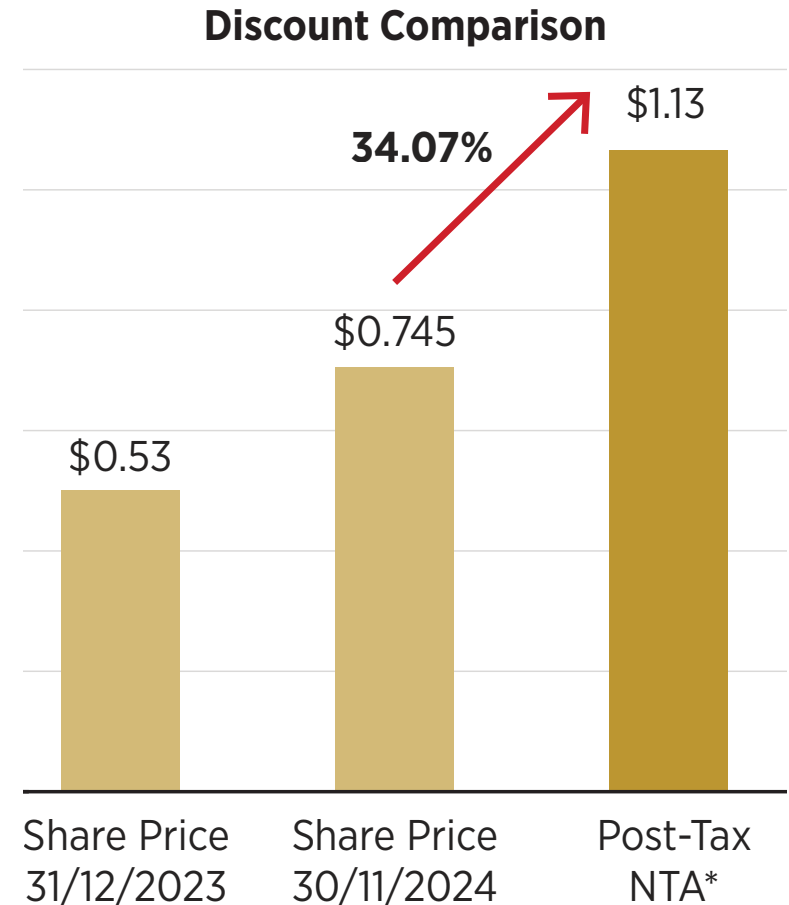
**All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/11/2024, adjusted for abnormalities.



4. DISCOUNT TO NTA

Steps to Narrow the NTA and Share Price Gap

- › SB2 is currently trading at a -34.07% discount to its Post-Tax NTA as at 30 November 2024.*
- › SB2 has been very active throughout September with its share buyback program extended into October, demonstrating our ongoing commitment to returning value to shareholders.
- › We've seen strong interest from high-net-worth individuals, family offices, and institutions.



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5. SALTER BROTHERS UNLISTED EQUITY CAPABILITIES

FINTECH



PROPTech



SAAS/PAAS



HEALTH/ SPORTS TECH



TELCO







- The Manager and the key Investment Team members have had a long and successful track record in investing in the unlisted equity sector.
- The Manager has a nine-year track record across five funds investing in the growth equity sector of private equity. Currently there are 10 holdings across these funds with multiple successful exits already achieved.
- Gregg Taylor, also has a 20 year plus successful track record of investing in the growth equity sector across multiple funds.
- The investment approach adopted is an active style of management, typically taking meaningful size positions and actively working with the board and management teams of the portfolio companies.
- Transaction structuring is a key part of the process to target an optimal risk versus reward outcome.
- Target Internal Rate of Return (IRR) on unlisted investments are typically greater than 30%.
- The investment horizon is typically three to five years. Many of the portfolio companies are entering the exit stage of the holding period and working towards an exit event over the next 12 – 24 months.
- The valuation methodology adopted for unlisted investments is conservative and is independently audited on an annual basis.



6. SB2'S KEY UNLISTED HOLDINGS OVERVIEW

Unlisted Investments account for ~14% of the total SB2 portfolio*

-  IP SI is a prominent fintech firm specializing in a wide range of cloud-based payment solutions. IP SI's team consists of highly experienced professionals adept at overseeing extensive digital transformation initiatives.
-  PelicanCorp delivers specialized software and services to utilities, asset owners, and the One Call industry to safeguard underground assets. Their solutions are workflow and process-based tools delivering efficient enquiry and asset protection capabilities.
-  Sphere introduced a CO2 climate action product in early 2023. This product enables consumers and businesses to assess their carbon footprint using a certified proprietary calculator. It provides actionable insights and prompts for users to offset their CO2 emissions through a selection of highly accredited carbon offset projects.
-  Bike Exchange is a premier global marketplace for bicycles, offering over 1,500 brands, 1,600 sellers, and 900,000 products across five countries. Centralizing the cycling community, it supports and empowers hundreds of retail bike stores and brands worldwide, connecting them with millions of cycling enthusiasts and prospective customers.

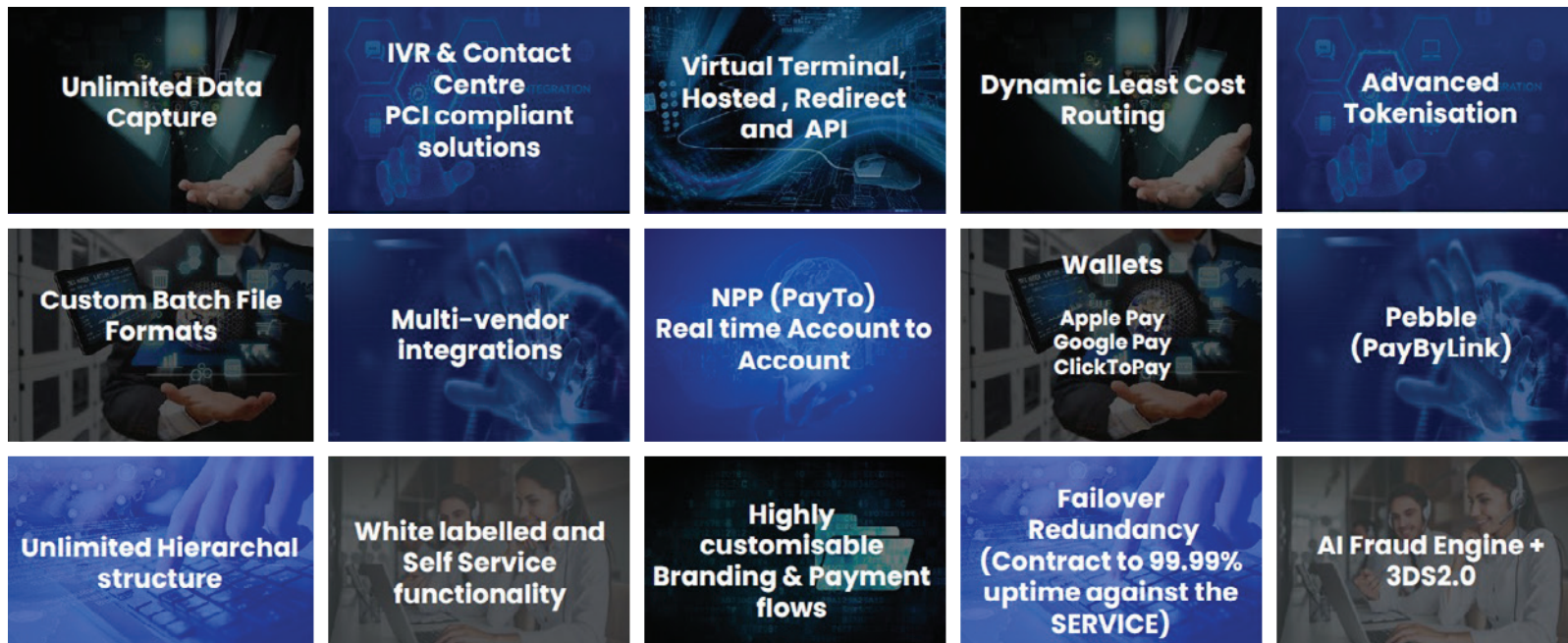
* Numbers are indicative of the November 2024 SB2 Investment Report and NTA Update.



7. INVESTMENT CASE STUDY - IPSI



- IPSI is an Australia-based fintech company that offers feature-rich technology designed to address payment challenges for platform providers, merchants, and consumers.
- Founded in 2006, IPSI has evolved from a reseller to a fintech innovator, launching its proprietary platform in 2020.
- IPSI's market leading products and services are summarised below, with key offering including the highly topical Dynamic Least Cost Routing payment tokenisation, NPP (New Payments Platform) integration, and a complete end-to-end online payment service.



INVESTMENT CASE STUDY - IPSI



- IPSI generates high-quality recurring revenue, typically earning a % fee of the total transaction value processed, along with upfront implementation fees and some non-core service revenue.
- In FY24, IPSI achieved a 20% growth in recurring revenue and expanded its gross margin to a ~75%. IPSI is currently experiencing more growth opportunities than ever, particularly through expanding partnerships with Fiserv, NAB, and Azupay.
- IPSI remains well-capitalized to seize these growth opportunities and continues to explore new strategic partnerships.

IPSI Customers



INVESTMENT CASE STUDY - PELICANCORP

- PelicanCorp is an experienced technology provider in the utility, mapping and damage prevention industry. Providing tools that assist in the protection of essential assets and enabling efficiencies across numerous dial-before-you-dig infrastructures.
- Founded in 1991, PelicanCorp has grown significantly and is now a leader in the asset location industry.

Products:

- **OneCallAccess** is a One Call Operation Management solution for e-ticket and call centre operation. The product manages all One Call tickets from any location and any time leveraging across web and mobile applications.
- **TicketAccess** is an automated workflow and exception handling service used to directly respond to contractors by Pelican OneCallAccess clients.
- **PermitAccess** is an online platform that allows authorities to review and approve permit applications.
- **Geolantis 360** allows asset mapping with precision GNSS rovers that feeds data into the PelicanCorp platform. The Geolantis product is a leading Geospatial GIS system in the locator segment.
- **DamageAccess** is an online platform that allows utility providers and contractors to report underground facilities.

Global provider of OneCall outsourcing solutions (Call Center, One Call Systems, Operations, Marketing and Management)

OneCallAccess



Geolantis 360



A trusted supplier to over 450 Utilities throughout the world for Ticket Management and Damage Prevention



INVESTMENT CASE STUDY - PELICANCORP

- PelicanCorp has a sticky revenue model with a recurring fee paid by utility companies and government authorities around the world for the OneCallAccess and Geolantis SASS products.
- PelicanCorp also generates revenue transactional revenue inquiries (tickets, permits and locates) processed through TicketAccess, LocateAccess and PermitAccess products integrated to OneCallAccess.
- In FY24 revenue grew by 15% reaching ~A\$27m, with gross margins expanding to over 80%. The company has experienced significant EBITDA growth, increasing by 178% during the same period.
- Continued topline growth is forecasted as PelicanCorp leverages international opportunities, with additional margin expansion expected through ongoing cost out initiatives.



PelicanCorp



Q&A



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