

Investment Report & NTA Update

10 JANUARY 2025

Net Tangible Asset Value per share as at 31 December 2024

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	% Discount / Premium to NTA*
\$1.128	\$1.129	\$1.121	\$0.795	-29.08%

* Percentage discount to NTA is calculated from the post tax NTA.

Investment Portfolio Performance[†]

	1 Month	3 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. [^]	Inception (Total Return) [^]
SB2[#]	-2.00%	7.29%	27.40%	4.76%	-0.59%	4.68%	17.84%

[#] Salter Brothers Emerging Companies Limited (ASX:SB2)

[†] 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.

Key Listed Contributors & Detractors

Key Contributors for December 2024			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Ai-Media Technologies Ltd (AIM)	+8.0%	+0.8%
2	Bluebet Holdings Ltd (BBT)	+11.1%	+0.6%
3	Botanix Pharmaceuticals Ltd (BOT)	+20.8%	+0.4%

Key Detractors for December 2024			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	PYC Therapeutics Ltd (PYC)	-28.6%	-1.2%
2	Medadvisor Ltd (MDR)	-27.4%	-0.9%
3	EML Payments Ltd (EML)	-17.3%	-0.8%

Key Features of the SB2 Portfolio

- 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, long-term capital, growth and income from investments and generating an attractive risk adjusted return over the long term.
- As such, the weighted average investment profile of our portfolio (as at 31/12/2024) features:
 - Weighted average FY25-26F Revenue growth of c.+16%
 - Weighted average FY25-26F EBITDA margin of c.19%
 - Weighted average FY25-26F NPAT margin of c.6%
 - Weighted average FY25-26F P/E multiple of 11.7x

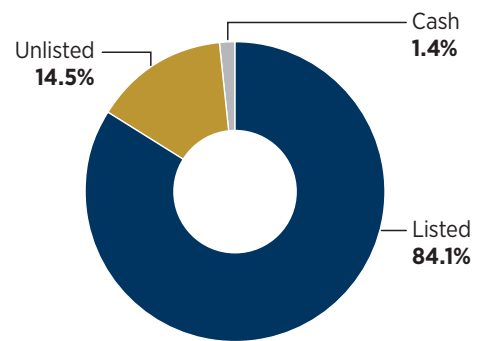
Metrics of the Listed Portfolio**

	FY24A	FY25F	FY26F
Key Ratios			
EV / Revenue (x)	1.9x	1.6x	1.4x
EV / EBITDA (x)	9.2x	8.2x	6.8x
EV / EBIT (x)	9.2x	7.0x	6.8x
P / E (x)	19.2x	13.2x	10.2x
Portfolio Financials			
Revenue Growth (%)	16%	16%	16%
EBITDA Margin (%)	14%	17%	21%
EBIT Margin (%)	3%	8%	13%
NPAT Margin (%)	-2%	4%	8%

**All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/12/2024, adjusted for abnormalities.

Portfolio Composition

- The SB2 Portfolio has 25 Listed holdings (84.1% of the total value), 6 Unlisted holdings (14.5% of the total value) and 1.4% Cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is -\$185m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 31 December 2024.
- A key requirement of the Australian Significant Investor Visa regime is that the portfolio invests in companies with a market capitalisation of less than \$500m. As such the portfolio has a microcap bias and the portfolio performance is driven by the performance of this sector of the market.



December 2024 Monthly Update

In December, the portfolio posted a return of -2.0%, after outperforming the index by 9.1% last month. December is known to be a quieter month for news flow with AGM season completed in November along with December quarterlies released in January. The portfolio managed this period effectively, overcoming market volatility and sector-specific challenges.

During the month, the top three positive contributors to the portfolio were Ai-Media Technologies Ltd (**AIM**), Bluebet Holdings Ltd (**BBT**) and Botanix Pharmaceuticals Ltd (**BOT**). The top three key detractors were, PYC Therapeutics Ltd (**PYC**), Medadvisor Ltd (**MDR**) and EML Payments Ltd (**EML**).

Ai-Media Technologies Ltd (**AIM**) reversed the modest decline in its share price from November. The market had time to further digest the company's AGM, reaffirming their commitment and strategy to achieving the aspirational targets of \$150 million in revenue and \$60 million in EBITDA by FY29. The Manager retains strong conviction in AIM's long-term performance, supported by continued strategic execution.

Bluebet Holdings Ltd (**BBT**) also delivered positive performance in December, supplying a trading update to share its strong post-migration momentum following the transformational merger of Bluebet and Betr. The Company was also EBITDA positive for the month of November. This represents a critical inflection point for the Company, which expects to be EBITDA profitable in FY25. This is driven by a step change in scale and realisation of upgraded synergies made possible by the merger. Bluebet outperformed the market during the key Spring Racing Carnival period, delivering a strong Net Win Margin of 12.8% for November. The Manager views Bluebet's acquisition as successful, gaining the scale required and recognizes the opportunity for further consolidation in the future.

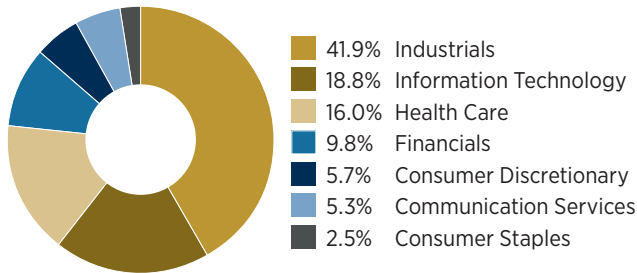
Botanix Pharmaceuticals Ltd (**BOT**) is a dermatology company that has received FDA approval for its lead product Sofdra for the treatment of primary axillary hyperhidrosis. Sofdra is the first and only new chemical entity approved by the FDA to treat primary axillary hyperhidrosis and presents a novel, safe and effective solution for patients who have lacked treatment options for this socially challenging medical condition. December ticked off the first prescriptions for Sofdra as management looks to launch their full commercial strategy in 2025. The Manager was impressed by management's proven track record of achieving multiple billion-dollar exits and looks forward to assessing Botanix's progress over the next year.

PYC Therapeutics Ltd (**PYC**) is a clinical-stage biotechnology company advancing a pipeline of first-in-class drug candidates targeting areas of significant unmet medical need. In December, PYC announced the nomination of its fourth clinical drug candidate for Phelan-McDermid Syndrome, supported by encouraging preclinical data. While management has demonstrated strong execution against established timelines recently the share price has not been correlating. A factor of this is related to the new Trump administration with RFK Junior emergence which creates a lot of unknowns. Despite this, management continues to systematically de-risk the business through ongoing data generation. The Manager is particularly focused on the upcoming RP11 MAD study readout, which could further validate not only the halting of disease progression but also the reversal of damage caused by the condition.

Medadvisor Ltd (**MDR**) delivered a disappointing trading update. During the current US flu season, vaccination rates have been lower than expected by pharma customers resulting in a deferral of spend on vaccine related health programs until later in the season. Accordingly, MedAdvisor expects to see a significant shift in revenue from the first half to the second half in its US business. The Company's second-half pipeline for the US business is significantly stronger and more diverse than in prior years, with over 50% more brands compared to the same time last year. While the outcome was disappointing, there is recognition of the company's diversified future revenue streams and its commitment to achieving EBITDA profitability in both the first half and full year.

EML Payments Ltd (**EML**), following strong share price performance in November, experienced a share price decline with leadership changes as the key catalyst in December. The Board of EML Payments Limited announced that it has elected to discontinue Mr Ron Hynes's employment agreement as Managing Director and Chief Executive having resolved that alternate leadership is required to execute the Company's strategy, EML 2.0. The Board and leadership team are committed to the medium-term strategy EML 2.0 which was communicated at the recent AGM, with EBITDA guidance of \$54-60m reaffirmed. The Manager is supportive of the decision made by the recently reformed Board. The Manager sold shares at \$1 per share in November and is using the sell off to re-weight into the position with a medium term view.

Listed Portfolio Sector Weights



Top 5 Holdings

1. Ai-Media Technologies Ltd (ASX:**AIM**)
2. Alfabs Australia Ltd (ASX:**AAL**)
3. Acrow Formwork and Construction Services Ltd (ASX:**ACF**)
4. Alcidion (ASX:**ALC**)
5. Close the Loop Inc (ASX: **CLG**)

Investment Team



Gregg Taylor
Investment Director
25+ years' experience
Previous:
Schroders Investment Management and
Bombora Investment Management



Tineyi Matanda
Investment Director – Funds Management
18+ years' experience
Previous: PwC, MAP Capital



Emily Mohan
Investment Director
12+ years' experience
Previous: iPartners, Bombora



Francis Crossle
Analyst
3+ years' experience



Dane Grant
Analyst
2+ years' experience

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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) (**Disclosures**).

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