

Investment Report & NTA Update

13 February 2025

Net Tangible Asset Value per share as at 31 January 2025

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	% Discount / Premium to NTA*
\$1.110	\$1.110	\$1.113	\$0.845	-24.08%

* 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[#]	-1.36%	4.82%	18.55%	4.05%	1.05%	4.30%	16.73%

[#] 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 January 2025			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Alcidion Group Ltd (ALC)	+15.0%	+0.8%
2	Asset Vision Co Ltd (ASV)	+50.0%	+0.8%
3	Alfabs Australia Ltd (AAL)	+6.4%	+0.7%

Key Detractors for January 2025			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Close the Loop Ltd (CLG)	-48.9%	-1.8%
2	Ai-Media Technologies Ltd (AIM)	-17.6%	-1.8%
3	Medadvisor Ltd (MDR)	-17.8%	-0.5%

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 70%.
- 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 31/01/2025) 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.5%
 - Weighted average FY25-26F P/E multiple of 10.3x

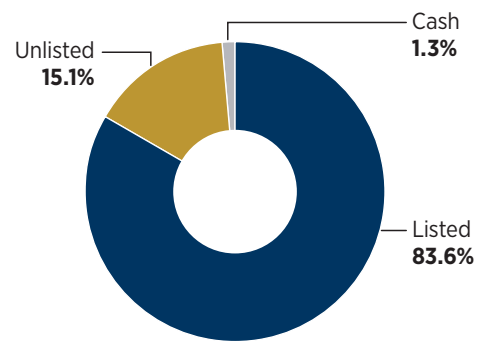
Metrics of the Listed Portfolio**

	FY24A	FY25F	FY26F
Key Ratios			
EV / Revenue (x)	1.9x	1.5x	1.4x
EV / EBITDA (x)	7.2x	5.7x	4.9x
EV / EBIT (x)	8.7x	6.3x	5.9x
P / E (x)	16.0x	10.6x	10.0x
Portfolio Financials			
Revenue Growth (%)	14%	17%	16%
EBITDA Margin (%)	13%	17%	21%
EBIT Margin (%)	1%	7%	13%
NPAT Margin (%)	-3%	3%	8%

**All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/01/2025, adjusted for abnormalities.

Portfolio Composition

- The SB2 Portfolio has 26 Listed holdings (83.6% of the total value), 6 Unlisted holdings (15.1% of the total value) and 1.3% Cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is -\$172m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 31 January 2025.
- 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.



January 2025 Monthly Update

In January, the portfolio posted a small negative return of -1.36% slightly underperforming the market, which remained flat. January is typically characterised by reduced trading activity, particularly in the early weeks as a significant portion of the market remains on holiday. However, trading volumes and market momentum tend to accelerate towards the end of the month, driven by the release of 2Q25 trading updates and cash flow reports.

During the month, the top three positive contributors to the portfolio were Alcidion Group LTD (**ALC**), Asset Vision Co LTD (**ASV**) and Alfabs Australia LTD (**AAL**). The top three detractors were Close The Loop LTD (**CLG**), Ai-Media Technologies Ltd (**AIM**) and Medadvisor LTD (**MDR**).

Alcidion Group Ltd (**ALC**) delivered a strong performance throughout January, trading well both leading up to and following the release of its Q2 FY2024 report. The company reported substantial cash reserves of \$7.7 million, with FY2025 contracted revenue approaching its breakeven point, sending a strong message to the market of a positive turnaround story. Market sentiment remains bullish, as investors await an update on the North Cumbria electronic patient record (EPR) contract, as well as further updates on their current sales pipeline.

Asset Vision Co Ltd (**ASV**) delivered a strong performance in January, posting a notable 50% gain. The company's Q2 FY2025 cash flow report highlighted a cash balance of \$974K with no debt as of December 2024, along with a \$625K positive operating cash flow for the quarter—partially benefiting from an R&D tax offset. ASV is in a significantly stronger position compared to 12 months ago. The manager remains bullish on the company's outlook as they continue to grow their recurring revenue and reveal significant operating leverage.

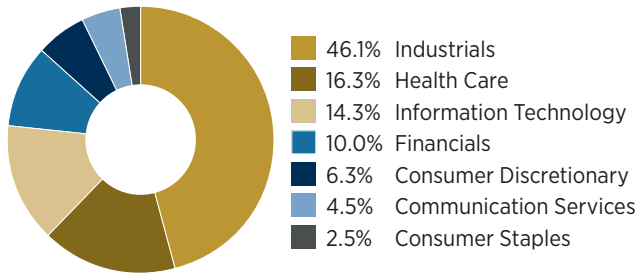
Alfabs Australia Ltd (**AAL**) recorded a modest gain during the period, reaffirming its new valuation following a significant re-rating in the final months of 2024. While there was no new news flow from Alfabs in January, market sentiment remains strong, driven by the potential market share opportunity arising from a large competitor appointing auditors. The Manager looks forward to the 1H25 results as well as receiving an operational update on the fully operational Malabar contract.

Close the Loop Group (**CLG**) experienced a disappointing downgrade in January following the announcement that discussions with Adamantem had ceased. Adamantem had previously submitted a non-binding indicative cash offer of \$0.27 for 100% of CLG shares in November. In addition, Close the Loop issued a negative trading update, lowering earnings expectations for 1H FY2025 due to an unfavorable shift in business mix, and delays in opening its Mexicali facility. The company expects these short-term challenges to be resolved in the coming months. The investment team remains in contact with the company and continues to monitor the position closely.

Ai-Media Technologies (**AIM**) experienced a moderate decline in January with minimal news flow and likely profit taking from some shareholders ahead of the 1H25 result. The investment team maintains its high conviction as the company aggressively pursues organic growth across their product range and geographies to achieve their 3-5 year ambitions.

Medadvisor (**MDR**) has continued to trade downwards in January following their negative trading update in December which was reiterated by their weak 2Q25 report. The business has experienced a downturn in the US business and minimal growth in Australia. However, the business is continuing to conduct a strategic review of the group and expects the second half result (2H25) to show significant growth on 2H24. The investment team will continue to actively monitor the position and its opportunities going forward.

Listed Portfolio Sector Weights



Top 5 Holdings

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

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) (**Disclosers**).

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