

**12 JUNE 2025**

# SB2 Investment Report & NTA Update

NTA PRE TAX	NTA POST TAX	TOTAL DIVIDENDS
<b>\$1.029</b>	<b>\$1.057</b>	<b>\$0.02</b>

NET TANGIBLE ASSET VALUE PER SHARE AS AT 31ST MAY 2025

## SB2\* Portfolio Performance to 31st May 2025†

1 Month	3 Months	1 Year	3 Year (p.a.)	Since Inception (p.a.)^	Since Inception^
-1.00%	-6.68%	12.85%	3.91%	3.14%	13.19%

# Salter Brothers Emerging Companies Limited ACN 646 715 111 (ASX:SB2)

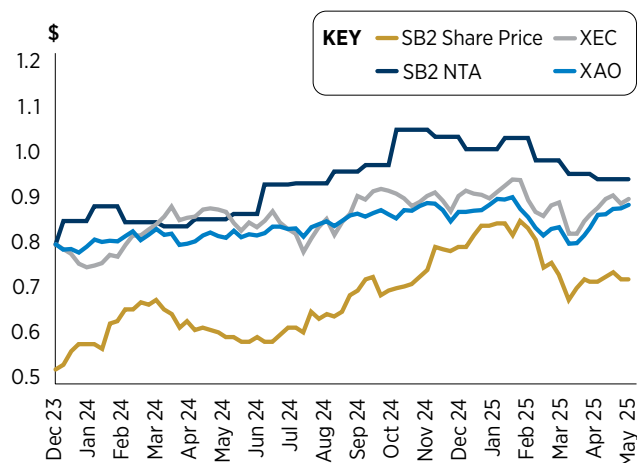
† Portfolio performance is calculated net of Management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

^ Inception date is 27 May 2021.

## Fund Summary

<b>ASX Code</b>	SB2
<b>Net Tangible Assets</b>	\$90.14m
<b>SB2 Market Capitalisation</b>	\$61.8m
<b>Share Price</b>	\$0.725
<b>Discount to NTA</b>	-31.41%
<b>Companies Held</b>	29
<b>Weighted average market cap of portfolio</b>	\$194m
<b>Annualised Interim Dividend Per Share</b>	4c
<b>Annualised Interim Dividend Yield %</b>	5.5%

## Performance



Pre-Tax NTA, Emerging companies index (ASX:XEC) and All ordinaries (ASX:XAO) have all been rebased to 0.80. Source Iress.

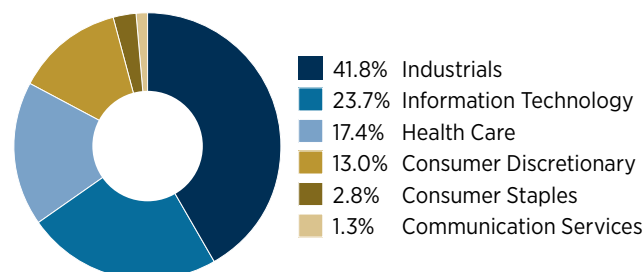
## Portfolio Commentary

In May, the portfolio posted a negative return of -1.00% below the Australian Emerging Companies Index (ASX:XEC), which rose 2.98%. The small cap industrials underperformed the resources market with the ASX small resources index (ASX:XSR) rising 10.08%. With our chosen strategy of no resource stocks, this made it difficult for SB2 to beat the market.

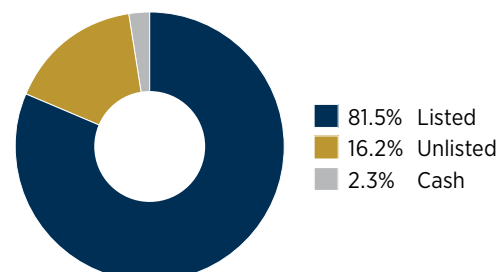
During May the Reserve Bank of Australia announced a 0.25% reduction in the cash rate, which was well received by the market. In addition, March end companies released their full year results. Market volatility remained high but somewhat stabilised as international engagements appeared to de-fuse, and the market seemed to move off the Tariff topic.

The manager remains confident in the portfolio going forward and entering the full year reporting season.

## Listed Portfolio Sector Weights



## Portfolio Composition



The portfolio's investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 31st May 2025.

## Feature Stocks



### Eroad Ltd (ASX:ERD)

ERD is an international hardware-enabled SaaS company delivering safety, compliance, sustainability and efficiency solutions for complex vehicles fleets.

During May ERD released positive full year results, significantly beating the market's expectations. The company delivered revenue of NZ\$194m at the top end of their guidance NZ\$190-\$194m. The company also achieved normalised cash EBIT of NZ\$10m at the top bracket of their guidance range NZ\$5-10m and free cash flow increased to over NZ\$16m despite a CAPEX drag of \$8m which ends CY25. ERD also updated the market with FY26 guidance of revenue being a minimum of NZ\$205m, normalised free cash flow yield of 8-10% and a medium-term ARR growth CAGR of 11-13%. ERD is now a top listed holding in the portfolio and the manager remains confident in their medium-term trajectory.

### Ai-Media Technologies Ltd (ASX:AIM)

AIM has continued to drift lower through May on no news flow. The Manager has remained in regular contact with the company and maintains confidence in the investment thesis.

The manager's conviction was reinforced during a visit to the United States earlier this year attending the AIM's sales conference. The portfolio manager spoke to numerous significant customers regarding AIM's current and future products, for which there is an overwhelmingly positive response.

The manager understands the investments the company has made and the transition it is undergoing and maintains high conviction in the company.

### OFX Group Ltd (ASX:OFX)

Earlier this year the manager indicated macro driven issues concerning OFX. During May they released their full year results which were a considerable downside surprise to the market.

OFX experienced significantly lower active customers and volumes, resulting Net operating income declining -5.5% on PCP. To counteract the decline in FX volumes OFX has decided to accelerate the roll out off their NCP product. This includes expanding Opex by \$24 in FY26 and an additional \$5m in CAPEX. Resulting in consensus reducing EBITDA forecasts for FY26 from -\$70m to -\$35m.

The manager exited OFX prior to the result, however, is actively reviewing the business and their ability to maintain and grow current earnings.

## Top 5 Holdings

1. BETR Entertainment Ltd (ASX:**BBT**)
2. Alfabs Australia Ltd (ASX:**AAL**)
3. Ai-Media Technologies Ltd (ASX:**AIM**)
4. Eroad Ltd (ASX:**ERD**)
5. Alcidion Group Ltd (ASX:**ALC**)

## Metrics of the Listed Portfolio\*\*

	FY24A	FY25F	FY26F
<b>Key Ratios</b>			
EV / EBITDA (x)	6.5x	5.1x	4.9x
EV / EBIT (x)	6.5x	4.8x	4.9x
P / E (x)	7.4x	5.5x	6.4x
<b>Portfolio Financials</b>			
Revenue Growth (%)	15%	19%	19%
EBITDA Margin (%)	13%	13%	17%
EBIT Margin (%)	-1%	4%	9%
NPAT Margin (%)	-5%	1%	6%

\*\*All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/05/2025, adjusted for abnormalities and key ratios earnings metrics exclude loss making entities.

## Key Listed Contributors & Detractors

### Key Contributors for May 2025

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Eroad Ltd (ASX: <b>ERD</b> )	+65.5%	+3.27%
2	BETR Entertainment Ltd (ASX: <b>BBT</b> )	+9.4%	+0.95%
3	Asset Vision Co Ltd (ASX: <b>ASV</b> )	+21.9%	+0.34%

### Key Detractors for May 2025

#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Alfabs Australia Ltd (ASX: <b>AAL</b> )	-16.7%	-1.66%
2	Ai-Media Technologies Ltd (ASX: <b>AIM</b> )	-18.3%	-1.63%
3	Camplify Holdings Ltd (ASX: <b>CHL</b> )	-18.8%	-0.33%

## About Salter Brothers Emerging Companies Limited

**ASX:SB2** is an actively managed Australian small caps investment fund that seeks to provide investors with attractive risk adjusted returns over the long term. Investing in listed and unlisted emerging companies (sub \$500m market cap) across a range of sectors.

## About Salter Brothers

Salter Brothers is an Australian-owned global alternatives investment manager, with offices and operations in Australia, Singapore, Japan and the United States of America. It is focused on property, equities and private credit, with group assets under management of over A\$4 billion.

To find out more about Salter Brothers visit [salterbrothers.com.au](http://salterbrothers.com.au)

## Investment Team



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This information contained in this document has been prepared by Salter Brothers Funds Management Pty Ltd ACN 608 295 683 (**Manager**), a corporate authorised representative of Salter Brothers Asset Management Pty Ltd ACN 119 833 760 (AFSL 308 971) (**SBAM**) and Salter Brothers Emerging Companies Limited ACN 646 715 111 (**SB2**) (the Manager and SB2 are collectively known as the **Disclosers**).

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