

SANDON CAPITAL

SNC Shareholder Presentation

September 2024



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SANDON CAPITAL

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Strong investment returns in 12 months to 30 June 2024

GROSS PORTFOLIO RETURN

19.9%¹

TOTAL SHAREHOLDER RETURN

20.2%²

NET PROFIT AFTER TAX

\$14.36 million

Highlights

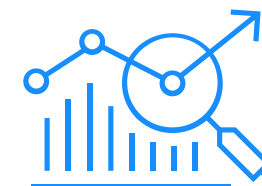
- The SNC portfolio delivered strong returns in the 12 months to 30 June 2024
- Largest contributions were delivered by Spectra Systems and A2B
- The majority of other holdings delivered positive returns

Outlook

- Higher interest rates impose stricter capital discipline
- Stabilised interest rates can provide greater certainty
- Economic activity may temper
- Geopolitics is likely to cause continued volatility in capital markets

Opportunities remain attractive

- The FY24 results bear out our approach of bottom-up, value-based investing
- We are aware of what happens around us, but we do not seek to make investments predicated on macro bets
- General market anxiety creates opportunities for mis-pricing



1. Gross portfolio return is performance before management fees, corporate expenses, interest and taxes and excluding the effects of Corporate Simplification (as described in the Annual Report for the year ended 30 June 2024)

2. Total shareholder return is calculated using SNC's closing share price on 30 June 2023 (\$0.625) and 30 June 2024 (\$0.695) and assumes reinvestment of dividends totalling 5.5 cents per share and excludes franking credits

Opportunity – sustainable yield at a discount to NTA

ATTRACTIVE DIVIDEND YIELD

7.2%¹

DISCOUNT TO NTA

15.4%²

SOLID PROFITS RESERVES & FRANKING³

35.0 cps profits reserve

7.8 cps franking balance

Highlights

- SNC shares trade at an attractive yield of 7.2% (9.6% grossed up for franking)¹
- The SNC portfolio can be bought at a 15.4% discount to NTA²
- Many of SNC's investments trade at meaningful discounts to our estimate of their intrinsic value
- Investors buying SNC today are buying a “discount at a discount”
- Current profit reserves and franking balance allow SNC to sustain the current dividend for ~4.3 years, all else held equal³

2.75cps fully franked final dividend

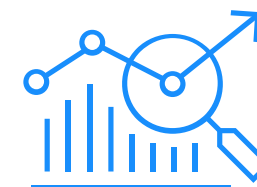
- Board expects similar FY25 interim dividend

Portfolio companies

- The bulk of the portfolio remains exposed to resilient, performing sectors of the economy
- The majority of our investments have very strong balance sheets, leaving them well placed to deal with any economic headwinds and higher interest rates, as well as undertaking capital management initiatives

Turnaround benefits

- Board and management changes over the last two years at some companies have delivered better financial and operational performance



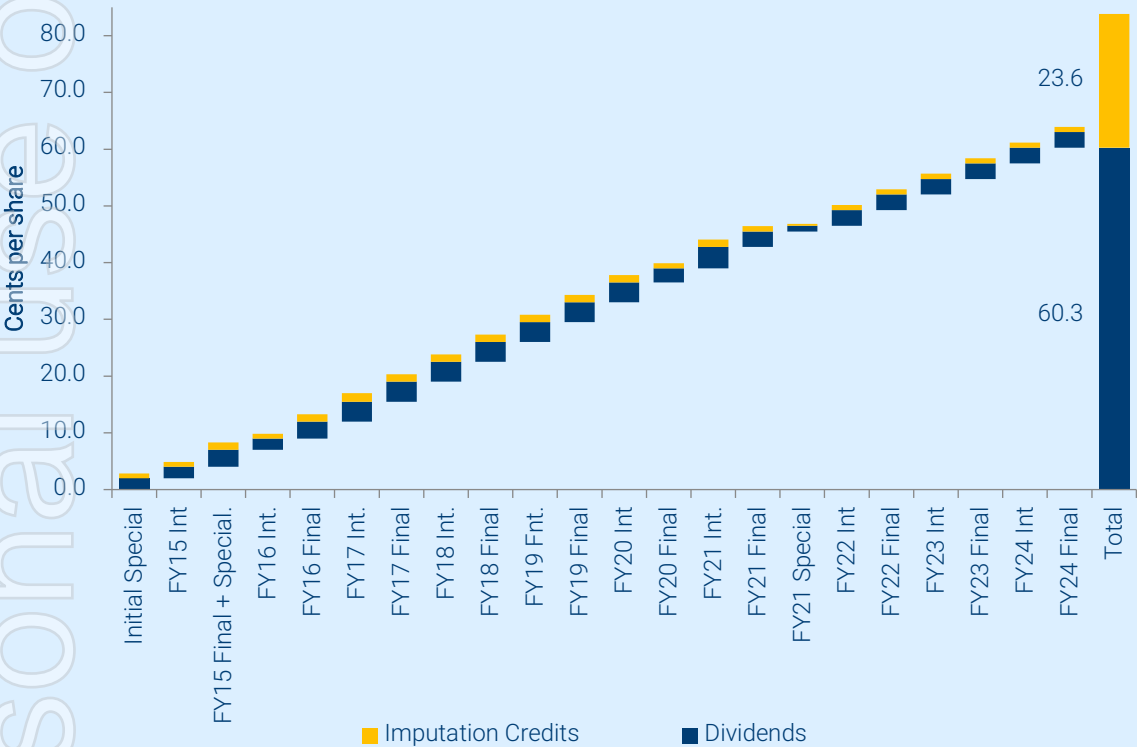
1. Based on SNC closing share price on 30 Aug 24 (\$0.76)

2. Based on pre-tax NTA as at 31 Jul 2024 and SNC closing price on 30 Aug 2024

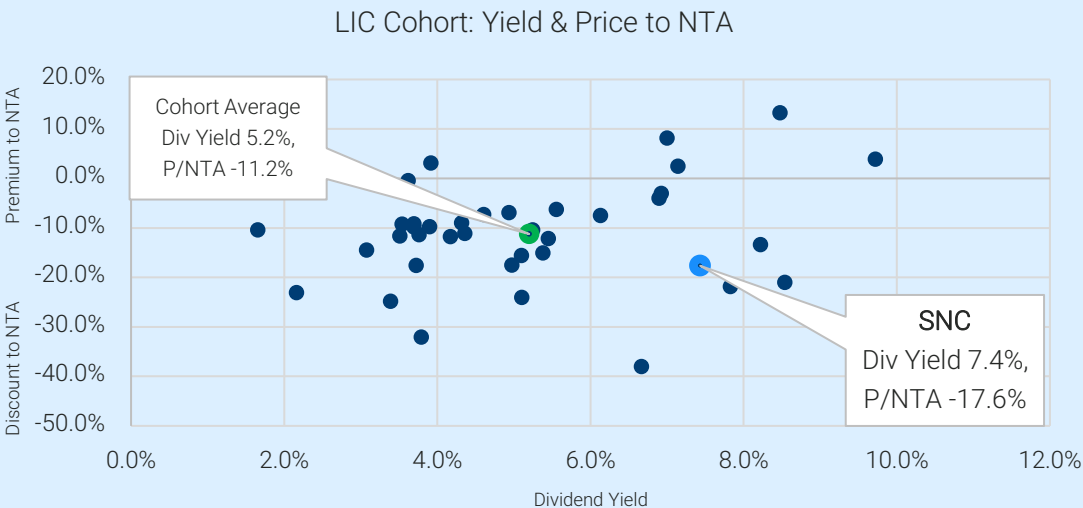
3. As at 31 Jul 2024

Investment Highlights

- More than 60cps of dividends and more than 23cps of imputation credits since inception



- Attractive yield, at a discount



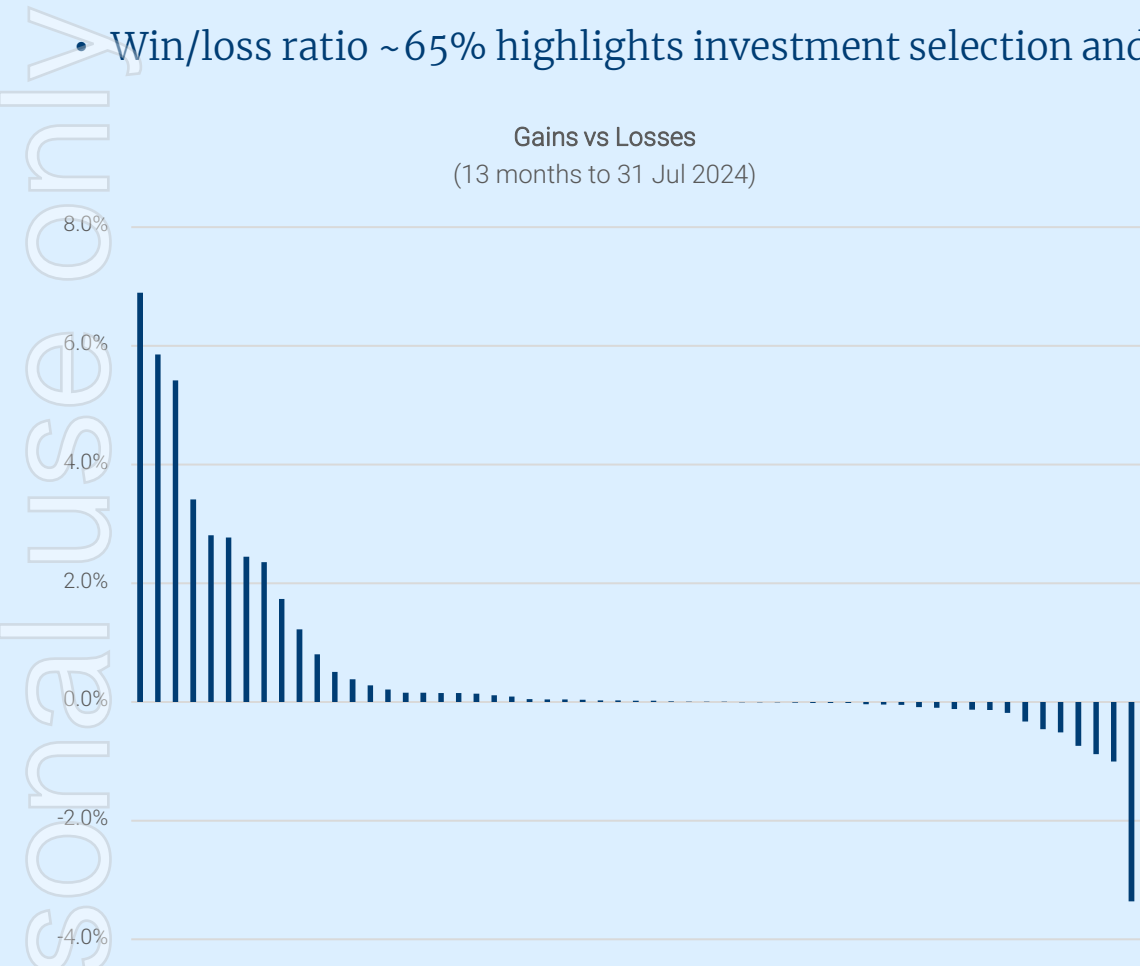
Gross Performance to 31 Jul 2024	1 yr return	3 yr return (p.a.)	Since inception (annualised)
SNC	21.6%	0.5%	9.1%
Small Ordinaries Accumulation Index	9.3%	-0.6%	6.8%
outperformance	12.3%	1.1%	2.3%
All Ordinaries Accumulation Index	13.4%	7.1%	9.0%
outperformance	8.2%	-6.5%	0.1%

Source: Bloomberg, Sandon Capital analysis. LIC price data is as of 30 Aug 2024 (intraday)
Note: SNC Gross performance is after management fees but before performance fees, corporate expenses and taxes

Investment highlights FY24 + Jul 24

• Win/loss ratio ~65% highlights investment selection and portfolio discipline

Gains vs Losses
(13 months to 31 Jul 2024)



Top 5

Name	Contribution
Spectra Systems plc	6.9%
A2B Australia Ltd	5.9%
Nuix Ltd	5.4%
Global Data Centres	3.4%
Carbon Conscious Investments Ltd	2.8%
Top 5 Total	24.4%

Bottom 5

Name	Contribution
Fitzroy River Corp Ltd	-0.5%
Alterra Ltd	-0.5%
COG Financial Services Ltd	-0.9%
City Chic Collective Ltd	-1.0%
Fleetwood Ltd	-3.4%
Top 5 Total	-6.3%

Source: Sandon Capital, Enfusion. Win/Loss ratio is calculated as gross return (realised & unrealised) before all fees and expenses for those investments owned during the 13 months ended 31 Jul 2024

Portfolio Composition

- Selected holdings represent ~58% of the portfolio
- These companies provide exposure to:
 - Industry rationalisation (COG, CYG)
 - Decarbonisation (MWY, CCIL)
 - Infrastructure, resources, agriculture (COG, FWD, CYG)
 - Unique technologies (SPSY)
 - Strategically important assets (GDC, IDT)
 - Strategic and operational turnarounds (FWD, CYG, MFG, MWY, IDT)
 - Capital management opportunities (SPSY, FWD, MFG, MWY, KAR)
- All operate in growing markets

Selected holdings

Spectra Systems Inc. (SPSY)	13.6%
Fleetwood Ltd (FWD)	9.7%
COG Financial Services Ltd (COG)	8.8%
Coventry Group Ltd (CYG)	6.9%
Global Data Centres Group (GDC)	5.0%
Karoon Energy Ltd (KAR)	4.5%
IDT Australia Ltd (IDT)	3.9%
Magellan Financial Group Ltd (MFG)	3.8%
Midway Ltd (MWY)	2.2%
Total Weighting	58.4%

Note: weightings are as at 31 July 2024
Source: Sandon Capital Investments Ltd

Carbon Conscious Investments Ltd Acquisition

- SNC announced a recommended takeover offer for Carbon Conscious Investments Ltd (CCIL) on 12 April 2024
 - SNC offered to acquire all of the shares in CCIL at 6.67 cents per share¹
 - The offer valued CCIL at ~\$11.6 million
 - IER Valuation mid-point was 8.22 cps²
- CCIL manages large scale projects (~17,000 ha) registered with the Clean Energy Regulator that generate Australian Carbon Credit Units (ACCUs)
- CCIL has Carbon Plantation Agreements (CPAs) with Origin Energy and BP
 - The CPAs are management / ACCU offtake contracts that extend to December 2027 and 2025 respectively (with BP having the right to extend to 2030)
 - During the contracted period, most ACCUs are attributable to Origin and BP. CCIL's major revenue source is management and license fees
- Once the CPAs have ended, all ACCUs generated will be credited to CCIL and will become the basis of revenue through to late 2039, providing exposure to ACCU prices
- We expect CCIL will pay fully franked dividends. It currently holds approximately \$1.9 million in cash

1. All shares not owned by SNC and Sandon Capital Activist Fund

2. Grant Thornton Independent Expert Report dated 7 May 2024 determined a valuation range between 7.82 and 8.61 cps. SNC has adopted the mid-point (8.22 cps) for valuation purposes.

Global Data Centres Group (GDC)

- GDC owned a portfolio of data centre investments
- The market price of its securities reflected a substantial discount to its reported net asset value (NAV)
 - In turn, we believed that the reported NAV reflected a discount to the potential market value of its investments
- Following feedback from several large investors (including Sandon Capital) and an internal strategic review, GDC announced in April 2023 that it would adopt a “*value realisation*” strategy
- The new strategy has seen GDC sell two of its three investments
 - the Perth data centre (for a small loss)
 - Etix Everywhere, its French data centre business (for a meaningful gain)
- The remaining asset is a ~1% stake in AirTrunk, a hyperscale data centre developer currently engaged in a sale process
 - Press speculation reports that the equity value of AirTrunk could be as high as \$15-20 billion

Reported Statutory Net Asset Value

	Value	per share
Etix	174.6	\$2.26
AirTrunk	73.4	\$0.95
Cash & other	16.6	\$0.19
Total	264.6	\$3.42

Source: GDC ASX Announcements, Sandon Capital analysis

IDT Australia Ltd (IDT)

- IDT owns strategically valuable (and underutilised) pharmaceutical manufacturing assets in Melbourne
- Following significant change at Board and senior management level in late 2022, the strategy at IDT was reset
- Under new CEO, Paul McDonald, IDT has focused on the legacy active pharmaceutical ingredient (API) market as well as two growth opportunities
 - Advanced Therapies – fast growing mRNA and cancer-targeting antibody drug conjugation (ADC) technologies
 - The burgeoning medicinal cannabis and psychedelic markets to treat mental health problems
- We have continued to support IDT by participating in capital raisings, the first at 6 cents per share and the most recent at 9 cents per share
- During this last capital raising, IDT disclosed it had received a non-binding indicative offer at a price of 15 cents per share
 - The Board provided the proponent with non-exclusive access to conduct due diligence enquiries
 - No firm offer has yet been made and there is no guarantee one will be made
- IDT has announced a number of contract wins which augur well for the future
- In a recent market update, IDT disclosed the replacement value of its facility was \$88.8 million which equates to more than 20 cents per share
 - Importantly, the cost of replacing the physical facilities does not include the time and cost that would be incurred to obtain TGA and US FDA manufacturing licenses

Magellan Financial Group Ltd (MFG)

- Sandon Capital identified MFG as materially undervalued and in need of change. We articulated a 5-point plan:

Recommendation	Result
1. Return excess capital to shareholders	WIP
2. Prioritise the existing business	✓
3. Review the cost base	✓
4. Provide further Share Purchase Plan relief	✓
5. Accelerate Board renewal and improve Board diversity	✓

- Recent developments include resolution of MGF Options and solution to MGF Closed Class discount
- Appointment of new MAM CEO, continuation of Executive Chair role for transition
- Outflows have moderated and investment performance has seen MFG Assets Under Management increase 12% since the lows in October 2023
- Including dividends, MFG shares have delivered a return to date of ~30% from our average purchase price

Financial Summary

Share price	\$9.15
Market capitalisation	\$1,654m
Net debt / (cash)	(\$185.7m)
Investments	(\$894.5m)
Enterprise value	\$573.6m

Sources: MFG ASX Announcements, Bloomberg, Sandon Capital analysis
 Share price and market capitalisation as at 29 Aug 2024. Cash and Investments are adjusted for the announced acquisition of a 29.5% minority stake in Vinva Asset Management

Midway Ltd (MWY)

- MWY has undergone significant Board and management changes in recent years and this has resulted in a change in strategic direction
 - Loss making assets have been shut down
 - Forestry assets and excess land have been sold
 - The company is focused on growing its nascent Carbon business
 - A grain strategy has been announced
 - This will allow the company to defray the burden of the take-or-pay agreement at the Geelong Port ship loader
- We consider the path is now clearing for the company to:
 - Return a large amount of capital to shareholders
 - 21.6 cents per share of dividends have been announced in the past 10 months
 - Focus on its medium-term objective to build a forestry and carbon management business

Financial Summary

Share price	\$0.845
Market capitalisation	\$73.8m
Net debt / (cash)	(\$20.5m)
Net asset sale proceeds	(\$32.4m)
Enterprise value	\$21.0m

Sources: Midway ASX Announcements, Bloomberg, Sandon Capital analysis
Share price and market capitalisation as at 29 Aug 2024

SANDON CAPITAL

About us

We seek change to create or enhance value



Pre-eminent and unique track record of shareholder activism



We have unrivalled experience in >40 public and private campaigns



Our track record and investor base allows us to be careful and patient

Long, established track record of outperformance, with an investor base that supports us to play a long game with investments.

Extensive contacts



We build coalitions of like-minded investors



Stakeholders include institutional investors, directors, proxy advisers, investment bankers, journalists and ultimate owners



Built and nurtured over many years



When public, our analysis is widely circulated and read

We invest in undervalued companies

As value investors, we look for undervalued assets, where:

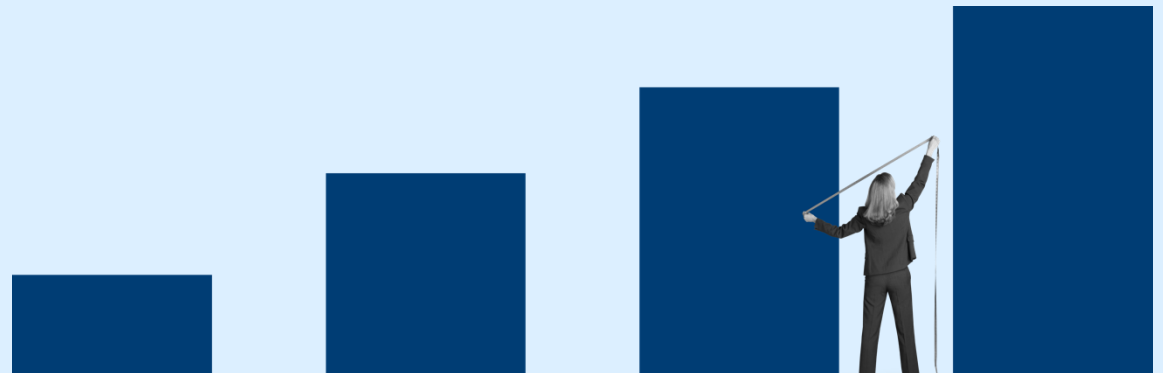


Prices are below their intrinsic value



We can encourage positive changes

Human nature creates attractive investment opportunities that require shareholders to liberate or create value.



We actively engage with companies to promote positive changes



Identify companies that are mispriced and where there are opportunities to promote positive changes, and shape the future.



Transform a company so its value is better appreciated by the market.



Takes time for our approach to bear fruit. Capital we manage is similarly aligned. Allows us to be patient and persistent.

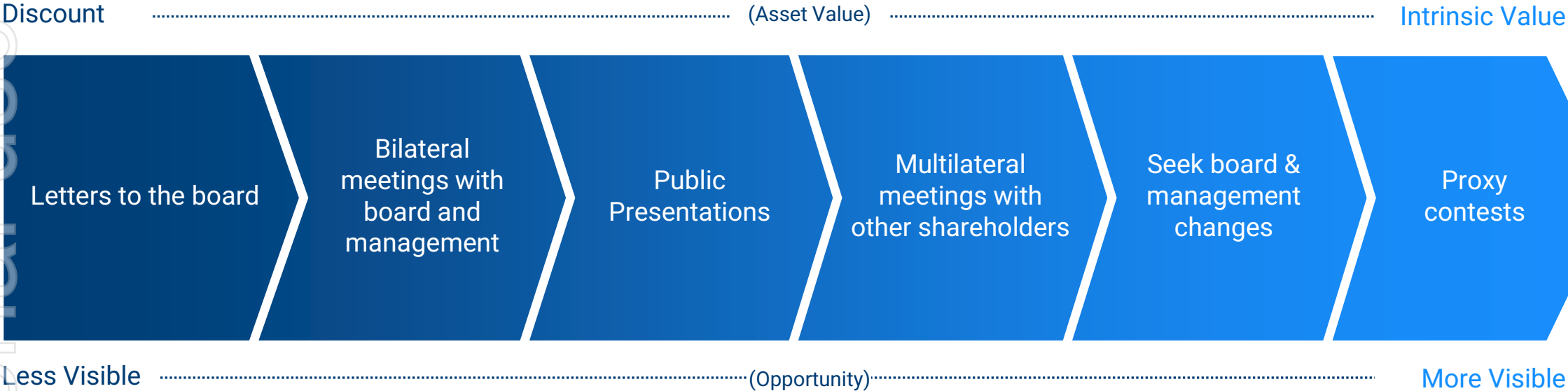


Use rigorous analysis to build shareholder consensus.

We unlock value by taking a proactive approach

We focus on engaging to maximise the certainty of our value creation strategies

We adapt to each unique situation, employing both a range of visible and less visible techniques



Led by a team with decades of success

Gabriel Radzynski

Founder, CIO & Portfolio Manager

+20 YRS EXPERIENCE



As the founder of Sandon Capital, Gabriel has been involved in the financial services sector for more than 20 years. Gabriel is Chairman of Sandon Capital Investments Limited (ASX:SNC). He is a non-executive director of Future Generation Investment Company Limited (ASX:FGX). From time to time he takes on Board positions as part of Sandon Capital's engagements. Gabriel has a BA(Hons) and MCom both from the University of New South Wales.

Campbell Morgan

Portfolio Manager

+15 YRS EXPERIENCE



Campbell joined Sandon Capital in 2014 and has more than 15 years of experience in both Australian and international financial markets. Prior to joining Sandon Capital, Campbell managed a Global Materials portfolio for Millennium, a New York based hedge fund with US\$25bn under management. Preceding this, he was a Senior Analyst for a Global Industrials portfolio at Citadel Investment Group, a US\$30b Chicago based hedge fund. Campbell started his career in Australia, working in the Investment Bank at ANZ and after that as an Equity Research Analyst for Merrill Lynch before moving overseas in 2007 to work in Alternative Funds Management.

Derek Skeen

Chief Operating Officer

+25 YRS EXPERIENCE



Derek is the Chief Operating Officer of Sandon Capital and has over 25 years experience in the asset management industry. Derek commenced his career at Macquarie Bank in 1995 and over the proceeding 25 years held increasingly senior roles in the Macquarie Asset Management division as the business grew organically and through acquisition. Derek has deep operational, risk management and product experience where he has led significant business strategy and transformation programs. Derek has worked in and across a variety of regions for Macquarie Asset Management including in his role as Chief Operating Officer – APAC and, most recently, as Global Head of Investment Operations. Derek has a Master of Business Administration from the University of New South Wales, Australian Graduate School of Management business school.

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