

MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

SEPTEMBER 2025

NTA Before Tax

NTA After Tax

\$1.0409

\$0.9825

INVESTMENT PERFORMANCE

Gross Performance to 30 September 2025 ¹	1 month	1 year	Since inception (p.a.)
SNC	6.0%	25.3%	10.5%
All Ords Accumulation Index	-0.5%	10.5%	9.3%
Outperformance²	6.5%	14.8%	1.2%

1. The SNC gross returns are after investment management fees and brokerage expenses but before performance fees and corporate expenses. Index returns are before all fees and expenses and before any taxes. Dividends paid during the period are included when calculating SIN's gross investment performance.

2. Figures may not tally due to rounding.

SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	\$180.9m
Market capitalisation	\$141.4m
Share price	\$0.970
Annual fully franked dividend (paid monthly)	\$0.0564
Dividend yield (annualised)	5.8%
Profits reserve (per share)	46.9cps
Franking (per share)	8.1cps
Loan-to-assets (incl. SNCHA)	18%

*Includes the face value of 4.8% unsecured notes (ASX: SNCHA)

PORTFOLIO COMMENTARY

The portfolio was up 6.0% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to a decline of 0.5% for the All Ordinaries Accumulation Index.

The largest positive contributors were COG Financial Services Ltd (COG) (+4.8%), Fleetwood Ltd (FWD) (+2.2%), Southern Cross Media Group Ltd (SXL) (+1.9%) and BCI Minerals (BCI) (+1.7%). These were partially offset by Spectra Systems plc (SPSY LN) (-2.8%) and Coventry Group Ltd (CYG) (-0.7%).

COG announced the acquisition of salary packaging and novated leasing business, EasiFleet Pty Ltd for \$40 million via its salary packaging subsidiary, Paywise. This provides Paywise with contracts across the Western Australia, Northern Territory, Tasmania, Queensland and ACT governments. It also strongly positions Paywise for the upcoming NSW and Victorian Government tenders. COG has capacity for further acquisitions given the net cash position and headroom under its acquisition finance facility.

On the last day of the month, we were unpleasantly surprised to learn that SXL had entered into a scheme of arrangement to acquire Seven West Media Ltd (SWM). At this stage, it might be worth repeating our comments about SXL's results in last month's report:

SXL delivered a solid FY25 result with net profit increasing 239% over the depressed FY24 result. The company is taking share in its key 25-54yo target market and the LiSTNR digital app continues to see strong growth, although this is starting to moderate. The recent divestment of the television assets has helped focus the business and improve the balance sheet. SXL expects another year of earnings growth and solid free cash flows in FY26.

Whilst dividend payments have resumed, we would prefer to see further debt paydown before the company meaningfully returns its large bank of franking credits (\$183.8m, or 77 cents per share) to shareholders.

Shareholders may therefore not be surprised to learn that Sandon Capital has expressed significant concerns regarding this development. SXL's "All about audio" strategy was one that made sense to us. That strategy became a reality once the moribund TV assets were sold, including some stations to SWM. Victory was in sight. But that was not to be.

We consider the transaction to be a "nil-premium reverse takeover" in all but name. Although the merged entity will be 50.1% owned by current SXL shareholders and 49.9% owned by SWM shareholders, the board will comprise a majority of SWM directors and the MD & CEO of the merged entity will be the current SWM MD & CEO. Using board control, management control and respective shareholdings, two out of three measures imply this is a SWM takeover and the third is only in SXL's favour by one-tenth of one percent.

We are appalled that SXL directors have entered into this transaction. If that wasn't enough, the transaction avails itself of, what we consider, a loophole in the ASX listing rules, that does not allow SXL shareholders an opportunity to vote on the matter. This raises a broader issue about shareholder rights and the indifference of ASX to the issue. A similar situation recently allowed James Hardie to make a disastrous acquisition and move its primary listing to the US.

We have joined other fund managers and some proxy advisory firms in calling for urgent reform of the listing rules to ensure adequate investor protections.

Our campaign started earlier this year when we engaged privately seeking to replace the chairman and the CEO. We then gave notice of our intention to seek the removal of all directors and took action in the Takeovers Panel seeking the variation of some earlier orders. Fearing the worst, we recently asked the Chair to consider putting forward a resolution to limit the ability of the company to issue shares. We received the answer to our request last Tuesday with the announcement of the SWM scheme. We then lodged a shareholder requisition to have our resolution put directly to shareholders. Our campaign will continue in earnest through to the AGM on 22 November.

DIVIDENDS

SNC has declared 67.36 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 46.9cps and there are 8.1cps of franking credits. These franking credits support the payment of up to 24.3cps of fully franked dividends.

SNC’s inaugural monthly dividend of 0.47cps will be paid on 31 October 2025. The Board recently resolved to increase the annualised rate of dividends to 5.64cps and to pay monthly dividends, commencing in October 2025.

A full list of SNC dividends announced since the IPO in December 2013 can be found [here](#).

TOP 5 POSITIONS

COG Financial Services	15%
Fleetwood	14%
Southern Cross Media	10%
Carbon Conscious	8%
Spectra Systems	7%

INSTRUMENT EXPOSURE

Listed Australian Equities	75%
Listed International Equities	9%
Unlisted Investments	16%
Cash or Cash Equivalents	0%

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COMPANY OVERVIEW

Sandon Capital Investments Limited is a specialist ‘Activist’ listed investment company, managed by Sandon Capital. Sandon Capital devises and implements activist shareholder strategies that seek to unlock value inherent in securities held in our investment portfolios.

SNC provides investors with exposure to a portfolio of Australian companies that are typically not available to traditional investors. Through active engagement with the target company, Sandon Capital seeks to release the embedded value for shareholders. Target companies are likely to be in the small- to mid-cap market segment.

Sandon Capital has successfully employed its Activist investment strategy since September 2009. The wholesale Sandon Capital Activist Fund’s investment performance since inception is 11.5% p.a. (after all fees and expenses).

Investment Objectives

- To provide absolute positive investment performance over the medium to long term, ensuring capital preservation, while providing capital growth.
- To provide an investment strategy that few investors have the capacity to implement themselves.
- To provide shareholders with a growing stream of fully franked dividends.

SANDON CAPITAL

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