

Emerging Companies Fund

Monthly Update: January 2026



Dear Fellow Investors,

Our Emerging Companies Fund was up +2.0%* in January vs +3.0% for the Emerging Companies Accumulation Index (XECAI) and -2.0% for the Small Industrials Accumulation Index (XSIAI). Since inception, the Fund has generated +10.1%* p.a. and a total return of +136.9%* (or +165.0%* if distributions have not been reinvested) vs +177.3% for the XECAI and +71.1% for the XSIAI.

The remarkable trends of the last few months within the metals and small resources space continued for most of January, before there was a sharp reversal to finish the month. At one stage the Small Resources Index (XSR) was up +18.1% for the month, before finishing at +12.5%. Meanwhile the XEC peaked at +10.0%, before finishing at +3.0%, dragged down by weakening small resources and Australian macro data that continued to point to an imminent rate hike. In contrast, the Small Industrials Index had another difficult month, again finishing down -2.0%. While at a headline level we were reasonably pleased with the Fund's performance, especially given that Australian bond yields continue to move higher as the market becomes more convinced of looming rate hikes, under the surface it was a wild month that could (and should) have been much better than what it was.

We will cover this in more detail over the page, but we experienced substantial gains in our largest position, Imricor (IMR, +29%) that were subsequently largely offset by a sharp decline in our second largest position, Murray Cod Australia (MCA, -30%), on the last day of the month. The silver lining is that the gains in IMR should be permanent given they were driven by some significant regulatory approvals for its suite of products, including its NorthStar software. Conversely, the MCA share price decline was on light trading volumes in response to a quarterly update that, while far from disastrous (sales were +61% on pcp), didn't align with the expectations created by management at its recent equity raising. Notwithstanding that it will be several months later than originally promised, we still expect to see a genuine step change in sales over the next two quarters as the business converts a significant portion of mature fish into cash to make way for its next batch of juveniles coming through this year. Previous guidance was for ~1,000 tonnes of biomass to be converted into sales by January 2026, however while the ramp-up has been slower than expected (~260 tonnes were sold in 1H FY26), the imperative to deliver the additional volumes (and release that capacity for new fish) is unchanged, just slightly delayed.

Performance summary*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	3M	12M
2017		-3.2%	+2.6%	-0.6%	-1.0%	+7.6%	+6.4%	+2.7%	+4.0%	+13.2%	+9.5%	+8.1%	+60.1%		
2018	-1.6%	+4.2%	+1.6%	+1.1%	+4.1%	+1.6%	-3.1%	+0.7%	-0.8%	-3.2%	-4.8%	-5.2%	-5.9%		
2019	+6.0%	+4.8%	+3.1%	+4.7%	+10.8%	+0.6%	+17.6%	+1.4%	+6.1%	+4.6%	-0.8%	-1.3%	+73.2%		
2020	-0.6%	-11.7%	-28.4%	+23.3%	+18.4%	+14.1%	+16.0%	+20.7%	+3.1%	+1.0%	+2.3%	+4.0%	+62.3%		
2021	+1.9%	+2.1%	-0.1%	+5.0%	-4.4%	+5.5%	-8.0%	+4.3%	-5.5%	+1.0%	-4.5%	-9.6%	-13.0%		
2022	-7.9%	-9.6%	-3.0%	-5.8%	-17.6%	-15.5%	+10.1%	-0.3%	-6.1%	+2.0%	-3.8%	-6.7%	-49.9%		
2023	-0.2%	-8.1%	-6.1%	+6.1%	-5.4%	-7.8%	+21.2%	-3.7%	-5.6%	-1.8%	+3.9%	+2.6%	-8.1%		
2024	-0.9%	-4.8%	+1.1%	-5.6%	-5.4%	+8.1%	+15.9%	-3.1%	+12.0%	+4.0%	+18.2%	+9.0%	+55.1%		
2025	+2.2%	-3.7%	-10.8%	+8.7%	-1.3%	-4.2%	-1.4%	+6.3%	-0.4%	+0.4%	-3.8%	+1.1%	-8.1%		
2026	+2.0%												+2.0%	-0.8%	-8.2%

Returns are based on the Main Series only, net of all base fees, performance fees and expenses of the Fund

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*Past performance is no guarantee of future performance

Performance commentary

The key positive contributors during January were Imricor (IMR, +29%), Wrkr (WRK, +23%) and Biome Australia (BIO, +7%). The key negative contributors were Murray Cod Australia (MCA, -30%), Airtasker (ART, -13%) and Medical Developments (MVP, -15%).

As already mentioned, IMR had somewhat of a watershed month, with receipt of its first two FDA clearances, comprising its Vision-MR Diagnostic catheter and its NorthStar 3D mapping software. These are the first of what the Company expects will be multiple regulatory clearances and approvals this calendar year, as IMR's full MRI-guided EP platform is progressively introduced to the market. Importantly, FDA clearance now enables IMR to commercially market NorthStar in the United States, which also acts a segue to broader discussions around the entire MRI-guided EP platform being commercially introduced to the US market. Importantly, IMR also announced that Virginia Commonwealth University Health (VCU Health) has received approval to enrol in IMR's VISABL-AFL clinical trial, supporting the US FDA approval process for IMR's ablation products. VCU Health is now the third US site approved to join the trial, with procedures expected to commence in March. Not only do these enrolments accelerate patient recruitment for VISABL-AFL, supporting a more efficient FDA approval process, the increased US enrolment capacity also allows European trial sites to complete participation sooner and return to revenue generating clinical activity for IMR's commercial business.

BIO delivered another strong quarter of results, with 2Q FY26 sales revenue up +41% on pcp to \$6.5m, EBITDA of \$1.0m and net operating cash flow of \$600k. This reflects the continued execution of their growth strategy across both domestic and key international markets, while adopting a prudent approach to cost and capital management. We discuss the business and our investment thesis in more detail over the page.

While MCA is delivering an accelerating growth profile, the volumes to date have still fallen well short of meeting the expectations set at the equity raising completed in September 2025. There are a range of reasons for this, but most notably relate to delays in implementing the processing capabilities of Murray Cod fillet within PFD Foods, temporarily impacting its forecast growth within the food service and supermarket channels. From late March 2026, it is anticipated PFD will commence processing product supplied by MCA, enabling increased scale and daily store replenishment across the Woolworths network. As such, Q4 FY26 is expected to be the first full quarter of sales under this model. In conjunction with this, MCA and Woolworths are coordinating a promotional campaign planned for February 2026, including in-store activations and digital advertising to support the expanded retail network. With the BAP certification now in place (this also experienced an unexpected delay), Woolworths are undertaking shelf-life testing of MCA product for wet counter sales, with negotiations underway for pricing of this product. In addition, this will also provide MCA with access to larger international distributors to progress partnership discussions. In summary, while the delays are both frustrating and disappointing, the fundamental position of the business and its growth outlook are largely unchanged. With 2,787 tonnes of biomass (as at 31 December 2025) and a distribution footprint in place to sell much higher volumes, the foundations for sustainable growth and cash flow are in place. The market just needs to see more evidence of execution before the share price can re-rate. In the meantime, the decline in the share price to ~35% below its last published NTA of \$0.97 seems difficult to rationalise.

MVP continues to deliver solid results in its core Pain Management business, with 2Q FY26 revenue up +6% on pcp, driven by volume growth of 26% in the Australian hospital segment (a key commercial focus). Unfortunately, and unsurprisingly, this was offset by ongoing weakness in its smaller Respiratory business, down -16% on pcp, reflecting tariff-related volume declines in the US market. Despite this, MVP continues to generate positive operating cash flow at the Group level and remains well-positioned to deliver solid growth in FY26 and beyond via the expansion of its market for Pentrox into paediatric care and the impact of new distribution partnerships across its key European markets.

Company in focus: Biome Australia Limited (BIO)

BIO develops, commercialises and markets evidence-based live biotherapeutics and complementary medicines with clinically proven health benefits. Its suite of products is marketed under the Activated Probiotics® and Activated Therapeutics® brands. Each product is formulated to target a specific area of health including low mood and sleep, bone health, heart health, iron malabsorption, mild eczema and IBS. Activated Probiotics® offers a total of 18 products, while there are currently four products available under the newer Activated Therapeutics® brand. Longer term, in order to preserve brand and product integrity, BIO is only targeting about 25 to 30 products in total. Importantly, both of BIO's brands are a 'practitioner-only' range, meaning that products are only available to consumers via a prescription or recommendation by an independent health practitioner (e.g. pharmacist). As a practitioner-only range, their products are intended to be kept behind the counter in pharmacies and other dispensaries used by independent health practitioners. This approach significantly reduces the reliance on brand marketing investment, instead using direct practitioner education combined with attractive product pricing and margins available to the pharmacist to help drive both initial and repeat sales.

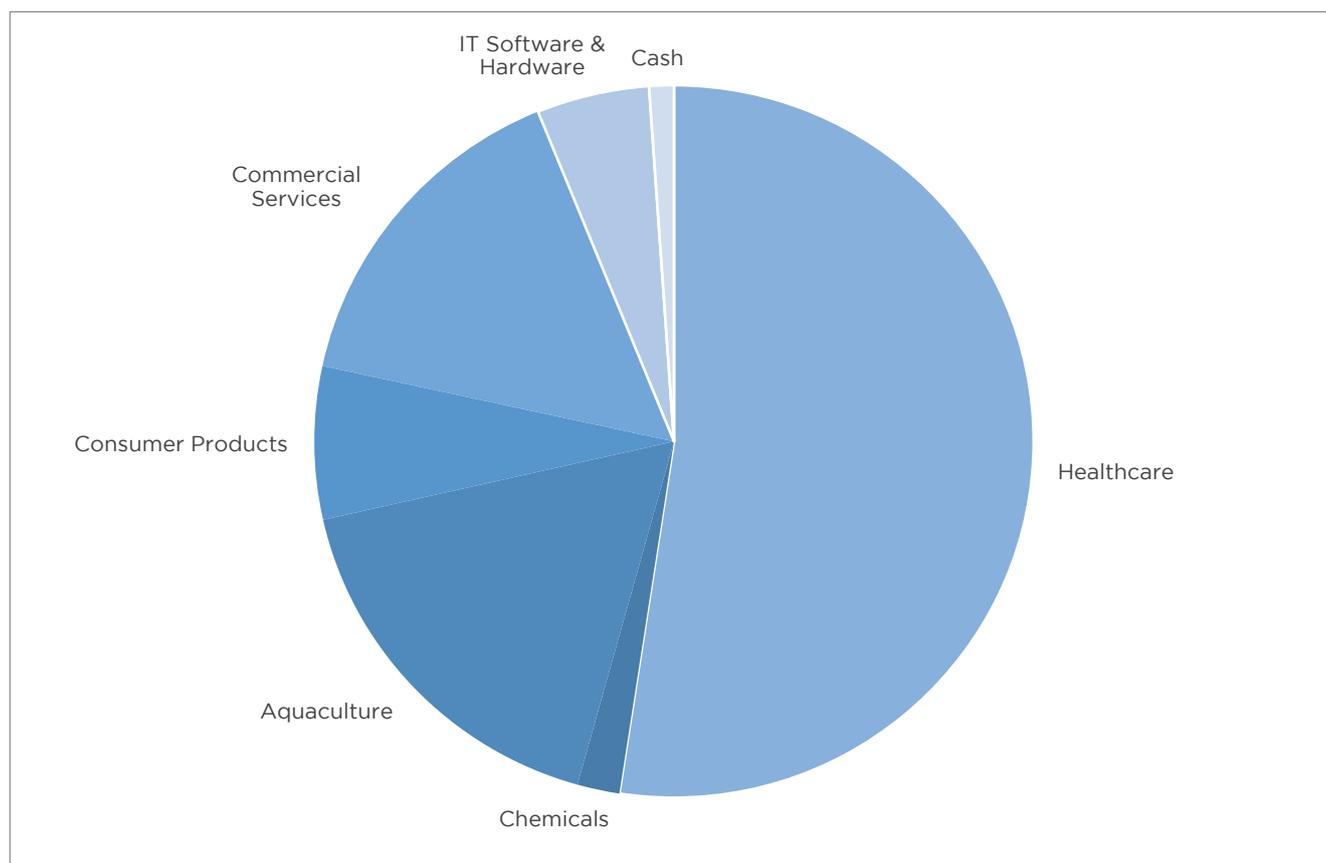
In a category that is largely generic, Activated Probiotics® sets itself apart from other brands through a number of key differentiators, including: 1) Patented microencapsulation technology, which involves the application of a plant-based lipid coating to individual bacterium, supporting 5x greater survivability of its probiotic bacteria when compared to uncoated probiotics; 2) Pharmaceutical-grade blister packaging, delivering superior stability compared to glass jars and bottles; 3) Clinical evidence supporting the efficacy of the finished product and/or the key active ingredients; and 4) Shelf-stable probiotics that do not require refrigeration. BIO is also developing its own proprietary strain *Lactobacillus plantarum* BMB18 (DSM 35214), targeting adults experiencing digestive symptoms, sleep and mood disturbances. In conjunction with La Trobe University, BIO is currently running a clinical trial to investigate the efficacy of BMB18 which, if successful, will unlock new product development opportunities for the Company and significantly strengthen its competitive position. The trial follows the successful completion of in vitro research demonstrating BMB18's ability to modulate immune responses and inflammation, reduce oxidative stress, and maintain intestinal barrier integrity.

The relationship between the gut microbiome and human health is an active and rapidly advancing area of research and complementary medicine, with the influence of the gut microbiome on health and a wide range of diseases increasingly being recognised. As such, probiotics represent a new clinical frontier in preventative medicine due to the microbiome's perceived biochemical interactions with human biology and psychology. Probiotics sit within the Vitamins and Dietary Supplements category, which is estimated to be worth in excess of A\$5bn within Australia and continues to exhibit solid growth. Furthermore, at a global level, the probiotic supplements market alone is estimated to be worth over US\$7bn, with the major markets being Asia Pacific, North America and Western Europe. Outside of Australia, BIO is already selling products in New Zealand, Canada and the UK, with plans to potentially expand into the US, Europe and China over time when the right circumstances and distribution partnerships arise.

In terms of our own investment criteria, we are attracted to BIO's product and industry characteristics, strong growth (FY22-25 revenue CAGR of +65%) and margin profile (>60% gross margins), delivering consistent positive EBITDA and cash flow generation under a capital-light and highly scalable business model. BIO has a clear strategic plan ('Vision 27'), which is targeting revenue of >\$75m during the period FY25-27 (it achieved \$18.4m in FY25, +42% on pcp), implying ~35% pa revenue growth over the next two years. Given the fixed cost leverage recently exhibited in this business, this could see its FY26 EV/EBITDA multiple decline from ~25x in FY26 to <15x in FY27 and its return metrics increase rapidly given its capital-light business model. In the meantime, BIO operates with a modest (but growing) net cash balance of \$2m, including unused finance facilities of \$3.5m. With a market cap of ~\$100m, minimal institutional ownership and broker research, BIO looks perfectly poised to deliver a strong share price re-rating over the next few years as it delivers on its local and international growth ambitions under a measured approach.

Portfolio characteristics

We currently have ~99% of our capital invested in 10 stocks.



Please get in touch should you have any queries regarding the above. Thanks again for your interest and support and I look forward to providing another update in early March on our performance during February.

Kind regards,

Jonathan Collett
Principal
Saville Capital

+61 3 9769 1789
jcollett@savillecapital.com

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