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Research Note

Saltire Capital – Solid Quarter, Both Assets Growing Nicely

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Rating	Target Price
BUY	**C$8.50**
Unchanged	*Unchanged*

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Disseminated on Behalf of Saltire Capital

All figures in USD unless otherwise stated

Saltire Capital Ltd.	**SLT:TSX**
Rating	BUY
Target Price	C$8.50
Return to Target	323%

Market Data	
Share Price	C$2.01
Average Daily Volume (K)	0.3
FD ITM Shares (M)	7.8
Market Cap ($M)	$11.0
Cash ($M)	$7.0
Debt ($M, includes Put Option Liability)	$67.7
Enterprise Value ($M)	$71.7

FYE Dec 31	**2025A**	**2026E**	**2027E**
Revenue ($M)	$49.1	$129.7	$134.4
Gross Margin (%)	31%	26%	28%
Adj. EBITDA ($M)	$3.9	$13.8	$16.1
Adj. EBITDA Margin (%)	8%	11%	12%
Net Income ($M)	($3.0)	$27.9	$5.7

Valuation	**2025A**	**2026E**	**2027E**
EV/EBITDA	18.2x	5.2x	4.5x
EV/Sales	1.5x	0.6x	0.5x
P/E	N/A	0.4x	1.9x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Saltire Capital is a publicly traded permanent capital vehicle that invests in strong, undervalued businesses operating in foundational sectors of the real-world economy. The Company takes meaningful stakes in private businesses with high barriers to entry, predictable cash flows and a defined competitive advantage, providing business owners with a long-term capital partner that supports management continuity and preserves company legacy. Using a disciplined buy-and-build approach, Saltire identifies growth opportunities in fragmented industries, improves business fundamentals and scales businesses into standalone platforms.

What you need to know:

- Saltire reported Q3 revenue of $32.5M, an increase of 66% YoY, compared to our estimate of $34.0M.
- Adjusted EBITDA came in at $3.5M (11% margin) vs. our $4.0M estimate.
- The Company ended the quarter with $7.0M in cash and $56.3M in traditional debt plus the put option liability at $11.4M. As such, net debt (traditional) to EBITDA stands at 3.5x.
- Both assets remain well positioned for future growth as strong tailwinds support their end markets.

Friday after market close, Saltire Capital (SLT:TSX, SLT.U:TSX) reported its Q3 financials, which were roughly in line with our expectations and showcased another quarter of its fully consolidated business. MDI grew revenue 15% YoY organically while SanStone grew 84% YoY (largely due to acquisitions). **We are maintaining a BUY rating and our C$8.50/share target price on SLT.**

Financial Highlights

- Revenue came in at $32.5M (+66% YoY) vs. our estimate of $34.0M. Revenue over the nine-month period was $97.2M, up from $28.8M, due to the acquisitions of SanStone and Tool Shed.
- SanStone revenue was $27.0M (+84% YoY) compared to our $28.5M estimate, made up of $18.9M of new and used equipment sales, $6.9M of parts and service, and $1.3M of rental and other.
- MDI revenue was $5.5M (+15% YoY) against our $5.4M estimate, split between $4.7M of screen system revenue and $0.9M of other product revenue. MDI has an active project pipeline, with the quarter led by higher cinema sales but offset by lower non-cinema activity.
- Gross margin was 28% (vs. 29% in Q3/25) compared to our 27% estimate, with MDI at 46% and SanStone at 24%. Gross margin over the nine months was 25%.
- MDI generated $1.7M in operating income and SanStone generated $1.8M.
- Adjusted EBITDA came in at $3.5M (11% margin), compared to our $4.0M estimate (12% margin) and $0.3M in Q3/25. Adjusted EBITDA over the nine months was $10.2M, up from $1.6M due to the M&A activity.
- Net income was $16.8M, largely due to the decrease in fair value of the SanStone put option liability.
- OCF was $2.7M (post-interest expense) and FCFF came in at $3.8M for Q3.
- Saltire ended the quarter with $7.0M in cash and $56.3M in traditional debt. The put option liability was written down from $26.3M in Q2 to $11.4M.

	Q3/26A	Atrium Est.	YoY
Revenue ($M)	**$32.5**	$34.0	+66%
Gross Margin (%)	**28%**	27%	-124 bps
Adj. EBITDA ($M)	**$3.5**	$4.0	+1029%
EBITDA Margin (%)	**11%**	12%	+919 bps
Net Income ($M)	**$16.8**	$1.1	+104%

Figure 1: Q3 Financials Summary

Outlook

MDI remains active across its markets, leaning on its long-standing relationships for renewals on multi-year supply agreements, while continuing to focus on non-cinema revenue. MDI also has an opportunity to expand into Europe and Asia. Tool Shed is being integrated into SanStone, bringing a new customer base and cross-selling opportunities, while its rental business is expanding outside of the Maritimes. Management expects improving earnings and cashflows through 2026 and beyond, supporting its ability to meet its debt obligations.

Our Take

Despite the turbulence at the corporate level with the management change and SanStone equity conversion, Saltire's underlying assets performed strongly. We were particularly impressed with MDI, which showed an acceleration of revenue growth at 15% YoY, compared to 7% in Q2 and our expectation of mid/high-single-digits. Furthermore, with MDI's client base (cinemas) experiencing newfound growth and cashflow, we believe this can support further screen upgrades and improvements over the coming years. SanStone has now posted three consecutive quarters of >$25M in revenue and remains well positioned as integration progresses.

We expect SLT to generate adjusted EBITDA of ~$14M in 2026, translating to net debt to EBITDA of 3.5x (not including the put option), which is manageable in our view. The next catalyst for the stock is the potential conversion of the non-owned share of SanStone into equity on December 29th (making the story much cleaner) as well as the hiring of a new CEO. We believe that if Saltire can achieve both in a timely manner, the Company will be back on track and the case for multiple expansion can be made. While our target price should increase based on the devaluation of the put option liability, we will elect to hold off until a closed transaction is announced.

Leadership Changes

On October 5th, Saltire announced several leadership changes, effective immediately. Larry G. Swets Jr. has transitioned from Executive Chairman to interim CEO, while Kyle Cerminara has assumed the Executive Chairman role, with both continuing as directors. Andrew Clark and Robert Clark have stepped down as CEO and CIO, respectively, though both will remain directors until the next annual meeting, and a search for a permanent CEO is underway. Mr. Cerminara framed the changes as facilitating a focus on reducing expenses, improving existing business operations, and scaling back debt-funded acquisitions.

Why We Like Saltire

- SLT provides investors with liquid access to a permanent-capital acquisition platform, allowing management to own and compound high-quality businesses over the long term without forced exit timelines.
- The Company owns two defensible businesses in MDI and SanStone, which we forecast generating a combined ~$130M of revenue and ~$14M of EBITDA in 2026, supported by exclusive agreements, recurring revenue, and favourable end-market tailwinds.
- We see a significant acquisition runway in Canada's fragmented heavy-equipment dealer and rental market, where succession challenges among family-owned operators provide opportunities for SLT to build a larger national platform.
- SLT trades at just 5.2x/4.5x 2026E/2027E adjusted EBITDA vs. peer multiples of ~9–10x, providing meaningful upside from organic growth, acquisitions, and a potential rerating.

Catalysts

- Quarterly Financial Results – Ongoing
- New Investment Announcements – Ongoing

Tear Sheet

Market Data	
Ticker	SLT:TSX
Stock Price	C$2.01
Rating	BUY
Target Price	C$8.50
Upside	323%
Market Cap ($M)	$11.0
Cash ($M)	$7.0
Debt ($M)	$67.7
EV ($M)	$71.7

Capital Structure	
Basic Shares Outstanding (M)	7.8
Warrants (M)	13.1
Options (M)	0.0
FD Shares (M)	20.9
FD ITM Shares (M)	7.8

Ownership	
Management & Insiders	20%
Institutions	51%
Retail	29%

Financial Estimates	2025A	Q1/26A	Q2/26A	Q3/26A	Q4/26E	2026E	Q1/27E	Q2/27E	Q3/27E	Q4/27E	2027E	2028E
Revenue ($M)	**49.1**	**29.6**	**35.1**	**32.5**	**32.5**	**129.7**	**31.9**	**34.0**	**34.2**	**34.2**	**134.4**	**137.5**
% YoY	*213%*	*581%*	*615%*	*66%*	*60%*	*164%*	*8%*	*-3%*	*5%*	*5%*	*4%*	*2%*
Gross Profit ($M)	**15.0**	**6.9**	**8.8**	**9.0**	**8.7**	**33.5**	**8.7**	**9.4**	**9.5**	**9.5**	**37.0**	**40.2**
Gross Margin	*31%*	*23%*	*25%*	*28%*	*27%*	*26%*	*27%*	*28%*	*28%*	*28%*	*28%*	*29%*
Adj. EBITDA ($M)	**3.9**	**2.9**	**3.8**	**3.5**	**3.6**	**13.8**	**3.7**	**4.1**	**4.1**	**4.2**	**16.1**	**18.2**
EBITDA Margin	*8%*	*10%*	*11%*	*11%*	*11%*	*11%*	*12%*	*12%*	*12%*	*12%*	*12%*	*13%*
Net Income ($M)	(3.0)	6.2	3.7	16.8	1.1	27.9	1.2	1.5	1.6	1.6	5.7	8.3
Comprehensive Income ($M)	(2.5)	5.3	2.6	17.0	1.1	25.9	1.2	1.5	1.6	1.6	5.7	8.3
FCFF ($M)	3.0	9.0	(2.9)	3.8	10.1	21.1	1.5	1.5	7.1	5.1	15.2	15.7

Figure 2: Tear Sheet

Estimate Revisions

	Q4/26E		Q1/27E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$32.5**	$34.3	**$31.9**	**$31.9**	**$129.7**	$133.0	**$134.4**	$141.7
Gross Margin (%)	**26.9%**	27.4%	**27.1%**	**27.1%**	**25.8%**	25.9%	**27.5%**	27.4%
Adj. EBITDA ($M)	**$3.6**	$4.1	**$3.7**	**$3.8**	**$13.8**	$14.8	**$16.1**	$17.3
Net Income ($M)	**$1.1**	$1.2	**$1.2**	**$0.9**	**$27.9**	$12.2	**$5.7**	$5.5

Figure 3: Estimate Revisions

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