DMX Capital Partners Limited
October 2024 – Investor Update

An investment company managed by:
DMX Asset Management Limited
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DMXCP directors: Roger Collison
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Opening NAV (30 September 2024) [1,2]	**$2.3971**
Closing NAV (31 October 2024) [1,2]	**$2.4369**
Fund size (gross assets)	$28m
% Cash held - month end	3%
Number of positions	46
Gearing	Nil

1-month return	1.6%
3-month return	4.2%
12-month return	24.8%
3-year return (CAGR p.a.)	0.1%
5-year return (CAGR p.a.)	14.8%
Since inception (*9 years, 7 months*) (CAGR p.a.)	15.6%
Since inception (*9 years, 7 months*) (cumulative)	301.49%

*DMXCP Share price = Closing NAV (**$2.4369**), being: Share portfolio value + cash – fees payable – tax payable + franking credits*
Returns include dividends reinvested and franking credits paid.
Inception date of 1 April 2015 (Inception NAV: $1.00). Since inception, $1.31 of dividends & franking credits have been paid.

Dear Shareholder,

DMXCP's NAV increased 1.6% (after all accrued fees and expenses) for October 2024. The NAV as at 31 October 2024 was **$2.4369**, compared to $2.3971 as at 30 September 2024.

Australian equity markets were mixed through October with the All Ordinaries decreasing 1.9%, the Small Ordinaries was up 0.7% & the Emerging Companies Index up 0.1%.

October Developments

Findi (ASX:**FND**) continued to do the heavy lifting for the portfolio, recording a 32% increase, while we also saw solid contributions from AFL Legal (ASX:**AFL**)(+12%), Advanced Braking (ASX:**ABV**)(+10%) and Energy One (ASX:**EOL**)(+10%). The key detractor was MedAdvisor (ASX:**MDR**), down 44% on a soft quarterly update which we discuss below, while Smartpay (ASX:**SMP**) continued its fall (down 35%) on the back of ongoing political and regulatory uncertainty around card surcharging.

October saw many of our positions release their first quarter updates, with a number also holding their AGMs. The pleasing momentum that we observed at the FY24 full year results, for the most part, has continued into FY25. Trading updates from key holdings during the month which reported strong double digit revenue growth and increasing profits included:

- Pure Profile (ASX:**PPL**): For the first quarter of FY25, data and insights company PPL reported record revenue of $13.9m, **up 13%.** This result was driven by continued strong growth in regions outside of ANZ (up 17%), with strong growth in the US, UK and India. With expected revenue in FY25 of ~$55m, and a fast-growing international opportunity, PPL's EBITDA guidance for FY25 of ~$5.3m (up 20% on FY24) will result in a strong uplift in NPAT. We think there is significant upside from PPL's current $30m EV, and an EV/EBITDA multiple of <6x undervalues a business with a growing $50m+ revenue base, improving margins, a fast-growing international business and a highly strategic market leading position in Australia.

- Raiz (ASX:**RZI**): Micro-investing app, Raiz also delivered a record quarter of revenue of $5.6m, **up 15%.** All key metrics (customer numbers, FUM and ARPU) are trending up with total FUM of $1.5b up 32%, with strong fund inflows across all products. RZI saw a 5% increase in active customers with total active customers as at October now at of ~315k, while its balance sheet remains strong with $13m cash. As it transitions from EBITDA profit to an expected NPAT profit this year, RZI will become unique as a profitable fintech micro-cap. RZI continues to add to its valuable and significant customer base, initially built up when RZI had a strong first mover advantage in the investing app space, and that would be extremely difficult to replicate today.

- Advanced Braking (ASX:**ABV**): Failsafe specialist brake technology company ABV reported a **24% increase** in quarterly revenue to $4.4m. In recent years, similar to PPL, ABV has focussed on expanding its international reach (organically), so it was encouraging to see its international revenue up 55% with strong growth achieved in North America, Southeast and North Asia. Also pleasingly, spares and consumables, being the more recuring part of ABV's revenue, increased by 41% following an ongoing focus on customer engagement. EBITDA was up 175% as strong operating leverage continues to be achieved, driving an improvement in expected NPAT for FY25. As mine safety technology continues to attract investment and strategic focus from mine operators, we think ABV is well placed to continue its momentum and grow profitably from here.

- Evolve (ASX:**EVO**): Childcare centre operator EVO undertook a small raise during the month to fund the acquisition of an additional 7 centres. In updating the market on its year-to-date performance, EVO reported revenue was **up 21%** (organic and acquired) with centre EBITDA up 23%. EVO noted that market conditions remain buoyant, and while the regulatory environment is evolving and final changes to Government policy will not become clear until after the next election, EVO is confident any changes will lead to enhanced occupancy growth and a positive effect on earnings for what is an increasingly important part of Australian social infrastructure.

- Pharmx (ASX:**PHX**) which has been through a long period of litigation and restructuring distractions is showing some green shoots with Q1 revenues ahead of budget and **~14% above** last year. The PHX platform continues to service 99% of Australian pharmacies, connecting these pharmacies with 50+ key vendors and over 140 suppliers to the pharmacy sector, and supporting ~$20bn of orders through the pharmaceutical industry. Pleasingly, PHX is also now seeing growth in some of its adjacent offerings: its B2B marketplace and its data insights and analytics offering.

- Austco Healthcare (ASX:**AHC**) Austco Healthcare's Q1 organic revenues increased organically by **16%** and by 90% when including contributions from acquisitions. During the quarter, AHC also announced several major contract wins which has seen contracted orders reach a record $51m. AHC remains confident that its recent investments in sales and marketing capabilities in high-growth markets have strategically placed the business to capture new opportunities in the expanding healthcare technology sector, driving further organic growth.

The above positions each represent between 2% - 5% weightings in the portfolio and we think over time should contribute to strong performance. The fundamentals of all these companies have improved markedly over the past couple of years, and continue to improve, but they remain very much under the radar.

While we feel, for the most part, our holdings are progressing in line with expectations, we were disappointed to see Medadvisor (ASX:**MDR**) deliver a soft quarter with revenue growth of just 4%. After a number of quarters of out-performance under MDR's new management team, low single digit revenue growth was well below expectations. In addition, at the end of September, only 62% of MDR's projected first half revenue from the US was contracted compared to 79% last year. While MDR's US revenue is contract based and somewhat lumpy and seasonal, delayed pharma decision making and potentially the US election cycle may have had a further impact here. Stepping back, the long-term thesis and opportunity here remains attractive, as MDR benefits from pharma marketing becoming more sophisticated and digitally targeted, supporting MDR's medium term ambitions of $250m revenue and 20% margins. Three months ago, large Australasian healthcare supplier EBOS (ASX:**EBO**) acquired 28m MDR shares at 50c to take their MDR holding to ~10%, highlighting the strategic appeal of MDR's ANZ and US businesses. With the stock now trading at half that level, clearly the market has lost some confidence here (as have we) as we wait to see if the first quarter slowdown in growth is a blip or is something more enduring.

Since its capital raising in 2022 at 16c, MDR's share price has performed strongly on the back of an impressive turnaround in EBITDA from -$11m in FY22 to +$7m in FY24. We had for the most part maintained our holding in MDR on the back of this pleasing execution to the point it had become an over-sized position for us. So this drawdown has clearly wrong footed and hurt us. However, with MDR's EV now down to ~$125m, and its ANZ business generating ~$25m ARR with gross margins close to 90% while its $100m+ revenue US business is now generating profits, and a strategic party paying recently paying 2x its current share price, we think MDR looks attractively priced at these levels.

Other Portfolio News

Outside of the company updates, it was a busy month for capital raising among microcap companies and we reviewed a number of these opportunities. We participated in three of them, assisting in re-capitalisation of the businesses at what we consider to be attractive prices. While each of these re-capitalisations will take some time to play out as we wait for them to deliver the profits that we think they potentially can, we believe from our entry point the risk return from these opportunities is well in our favour. We will elaborate on these in the near future.

Elsewhere, we increased our shareholding in Kip McGrath Education Centres (ASX:**KME**). We have been encouraged by further board rejuvenation, and the leadership shown by the KME board in taking a reduction in director fees as the company looks to reset its cost base.

We continue to engage closely with our portfolio holdings, and we look forward to further trading updates in November. We are enthused about the periods ahead and the green shoots that appear to be emerging in the micro and nano-cap space, and we thank you for your continued support.

Kind regards

Steven, Michael, Chris & Roger
DMX Asset Management

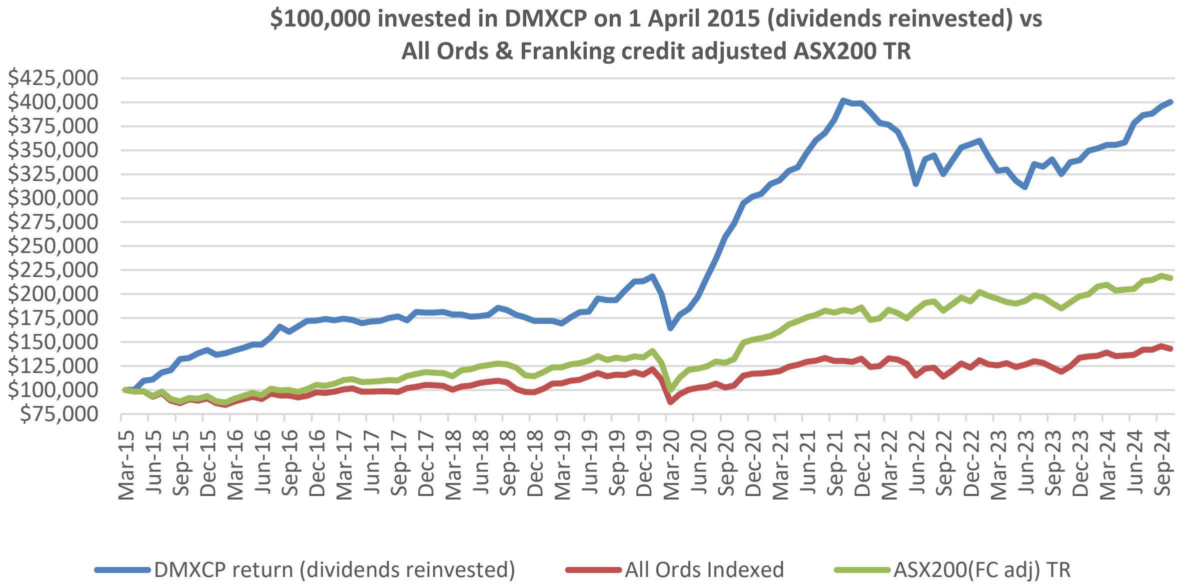
Note 1: Net asset value (NAV) is after income tax payable but includes an estimate of franking credits available. Refer note 4, unaudited
Note 2: Unaudited result
Note 3: All DMXCP disclosed returns include the payment of dividends and franking credits
Note 4: Franking credits per share are franking credits arising from dividends received and for tax paid or payable on realised portfolio gain

Appendix 1: Performance

Monthly DMXCP Net asset value (share-price) returns (after fees) since inception (April 2015) [(3)] *(%)*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	All Ords
2015	n/a	n/a	n/a	+0.201	+9.448	+1.104	+6.524	+1.971	+9.711	+0.958	+3.568	+2.470	**+41.62**	**-8.83**
2016	-3.590	+1.323	+2.049	+2.045	+2.143	+0.020	+5.389	+7.056	+2.156	+1.058	+1.520	+0.321	**+23.10**	**+7.01**
2017	+0.885	-0.816	+1.790	-0.741	-1.990	+0.210	+1.071	+1.208	+0.822	+3.494	-0.267	-0.055	**+5.54**	**+7.83**
2018	+0.445	-1.625	+0.008	-1.173	+0.310	-0.211	+1.017	+4.112	+1.604	-3.438	-2.827	-2.257	**-3.66**	**-7.24**
2019	+0.122	-0.010	-1.624	+3.754	+3.014	+0.418	+7.482	-0.889	+3.279	+4.567	+2.997	+0.140	**+25.10**	**+19.02**
2020	+2.33	-8.42	-17.91	+8.521	+4.525	+6.213	+10.09	+8.669	+6.518	+11.10	+7.86	+2.24	**+42.47**	**+0.72**
2021	+1.02	+3.31	+1.17	+3.20	+1.10	+0.70	+3.96	+2.12	+3.80	+5.51	-0.84	+0.04	**+28.06**	**+13.55**
2022	-2.48	-2.93	-0.51	-2.04	-5.50	-10.64	+8.72	+1.20	-5.90	+4.52	+4.50	+0.96	**-11.4**	**-7.2**
2023	+1.12	-5.17	-4.52	+0.47	-3.94	-2.30	+8.55	-0.91	+2.56	-4.86	+4.06	+0.74	**-5.07**	**+8.4**
2024	+3.27	+0.77	+1.00	+0.06	+0.78	+6.18	+2.35	+0.52	+2.05	+1.59			**+19.9**	**+9.2**

The following chart illustrates the return from investing $100,000 in the fund (including dividends and attached franking credits) since inception (1 April 2015). DMXCP is an absolute return fund, focused on generating positive absolute returns over the medium to long term.


$100,000 invested in DMXCP on 1 April 2015 (dividends reinvested) vs
All Ords & Franking credit adjusted ASX200 TR
$425,000
$400,000
$375,000
$350,000
$325,000
$300,000
$275,000
$250,000
$225,000
$200,000
$175,000
$150,000
$125,000
$100,000
$75,000
Mar-15
Jun-15
Sep-15
Dec-15
Mar-16
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DMXCP return (dividends reinvested)
All Ords Indexed
ASX200(FC adj) TR