DMX Capital Partners Limited

March 2025 – Investor Update

An investment company managed by:
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Opening NAV (28 February 2025) [1,2]	**$2.5265**
Closing NAV (31 March 2025) [1,2]	**$2.4328**
Fund size (gross assets)	$27m
% Cash held - month end	2%
Number of positions	49
Gearing	Nil

1-month return	-3.7%
3-month return	-2.8%
12-month return	13.9%
3-year return (CAGR p.a.)	2.2%
5-year return (CAGR p.a.)	19.5%
Since inception (*10 years)* (CAGR p.a.)	14.9%
Since inception (*10 years*) (cumulative)	300.9%

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 decreased 3.7% (after all accrued fees and expenses) for March 2025. The NAV as at 31 March 2025 was **$2.4328**, compared to $2.5265 as at 28 February 2025. March was a tough month for Australian equity markets with the All Ordinaries down 3.7%, the Small Ordinaries falling 3.6% & the Emerging Companies Index decreasing 2.0%.

March Developments

The volatility experienced in the second half of February continued during March with the global economic and geopolitical uncertainty contributing to a particularly risk-off investment sentiment. This uncertainty has accelerated into April as investors attempt to digest the implications of the United States' proposed new tariff regime.

While there were a handful of positive contributors during the month including our largest position Energy One (ASX:**EOL**, +7%) and Smartpay (ASX:**SMP**, +50% on the back of a potential takeover), for the most part, the portfolio tracked the weak market and risk-off sentiment down. EDU Australia (ASX:**EDU**, -17%) gave up some of its gains having increased 50% in February, while Findi (ASX:**FND**) and Medadvisor (ASX:**MDR**) fell 21% and 35% respectively as they undertook capital raises, which we discuss below. Aside from the two raises, after a busy February where we saw our companies report their half year results, March was much quieter in terms of news flow.

After a strong period of execution and positive share price movement, FND undertook a substantial $45m capital raise. With markets and sentiment subsequently declining sharply post-raise, in hindsight this raise has proved to be well timed. We were supportive of the raise (and modestly increased our position), with the raise being accompanied by three pieces of positive news for FND:

- Confirmation of FND's FY25 EBITDA and revenue guidance.
- The renegotiation of FND's existing convertible notes, saving FND ~$6m annually in interest expense. As a result of the higher conversion value (A$500m) under the new convertibles notes, FND's interest in its Indian subsidiary in the event the new notes convert increases to ~78% from 70%, reducing potential dilution.
- The increase in Indian ATM interchange fees from 17Rs to 19Rs - FND expects these changes to drive >$5.5m/>$10m of EBITDA improvements in FY26/FY27.

In aggregate, these developments saw substantial upgrades to FND's FY26 and FY27 profit expectations, with FND on track to deliver $50m+ free cash flow in FY27. We believe significant upside exists from these levels, particularly if FND can deliver on its plans and position its Indian subsidiary for a $1b+ IPO in 2026.

MDR was the other holding that announced a capital raise. Following its last capital raising in 2022 at 16c, MDR's share price had been performing strongly on the back of an impressive turnaround in EBITDA from -$11m in FY22 to +$7m in FY24, with strategic player, EBOS, paying $14m at 50c to increase its position in MDR to 10% in July 2024. However, while MDR's ANZ business has continued to grow, FY25 will see MDR report a very poor overall result as its US customers defer spending on vaccine and other medical programs. MDR's FY25 revenues are expected to fall back to FY23 levels, resulting in MDR generating an EBITDA loss for the year. This has put pressure on MDR's balance sheet, resulting in the need for a $5m capital raise.

MDR's ANZ business - generating ~$25m of high gross margin revenue (~90%) - is expected to grow a further 10-15% next year. MDR are potential sellers of this business as part of their ongoing strategic review to realise value, noting publicly they have received strong interest in the ANZ business as part of this process to date, including several conditional, non-binding proposals. We think there is a good chance that the value of MDR's ANZ business exceeds MDR's current EV of ~$70m, meaning that little value is being priced in for MDR's US business that will generate $75m revenue this year at 60% gross margin. Significant cost cutting in OPEX is expected to see the US business return to profit in FY26. After a painful past 6 months holding MDR, we think at this level the odds look attractive and we doubled our position from 1% to 2% through its recent raise.

Ten years of investing and volatility

DMXCP commenced investing 10 years ago, on 1 April 2015. Our aim on forming DMXCP was to establish a vehicle that would provide investors with exposure to a broad portfolio of genuinely mis-priced under-the-radar opportunities that were difficult for investors to otherwise access - investing in a part of the market that we are passionate about and that is very much under-owned by most investors. 10 years later, we continue to act consistently with this strategy, having recorded a ~15% annual return, after fees, over the period. We are strong supporters of under-the-radar growing companies, with DMXAM currently a substantial shareholder in 10 nano/micro-cap companies. We have led and/or supported dozens of capital raisings for portfolio companies, while we have also been shareholders in around 20 companies that have been taken over.

What has also been a regular feature of this past 10-year period, is the volatility that we have experienced, whether related to individual stocks or market driven. We have been invested through significant market volatility associated with Trump's first tariff regime, the COVID shock and then the post COVID inflation and rising interest rate cycle that particularly impacted small-cap companies. At a stock level, this volatility is often magnified, and we are used to seeing large price movements, in both directions, across many stocks.

However, amongst this volatility, our investment approach has been stable and consistent - owning mispriced, small, profitable, growing companies predominantly exposed to the Australian economy. This has seen us navigate through each of these periods of volatility and, importantly, emerge over time with a stronger portfolio. While not perfect, Australia has a robust and resilient economy with a well-functioning stable democratic system generally supportive of business & is a market that we understand well. Last month we discussed our top 10 holdings at the end of February, and how they are growing more into more valuable companies (included this as **Appendix 1** below). Strong earnings growth (100%+ increases in NPAT) in the first half was delivered by EOL, EDU, PPL & KME (all organic) and from AHC & CUP (benefitting from acquisitions). In addition to the strong earnings momentum, there is also clear value upside, with the likes of CUP, EDU, EVO, SEQ, PFG & KME all trading on ~10x NPATA or cheaper. As these fundamentals suggest, we remain absolutely focussed on owning a portfolio of growing, profitable, mis-priced small companies.

We understand that market volatility and uncertainty is disconcerting. While it is too early to understand where tariffs and global trade policies will settle, or make a confident assessment of the economic consequences or second order effects of a global trade war, we have strong conviction in our long term investment strategy and that the growth and value characteristics across the portfolio remain very attractive. As we have throughout the various previous periods of market turmoil, we are confident we will again emerge on the other side with a more valuable portfolio.

We thank you for your continued support and look forward to updating you next month.

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

Appendix 1

DMXCP Portfolio top ASX holdings update – 28 February 2025		
Company	**Weight**	**Notes**
Energy One Limited (ASX:**EOL**)	~5%	EOL reported a much-improved underlying NPAT of $3.9m. It comes after a couple of messy years where the company has been building out its 24x7 operating centre, dealing with a cyber attack, endured wage inflation, and reorganizing senior management. ARR increased 18% driven by the strong sector tailwinds in renewable energy in Europe. Excitingly, management expect 15-20% ARR growth going forward and 50% of new ARR to drop to EBITDA, setting the company up for rapid EPS growth and 30% cash EBITDA margins. To quote CEO, Shaun Ankers, EOL now have 'clear air' .
Findi (ASX:**FND**)	~5%	FND had a particularly eventful month, finalizing its recent TATA acquisition, extending its agreement with Union Bank of India and, most importantly, confirming it was on track to meet its FY25 EBITDA guidance. FND expects revenue to now grow 140% in FY26, through a combination of organic growth in its traditional business, expansion of its white label business and contributions from its recent acquisitions. This revenue growth will drive substantial uplift in EBITDA, supporting FND's expectations of a $1b+ IPO value from its Indian subsidiary, of which FND's share is ~70% - a substantial uplift on FND's current EV.
Pureprofile (ASX:**PPL**)	~4%	As foreshadowed, PPL delivered a very strong result with a $1.6m NPAT (up from 0). The result was underpinned by international revenue growth of 30% - Management has suggested this level of growth is expected to continue. With $3.3m of PPL's forecast FY25 EBITDA already delivered in H1, only $1.9m-$2.5m is required in the second half to meet its guidance. While Q3 is seasonally weaker, we think there is a good chance PPL upgrades its EBITDA guidance again before year-end.
Sequioa (ASX:**SEQ**)	~4%	SEQ's half year report highlighted its strong balance sheet with over $16m in cash and listed securities as well as ~$10m in unlisted investments. The first half saw encouraging progress in its SMSF administration and document business, although its advice business experienced weaker margins. SEQ continues to trade on a 10%+ dividend yield (fully franked) and we expect EBITDA of $8m to be delivered for the full year.
EDU Australia (ASX:**EDU**)	~4%	EDU (which has a December year-end) reported a FY24 NPAT of $2.6m - a material improvement on $3.0m loss in FY23. After a breakeven result in 1H24, all of this NPAT was delivered in 2H24. At 30 June 2024, EDU's key business, Ikon, had 1,709 students. Ikon now starts FY25 with almost twice the level of students (3,232). On the back of that enrolment uplift, and the operating leverage in the business, we are expecting EDU to deliver a material increase on its $2.6m 2H24 NPAT profit in 1H25. With Ikon students undertaking 3-4year degree courses, we can model the expected cash flows of EDU over the short to medium term with some confidence, to support a strong DCF valuation thesis here.
Count (ASX:**CUP**)	~4%	CUP reported a strong underlying NPATA up 209% to $6.9m, assisted by the full year contribution from its Diverger acquisition. Pleasingly, post-acquisition EBITA margins have increased from 13% to 19%, with earnings now balanced across its accounting, advice and services divisions. CUP is the 2nd largest wealth licensee in Australia and trades on < 10x PE.
Prime Financial (ASX:**PFG**)	~4%	After a weak H124, PFG reported a much improved first half, with EBITDA up 102% on last year, driven by strong contribution from acquisitions and lower one-off costs. With PFG's FY25 guidance of 15-20%+ Revenue & Underlying EBITDA growth confirmed, PFG will achieve its $50m revenue target in FY25, while it trades on ~10x PE.
Austco (ASX:**AHC**)	~3%	AHC have continued their strong momentum from 2H24 with revenue up 62% and NPBT up 270% to $3.9m. While that revenue growth was aided by acquisitions, we estimate organic growth was in the mid-20% range. Despite the strong growth over the last year, AHC have managed to maintain their contracted order book which will provide revenue visibility in the years ahead. Despite a rerate, AHC still trades on an undemanding mid-teens valuation with strong organic growth and global revenues.
Evolve (ASX:**EVO**)	~3%	EVO reported their FY24 result with 11% growth in underlying EPS to 7.9c. While occupancy dropped across the industry and EVO, their margins remained strong as there were less under two's as a proportion of total children than 2023 (under two's require a higher staff cost per child). We expect a strong result for FY25 as acquisitions in 2024 drive earnings. We will be watching the regulatory backdrop closely to see if the activity test is abolished in January 2026. This is expected to drive demand in the sector, and be very positive for EVO. In the meantime, EVO trades on a 9x PE and 7.5% fully franked yield.
Kip McGrath (ASX:**KME**)	~3%	KME delivered a much improved first half result with EBITDA of $3.4m up 46%, and reinstating its dividend. The result would have even been stronger but for its US business being impacted by funding delays following the US election. The highlight of the KME result was its cash generation, with CAPEX reduced from $2.7m to $0.9m. With KME typically having a much stronger second half, we expect KME to generate FY25 EBITDA of $8m+ and free cash for the year of $4m+. KME's EV is ~$24m.

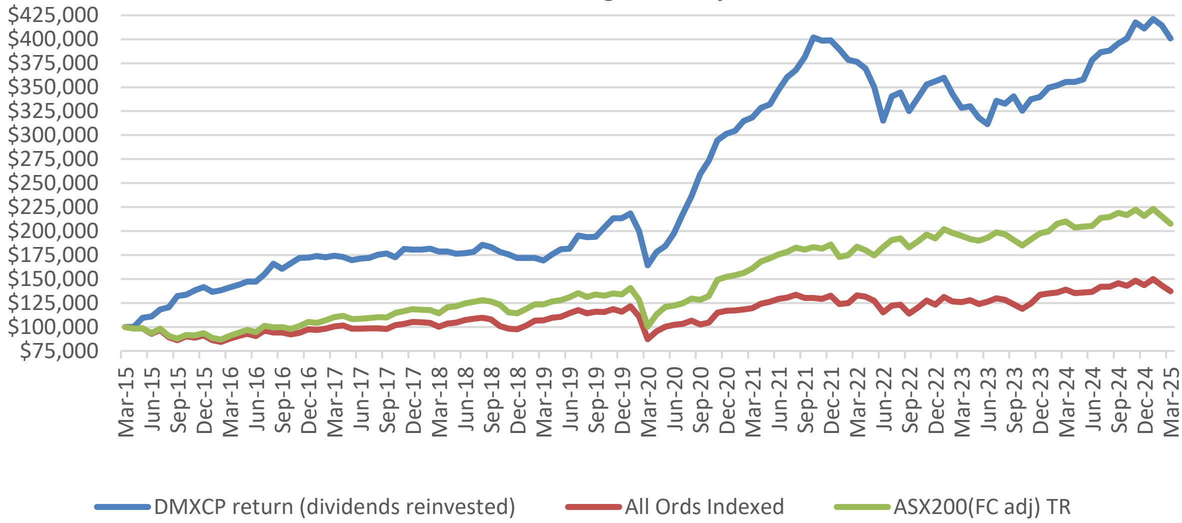
Appendix 2: Performance

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	+4.49	**-1.71**	**+22.7**	**+7.6**
2025	+2.72	-1.73	-3.70										**-2.8**	**-4.4**

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



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