



DMX Australian Shares Fund

November 2025 – Investor Update

A wholesale unit trust managed by:
DMX Asset Management Limited
AFSL 459 120
13/111 Elizabeth Street, Sydney, NSW 2000
Trustee & Administrator:
Fundhost Limited AFSL 233 045

Unit price (mid) based on NAV (31 October 2025)	\$1.2860
Unit price (mid) based on NAV (30 November 2025)	\$1.2674
Number of Stocks	44
% cash held - month end	1%
Fund size (gross assets)	\$15m

1-month return	-1.4%
3-month return [#]	2.3%
12-month return [#]	9.6%
3-year return, p.a. [#]	10.5%
Since inception (1 March 2021, p.a.) [#]	9.3%
Since inception (cumulative) [#]	52.5%

[#] Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV decreased 1.4% in October, in a broadly weak market with the ASX 200 Accumulation Index down 2.7% and the ASX Emerging Companies Index down 1.3%.

Commentary

Key contributors included **Verbrec** which rose 26% on the back of its highly accretive acquisition of Alliance Automation from Telstra. Having materially strengthened its balance sheet following a non-core divestment, and with its expanding income stream and synergy opportunity with the Alliance acquisition, Verbrec remains an attractive set-up for the portfolio on a single-digit earnings multiple. **Readytech** also contributed positively this month, recovering 9%. Readytech has suffered in recent times, failing to meet the market's expectations for growth and profitability. But with little institutional investor interest, its shares are languishing and in our view fail to fully reflect the latent value to an acquirer who would no doubt be able to cut costs and boost profitability. Having managed through a recent cyber incident, and following the appointment of a new CFO in October, we're hopeful Readytech is positioned well to perform in 2026 and beyond. Finally of note, NZX-listed **General Capital** rose 19% (in NZD terms) as the company continues to report positively. We provide a comprehensive update on General Capital, below.

Detractors this month included **Austin Engineering**, **Sequoia Financial** and **EML Payments**, for each we provide brief updates:

- **Austin** continued its de-rating, falling a further 23% in November. As noted last month, Austin has had operational issues and the company materially downgraded guidance ahead of its AGM in early November. We added modestly to our holding here during the month following its downgrade, and as the company recommenced its stock buyback programme. At today's pricing, the company trades around tangible book value, is expected to generate significant profits and cashflow (albeit lower than prior expectations), and is supported by what we consider to be a very comfortable balance sheet. Net debt is minimal, and we believe the current buyback will ultimately enhance value as the company works through what we believe are transient operational issues and its underlying earnings power becomes apparent in the year or two ahead. Its new CEO is understated by nature, and no doubt will have wanted to 'get it all out' in terms of bad news and potential issues. Its former CEO remains active as a Director, and having earned a significant equity interest via the exercise of his options last year, we note he has not monetised these and is instead financially committed alongside all shareholders to generate an outcome with this business over time.
- **Sequoia** continues to be weigh on the portfolio albeit at a much reduced position size. Its shares fell a further 19% in November in the wake of ASIC commencing civil penalty proceedings against its subsidiary, InterPrac. This relates to InterPrac authorised representatives' involvement in the Shield Master Fund and Guardian Master Fund collapses. We believe an impairment to the value of Sequoia is appropriate considering the potential financial penalties and operational distraction, but we do believe the market has over-discounted these risks and concerns with the company's implied value being comfortably covered by its non-InterPrac assets.
- Finally to note, **EML Payments** declined 11%, on the back of an AGM update including a weak Q1 trading update. Its headline numbers showed a decline in underlying EBITDA for the period, but the result for that particular short period corresponded to leadership (and expense) gaps in the prior period and the company

has reaffirmed its full year guidance. On balance, despite the negative market sentiment toward the stock, the business itself appears to be tracking well. Sales cycles for solutions EML is selling are long, and its pipeline is building nicely. We continue to see significant potential with this business for either profitable organic growth, or to an acquirer who – as we believe for Readytech as noted above – would have significant cost-out potential.

The DMX Capital Partners update includes updates and a thesis refresh on its Top 5 holdings, four of which are also key holdings for DMXASF: **EDU Holdings**, **Verbrec**, **Count**, and **Pure Profile**. We encourage you to review the DMXCP report alongside this update.

In terms of activity, in addition to topping up **Austin Engineering**, as noted above, we halved our **Pharmx** position into price strength during the month. Pharmx has contributed positively to the portfolio in recent times as its shares begin to reflect the very significant latent potential to clip the ticket on the many billions of transactions processed through its network. To what degree this is being reflected in the shares now is increasingly difficult for us to handicap at these valuations relative to current revenues. With this, we're preferring to reduce and potentially exit as we rotate into other prospective but perhaps less uncertain opportunities.

We also boosted our **Shriro** holding in November, lifting DMXASF's weighting from under 3% to nearly 5%, and – together with additions to other accounts – becoming a substantial shareholder in the company as a result. Shriro has the Australasian distribution rights for Casio, in addition to less significant interests in the barbeque and home appliance sectors. The company has been in shrink-mode for some time and generating significant free cashflow in the process, most of which has been returned to shareholders via dividends, capital returns, and buybacks. Its largest, and another substantial shareholder recently exited their stakes (and board roles), making way for some new blood. Pleasingly, highly successful ASX-listed distribution group Dicker Data's co-founder – Fiona Brown – scooped up a 20% stake at 87cps and more pleasingly, has joined the board. The board appointment signals a desire to put her effort and experience to work with this business, in addition to her financial investment. The company has around \$15m in cash and a market value of ~\$60m. It's expecting to generate \$8m+ of annual NPAT – an earnings multiple of around 7-8. The company conducted a buyback earlier in the year at a fixed price of 81cps, and the plan was to follow this up with another smaller buyback at the same fixed price. We believe this has acted as something of an anchor for the shares, preventing them from lifting above this level. Having freed up additional capital over the course of 2025, the company has renewed its buyback plans and intends to repurchase up to \$20m of shares at the 81c level. We believe there may be some significant institutional shareholders who are awaiting this significant liquidity event, and we'll be very glad for the company to buy in nearly 1/3rd of the company at just eight times NPAT. If successful in retiring all that equity, and utilising cashflow generated over the next few months to fund part of it (together with its existing \$15m hoard), the company would be around net zero debt (give or take), and trading on just five times tax paid earnings. Downside is underwritten by its significant working capital balance (plus run-off earnings they would generate in the event of the loss of its Casio distributorship), and upside – in our estimation – is in the 50-100% range if and as its shares re-rate closer to a 10 X multiplier where we believe it should trade.

General Capital Update

One of the stronger contributors during the month was NZX-listed **General Capital**, a niche non-bank deposit taker and lender. By way of recap, General Capital operates two relatively low-risk lending verticals: second-tier first mortgages, and insurance premium funding. It is one of the fastest-growing businesses on the NZX. The stock is thinly-traded and we built the majority of our position earlier this year, when an ex-director sold down his holding on market, creating a compelling buying opportunity.

General Capital released its first half 2026 result at the end of November. A number of one-off costs led to a NPAT decline for the period, but underlying results were very pleasing with revenue up 26% and this operating momentum expected to continue. We expect a strong second half as costs normalise and the benefits of the recently introduced Depositor Compensation Scheme begin to flow through.

In July 2025, New Zealand introduced the Depositor Compensation Scheme, which protects depositors up to \$100,000 per institution. General Capital successfully joined the scheme, giving it clear advantages over institutions that are not eligible to participate:

1. It materially increases depositor confidence by protecting customer balances, reducing the risk of a classic “run on the bank”, and supporting ongoing demand for its deposit products.
2. It allows General Capital to lower deposit rates, closer to those offered by the major banks, supporting net interest margin expansion and/or market share gains.

While now operating with meaningful scale in its niche markets, General Capital now has a robust and comprehensive platform capable of supporting significant further growth in the years ahead. Specifically, its NZX listing provides access to equity capital, its Depositor Compensation Scheme inclusion is a powerful third-party confirmation and will support deposit growth on attractive terms, and finally, its growing and diverse deposit holder base provides a broad and diverse funding source. While its current valuation remains well-supported by underlying earnings power, as well as its significant tangible equity base, we consider the company to be a strategically valuable asset for participants looking to establish or expand a presence in New Zealand’s non-bank lending sector.

Summary

As we head into a seasonally quieter period post-AGMs and as we now await half-year reporting in February, we’re pleased with the composition of the portfolio and the value inherent across many of our holdings. We’ve been diligent in assessing and re-assessing positions, rotating at the margin from more mature and fully value holdings into the most prospective of what we consider a very prospective opportunity set. We seek to have your hard-won capital exposed to a portfolio of differentiated smaller companies that have good underlying businesses, are well managed, and attractively priced.

Heading into the festive season, we wish all our friends and investors a Merry Christmas and best wishes for the year ahead. Thank you for your interest, trust and support.

Steven, Michael, Chris & Roger

DMX Asset Management

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