



DMX Australian Shares Fund

February 2026 – 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 January 2026)	\$1.3551
Unit price (mid) based on NAV (28 February 2026)	\$1.3013
Number of Stocks	46
% cash held - month end	1%
Fund size (gross assets)	\$16m

1-month return	-4.0%
3-month return [#]	2.7%
12-month return [#]	16.5%
3-year return, p.a. [#]	12.8%
Since inception (1 March 2021, p.a.) [#]	9.4%
Since inception (cumulative) [#]	56.6%

[#] Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV decreased 4.0% in February in a market that continues to be very mixed. The ASX 200 Accumulation Index rose 4.1%, while the ASX Small Ordinaries fell 2.6%. Technology companies fell meaningfully as concerns around AI impacted investor sentiment.

Commentary

February was a tough month for the fund with reporting season delivering a few surprises – both positive and negative – with the bad, unfortunately, outweighing the good. Where companies disappointed, share price reactions were – in our view – unduly brutal. Considering the magnitude of losses absorbed with some of our holdings, the 4% decline for the month is actually quite pleasing, and with some share prices having been re-based to much lower and increasingly prospective levels, we view the set-up for the portfolio from here quite positively.

Key contributors included **Verbrec** which rose 24% on the back of a strong result and positive guidance for the period ahead. Smaller holdings in **Bioxyne** and **RMA Global** contributed positively, rising 54% and 44% respectively. Bioxyne's gain follows its strong result and material guidance upgrade, while RMA Global recovered strongly on the back of an interesting deal with US-based RE/MAX which looks set to materially expand the company in that vast and prospective market. Smaller gains of 9% for each of **Comms Group** and **Joyce Corporation** were helpful, and deserved, with each reporting strong results with the outlooks for each also very positive.

Detractors include **Austin Engineering** which reported poorly and seeing its shares decline 22%, while Readytech fell 50%, initially in sympathy with the market sell-off of technology names, with the decline accelerating in the wake of a result below expectations and lowered guidance. Austin & Readytech are discussed in greater detail, below. **EML Payments** fell down 21%, as it delivered results more or less in-line with our expectations, and we view the market's response as something of an overreaction. RPM Automotive fell 40% on its disappointing half-year result. The reaction here seems excessive at face value, but with financial and operating leverage in the business, investors are starting to price in a larger range of potential outcomes. Less impactful to the portfolio, **Embark Education** fell 10% in sympathy with negative sentiment across the early childcare sector, and as its takeover of fellow childcare operator, Mayfield, look set to fail to achieve 100% ownership.

Tyro and **SDI** each fell 8% despite results that were OK, but pleasingly, SDI announced after the close for the month its agreement to be acquired by a Chinese industry peer. The takeover price represents a 60% premium, with most of that reflected in SDI's share price in March.

Results Review

The DMX Capital Partners (DMXCP) report includes detailed results reviews on a number of companies commonly-owned by DMXASF. These are included as an Appendix to this report and we encourage you to review these. In addition, updates on a number of other holdings include:

- Our largest position, **EDU Holdings**, reported strong student enrollment numbers, and financial performance for the half-year – all in-line with our expectations. The company continues to diversify its

higher education course offering, with strong growth in new courses. Having paid its maiden dividend of 1cps following the June half-year, we were pleased to see this expanded to 3cps for the December half. The company faces some regulatory uncertainty, with announced changes to the ability to pay agent commissions resulting in some tweaking to its sales model in the months ahead. In the medium term, the sudden shift in sentiment toward immigration poses additional regulatory risk should student numbers be curtailed in the future. These have been weighing on EDU, with its shares falling 4% in February and further as we move into March. Pleasingly though, with its shares back in the 60c-range, the company is back in the market buying back shares. Between current cash backing plus 'baked-in' expected earnings over the next few years from existing/enrolled students, the vast majority of EDU's current market value is covered with very little goodwill implied for any sustainable and enduring business into the future.

- Another key holding, **Shriro Holdings**, reported strong profitability with sales rising 8% for the half, and NPAT up 10%. As we've highlighted previously, we're pleased with Fiona Brown having purchased a 20% stake in the company and having joined the Board. Ms. Brown has an excellent long-term track record of business growth and value creation via fellow ASX-listed distributor, Dicker Data. Shriro has made very clear its intentions with this latest results announcement. Having been cash-cowed at the behest of former substantial shareholders, the company is now very clearly in growth mode. Key to that growth will be making a suitable acquisition, and having stripped out surplus cash historically via dividends, capital returns, and buybacks, the company intends to de-prioritise dividends and retain earnings to fund growth. That said, they are pushing ahead with the previously-approved buy-back of up to \$15m of shares at 81cps – an amount that reflects over a quarter of the company. For those not wishing to move forward in a growth-oriented business with no or low dividends, the buy-back is being framed as an opportunity to adjust one's position. There's uncertainty as to what dividends will ultimately be in the future (either a reduced level, or none at all). Our preference is to implement a moderated dividend policy, perhaps around 50% of earnings, but either way, we think the set-up here over the next few years is really interesting. The shares trade for less than seven times earnings with ~20% of its market value in cash. We expect any shares retired at these prices will be highly value accretive to remaining shareholders, and together with the potential for carefully considered growth opportunities, the upside potential from here is very significant.
- **Austin Engineering** disappointed with an earnings result that was materially below expectations which themselves had been downgraded just three months earlier, in November. Missing guidance by such a margin with only weeks remaining in the half-year period is itself quite concerning, not only to us, but also to the ASX which has queried it with the company. Management are navigating a tricky period with operational issues across its various units. In particular, a substantial OEM supply contract in Chile is uneconomic, and causing significant losses. Despite its challenges, the company trades around book value, and has a fairly comfortable balance sheet. We expect they will be able to manage through their current issues, and that profitability will be restored to more normal levels. If and as they achieve this, we see significant upside potential to the shares from here which presently trade at 4-6 times what we consider normal earnings.
- **Readytech** reported revenue below expectations, reduced its FY2026 guidance, and withdrew its FY2027 guidance. The company's consistency with failing to meet its own guidance over the past few years is probably good reason to discontinue the practice. Readytech is among the most unloved of technology-related stocks at this point. Its cost base is too high for the revenues and considering the growth being generated. Something's got to give at this point, and we believe there will be forces working in the background to right the ship here. The company is cutting costs with modest workforce reductions, and is reviewing non-core business lines with a view to potential divestment. We think these are both sensible, but we don't think they're going far enough. With 70%+ of revenue going in employee costs, for a SaaS business of this nature with a highly valuable base of users, we think there's material upside potential to earnings and valuation from here if they can cut those costs. Management have said they could effectively slash costs, but that would come at the expense of growth. But growth is anemic and isn't worth what the company's spending, at this point. We expect Readytech's dominant private equity shareholder won't be happy with the status quo, and that ultimately there'll be a more meaningful reset with this business, or potentially a sale to a third party who could achieve significant value uplift through cost-out.

Summary

On the whole, we're pleased with reporting season and how most of our companies are tracking. Where companies disappointed, share prices on average we think have overreacted, bringing these names to levels that are very attractive and imply strong upside potential. We'll need to continue to exercise patience with a few of these, and as always, we diligently assess and manage our positions from a portfolio-wide perspective.

The announced takeover of SDI is pleasing, with gains on this accruing in March. These gains are helpful in mitigating some of the declines we're experiencing at present as concerns from the economic fall-out of the Iran war weigh on markets. In particular though, the proceeds from SDI are helpful as we add to more prospective holdings elsewhere. This continued rotation over time from more mature and into our most prospective opportunities serves to both help us control risk, while increasing expected returns.

As a final note, this month marks the five-year anniversary of DMXASF. It's been an interesting period with lots of learnings, lots of great relationships established and fostered with investors, investee companies, and the many people who support us in the industry (including friends, brokers, analysts, service providers and fellow fund managers). DMXCP marked 10 years last year, and we feel as a firm with the supportive investor base we have, our experienced and stable team, and the collection of really interesting businesses we own across our portfolios, that the next 5-10 years are looking very promising. We looking forward to playing these out, and appreciate you being with us for the journey.

Steven, Michael, Chris & Roger
DMX Asset Management

Appendix – February Results Review

The DMX Capital Partners (DMXCP) report includes detailed summaries of a range of companies following February reporting, setting out outcomes versus our expectations. These include **Bioxyne**, **Count**, **Raiz**, **AF Legal**, **RPM Automotive**, and **Income Asset Management**, all of which are commonly owned by DMXASF. Set out as most to least impressive:

The Impressive...

Bioxyne (ASX:BXN) delivered what we considered to be the standout ASX micro-cap result this reporting season. Australia's leading manufacturer of medicinal cannabis delivered 1) a NPAT of \$7.3m (up 121%) and 2) upgraded its FY26 EBITDA guidance by ~50% to \$16.5m - \$19m. At the midpoint of its new guidance, BXN should generate an FY26 NPAT of ~\$16m, putting BXN on a PE of ~8x.

With strong revenue growth, BXN's margins are improving through cost efficiencies and better use of its facilities. It is now delivering >240,000 of finished medicine products per month. BXN is the leading GMP manufacturer in Australia for large multinational suppliers that are looking to sell into Australia and has also constructed the world's largest GMP-certified cannabis pastilles manufacturing facility. Edibles/pastilles are expected to increase from 1% to >20% of Australian cannabis prescriptions by 2027, offering BXN a significant opportunity to capture this growth.

Our position sizing here remains modest (~2%) as we build confidence around the sustainability of this growth and margins, and given the dynamic nature of the industry. But BXN's successful entry into Europe, and in particular Germany, provides it with the potential to replicate its Australian success in other geographies. With its market share in Germany currently 1%, Germany is likely to represent a big part of the BXN growth story over the next 6 – 12 months.

Count (ASX:CUP) is one of our largest positions and we were impressed here by the business momentum. EBITA was up 19% for the half (having been up 13% at the end of Q1). Underlying NPATA was up a very strong 33% to \$9.2m, putting CUP on track to deliver a \$20m NPATA result for the year. On this result, CUP continues to trade on < 10x PE.

In particular, CUP benefitted from increased wealth earnings with impressive FUM growth of 49% to \$5.3b due to the transition of ~\$900m in portfolios in October 2025 and with 21 new firms utilising CUP's CARE investment platform.

CUP has a strong and diversified core business across wealth, accounting and services, and a management team well positioned to continue to grow the top line at double digit rates organically and through acquisitions, with operating leverage now clearly evident in the business.

The Pleasing...

Having been a Raiz (ASX:RZI) shareholder for many years, it was most pleasing to see RZI finally deliver a profit. RZI's revenue increased 24% to \$14.4m, driven by a 6% increase in active customers to 336,048 and a 16% increase in ARPU to \$86/year. Underlying EBITDA increased by an impressive 270% to \$2.6m, with a maiden PBT reported of \$800k. Raiz's CEO, Brendan Malone, nicely summarised the progress: *"Raiz has a highly scalable platform and the business has now transitioned into structural profitability, a major operating milestone. We now have multiple levers for growth, including new customer acquisition and as well as increasing ARPU through new product development, strong engagement, higher retention and deeper relationships across our existing customer base."*

After a somewhat painful journey to get here, we are looking forward to RZI building on this strong platform, and scaling from here.

In a similar vein, we have been an AF Legal (ASX:AFL) shareholder for over 6 years, and it has also been a challenging journey. But we are now feeling very optimistic here after seeing strong revenue growth (+40%), EBITDA growth (+60%) and NPBT growth (+125%). With revenue now annualising at \$35m, we are pleased to see AFL making good progress towards its short to medium term target of \$50m revenue & \$5m NPBT.

Having identified its previous lack of scale as restricting margin growth, AFL's revenue has more than doubled in the last three years. It was therefore pleasing to see AFL's NPBT margin rise 61% to 7.1%, trending positively towards its short to medium-term margin of 10%. Supporting this improvement in fundamentals is an improved high-performance culture, happier staff and higher retention.

Like RZI, with operating leverage now clearly evident, the platform is in place with AFL to scale the business and profits from here.

The Disappointing....

RPM Automotive (ASX:**RPM**) was one of the few companies in the portfolio to see its revenue decline. Having reported an EBITDA of \$2.5m at Q1, it failed to improve on that for the half, implying a very challenging second quarter. While Management believes the changes made in the half will result in an improved result in the second half, it is clear they have been unable to consistently deliver adequate results since its IPO in 2018. With the RPM group comprising four separate business units, it may be that the sum of the parts provides more value than what Management can deliver at a group level, and some form of corporate activity is required to recover value here.

In late 2024 we supported the recapitalisation of Income Asset Management (ASX:**IAM**) with the expectation that during FY25 IAM would restructure its cost base, and with a strengthened balance sheet, deliver strong profits in FY26. Unfortunately, a fraud event has impacted momentum here, and operating conditions have been more challenging with trading volume turnover decreasing 12% to \$2.2b in the half. While revenue was up 13%, IAM recorded a normalised loss of \$1.65m, well behind what we had hoped. With a lower cost base heading into H2, we expect the results to improve from here, however this turnaround is 12-18 months behind where we had initially anticipated, and will require further patience until it reaches profitability.

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