THE SMALL COMPANY

SHARE WATCH

January 2025

MARKET COMMENT

Last month we said of the FTSE Small Cap index (ex ITs) that: “The optimists require a quick move up through 6,000, and the pessimists will be satisfied by a break down through 5600.” Neither have occurred. There has been much for investors to digest in recent months, domestically and globally, politically and economically. The net result is a stalemate in the UK small cap index, in common with others around the globe. Markets have adopted a “wait and see” approach ahead of Trump returning to the Presidency this month.

Yet UK small caps on average did just fine in 2024, better than other UK indices, and with only the major US indices with markedly better growth. In the very short term, one way for you as a UK investor to approach the present torpor is to open positions in your preferred stocks, perhaps half your normal allocation until the small cap index breaks up. And whilst the indices overall may not be rallying hard, on *SCSW* we focus on special situations and are seeing many small companies starting to bounce. Our NAPS include some we like.

Back in July we highlighted a world-wide reaction by what we euphemistically call “The 99%” against long established centralist political parties, and the recent win by Donald Trump is another manifestation of the “All Change” theme. We said this trend would lead to Economic Nationalism, or National Capitalism. It means capital being re-patriated from overseas and reinvested into domestic markets. For example, the UK government will probably require institutional pension funds to invest a minimum into certain classes of UK investments, particularly those with a more domestic focus, not global conglomerates - one reason Liontrust is featured as a NAP.

Repatriation by national authorities worldwide feels inevitable. US markets, buoyed by American Exceptionalism, ignore the inconsistency of Trump policies e.g. he can’t beat inflation, as he promised his voters, if he also puts hefty tariffs on imports, which will push prices up, and sends migrant workers home en masse, creating a labour shortage and even more upward pressure on inflation.. This repatriation will likely lead global investors to offload overvalued US equities, where they are heavily over-invested. Watch this closely.

ON THE BEACH (OTB)

Sector :	Travel	
Latest Price :	244p	
High/Low :	258p - 128p	
Market Cap. :	£406m	
Shares in issue:	166.2m	
end9/2025 EPS/PER est	17.8p	13.7
end9/2026 EPS/PER est	22.9p	10.7
end9/2027 EPS/PER est	28.8p	8.5
Telephone	0203 7271 000	
Registrars	0871 664 0300	
CALENDAR		
Int/Fins/AGM	MAY/DEC/JAN	

On 3 December, the day of its full year results, online travel agency (OTA) On The Beach saw its shares rise to a new high for FY24 and since then the shares have continued to climb. *SCSW* subscribers would have politely yawned - OTB was a 2024 NAP and even in the October issue I had said the shares were to be bought ahead of finals. As it was, pretax profit rose 25% to £31m for EPS of 15.5p, but what OTB said in the statement is perhaps one of the most serious statements of intent I have seen from a small company in recent months.

OTB is the largest OTA with 2m package holiday customers in 2024 against c19m UK package beach holidays sold in the UK so there is plenty left to play for. What kindled the imagination of investors wasn’t just that OTB said it had moved into City Break holidays and has also started to sell package holidays from the Republic of Ireland (which are incremental addressable markets of 23m and 6m holidays annually, respectively) but also the fact that margins are expanding. This is demonstrated by the fact that despite selling 13% more holidays in FY24, it conjured up a 14% reduction in headcount!

Chief executive Shaun Morton told me that the combination of actions already taken means he is confident he can double OTB’s Total Transaction Value (TTV) to £2.5bn within 3-5 years, achieve an EBITDA of £100m and lift operating margins to 40%. If he is right, all other things being equal, EPS could hit 40p in that time.

Not just punchy projections

Anyone can make punchy projections but Morton says OTB has already rebuilt its tech stack to be able

In this issue

• Next issue on Saturday 8 February

to scale up. And even this is not the limit of his aspirations; beyond City Breaks and holidays from Ireland, he notes that there are c.5x as many Europeans flying to beach destinations versus the UK, and there is no reason to not become the "ultimate beach holiday retailer in Europe." He could launch the platform in other countries in Europe and immediately add perhaps 80m-100m to his addressable market - and that's just beach.

The new tech stack is built with global reach in mind - with multi-currency support and multi-language capabilities. Given the online-only nature of the business, capex requirements are negligible so the new launches come at very low cost, and cash conversion is upwards of 90%; with £96m of own cash, the company has also initiated a £25m share buyback. I am inclined to grab the shares with both hands.

Online holiday buying

Since being set up in 2004, OTB's mainstay has been the sale of beach package holidays online to UK customers, initially targeting those travelling to short haul destinations in 'Value' (usually 3* and 4*) hotels. Key destinations are Spain and the Canaries, which account for c.65% of all holidays, with Egypt, Turkey, Greece and Malta historically making up the balance.

From day one, its systems were built so that they dynamically collated large quantities of highly fragmented data by pulling all the various prices of flights+hotels+transfers under one roof. Customers can then pick and mix from a range of airlines, accommodation suppliers, car rental companies and also add on in-resort services (day trips, event tickets, attractions and entertainment).

Departure dates and holiday durations are entirely flexible. Prices can be higher or lower on a given day of the week: for instance, flying at 10pm might be cheaper than flying at the more popular time of 9am and a customer can fly out with one airline and come back with another in order to save money. This enables customisation of holidays from millions of flight and hotel combinations as opposed to being offered pre-packaged holidays, as is the case with many traditional tour operators.

For years, OTB's platform supported a stable inventory of 7,500 hotels in value 3* beach resorts, but in recent years it has expanded into new markets, including premium and long-haul holidays (usually 5*) and as it has done so, the scale of operations has increased dramatically.

A critical aspect of its transformation, however, has been the rebuilding of large elements of the technology stack when it began moving into city break offerings - the higher volumes meant that OTB redesigned how data is acquired, stored and processed, ensuring it can support the increased inventory without compromising accuracy or speed.

As Morton vividly described to me, "We now offer city breaks in 56 countries, with perhaps 100 hotels in each, which means our system has had over 5,000 hotels added to it. This growth presented a significant challenge: our platform needed to evolve to handle this massive expansion and ensure it could process billions of tailored iterations efficiently. We built our "smart caching technology," enabling billions of additional holiday combinations to be delivered at speed with live pricing capability, which significantly improves the pricing accuracy and fulfilment success of our holiday offers. These recent platform upgrades are at the heart of what will allow me to achieve the doubling of TTV."

Advanced AI algorithms were also introduced to power hotel recommendations, dynamically curating and refining options based on user preferences. These algorithms significantly improved the personalisation and relevance of search results, enhancing user experiences.

Critically, OTB has optimised how its platform's data is ingested by search engines like Google (without these improvements, the increased scale and complexity could have led to penalties, potentially harming its search visibility). By refining the way data is structured and delivered, OTB has now ensured that its platform continues to rank highly and remains accessible to customers searching for travel options.

Flexibility of business model

While it has some unpaid rankings, OTB also spends on marketing to drive traffic to its websites. By far the most important part of this is spending on Google Adwords to appear in the top four paid positions. Pay-per-click on Google (the latest results showed 35% of revenue was spent on online advertising) is still an important driver of traffic, but it can be costly. As an example, if OTB bids to appear at the top of a Google search, every time its link is clicked, it will be charged a certain amount - for simplicity's sake, say that is £1. So, it'll cost it £500 to drive 500 visits to its site. Crucially, it needs to convert those 500 visits into bookings worth at the very least £500 in gross profit to break even and then anything else is its profit.

However, if market conditions are difficult and there are fewer people looking online for holidays, OTB's custom Google Adword bidding tool is tactically able to dial down its campaign by bidding less for keywords and/or reduce the total amount it is willing to spend, rather than seeing diminishing returns and losses. All this marketing competence has been gradually reducing the average cost-per-click paid to search engines.

Branded traffic rises to 70%+

But what investors are only just starting to realise is that it has huge mindshare amongst travellers. For instance, in 2012, 40% of its website visits came from "branded" (or free) traffic - customers who arrived directly through the website or via its emails, bypassing search engines. Fast forward to 2024, and branded traffic has surged to 73% of overall visits, showcasing the power of brand recognition. This means most customers no longer stumble upon OTB by chance - they're actively seeking it out, typing the URL directly, or engaging with its marketing emails.

Moreover, more than one-third of OTB's customers are repeat travellers, a testament to its ability to deliver a satisfying experience that keeps people coming back. Repeat customers are gold in any industry, and for OTB, they signal trust and long-term value. OTB research indicates that 52% of those who have previously booked through OTB are likely to consider it for city packages, says Morton.

OTB's journey to achieving remarkable brand awareness is also a classic case of strategic investment paying long-term dividends. The company deliberately poured millions into elevated marketing efforts when it spent an eyewatering c53% of sales on marketing in FY23. It also introduced an Enhanced Perks Proposition - such as complimentary airport lounge access and fast track - to entice new customers. Hays and Thomas Cook had come off the rails and the plan to capture their customers worked. The dual strategy of aggressive marketing and enticing perks came at a cost, which didn't go down well with investors at the time as it temporarily depressed earnings but clearly these tactics not only added tangible value but also reinforced OTB's reputation. And now we have paydirt: repeat bookings and visits are soaring, signalling a surge in customer loyalty. Latest website traffic data appears to support this: eg. the months of September / October show that OTB is the fastest growing major ATOL licensee by website visits, averaging c.+20% yoy - 2x better than Tui and 3x **Jet2** (JET2; 1528p).

Another impressive aspect of this is its scalability. Morton tells me OTB managed to maintain the same £5m expenditure on perks in 2024 as the previous year, but this time reached far more customers. This efficiency underscores the scalability of its benefits program: as customer numbers grow, the

Editorial shareholdings of companies covered in this issue: Liontrust, Inspired, Future, ADVT, Big Tech, Inspecs, Victoria, ADF, IG Design, On the Beach and Supreme

per-customer cost of perks decreases, yet the perceived value remains high. It's a win-win.

Another notable competitive advantage for OTB is its increasing volume of in-house accommodation bookings. Unlike many online travel agents that rely on third-party "bed banks" to aggregate hotel supply, OTB has significantly expanded its direct contracting efforts, particularly in its core beach holiday segment.

Directly contracting with hotels allows OTB to retain a higher share of the commission, improving gross margins by approximately 5% compared to using bed banks. Over recent years, OTB has raised its direct contracting to 89% for beach holidays. For city breaks, however, OTB plans to initially leverage bed banks to scale supply quickly, demonstrating a pragmatic approach to expanding this segment while maintaining its overall strategic focus.

Headcount down 14%

There is similar direct supply at work when it comes to flights. What I found totally surprising (in a good way) was that OTB actually managed to reduce its headcount by 14% in 2024, a year when it saw 13% growth in volumes. This is because in February it entered into a partnership with Ryanair that fortified OTB's access to Europe's largest low-cost carrier.

In its earlier days, OTB relied on scraping Ryanair's website to gather flight data, enabling it to offer comprehensive travel packages by including Ryanair's low-cost flights. While this approach provided the necessary data, it came with challenges such as technical barriers, legal risks and maintenance overheads. It required people and several hours to be manually able to collect data and book seats. In that time the price of a seat could have changed.

Recognising OTB's significant market presence and the value it adds as a distribution partner (40% of OTB's flights are Ryanair), in February Ryanair provided OTB with official API access, free of charge. This API, which cost £3m to integrate in FY24, has streamlined the process, ensuring accurate, real-time data, while fostering a stronger and more collaborative relationship between the two companies. It is now easier for customers to access Ryanair's low fare flights as part of their holiday packages. But more importantly the deal is also largely behind the 14% cut in headcount, with lowered admin costs as a percentage of revenue and improved operating leverage.

In fact, I now expect 3* travel to get a lift from live prices. The Ryanair tie-up has also prompted OTB to commence selling package holidays in July from the Republic of Ireland (onthebeach.ie). Morton says the Irish market is 15% of the size of the UK and tour operator competition is limited.

Simplifying B2B

Headcount has also been reduced elsewhere. OTB's diversified business strategy includes not only its core B2C model but also a specialised B2B strand through Classic Collection, a boutique tour operator catering to a niche market. Classic serves as a high-end alternative, focusing on luxury short-haul beach holidays with an average spend of £2,000 per person, a stark contrast to the £500 average for OTB's main business.

These premium packages are sold to 1,600 travel agents via an online booking portal, appealing to customers who prefer to book holidays in-person through brick-and-mortar travel agencies or independent homeworkers. When OTB acquired Classic, the business was reliant on manual processes. Everything - from booking flights and hotels to arranging transfers - was done on paper, which limited growth. But Morton has systematically streamlined Classic's operations, automating all the old manual processes with a new platform whilst maintaining the brand equity and distribution. As such, Classic Collection Holidays has been classified as discontinued operations and the new division (Classic Collection) will adopt a simplified agency revenue recognition model, ie. mirroring its core OTB division.

Record breaking run for core business

FY24 was a record-breaking year with TTV rising 15% to £1.2bn, marking the third consecutive year of record performance. TTV of holidays to 3* and 4* properties increased by 13% and represented 64% of the total. The year saw 5* TTV growing 21% year-over-year and long-haul TTV up 31%.

Revenue grew 14% to £128.2m, which excludes Classic Collection Holidays (revenues of £46.6m and pretax loss of £7.2m). Adjusted pretax profit was £85m with core B2C EBITDA margins hitting an impressive 31.7%.

For the current year, broker Peel Hunt forecasts a pretax profit of £38.9m/eps of 17.8p, which will surpass all time records. The forward order book is strong (YTD TTV +14% and bookings +15%) with Winter 24 bookings up 25%. Morton expects Summer 25 to significantly outpace Summer 24. City breaks and Ireland sales could lift like-for-likes as the year progresses. Reflecting his confidence, OTB also initiated a £25m share buyback. *I am a buyer.*

ANPARIO (ANP)

Sector :	AIM, Medicine & Biotech	
Latest Price :	375p	
High/Low :	399p - 220p	
Market Cap. :	£63.4m	
Shares in issue:	16.9m	
end12/2023 EPS/PER	16.5p	22.7
end12/2024 EPS/PER est	21.0p	17.9
end12/2025 EPS/PER est	24.6p	15.2
Telephone	01909 537 380	
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CALENDAR		
Int/Fins/AGM	SEP/MAR/JUN	

Anpario has grown into a leading player in the agritech sector with a "buy and build" strategy focused on developing and marketing natural feed additives used for improving the health and performance of production animals (chickens, pigs and dairy cows). Unlike traditional antibiotics and vaccines, these are non-pharmaceuticals, working to support the animal's natural system by promoting gut health and significantly reducing the probability of animal illnesses and diseases, and also helping farmers achieve optimal performance (overall health and live weight) while increasing their return on investment (ROI) sustainably.

Overusing antibiotics in farming has caused serious problems, like antimicrobial resistance, where bacteria then becomes harder to kill with medicine. Resistant superbugs can also then spread to humans if contaminated meat, milk or eggs are not properly handled or cooked. In fact, since 2006 the EU has banned the use of all antibiotics for growth promotion purposes, which has been driving the shift towards natural feed additives.

Anpario doesn't just produce these feed additives; it also makes serious money from it. Last month, the company completed its fifth acquisition since inception, prompting brokers to raise forecasts. Pretax profit and EPS were increased to £4.6m and 21p for the current year, respectively, implying almost 40% growth. The forecast for next year has also been raised by 9% to £5.4 million and 24.6p, suggesting a further 17% growth.

As CEO Richard Edwards and FD Marc Wilson explained to me, the animal improvement sector has its share of superstars - like Genus (GNS; 1538p), which sells bull semen that farmers use to impregnate their cows each year to improve milk production or produce larger beef cattle, and National Milk Records, which runs a weekly service for farmers to test cows' milk for fat and protein - the more, the better - and antibiotics. Both of these companies have featured before on *SCSW*. However, there are some also-rans too, such as Benchmark (BMK; 31p), which focuses on salmon and shrimp improvement and hasn't done investors too many favours.

Clearly, Anpario belongs in the superstar category. The management team has managed its cash exceptionally well and has avoided issuing shares indiscriminately, keeping the share count tight. In fact, in 2023, Anpario spent £9m to buy back 16.6% of its shares for cancellation.

History

Anpario was founded in 1998 as Kiotech, a business established in collaboration with the UK Government's Centre for Environment, Fisheries & Aquaculture Science (CEFAS), a division of Defra. Its aim was to exclusively commercialise CEFAS's groundbreaking research on pheromones, which are used to attract fish and synchronise reproduction in both freshwater and marine species. This partnership allowed Kiotech to develop and bring to market innovative pheromone-based formulations (marketed as *Ultrabite*) that influence fish behaviour.

Kiotech listed on AIM in 2005. If truth be told, it really was too small, generating just £0.3m in sales and operating at a loss. However, the company signalled its ambitions for growth and a broader industry presence. This pivotal moment along with its name change came in 2006, when Kiotech acquired Agil, a division of **Eco Animal Health Group** (EAH; 71p), for £5.5m, essentially a reverse takeover and which took it into the animal feed additive market. Agil's key product prolongs the life of finished feeds in bulk storage and the deal was orchestrated by Peter Lawrence, Eco Animal's founder and also Kiotech's chairman. Around this time, Edwards joined as CEO with a clear mandate: to drive a 'buy and build strategy' in the specialist feed additive sector where there are an estimated 70-120 manufacturers, traders and blenders in the European animal feed acid market.

Since the acquisition of Agil, Anpario has made significant strides in expanding its reach and product offering, with four other landmark acquisitions.

Focus on direct selling

In 2009, Anpario acquired Optivite for £3.4m, adding a production facility at Worksop (Nottingham). The acquisition of Meriden in 2011 for £4.1m further bolstered its portfolio with *Orego-Stim*, which has since become its flagship and highest-grossing product.

In 2018, Anpario then acquired Cobbett, its long-time Australian distributor, cementing its foothold in the Asia-Pacific region and it began to sell its products directly to farmers. These days 50% of group sales (up from 10% direct in 2016) is direct to small farmers and vets with 50% still going to distributors. Most recently, in September, Anpario acquired Bio-Vet for up to £5.4m, expanding its offerings to include animal probiotics and a US manufacturing site.

Four Product Categories

Anpario's product portfolio is now divided into four main categories: Health & Performance, Feed Quality, Hygiene & Insect Control and Toxin Management. The company's core strength lies in its range of c12 core added-value products, which account for 85% of gross profit, with *Orego-Stim* being the largest contributor at c30% of gross profit.

• Health & Performance: Available in powdered and liquid forms, these reduce infection in the digestive tract by complementing and boosting an animal's own immune system.

• Feed Quality: Additives designed to optimise feed quality and enhance animal performance to reach their genetic potential.

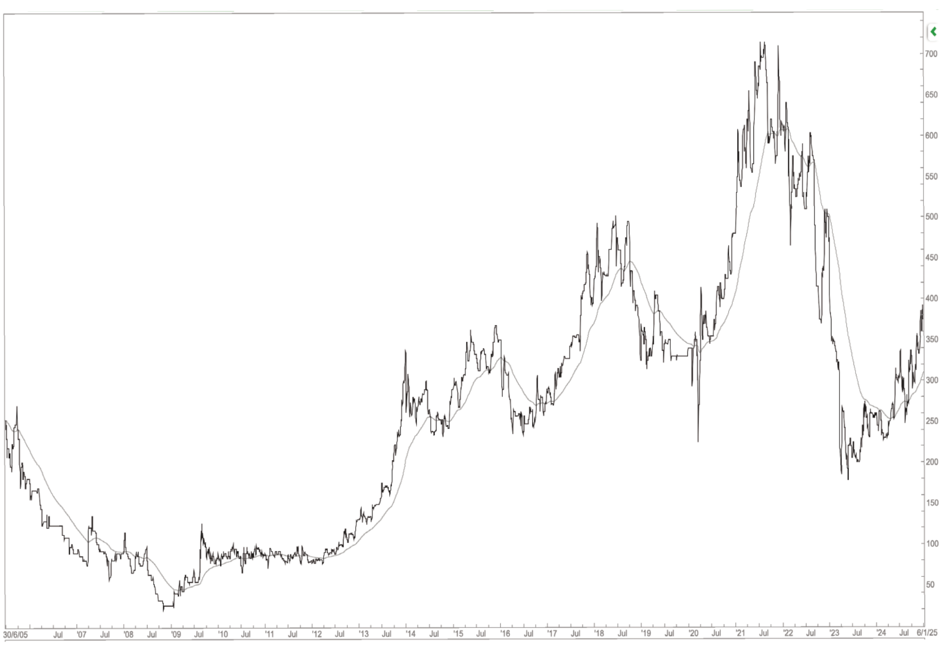
• Hygiene & Insect Control: Products that help mitigate the risks of feed deterioration, pests and environmental hygiene.

• Mould control and disinfectants: Mould control inhibits moulds and yeast in stored raw materials such as grain and finished feeds, and disinfectants are used to purify water and the living environment of production animals.

100% production is in house

In the UK, Anpario's liquids and powders are now all made at Worksop, where five separate UK facilities have been consolidated into one. Edwards talks about £5.1m having been invested to expand the production line, reduce manual handling, add a bottling plant and increase automation. At the same time, some legacy high-volume, low-margin premixes for animal nutrition have been discontinued. These premixes were specialised blends of vitamins, minerals, amino acids and other additives, designed to ensure animals receive essential nutrients for growth, health and productivity but were low margin compared to the ones that have been retained. The facility currently processes 17,000MT annually on two weekday shifts but has the capacity to expand to 50,000MT by operating three shifts.

To give an example of high value products, Edwards talks about Orego-Stim, a natural animal growth promoter. This is a "phytogenic solution" designed to manage intestinal health and is marketed in over 60 countries worldwide, with the majority of sales occurring outside the UK. Orego-Stim is made from oregano essential oil and contains over 100 active compounds, including thymol, which work synergistically to deliver a range of well-documented benefits. These include antimicrobial, antioxidant, anti-inflammatory and immunomodulatory properties that support animal health and performance. As Edwards explains, "It's not about having patent protection; it's about proprietary blends and premixing additives, which are notified in the European Community Register of Feed Additives, so we don't bet the farm on an expensive full 'drug-type' registration that a company like Eco Health might do," adding, "It is more about process knowledge and being able to blend products in certain ways - consistently. It is also about longevity in certain markets: farmers know and trust a brand and Orego-Stim has been around 15 years."



To prove this point Edwards describes how Anpario's latest acquisition in the US of Bio-Vet strengthens its presence in the ruminant sector and adds probiotics technology to its portfolio, a capability the company previously lacked. "We certainly could have developed probiotics from scratch but Bio-Vet had been around for 30 years (1996) and had a strong reputation amongst farmers. It has a 'Capsule-In-A-Capsule' for direct fed microbials (i.e. a probiotic that contains bacteria and yeast to improve gut health). This is a pioneering delivery system that allows typically incompatible ingredients to be combined into one single dose. Consequently it made sense to buy the business."

Bio-Vet had sales of £6.1m and a pretax profit of £0.5m in the year before being acquired. The price paid was also attractive at £5.4m (£4.7m initial with £0.7m deferred), which implies a 6.5x forward EV/EBITDA transaction value. Multiples in this sector are between 14-15x EV/EBITDA, according to one broker.

But the deal gets better still. First, it came with a 2.5-acre freehold production plant in the US, providing the opportunity for Anpario to start to make all its products locally in the US. Second, Bio-Vet had minimal international sales beyond the US and Anpario will now sell the probiotics product in its other countries. Thirdly there is scope to launch the product for other species, eg. pigs. The deal still also leaves Anpario with c£8m for other deals.

This brings me to several critical points about the market, particularly the influence of trade tariffs and potential impacts on business operations. Edwards notes that up until 2022–2023, monogastric farming (pigs and poultry) had been relatively stable markets. However, significant disruption occurred following the trade policies enacted during Donald Trump's presidency. In particular, when Trump imposed a series of tariffs during his first presidency, China retaliated with a 62% levy on US pork exports. This move effectively made American pork prohibitively expensive for Chinese consumers. In response to the reduced availability of affordable imported pork, Chinese farmers accelerated efforts to breed more pigs domestically. This local shift created increased demand for Anpario in China. On the other hand, the impact was far less favourable for US farmers. With limited access to the Chinese market, American pig farmers faced financial strain and decreased their demand for supplements.

In a similar vein, a googly was bowled when avian influenza spread from chickens to a dairy herd in California. Whilst this drove demand for more bovine probiotics the problem was that any farmer who discovers avian flu in their flock typically culls the flock, leading to less demand for chicken probiotics. In a roundabout way, this is Edwards telling me why Anpario is fortunate in that its business is well spread both geographically over 80 countries and across species. Alongside all this, in recent times Anpario has also had to contend with spikes in raw materials - eg. formaldehyde is a key ingredient and when formic acid spiked from US$450/tonne to US$1200 at one

2025 NAP SELECTIONS

2024 NAPS REVIEW

Company	Recd Price p	Latest Price p	Change (%)	High Price p	Change (%)
Future	778	944	+21.3	1160	+49.1
On the Beach	170	244	+43.5	258	+51.8
Inspecs	81	44	-45.7	95	+17.3
Luceco	127.5	128	+0.4	195	+52.9
GB Group	267	351	+31.5	385	+44.2
McBride	91	105	+15.4	145	+59.3
Revolution Beauty	29.5	19.75	-33.1	35.5	+20.3
T Clarke *Bid	132	160	+21.2	160	+21.2
Staffline	23	24	+4.3	42	+82.6
MadeTech	12.25	25	+104.1	26	+112.2
Plus500 *2 special dividends	1755	2572	+54.0	2742	+64.2
			+19.7		**+52.3**

Just before I began to compile this year's NAPS - my traditional shortlist of shares for the year ahead - I had been watching a documentary about the harrowing struggles of the Battle of Imphal and Kohima in 1944. Just as the British Army endured relentless Japanese attacks over 4.5 grueling months, 2024's investing landscape demanded unwavering endurance and our 2024 NAPS lineup had to contend with economic downturns, market volatility, political uncertainty and Labour's first budget. Our NAPS peaked at an impressive +52% mid-year and by year-end, the gain was 19.7%. Among the standout performers were: Plus500 (+54%), buoyed by special dividends of 108.6 cents; GB (+32%), which surged alongside Bitcoin; On the Beach (+44%), capitalising on the recovery in travel and MadeTech (+104%), driven by heightened demand for government digital transformation services. Not all were steady gains: Staffline, was +83% at its peak but closed at +4%. We also saw a notable bid for T Clarke, at a 21% premium. Looking ahead to 2025, this year's NAPS include a mix of growth shares and a few 'veteran battalions in regrouping' - companies that have weathered tough battles but are now poised to rally and reclaim ground.

• Singer initiated coverage of **AdvancedADVT** (ADVT; 157.5p), Vin Murria's latest software roll up, with a 190p price target. Murria's strategy focuses on acquiring mission-critical software for back and front office operations that benefit from digital transformation - a playbook being repeated from her previous venture, Advanced Computer Software. Most of the top team, who drove ACS shares up 1100% after hitting a 63% annual EBITDA growth (FY10-14) through M&A, are back. ADVT is in the early stages of deploying its capital. Of five businesses bought so far, two (IBSS, CHKS) offer back-office accounting and clinical benchmarking software, two (Retain, WFM) specialise in human capital management and one (Celaton) automates manual processes. Under her short ownership, Murria has renegotiated pricing (Retain) and transitioned customers to the cloud (IBSS), driving a 17% H1 like-for-like sales increase. Full-year forecast to February is £41m sales, £12m pretax profit and 8.5p EPS. ADVT has £106m for deals (£83.3m cash + £23m stake in M&C Saatchi). A major acquisition is expected by end FY25.

• **On the Beach** (OTB; 244p) is one I am repeating as a NAP from last year. Another good year for travel is in sight and expansion into City breaks and Irish holidays provides a tailwind. Deutsche Numis lifted FY25 PBT by 5% to £37.8m with EPS +15% to 18.6p, which assumes bookings +12%, flat pricing and a further 20bp margin. It raised FY26 PBT by 7% to £44.9m and eps by 15% to 22.1p.

• **Inspecs** (SPEC; 44p) is half the price it was this time last year despite profit being ahead, the world's biggest frame factory in Vietnam complete, losses in its lens manufacturing arm eliminated and net debt down to <£15.8m (c1x EBITDA). Although Cenkos has shaded its expectations after Inspecs saw softer H2 trading in Germany and also a currency headwind, it still expects H2 sales to be US$2m more year-on-year at US$94m whilst H2 EBITDA will be US$7.4m, up from US$6m, so it is trending in the right direction. It has renegotiated its banking arrangements through to 2027. Cenkos forecasts EPS of 5.3p for the year ended and 6p for this year. A better/bigger business than when it floated at 195p.

• Capital markets need capital, and unless Rachel Reeves wants all City folk to go and live in the woods, I think it highly likely pension funds will receive tax breaks to invest in UK stocks. Combined with lower interest rates - albeit at a debated pace - these could see asset manager **Liontrust** (LIO; 470p) return to positive fund inflows for its actively managed funds. Liontrust's focus on UK equities has been hindered by industry-wide net outflows, with H1 25 to 30 September reporting a £1.9bn decline in assets under management to £26bn. Despite this, the company is optimistic, planning to hold a 72p dividend (15% yield) and initiating a £5m buyback programme. Directors bought 150k shares in December.

• I alighted on **Big Technologies** (BIG; 136p) in November. BIG's *Buddi* prisoner smart tags are sold on a SaaS (Software as a Service) basis to criminal justice systems around the world. The use of tags can reduce reoffending by 25%, and potentially save cash strapped authorities 85% of the cost of incarceration. Monthly Recurring Revenues were £3.9m in November and with 40 opportunities (estimated 25% win rate) to fill the 'gap' caused by a (perhaps temporary?) loss of a contract in Columbia, it will soon get back over the high watermark of 2023's MRR of £4.1m. The shares were trading at £3 at the time. A share buyback is underway. I expect it to spend its £95m cash on reeling in a big US acquisition this year.

• **Future** (FUTR; 944p) is a self-described "global platform for specialist media," split more or less evenly between the UK and US, offering print and digital content and > 250 brands including *Techradar* and *Gocompare*. It recently said growth turned positive. At the same time, CEO Jon Steinberg refers to the tie up with "the most important company currently on the planet," (Chatgpt) as a swing factor for future traffic flows. A £55m buyback has begun in January and will drive c5% EPS upgrades.

• **Mission** (TMG; 27p) - see page 7. A disposal has reduced debt and the PE is 4.1. CEO has been buying.

• Canaccord forecasts a full-year pretax profit of US$32.7m, up 26% year-on-year, for greeting card and craft business **IG Design** (IGR; 153p). This may seem optimistic given interims saw sales drop 11% to US$393m and profit by 62% to US$14.7m. However, as detailed in my update on page 6, an expected H2 improvement stems from cost-saving measures, efficiency gains, lower freight costs and the reversal of H1 timing impacts. Bizarrely, US trade tariffs could help. CEO Paul Bal notes tariffs range from 25% on most stuff but up to 400% on items like narrow ribbon (for lanyards). Some small businesses can exploit tariff loopholes such as the "de minimis" exemption for small shipments, which allows US$800 per person per day to be imported in the US (£135 in the UK) but heightened scrutiny on such practices could benefit IG. With three US sites - producing 25% of its sales and importing 75% - the company is seeing customers request local manufacturing.

• **Victoria** (VCP; 84.5p) - see page 7.

• **Argentex** (AGFX; 28p) is an FX broker, making its money from the difference in exchange rates at which it buys and sells currency for its customers. Economies of scale means it can buy currencies cheaply and it will trade between 1 and 2 basis points from the interbank FX rate (the constantly fluctuating price at which banks trade currencies with each other), add an appropriate spread to that price and provide a quote to the client. Early on it was only offering FX via commissioned salesmen whilst rival **AlphaFX** stole a march on it by becoming a service led, tech-enabled provider of currency management and payments specialist, in multiple jurisdictions. Argentex is now playing catchup; it has new offices in Dubai and Australia, it's launched an online trading platform and built an alternative transaction banking product allowing clients to collect funds and hold balances in 15 currencies from a single virtual IBAN account. It raised £3m at 45p last year; the FD and Chairman have been buyers.

• **Inspired Energy** (INSE; 45.5p) shares a connection with last year's NAP **TClarke**: Regent Gas, which took TClarke private, recently invested in Inspired. Alongside the biggest shareholder, Gresham House, the two participated in a £21.25m placing at 40p and a £5m Convertible Loan Note before Christmas. This will reduce net debt to <1x EBITDA by year-end. The new capital will support working capital for Inspired's Optimisation arm, which reduces energy consumption and carbon emissions for commercial customers by installing energy efficient kit. Last year's performance was impacted by delays in three contracts, shifting £5m gross profit from FY24 into H1 25, setting things up for a strong FY25. A pipeline of 130 customers for Optimisation is potential revenue of £165m and gross margin contributions of £58m. Directors invested £409k at the placing price.

• **Facilities by ADF** (ADF; 36.5p) works for the big six streamers in hiring out actor accommodation (trucks and trailers) and temporary roads. 2025 will see film production schedules recover and spend by video-on-demand services such as Netflix, Disney, Amazon move higher following disruptions caused by Hollywood writers' and actors' union strikes in FY23 and jangling nerves in FY24 due to the Budget/ US election. I touched on forecasts last month: EBITDA of £15m, pretax profit of £7.9m and EPS of 6p.

point, Anpario decided not to raise prices but absorbed this itself, which lowered its gross margin.

Because of these three factors - tariffs, disease and raw materials - Anpario was hit last year but it is now coming out of those trough earnings with gross margins and volumes recovering. Gross margins are now back to 50%. And brokers at Shore Cap says that if you assume a 50% gross margin in FY25, it could imply a >30% upside to the forecasts I included at the start of the article. *I am a buyer.*

UPDATES

Future (FUTR) 944p

Sector: Media

Future's full year results showed a return to growth in H2, further deleveraging and a strategic partnership with ChatGPT developer OpenAI. The latter deal will bring Future's content to ChatGPT users via attribution and links to full Future articles when cited by the AI in response to relevant queries. It's a huge coup and will ignite future traffic to its titles.

During the year, Future streamlined its operations by shedding uneconomic titles that accounted for £15m in sales. Adjusted for these, sales for FY24 were flat at £788m, representing 1% organic growth (+5% in H2!). Operating profit reached £222.2m, delivering a 28% margin. EPS were 124p.

The company also demonstrated robust cash generation, reducing net debt from £327m to £256m - just 1.1x leverage - while also returning £69m to shareholders as dividends and spending £45m on a share buyback. And in January, Future is cracking on with a third £55m share buyback.

The keynote is Future's ability to maintain high margins despite investments in its editorial team and in the US sales team. In fact, the company added 50 editorial roles and another 50 positions in back office and US sales, channeling £20m into its Growth Acceleration Strategy (GAS). These actions have started to drive organic growth so I suspect H1 will go with a bang and guidance on margins in FY25 is that they will rise to 28-30%.

Take the example of Future's reinvention with TechRadar, a leading technology site launched in 2008. After a period of stagnation, the title underwent a comprehensive redesign this year. The enlarged editorial staff boosted content output by 15%, resulting in a big increase in monthly sessions. Enhancements in search engine taxonomy and social media engagement further amplified its reach and now with OpenAI integration, TechRadar is poised to monetise even more new leads generated through ChatGPT.

In the UK, sales grew by 6% organically to £504m, driven by a standout performance at GoCompare. The comparison website, which accounts for a quarter of group revenues, posted blistering 28% sales growth, with strong contributions from car insurance and rapidly expanding segments like home, van, life and pet insurance, which collectively grew by 30%.

In the US, sales declined by 6% to £284m but achieved +2% growth in H2 and culminated in an impressive +7% growth rate in Q4. This reflects the success of Future's evolving sales strategy, which now focuses on broader, cross-title campaigns and more sales are direct as opposed to open market advertising. For instance, instead of selling advertising for a single title like *Country Life*, teams are now packaging multiple titles in luxury categories, lifting volumes and diversifying revenue streams.

Digital advertising declined by 8% due to challenging market conditions but saw an improved trend in H2, which was only down 4%. Affiliate (Gocardless and e-commerce) also rebounded in H2 with a 20% increase. Magazines, a core component of Future's portfolio, was resilient, down 5%. Cazenove forecasts EPS of 132.5p this year, lifting to 147.6p next, to drop the PE to 7.1. The buyback could see these upgraded. *For investors, the case is clear: Buy.*

Kinovo (KINO) 64.5p

Sector: AIM, Industrial Services

Despite some customer-driven delays in mobilising new contracts (including the recent £12m 18-month award with the London Borough of Hackney), Kinovo's H1 sales were £29.6m (down 3%) while underlying margins benefited from electrical compliance and remedial works contribution (+31% to £18.6m), which drove adjusted EBITDA growth of 10% to £3.2m. The higher margins that these compliance and remedial workstreams attract benefited margins overall with gross margins up 300bps to 30.7% and adjusted EBITDA margins rising 120bps to 10.8%.

The Budget blew hot and cold for it. Although there is a small national insurance contribution headwind of £0.4m, it should benefit from a £5bn funding boost to the social housing sector.

Looking at H2 and ahead to FY26, the outlook is underpinned by Kinovo's three-year visible revenues, which have risen 12% over the last six months to £175.2m. EPS forecasts are unchanged at 7.7p for the year to end March and 8p next. *Buy.*

Synectics (SNX) 365p

Sector: AIM, Industrial Services

Since my write up in August '24, the advanced security and surveillance systems business has seen its shares head into orbit helped by a string of contract wins - £2.2m contracts with National Grid, c.US$2.71m for casino projects in the Philippines and N. America, and two contracts worth c.£2.3m for oil & gas projects in Qatar and Brazil. Synectics ended FY24 with an order book totalling £37.8m and net cash of £9.4m.

On the back of these wins, FY24 pretax profit forecasts have climbed from £3.5m to £4.3m on sales of £57m from £52.9m, with EPS raised to 20.3p from 16.8p. Next year's forecast EPS is 23.9p with 29p a year after. *Strong hold.*

IG Design (IGR) 153p

Sector: AIM, Personal Care

IG Design experienced a challenging H1, with sales declining by 11% to US$393m and adjusted profit down 62% year-on-year to US$14.7m.

Speaking with CEO Paul Bal, it becomes clear that the US retail environment became increasingly competitive. H1 is seasonally its weaker half and ended up looking worse due to several factors at play. Bal explained that Walmart, which represents about a third of US business, has shifted its focus more towards sell-through rates and margins than in the past and so bought less. Last year, Walmart reduced "everyday" stock, and this year's reductions predominantly affected Christmas product lines. Additionally, a key craft retailer, Joann, filed for Chapter 11 bankruptcy, leading IG Design to restrict supply to them. These two factors were behind DG Americas' H1 profit dropping from US$16.6m to just US$1.7m.

DG International delivered a solid underlying performance, with profit decreasing from US$25.3m to US$16.9m. Continued growth from key customers in Europe helped offset ongoing weaknesses in the UK and Australia. However, the positives were overshadowed by one Continental European customer delaying stock orders, which deferred US$11.9m of revenue from H1 to H2. Profits were further impacted by significantly higher freight costs from China to Europe, which rose by an extraordinary US$8.7m.

Despite these challenges, several "self-help" initiatives arrived including a decision to exit in-house manufacturing of crackers in China at a one-off cost of US$7.6m. Outsourcing production is expected to yield meaningful cost savings of US$4m. Additional measures included site rationalisation and a 100-strong headcount reduction in DG Americas, delivering US$9.4m savings during H1 - and investors should expect this saving to broadly repeat in H2.

These efforts, coupled with the easing of freight costs and product range simplification (reducing SKUs by 9% to 60,000), are expected to stabilise margins and drive a profit recovery from the present troughs (gross margin dropped to 17.1% from 21%, and operating margin fell to 3.7% from 8.6%).

A further positive development is IGR achieving average cash during H1 for the first time. Typically, the company has H1 seasonal working capital outflows due to US$90m-odd of product manufactured ahead of Christmas but simplified ranges freed up working capital, helping achieve H1 average cash of US$7.4m at the September/October low (+US$22m swing year-on-year) and it also has US$10m surplus property. As Christmas-related receivables are collected, cash will balloon by the year end.

Canaccord's forecast for the year to end March is US$32.7m pretax profit for eps of 21 cents. *The shares could bounce when it issues an update in February.*

Equals Group (EQLS) Bid: 140p

Sector: AIM, Financial Services

After the bidder got 14 time extensions, Equals has finally announced a 140p takeover from a consortium including Railsr (which offers banking-as-a-service), card issuing solutions investment firm TowerBrook, and private-equity company JC Flowers, to value it at £283m. *Tipped at 77p in November '17, accept the offer and recycle to Argentex. Gain 82%.*

Distribution Finance Capital (DFCH) 36.5p

Sector: Finance Services

The shares have gained 62% since I made them a main buy at 22.5p in May 24, helped by an unscheduled update that said it expects 2024 results to be "significantly ahead of expectations." Pretax profit will be "not less than £14m," a three-fold increase on FY23 (£4.6m).

The swing factor was a better than expected net interest margin. Dealer loan pricing has been increased quicker than the interest paid on the retail deposit book used to fund them. It has also secured the previously reported £3m settlement against property seized during the RoyaleLife fiasco. This brings the total recovery to £4.7m - so including this writeback, pretax profit is >£18.7m.

Meanwhile, the consumer HP activity is set to launch in H1. This will allow it to provide finance not just to dealers of a mobile home, as it does now, for example but also to the end consumer. The beautiful aspect is that instead of a short life loan, this is likely to span five years or more and will start to build earnings visibility. Brokers are guiding cautiously for FY25 pretax profit and eps of £13m and 5.2p, respectively. *An update is due in January. Buy.*

ME Group (MEGP) 211.5p

Sector: Leisure

Another whacking the ball out of the park is MEGP: it said FY24 sales will be >£308m (+3%), EBITDA >£112m (+5%) and pretax profit >£73m (+10%).

The swing factor is Laundry, which saw sales up 20% driven by a record 1,111 new machines installed in France and the UK, in line with its target of 80-90 laundry machine installations per month. As at end October, despite £53m of capex and £28m in dividends, net cash was £38m. Photobooth operations were stable with sales at constant currency up 4% and it has continued to rollout its next-generation photobooths, mainly in France. Peel Hunt forecasts £73m pretax profit/eps 14.4p for the year ended in October, with £79m/15.5p this year. *Tipped at 19p in May 2002; gain 1013%. Strong hold.*

Supreme (SUP) 188p

Sector: Personal Care, Drug & Grocery Stores

In news terms Supreme's H1 results were overshadowed by the £10.2m acquisition of Typhoo Tea, a key step alongside June's Clearly Drinks acquisition in diversifying its portfolio as the vaping sector braces for the UK ban on disposable vapes from June. With net cash at £2.3m pre-acquisition, the deal shifts Supreme into a small debt position.

But results were also good with full year guidance raised. For H1 to September, sales rose 8% to £113m, even as in-house vaping sales fell 13% to £36.6m. Non-disposable product sales increased by 1% to £32.2m, partially offsetting a 56% drop in disposable vape revenues to £4.4m. Improved cost efficiency and a better sales mix lifted gross margins by 3% to 30%, with gross profit up 20% to £34.1m. Adjusted EBITDA rose 22% to £18.5m.

Improved cost of goods and a favourable sales mix drove a 3% year-on-year improvement in gross margin to 30%, with gross profit reaching £34.1m, a 20% annual increase. Adjusted EBITDA rose by 22% year-on-year to £18.5m.

The upcoming UK prohibition has seen Supreme strategically de-emphasise its *88Vape* disposable lines in favour of third-party branded vape sales of *ElfBar* and *Lost Mary,* which grew by 15% to £30.3m, contributing to total Branded Distribution sales of £34.4m in the period. To counter the decline in disposable products, Supreme has invested in rechargeable pod systems and commenced manufacturing nicotine pouches under the *88Nic* brand.

Diversification efforts are paying off in other divisions. Sports Nutrition and Wellness grew 7% to £9.5m, supported by listings of *Sci-MX* and *Battle Bites* products with Boots online. The Lighting division saw an 8% sales increase to £8.1m, while Battery sales rose 9% to £17.4m, buoyed by strong UK bargain store demand.

The acquisition of Clearly Drinks has integrated well, adding the *Perfectly Clear* label to Supreme's portfolio and enhancing contract manufacturing, with capacity to produce 350m cans per annum from its natural spring water resources. Early wins in the beverage segment are evident, with Clearly Drinks forecast to contribute £3.5m annually to EBITDA by FY26. Typhoo Tea now strengthens the portfolio adding traditional black and decaffeinated black teas and becomes a cornerstone of the company's broader ambition to take non vape sales to > £120m. Supreme intends to operate on a capital light, outsourced manufacturing model, which the Board believes can generate a gross profit margin of around 30%. *Keep on buy list*.

Watches of Switzerland Group (WOSG) 531p

Sector: Personal Goods

WOSG's shares soared after interims showed a positive inflection in Q2 vs. Q1 and now stand 34% over my main write-up in June. Overall, H1 sales grew 4% ex-fx to £784.8m. Pretax profit and EPS were down 18%/16% to £58.9m/18.1p.

Geographically, the UK saw sales down by 1% in H1 to £429.9m, but what has cheered investors are comments that the region "turned positive" in Q2 for both luxury watch revenue and luxury jewellery revenue (-4% Q1 and +2% Q2). Q3 also went well with Black Friday "surprisingly strong."

The US saw sales up 8% to £355m (adjusted for the volatility in $/£ in recent months), which were accreted to +11% by a first-time consolidation of Roberto Coin of £52m, as well as by one-off increases in showroom stock levels to enhance displays and client experience in Q1 25. Again there was a big Q2 improvement (-1% Q1 to +24% Q2). Roberto Coin's integration is progressing well and "feedback from the network of retail partners is positive post-acquisition, and sell-out data is encouraging."

Q3 is benefiting from weaker comparisons in watch sales and also the Certified Pre-Owned (CPO) program for Rolex. Therefore, WOSG has reiterated its target sales range of £1.67bn - £1.73bn and EBIT margin to expand by between 20bps and 60bps.

Goldman Sachs forecasts eps of 37p for the full year to end March, with 41.7p next. *Tipped at 396p, continue to hold*.

SSP Group (SSPG) 177p

Sector: Travel

SSP popped after full-year results were buoyed by strong air passenger numbers. These results showed sales were up 17% to £3.4bn, with EBIT of £206m. EPS came in at 10p, up 41%. The outturn reflected a strengthening in performance in H2, partly due to notable headwinds dissipating and contributions from new concessions, as well as the £104m spent on M&A. Net debt was £593m with leverage of 1.7x.

Geographically, standouts were the UK with operating profit up by £16m to £73m, North America up £26m to £81m and the Rest of the World up £12m to £76m. The regions benefited from robust like-for-like sales, net gains and M&A. Europe is still lagging, with operating profit down £17m to £18m, as it faced rail sector strikes and disruptions during the Paris Olympics. However, a "five-point plan" aims to drive returns in the region, targeting margin growth from 1.5% in FY24 to 3% in FY25. This plan includes tackling loss-making and low-margin units while optimising new/refurbished units, streamlining the management structure, lowering costs through menu changes, and exiting German motorways. Netting off the exit from Germany, sales are expected to reach £3.7-3.8bn, with operating profit projected at £230-260m and EPS in the range of 11-13p.

Decent trading momentum has continued into the new financial year, with total revenue up 13% in the first eight weeks on a constant currency basis, including LFL sales growth of 5%. LFL growth in the UK was a very encouraging 8%. *Buy.*

Card Factory (CARD) 97p

Sector: Retailers

Card Factory has acquired Minnesota-based Garven Design and Cadence Packaging, which designs and wholesales gifts and celebration essentials. This marks its physical presence in the US gifts and celebration essentials market, which represents the biggest market globally at circa £70 billion in total and will allow Card to introduce its own ranges into the US wholesale market. It is paying US$25m - 5x EV/EBITDA - and with the deal funded from existing cash and debt, it will be eps enhancing. Card also said H2 trading since the start of the Christmas season has been encouraging. *A detailed update is due on 14 January.*

<< Continued from page 5

• Down from £14, some huge share trades and director buying at **Victoria** (VCP; 85p), a carpet and tile manufacturer operating in the UK, Europe, US and Australia, suggests the bottom is in. Demand remains subdued, with the broader flooring market estimated to be 20-25% below 2019 levels. Consequently, H1 25 saw sales fall 9% year-on-year to £570m, with EBITDA dropping sharply to £50m from £92.7m. Net debt stood at £658m, a 6.2x EBITDA ratio, albeit it is covenant lite (but it needs refinancing by end FY26 to avoid share dilution). To adapt, the company expects to chop its fixed cost base by £32m by March and to make disposals. Profitability remains highly sensitive to volume recovery, with a 5% rebound equating to an estimated £25m in additional adjusted EBITDA. The CEO bought 200k shares, a divisional manager bought 3% on 11 December and then went to 5.3%. Forecast loss per share is 2.6p this year to end March with Singer forecasting 16.3p and 23.5p over the next two years.

• **Mission** (TMG; 27p), which listed on AIM in 2006, is a UK-based collective of about 15 marketing and communications agencies employing 1,100 people and serving c600 clients, including blue-chip names in property, technology, healthcare, consumer, corporate and entertainment. It generates 75-80% annual repeat revenues, with c50% from clients of >5 years. Revenue comes from Advertising & Digital (brand consulting, creative, website development), Public Relations (stakeholder messaging), Events (design, planning, delivery) and Media Buying (ad space procurement). A large debt position at a time of rising interest rates pulled the rug from under the share price. It announced a £17m disposal on 2 January that now takes debt down to £7.5m, allowing it to refinance at lower rates and start a £1.5m buyback. Canaccord forecasts EPS of 6.6p, for a PE of 4.1.

UPDATES & IDEAS

• These days, most of us have moved from conventional TV to streaming services for our viewing pleasure, and we might also listen to Spotify or a podcast while in the car. Targeting the connected TV market are **Nexxen** (NEXN; 405p), Trade Desk, Magnite and Pubmatic, offering advertisers the opportunity to place pre-roll and in-roll ads to target specific viewers, maximizing revenue potential for both advertisers and content creators.

When it comes to placing ads before or during a podcast, the companies involved are different. The giants are well known names like Apple and Spotify, but AIM-listed **Audioboom** (BOOM; 403p), established in 2013, has grown to become the fifth-largest podcast publisher in the US, boasting 100 million monthly downloads and more than 38 million unique listeners. Things are clearly humming with Audioboom announcing just before Christmas that it expects FY24 revenue of at least US$73m. EBITDA is forecast to be >US$3.1m, pretax profit >US$2.7m and EPS >14.3 cents. FY25 figures were also upgraded to US$80m, US$4m, US$3.5m and 18.1 cents, respectively. This was the third upgrade to both years' numbers, following upgrades in October and November.

At its core, Audioboom is a multifaceted podcast company focused on three areas: content creation, distribution and monetisation. In terms of the first two, the company distributes content from independent podcast creators but also creates its own proprietary content, which covers a diverse range of shows, from niche productions with loyal followings to high-profile series that attract major advertisers. Audioboom has also made inroads in podcast licensing, striking deals with Spotify and Apple to ensure its shows reach broader audiences while retaining a share of advertising revenue. Audioboom's own portfolio spans genres like true crime, investigative journalism, comedy and sports. Successful shows are *The True Crime Enthusiast* and *The Big Interview with Graham Bensinger*, both of which have cultivated dedicated fan bases. These have resonated with advertisers, with existing clients spending more and others climbing on board. Audioboom's monthly brand advertiser count reached 10,165 in November, up 53% year-on-year. Growth is driven by Showcase, Audioboom's marketplace that allows advertisers to self-serve ads to over 8,000 podcast channels and an expected 1.5 billion ad impressions. While the company also sells ads directly to advertisers, Showcase is a high-margin, scalable segment, delivering 30% gross margins. Showcase's eCPM (effective cost per mille, a metric that indicates revenue per 1,000 ad impressions) has surged, up 38% to US$75.6, highlighting the platform's growing monetisation efficiency and pricing power. Cavendish sets a £13 target price, based on 4x FY25 EV/Sales. *A thin market but the shares look a Buy.*

THE GROWTH PORTFOLIO 3

PERFORMANCE TABLE		Change on One Month	Since Start
Growth Portfolio		+3.50%	+360.71%
FTSE-100	8223.98	-0.76%	+25.6%
FTSE-All Share	4490.88	-0.75%	+27.43%

A pleasing month, with five GP3 constituents surging to new highs. Leading the pack was On the Beach, which delivered record total transaction value (TTV) for the third consecutive year. This was achieved despite significant price deflation in the second half, driven by increased seat supply from low-cost carriers: average booking values rose 6% in H1 but declined by 10% in H2. Advanced ADVT gained momentum after brokers initiated with a 190p target. NEXN was lifted by share buybacks, while Yu (Capital Markets Day on 23 January) and MPAC are due updates. AlphaFX shares are also simmering despite its founder standing down (NB. rival Argentex is to launch a lookalike payment platform so I am fixing a meeting esp as Equals also succumbed to a bid.) Elsewhere, Volex walked away from the TT bid and Inspecs has paid down debt to <1x ebitda and should benefit from reduced China tariffs now its Vietnam plant is complete.

As is traditional, I include my 2025 NAPS shortlist, aiming to harness key investment themes for the year ahead. Commenting on how 2024 played out, I use a WWII analogy - apt given we have the 80th anniversary of the end of WWII on 8 May. One I have averaged down on is Inspired after it raised new money. Gresham becomes its largest holder so I am following the money. I feel inclined to average up on Future and will sell a laggard to facilitate it.

A new name is Anpario. Weirdly the government said the UK's dairy herd will be given Bovaer, a feed additive to stop flatulence/ methane emissions. Anpario had a 5% EPS upgrade in Jan, 15% in March and 6% in December.

Shares		Bought	Date Bought	Buying Price (p)	Total Cost (£)	Present Price (p)	Value Now (£)
1000	*	Alpha Group	27/7/17	470	4745	2270	22700
1000	#*	Future	9/4/18	329.5	3340	944	9440
15000	*	Ultimate Products	31/1/19	59.9	9075	111	16650
25500	*	Luceco	31/1/19	90	22837	129	32895
10000		Volex	9/12/19	133	13345	274.5	27450
10000	•	Mpac	3/2/20	259	25990	563	56300
26069	•∞	Reach	3/2/20	98.8	26019	80	20855
3000		Victoria	13/11/20	450	13545	85	2550
7000		Supreme	5/3/21	189	13275	188	13160
16000	•	On the Beach	5/7/21	199	32065	244	39040
25000		Staffline	7/8/21	65.4	16395	24	6000
32000	•	Boohoo	24/5/22	66	21410	32.5	10400
1500	*	Yu	12/12/22	426	6435	1880	28200
30000		THG	1/3/23	60	18135	41.5	12450
7000		GB Group	3/7/23	228	16005	350	24500
10000		Dr. Martens	14/8/23	152	15321	74	7400
20000		McBride	11/12/23	77	15522	105	21000
25000		Inspecs	5/2/24	59.7	14925	44	11000
10000		Microlise	12/2/24	131	13145	97.5	9750
12000		AdvancedAdvT	8/4/24	132.5	15945	157.5	18900
40000	•	Inspired Energy	8/4/24	51	20490	45.5	18200
1400		XP Power	9/5/24	1152	16254	1270	17780
8000		Nexxen	24/7/24	248	19885	405	32400
						Cash £	1693
						Total £	460713

Transactions take full account of dealing charges and bid offer spreads. Income from dividends is ignored. Current holdings in the portfolio are valued at mid prices and include all buying costs. Starting cap £100,000 (2 Jan '15). * Part profits taken • Averaged down. ^Adj for special divs. # Adj. for rights issue ∞ Adj. for bonus share issue

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