

NAOS

NAOS QUARTERLY INVESTMENT REPORT

Q1 FY27

ASX: NAC | NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

ABN 49 169 448 837

ASX: NCC | NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ABN 58 161 106 510

ASX: NSC | NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED

ABN 47 107 617 381

Certified



Corporation

NAOS Asset Management
Pty Ltd is B Corp Certified

Q1 FY27 SUMMARY

Dear fellow shareholders,

As expected, the first quarter of FY27 proved eventful, centred on the release of many listed companies' full-year results in August. This coincided with increased merger and acquisition activity and several significant company announcements unrelated to full-year results. More broadly, the market worked hard to digest company results amid a volatile macroeconomic backdrop similar to previous periods, now compounded by a sharp rise in global bond yields. From a performance perspective, the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) returned -0.53% for the quarter, compared to the investment portfolios of NAOS Ex-50 Opportunities Company Ltd (NAC), which returned +18.81%, NAOS Small Cap Opportunities Company Ltd (NSC), which returned -5.86%, and NAOS Emerging Opportunities Company Ltd (NCC), which returned -1.58%.

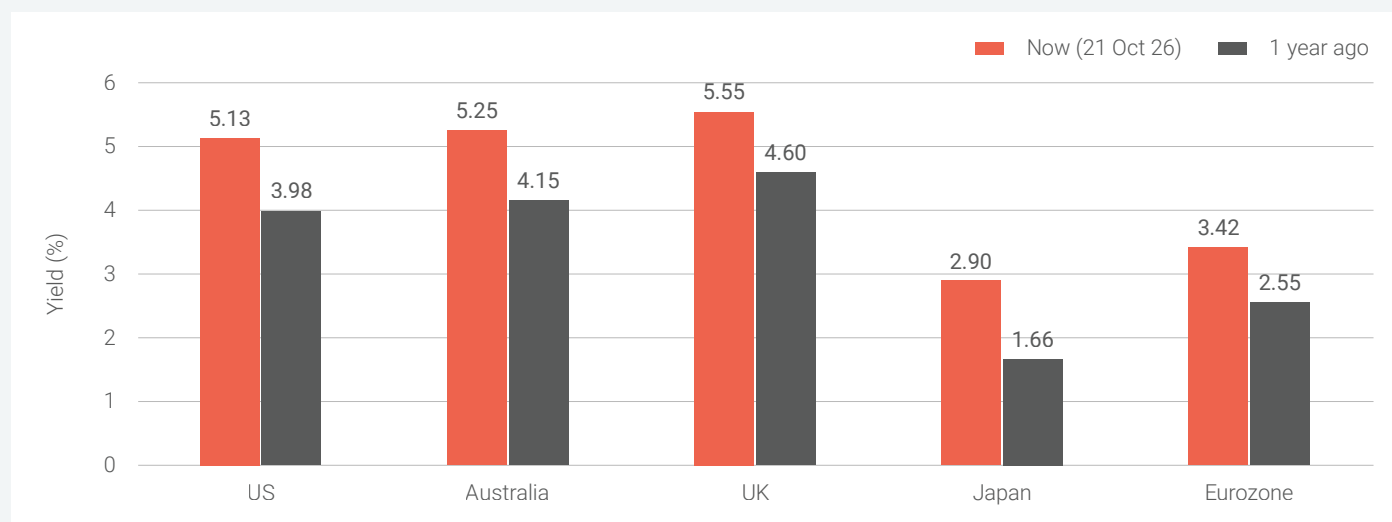
We never profess to be macroeconomic experts, but we would be remiss not to comment in some detail on the recent, substantial move in global interest rates. From an investing standpoint, the effect of higher interest rates is essentially twofold:

1. **Asset allocation.** A higher risk-free rate (government bond yields) means investors require a higher return from riskier asset classes, such as equities, than when the risk-free rate was lower. This has played out most acutely in emerging companies, where valuations have compressed.

In layman's terms, with 10-year US Treasuries yielding more than 5%, it raises the question: what should an investment-grade corporate bond yield, perhaps 6–7% p.a.? If so, what equity risk premium should be added on top? Assuming it is ~5–6%, then the minimum required return for equities becomes ~11–12%. Applying this as a free cash flow yield and inverting it to back-calculate a P/E multiple implies a P/E of ~8–9 times for a low-growth listed emerging company.

2. **Demand.** Higher interest rates soften demand from both consumers and businesses. This softening comes as persistent inflation drives up input costs such as rents and wages, many of which are themselves inflation-linked. This is before we consider an individual company's ability to source credit in an increasingly risk-averse market.

10-Year Government Bond Yields: Now vs 1 Year Ago



Source: S&PCapIQ

In the current environment, some argue that enterprises will incorporate artificial intelligence applications into their operations, driving higher productivity and further profit growth over the medium term. On this view, unlike most previous periods of high inflation, this era is underpinned by higher, sustainable profit growth. Clearly, some businesses share this view: they believe their profits will be high enough to generate adequate returns and are taking on leverage to augment them, even amid higher inflation. One example is the inaugural Australian-dollar bond issue of Alphabet Inc. (NDQ: GOOG), which raised ~A\$5.5 billion across 3, 5, 10 and 20-year tranches, with the 20-year tranche carrying a 6.9% coupon.

The counterpoint is that the current inflationary environment is driven largely by factors outside the control of governments and central banks. These include sustained high oil prices and persistent demand for construction-related skills and products, driven by the growing scale of the global data centre build-out. Higher interest rates will eventually slow inflation, but suppressing demand for oil and other goods in an already challenging environment for many businesses could cause a significant, prolonged economic downturn without addressing the core sources of inflation.

As we stand today, there appears to be no 'circuit breaker' for the gloomy macroeconomic environment we find ourselves in. That said, in periods like this, good news, a 'circuit breaker', often arrives when few expect it. We often hear the saying in financial markets, 'this time it's different', particularly during cycles of extreme volatility, both up and down. Invariably, over time, 'this time' proves no different from other times.

Heading into Q2FY27, the US will hold its mid-term elections, while domestically Victoria will go to the polls. Although both events are part of the usual political cycle, they may provide an impetus for change this time around. We also expect numerous companies to provide trading updates for the first 3–4 months of FY27 (or 2HCY26) at their respective AGMs. In the US, the Q3CY26 reporting season will give investors more granularity and transparency on items such as cost-of-living and cost-of-capital pressures, together with any benefits from the use of artificial intelligence applications.

INVESTMENT PORTFOLIO PERFORMANCE SUMMARY

Investment Portfolio	Q1 FY27 Performance	1 Year Performance	3 Year Performance (p.a.)	5 Year Performance (p.a.)	Inception Performance (p.a.)
NCC Investment Portfolio Performance*	-1.58%	+6.21%	-1.67%	-5.36%	+6.01%
S&P/ASX Small Ordinaries Accumulation Index	-0.53%	-6.74%	+10.41%	+2.18%	+5.68%
NAC Investment Portfolio Performance*	+18.81%	+6.21%	+2.37%	-3.13%	+8.41%
S&P/ASX 300 Industrials Accumulation Index	-0.94%	-6.52%	+10.20%	+5.05%	+7.27%
NSC Investment Portfolio Performance*	-5.86%	-24.39%	-14.63%	-11.96%	-3.83%
S&P/ASX Small Ordinaries Accumulation Index	-0.53%	-6.74%	+10.41%	+2.18%	+5.42%

* Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a.) includes part performance for the month of February 2013 (NCC), November 2014 (NAC) and December 2017 (NSC). Returns compounded for periods greater than 12 months. All figures as at 30 September 2026. NAC Benchmark= S&P/ASX 300 Industrials Accumulation Index, NCC & NSC Benchmark= S&P/ASX Small Ordinaries Accumulation Index.

NAOS CORE INVESTMENTS

		ASX Code	NAOS % Ownership (<5%, 5-20% or >20%)	Market Cap (as at 30 September 2026)
	Big River Industries	ASX: BRI	>20%	\$117 million
Leading manufacturer and distributor of value-added timber and building material products in Australia and New Zealand. BRI has gained scale in recent years through bolt-on acquisitions, now operating across 25 sites. Operates in the commercial sector, with customers using BRI products in real estate developments (detached and multi-residential), commercial construction and civil construction. Over 9,000 active trading accounts, serviced by ~570 staff members.				
	Saunders International	ASX: SND	5-20%	\$107 million
Engineering and construction projects across Australia for over 70 years. Over 580 employees working on Energy, Water, Power, Defence, Resource and Infrastructure projects of critical importance to clients in federal/state governments and the private sector. Clients include Western Sydney Airport, NSW Government (Bridges Program), BP and the Australian Defence Force.				
	MaxiPARTS	ASX: MXI	>20%	\$106 million
Supplier of commercial truck and trailer aftermarket parts to the road transportation industry. Over 30 years in operation, one of the largest operators in Australia with a unified support and distribution network providing over 162,000 different parts across 30 sites nationwide.				
	MOVE Logistics	ASX/NZX: MOV	5-20%	NZ\$21 million
One of the largest freight and logistics providers in New Zealand, with origins dating back to 1869. Team of 750-plus experts providing end-to-end supply chain services to more than 3,500 customers across 40 branches spanning the two main islands of New Zealand.				
	Urbanise.com	ASX: UBN	>20%	\$51 million
Australia-headquartered cloud-based software business providing solutions for the strata management and facilities management industries across Asia-Pacific and the Middle East. The Urbanise Strata Platform is a market-leading accounting and administration software system used by strata managers across ~617,000 individual strata lots. The Urbanise Facilities Management Platform aids the maintenance of property assets and supervision of contractors across sectors including aged care, retail, commercial and essential infrastructure.				
	BTC Health	ASX: BTC	>20%	\$20 million
Distributor of medical devices and medical consumables to hospitals across Australia and New Zealand, specialising in acute pain management, neuro spinal surgery and pharmaceutical medicines in niche markets. Recently launched a division focused on cardiovascular equipment and consumables.				

		ASX Code	NAOS % Ownership (<5%, 5-20% or >20%)	Market Cap (as at 30 September 2026)
	XRF Scientific	ASX: XRF	<5%	\$259 million
Perth-based manufacturer of equipment and chemicals used to prepare samples for analytical testing and quality control. Facilities in Australia, Europe and Canada, plus global distributors; products are distributed globally and used by miners, construction companies and commercial analytical laboratories.				
	Pharmx	ASX: PHX	<5%	\$62 million
ANZ's leading independent pharmacy platform, powering ~\$20 billion in annual transactions through its supply-chain Gateway, launched in 2006. Its technology connects pharmacies, suppliers, brands, government and partners, including the NDSS, driving innovation and efficiency, with recent expansion into New Zealand.				
	Schoolblazer	ASX: SBZ	5-20%	\$73 million
ASX-listed group whose 100% owned operating business, Schoolblazer Group, is a global, technology-focused schoolwear and sportswear platform with segment leadership in the United Kingdom, Australia and New Zealand. The group brings together Schoolblazer UK, Trutex and Mountcastle, supplying schools across wholesale, retail and online channels under a growing contracted school base.				
	Comms Group	ASX: CCG	5-20%	\$44 million
Business-focused telecommunications and cloud services provider, delivering cloud communications, unified communications (UCaaS and CPaaS) and domestic telecoms services. Operates two divisions: Business Communications & Technology, serving Australian businesses including through TasmaNet; and Global Unified Communications, supporting multinational enterprises across multiple countries, with a growing presence in Asia-Pacific. Customers range from Australian Government departments to SMEs.				
	SomnoMed	ASX: SOM	5-20%	\$65 million
Global leader in oral appliances for the treatment of sleep apnoea, operating in 28 countries. Since 2004 has delivered over one million devices, repositioning the jaw to keep airways open during sleep as a comfortable alternative to CPAP machines, improving sleep quality for patients and their families worldwide.				
	Firmus	Unlisted	Undisclosed	Undisclosed
Builds world-class, highly efficient AI factories, utilising proprietary technology to drive down total cost of ownership and accelerate AI adoption. Offices in Australia and Singapore; partners with government, enterprise, education and innovators on sustainable, sovereign AI solutions.				



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NOTABLE INVESTEE
COMPANY UPDATES

MAXIPARTS LTD (ASX: MXI)

Takeover Proposal, Acquisition of Air Brake Systems & Trading Update

It was a whirlwind Q1FY27 for MXI. In early September, the company announced it had received an indicative, non-binding, all-cash takeover proposal of \$2.50 per share from Ares Management Asia, part of the renowned global private equity firm Ares Management (Ares). Our understanding is that MXI and Ares have been in discussions for some time, and notably, Ares already owns a similar asset to MXI within its portfolio, albeit one operating in the US. Following the announcement, Ares was granted an exclusive due diligence period, and any transaction would be implemented through a binding scheme of arrangement.

A few weeks later, Ares notified MXI that it had withdrawn its indicative, non-binding proposal without giving the market a specific reason. From a purely corporate-activity perspective, we were not surprised to see a proposal like this being put to MXI. Given that the MXI share price over the last 12-18 months had moved in the opposite direction to the underlying earnings of the business, something had to give (see chart below).

MaxiPARTS Ltd (ASX: MXI) - Share Price Vs NPATA* (per half)



Source: S&PCapIQ

*NPATA = Net profit after tax adjusted for amortised cost of acquired intangibles

We won't speculate on why Ares withdrew its offer after months of discussions with MXI. But in our view, we do not believe it relates to anything uncovered during the exclusivity period of due diligence. Given MXI's capital-light distribution model and net cash balance sheet, we would expect the due diligence process to be relatively simple and to focus on product SKUs, customers, and property leases.

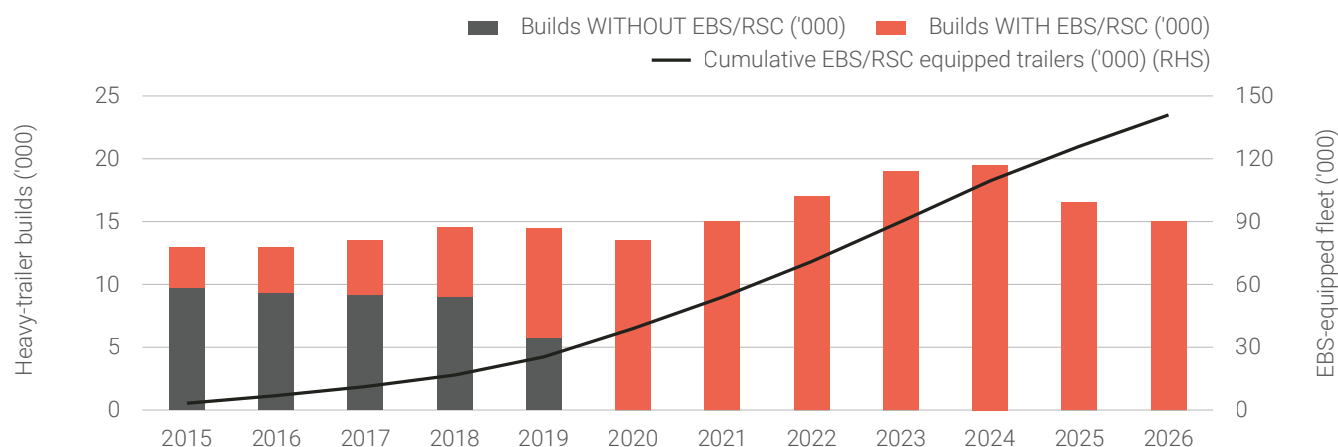
Like many distribution businesses, MXI's revenue is not 'take or pay' in nature. Customers are not bound by minimum revenue contracts and are free to move to an alternative provider if they wish. Customers keep coming back because of the quality and price of the product offering, plus the customer service layered on top. Generally speaking, if distribution businesses did not add value for both their end customers and the manufacturers whose inventory they hold, they would not exist.

If anything, we believe that the size of the MXI business and its efficient operations may have worked against it in this instance. In theory, well-run distribution businesses should deliver incremental organic revenue and margin growth. In MXI's case, outside of acquisitions, there are no levers that could drastically increase earnings (e.g. by 40%+) within 1-2 years; it is more about consistent, incremental improvement that flows through to profit and free cash flow. When this type of performance becomes a consistent track record, the market often rewards such companies with a premium multiple. Going forward, we view MXI as a highly efficient, well-run business with the opportunity to acquire small, strategically complementary bolt-on businesses and steadily grow its store footprint organically as and when management sees fit.

Also in early September, alongside the Ares announcement, MXI announced the acquisition of Air Brake Systems (ABS) for ~\$11.2 million. ABS has been operating since 1991 and generated revenue of ~\$20 million in its most recent financial year. It specialises in selling braking kits, mainly to original equipment (OE) trailer manufacturers, and is one of the largest operators of its kind in Australia. ABS holds distribution relationships with some of the world's leading air brake system manufacturers, including WABCO (acquired by ZF Friedrichshafen AG for ~US\$7 billion in cash in 2020). ABS also sells a range of complementary aftermarket and telematics products. We estimate that, on a full-year run-rate basis and after synergies, ABS could contribute >\$4 million of EBITDA.

In Australia, a 2019 regulatory change now requires every heavy trailer build to include an electronic braking system (EBS) and roll stability control (RSC) as standard. This critical componentry improves heavy vehicle safety, efficiency and performance, and WABCO is the global leader in this space. As pre-2019 trailers are retired and replaced, a growing share of the fleet becomes addressable, along with demand for the associated replacement parts. In theory, this should provide a strong tailwind for Air Brake Systems in the years ahead (excluding any further synergies from now being owned by MXI).

Australian Trailer Market



Source: Australian Road Transport Suppliers Association, NAOS

Finally, alongside its announcement that Ares had withdrawn its indicative, non-binding proposal, MXI provided a qualitative trading update, reporting *“positive trading conditions through the first few months of FY27”* and stating that it *“continues to anticipate further growth and financial improvements in FY27”*. Given the current macro backdrop, we view this as a very positive update.

We believe MXI is trading on a P/E of <8x FY27 earnings. With FY27 including only a part-year contribution from the ABS acquisition, a full-year contribution in FY28, together with lower below-the-line costs from the net cash balance sheet (i.e. lower net interest costs), sees this P/E fall to just ~6x. We appreciate MXI is not what many would deem a very high-growth business, but given where we are in the economic cycle, MXI will benefit from increased business activity, and incremental revenue growth should expand margins. Therefore, with the average industrial business (excluding banks & REITs) trading at a P/E of >18x, we continue to believe MXI has the potential to trade above \$3.50 in the short term. If not, we would expect the Board to be much more aggressive on capital management, given the pristine balance sheet.

FIRMUS GRID LTD (UNLISTED)

Melbourne Operational, New Meta & OpenAI Contracts, IPO Cancelled

In normal circumstances, MXI's Q1FY27 quarter would be hard to trump, but Firmus Grid Ltd (Firmus) has never been regarded as a status quo business, and frankly, it's never been treated as one. As per our previous commentary on Firmus, we aim to keep it factual and objective and avoid subjective claims and hearsay. We will also cover the cancelled IPO process in this report, even though it technically fell within Q2FY27.

We will not comment on the media frenzy surrounding the company, as it adds no value for our investors; however, as with many things in hindsight, in our opinion, the IPO process could have been handled better. We won't sugarcoat it: from our perspective, this is a disappointing short-term outcome. At the very least, as it now appears, Firmus will remain a private company for longer, and as is likely to be the case for any private vs. public equivalent companies, its cost of capital is likely to be higher than it would be if it had listed.

Putting aside the IPO process, the company's most recent capital raising, in July 2026, implied a post-money valuation of ~A\$15.5 billion. Since then, Firmus has announced a major deal with OpenAI, which will become an anchor tenant in two Firmus AI factories in Malaysia, expected to be operational by the end of CY28. The company has also announced a further deal with Meta Platforms Inc. (NDQ: META) at their Batam, Indonesia project with the potential for more Asian projects with Meta (beyond its existing Australian relationship). Firmus now has over 900MW of contracted capacity, a material increase even from July 2026.

The company stated that *'Firmus will now pursue capital from the private markets and consider alternative public and private market options.'* Based on company statements, we expect Firmus to lean heavily on its existing strategic backers to fund its capital-intensive growth over the short to medium term. In our opinion, another push towards an ASX listing within this timeframe seems extremely unlikely. As part of the IPO process, the company had publicly said it may explore a future NASDAQ listing, which we now see as the more likely path.

We have a high degree of confidence that the demand tailwind underpinning Firmus remains incredibly strong, and it is unlikely to change regardless of current market volatility. In recent days, Broadcom Inc. (NDQ: AVGO) has said it expects the imbalance between demand and supply to persist through 2029–2030, while ASML Holding NV (NDQ: ASML) has painted a similar picture.

Access to capital (and its cost) now appears to be one of the main limiting factors for the AI infrastructure build-out, at least over the short to medium term. Capital will always pay a premium for quality and in the case of Firmus, the extent of what that quality is will become far more evident as further development milestones are achieved. While only a fraction of the development pipeline has been delivered so far, its Melbourne project is fully operational and has been handed over to its site-wide customer. What is required now is for these projects to be developed and generate meaningful earnings, which is very much a CY27–CY28 story.

"If you look at the number of GWs [gigawatts] in Asia outside of China, it is very, very small. So, I think we are a long way from meeting the underlying demand for compute that exists. So, I don't see any kind of imbalance, and if anything, the markets are providing even more discipline... Investors are cautious, and so to me that's a healthy sign. It stops things from getting out of hand, but in the long term I think this demand for compute will continue."

Jonathan Gray, President and Chief Operating Officer, Blackstone Inc. (NYSE: BX)

As publicly disclosed, Meta is a key customer of Firmus and will be instrumental in Firmus' future trajectory. On its October 2026 earnings call, Meta said its personal AI agent, Muse, has shown remarkable early success, but compute access limits its ability to serve more than 1 billion people globally.

"Muse's compute intensity means that expanding its user base will require significant investment, and we expect total serving costs to rise. At the same time, we expect to improve compute cost efficiency by more than 10x over the next year, driven by better utilisation of off-peak capacity, more efficient models and inference optimisation. As revenue scales, these efficiency gains give us confidence in our ability to build a highly profitable business over time."

Mark Zuckerberg, CEO, Meta Platforms Inc. (NDQ: META)

The direction of travel may be 'cloudier' for Firmus in the short term, but as with any company, and especially in this instance, it will all come down to execution. Several important catalysts over the next 12 months need to be delivered successfully. We will continue to update investors on the progress of Firmus over that period of time.

SCHOOLBLAZER LTD (ASX: SBZ)

Trading Update

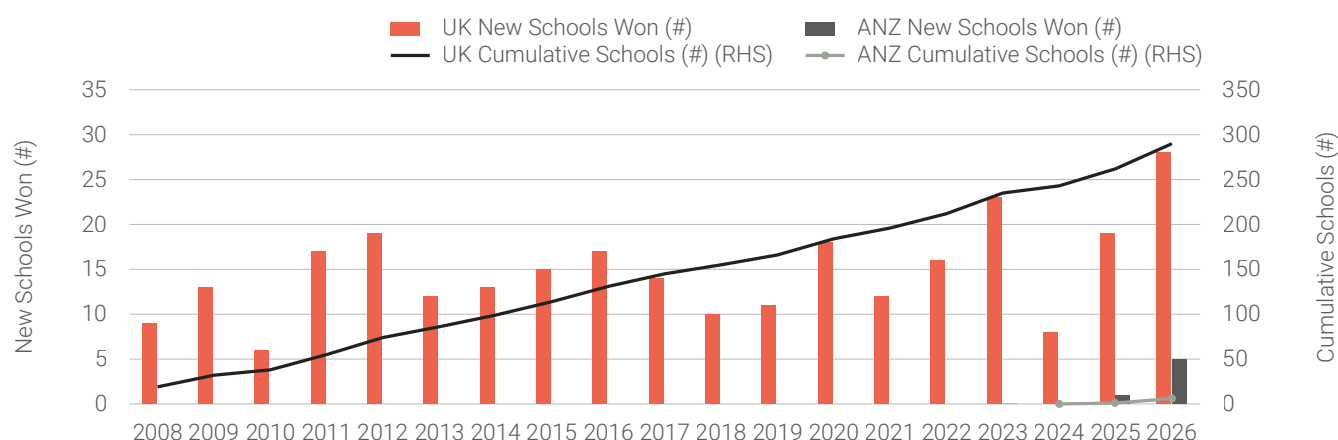
In late September, Schoolblazer Ltd (ASX: SBZ) released an FY26 trading update (the company has a September year-end) stating that both revenue and earnings would fall short of prior company-issued guidance. Most of the earnings miss was due to a revenue slowdown in its UK-based wholesale school uniform business (the recently acquired Trutex business). For background, the UK market has changed significantly, driven largely by the UK Government's decision to apply VAT (value-added tax) to private school tuition fees and boarding charges. In addition, new regulations limit the number of branded uniform items that state schools in England can offer (e.g. rugby and soccer shorts may now need to be the same), to reduce costs for parents.

SBZ is a highly seasonal business, generating >90% of its earnings in the second half of the financial year, with the fourth quarter (the back-to-school peak) doing the lion's share of the lifting. As a result, management has limited ability to implement strategic initiatives to offset any revenue slowdown ahead of the peak period, so the FY26 revenue shortfall has had a sizeable impact on profit. FY26 underlying EBITDA is expected to be ~A\$12 million.

Looking into FY27, the company has guided to flat revenue but a recovery in underlying EBITDA to \$18–20 million, driven by gross margin improvement and cost of doing business (CODB) savings. Over the longer term, it expects underlying EBITDA to exceed \$25 million as it becomes a more efficient organisation (with the integration of three acquisitions delivering cost and procurement benefits) and continues to win new private schools, particularly in Australia.

SBZ continues to gain traction in Australia and New Zealand. North Sydney-based Wenona School has adopted SBZ's sports-related products, and leading New Zealand independent school King's College Auckland has also partnered with SBZ. Together with Kambala School, secured for the 2026 back-to-school period, these wins suggest the Australian operations are following a very similar early trajectory to SBZ's experience in the UK independent school market. In the UK, the company has compounded revenue organically at very strong rates over many years, thanks to a very high tender success rate and very low churn. We see no reason the Australian operations cannot do the same.

Schoolblazer New Schools Won p.a. – UK & ANZ



Source: Company, NAOS

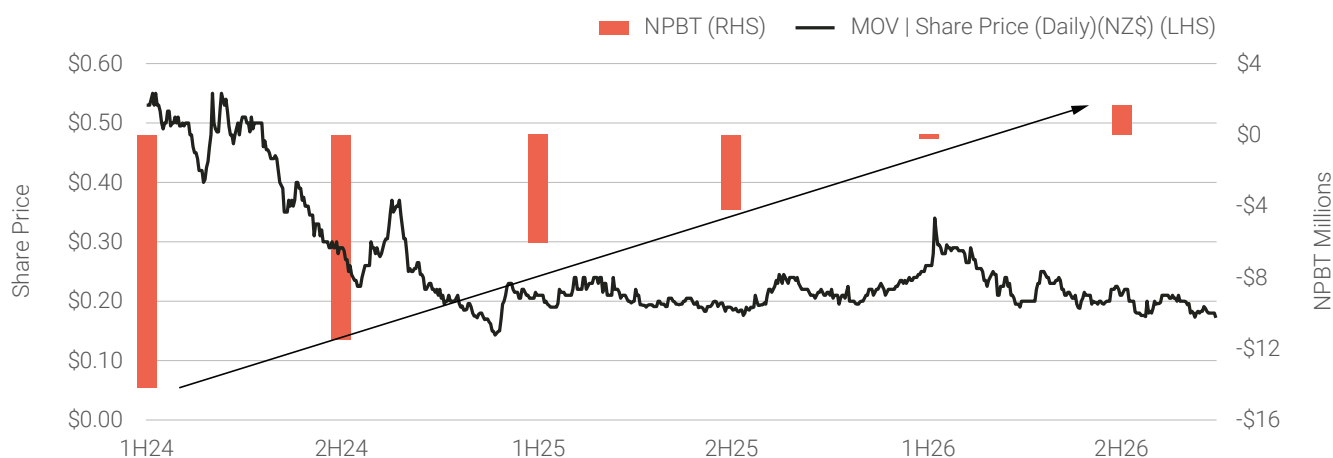
From our perspective, top-line growth is a big part of the investment thesis, but the SBZ management team has several other levers to significantly increase group earnings over the next 2-3 years. First, given the scale of the business, we expect gross margins to improve over time, which, on a ~\$170 million business, provides significant earnings leverage. Second, we expect a number of CODB synergies to be realised; with a CODB base of ~\$70 million, even small improvements can be very material for earnings. Finally, the interest expense line is currently elevated, given the geared balance sheet following recent acquisitions and earnouts. As SBZ improves profitability and generates cash to repay debt, we expect net interest expense to decline significantly, driven by lower debt, fewer one-off financing costs and lower interest rates as its credit quality improves. In time, SBZ may also be able to sell its investment in Disruptive Packaging - an asset that currently provides no cash or P&L benefit - and use the proceeds to repay a meaningful amount of debt.

Despite the opportunities outlined above, in the current emerging-companies landscape, investors are likely to wait for genuine evidence of financial improvement before seriously considering SBZ as a long-term investment. Until then, FY27 will be all about execution for the management team. If it goes well, we expect modest top-line growth and a very encouraging (and sustainable) level of margin improvement.

MOVE LOGISTICS GROUP LTD (ASX/NZX: MOV)

FY26 Results

After several years of losses, MOVE Logistics Group Ltd (ASX/NZX: MOV) generated an underlying profit in FY26. In our minds, this closes the 'turnaround' chapter the company has been in for the past ~2 years. With MOV, it's always worth starting with context: a market capitalisation of ~NZ\$21 million. In FY26, the business generated ~NZ\$290 million in revenue, and full-year normalised profit before tax (PBT) of ~NZ\$1.5 million. In 2HFY26 alone, MOV produced normalised PBT of ~\$2 million, even though 1HFY26 was still loss-making. If management simply maintains the 2HFY26 run-rate, delivering normalised PBT of NZ\$4 million, MOV's P/E is just ~7 times. As the chart below shows, MOV's management team has continued to improve financial performance, yet the share price has moved in the opposite direction.

MOVE Logistics Group Ltd (ASX/NZX: MOV) - Share Price vs NPBT* (per half)

Source: S&PCapIQ

*NPBT = Net profit before tax (normalised)

Given the well-known issues affecting the New Zealand economy, we view this as a highly credible result against a rather dour macroeconomic backdrop. The divisional breakdown also shows that just one division is holding MOV back from generating average PBT margins of ~5%. The Warehousing division continues to weigh on the group, posting a normalised PBT loss of NZ\$5.1 million. Put simply, some warehouse sites lack enough customers (i.e. they have spare capacity) and enough activity to cover their operating costs including lease payments.

Warehousing is an inherently economically sensitive business. When businesses lack confidence in the forward outlook, they often hold less inventory and, in some circumstances, operate on a just-in-time basis, reducing the need for warehousing providers. Contrast this with the COVID period, when supply chain disruptions drove companies to hold higher inventory levels, increasing demand for warehousing. MOV's Rolleston warehouse near Christchurch (pictured here) is typical of these large-scale operations. With a largely fixed cost base, they need significant customer commitments before generating meaningful returns.

While the recovery has been slow to date, as the New Zealand economy improves, we expect businesses to be more inclined to carry inventory to avoid stock-outs. On top of this, businesses' ability to move freight between the North and South Islands is becoming less predictable because of issues with the Inter-island ferries, including an ageing fleet (~30 years old) and no immediate replacement. We would therefore expect businesses to hold an incremental amount of inventory on the South Island, not just in/around Auckland, in order to withstand prolonged issues with this crucial national transport link.



Source: Company

Looking ahead, MOV provided no quantitative guidance at its FY26 result but said it expects continued margin expansion, which, together with the factors outlined above, should lift positive normalised earnings. As noted earlier, annualising the ~NZ\$2 million of normalised PBT produced in 2HFY26 gives a base of ~NZ\$4 million for FY27. This excludes any further margin or revenue improvement, as well as any benefit from the new Bank of New Zealand (BNZ) financing facility starting in November 2026. Because part of the current facility is with a non-bank lender, it carries a materially higher interest rate than MOV will pay BNZ, and these interest savings should flow through to the bottom line during 2HFY27.

WINGARA AG LTD (ASX: WNR)

New CEO Appointment & Operational Reset

Longstanding shareholders will recall that Wingara Ag Ltd (ASX: WNR) has been an NCC investment for many years. The position has shrunk over recent years, culminating in WNR's shares being suspended from trading on the ASX in May 2025; we currently ascribe no value to our equity investment. Since then, WNR has been in discussions with numerous parties that could use the WNR entity as a platform to help their businesses grow over the medium to long term.

Given WNR's agricultural heritage, the ideal partner would bring significant agricultural experience and, preferably, operations of its own. To this end, Chris Hood was appointed CEO of WNR effective 17 July 2026. As part of his appointment, WNR will now operate a foundation asset, the Morven Fodder & Cattle Hub, of which Mr Hood is the lessee. See below for images.



Source: Company



It is still very early days in the next phase of WNR's journey, but we believe the new CEO's strategy is clear. In the company's own words, it is '*to build a value-added agricultural logistics platform through disciplined capital allocation*'. WNR will aim to create practical connections around real freight demand across rail, road and intermodal services. Road and rail each have their pros and cons, but the link between them, particularly in rural Queensland, has significant room for improvement.

The new CEO has strong credentials in both agriculture and logistics, and a track record in listed markets as founder of Viking Industries Ltd, a largely Queensland-based marine and port business. Viking listed at \$0.20 per share in March 2002 and was acquired in 2008 for ~\$1.09 per share.

There is still plenty of water to go under the bridge at WNR, but for the first time in a long time, the company has a clear strategy and a leader with a proven execution record, strong industry knowledge and an equity stake that aligns him with shareholders. We will continue to follow WNR's progress closely and look forward to seeing the strategy build out, as well as a potential relisting on the ASX.

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OUTLOOK

OUTLOOK

As in Q4FY26, the evolving macroeconomic backdrop again dominated Q1FY27. The key difference between the two quarters has been the continued rise in global interest rates, driven largely by sticky inflation. Until there are signs of easing, investor demand for emerging companies will likely remain tepid, and valuations will likely stay low relative to historical averages.

Rewind a few months, and Q1FY27 was shaping up to be an excellent quarter for each of the NAOS Listed Investment Companies (LICs) from a performance perspective, but it was not to be. Regardless, we must focus on the fundamentals of the underlying investee companies and ensure they progress as planned, which we believe will lead to a valuation re-rating at some stage. When this happens exactly is unknown.

Coming out of the FY26 reporting season, our conviction in the value of our investment portfolio has only strengthened, driven in large part by the excellent earnings growth we saw from some of our largest investments such as MaxiPARTS Ltd (ASX: MXI), SomnoMed Ltd (ASX: SOM) and Comms Group Ltd (ASX: CCG).

Several other investments also made significant progress, with a closer examination revealing considerably stronger underlying performance despite one-off factors weighing on their reported profits.

As a result, investments such as MOVE Logistics Group Ltd (ASX/NZX: MOV), XRF Scientific Ltd (ASX: XRF), Saunders International Ltd (ASX: SND) and Big River Industries Ltd (ASX: BRI) are shaping up for significant year-on-year profit improvement in FY27.

It is also worth commenting on the outlook for Firmus. From our perspective, industry demand fundamentals remain strong, and some factors behind the cancelled IPO may also support its outlook. For example, community opposition to new greenfield data centres constrains supply, which makes existing and contracted capacity more valuable. How and at what price Firmus funds its development pipeline and strategy will be crucial to its success. However, if execution is sound over the coming ~6 months and its listed peers (and partners) report well for the Q3CY26 US reporting season, we believe the path forward will become clearer.

In Q1FY27, Directors continued to increase their holdings in all the NAOS LICs. Our conviction remains strong and is grounded in a clear understanding of the underlying value of our investments. We continue to actively pursue a range of strategies aimed at unlocking this value for all shareholders within a reasonable timeframe. In NCC, I acquired a further ~300,000 shares over the quarter. In NSC, NAOS, the Investment Manager, has committed to purchase NSC shares on-market to a value equivalent to 100% of its estimated annual management fees for the 12 months commencing 1 October 2026.

In the current volatile market, an increasingly short-term-focused investor base will pay close attention to the trading updates companies provide at their AGMs. We expect many, if not all, of our investee companies to provide some form of update and, for those with more complex FY26 results, these updates could give the market the information it needs to value these businesses fairly.

There is no doubt that investor sentiment towards the emerging companies end of the ASX remains challenged but, as we all know, sentiment can change quickly, and the subsequent valuation re-rating can be short and sharp. If anything, recent corporate activity in this end of the market, with MXI being one example, highlights the underlying value of these businesses. If that value is not recognised by equity markets, it is often recognised by private equity and/or strategic buyers.

The NAOS team would like to thank all our shareholders for their continued support and for investing their capital alongside ours.

I look forward to speaking with those of you attending our annual national roadshow over the coming weeks and, as always, please don't hesitate to contact me directly with any questions or suggestions.

Warm regards,



Sebastian Evans

Managing Director and Chief Investment Officer
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