NAOS

NAOS QUARTERLY INVESTMENT REPORT

Q1 FY26

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 B Corporation

NAOS Asset Management Limited is B Corp Certified

Q1 FY26 SUMMARY

Dear fellow shareholders,

Q1 FY26 built seamlessly on the strong momentum with which the three NAOS LICs entered the financial year. NCC, NAC, and NSC delivered investment portfolio returns of +10.01%, +5.98%, and +12.23%, respectively.

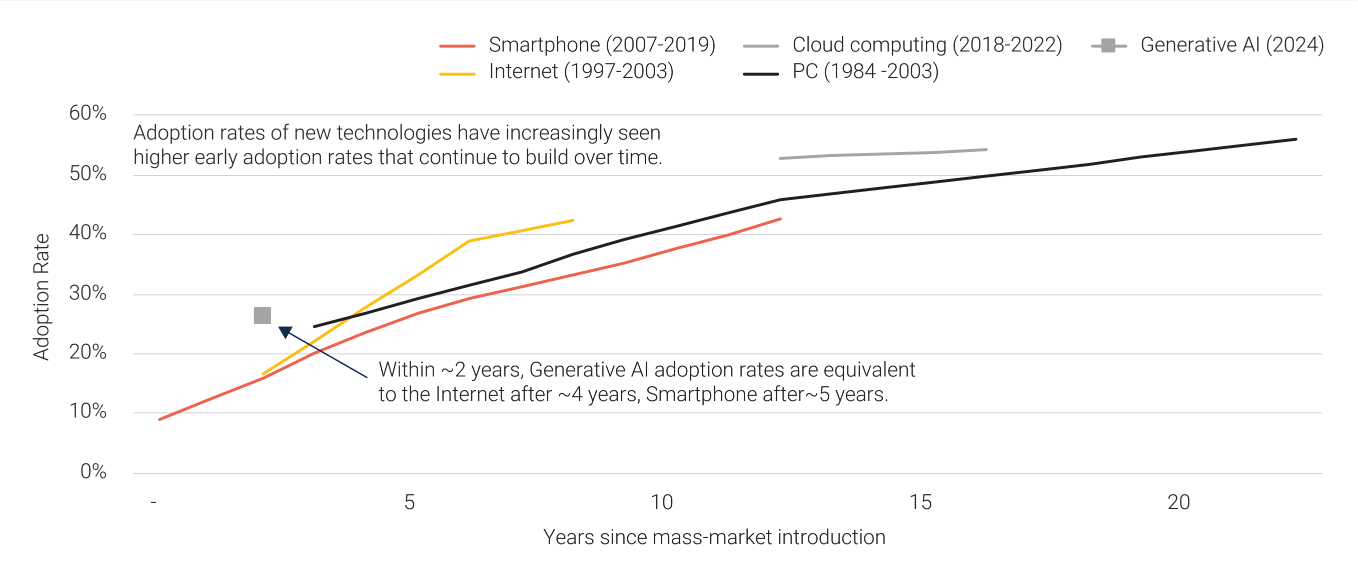
This continued improvement in performance, in our view, stems from the slowly improving financial results of our investee companies. These improvements are the result of strategies that, in some cases, have been in motion for 3-4 years, with initial outcomes just starting to be realised. The second driver of this enhanced performance is the return of investor demand for emerging companies (outside of resources and early-stage technology companies).

As we have said for many years, we do not profess to be experts in picking market peaks and troughs. We have no competitive advantage making such statements with any conviction. However, given the significant amount of commentary on this topic, we believe it is worthwhile to make a few short remarks.

Significant attention surrounds the potential “bubble” in the artificial intelligence sector and its impact on stock market valuations, particularly for US indexes like the Nasdaq and S&P 500. Additionally, growing scrutiny of underperforming private credit loans, especially in the US, raises concerns about broader economic ripple effects. For additional perspective, we offer some thoughts on these matters:

- **Bubble Warnings Everywhere** – If we are indeed at the precipice of a significant market correction, it may well go down as the market correction that has the greatest number of successful pundits who predicted it beforehand. With so many ‘experts’ calling for a market correction, this does not mean such an event will or will not occur, but it does seem conceivable that many stakeholders are aware of the risks and therefore making the necessary adjustments to reduce the risk of a significant fallout.
- **AI Spend vs. GDP: Untapped Gains** – There is no doubt the cumulative dollars being allocated to artificial intelligence (AI) associated programs is something the global economy has not seen for some time. But relative to the total GDP of the US as an example it remains at <2%. Offsetting this is the question of what concrete benefits AI spending will deliver to businesses and consumers. Though difficult to measure now, the potential impact could be transformative, as illustrated in the chart below:

Adoption of Generative AI & Previous Technologies



Source – Wharton Business School

- **Business Feedback** – We regularly engage with hundreds of businesses throughout the year. Recent feedback from cyclically exposed companies suggests trading conditions remain consistent with late 2H FY24, though with a slightly brighter outlook. Notably, businesses report more positive progress on margin management as inflationary pressures ease and operations stabilise.
- **Private Credit Distressed Loans** – We've long noted the allure of 9-12% p.a. returns for first-ranking secured lenders in private credit. But surging demand may now exceed supply, risking lower-quality loans or tighter rates. While isolated underperforming loans have emerged in the US and domestically, broader fallout has been contained. The greater risk is declining investor confidence, potentially leading to significant redemptions and gated (closed) funds due to the asset's illiquidity. Confidence drives investing, and its loss could create headwinds.

US Corporate High Yield vs US AAA Rated

Source - Koyfin

While the future remains uncertain, we remain optimistic about the medium-term outlook for our investments, though returns will vary. In most cases, this is supported by cash flow generation, revenue growth, balance sheet strength and the appetite to grow over the long term organically and with sensible acquisitions.

In this report, we outline key events that shaped Q1 FY26 for our investee companies.

INVESTMENT PORTFOLIO PERFORMANCE SUMMARY

Investment Portfolio	Q1 FY26 Performance	1 Year Performance	3 Year Performance (p.a.)	5 Year Performance (p.a.)	Inception Performance (p.a.)
NCC Investment Portfolio Performance*	+10.01%	+8.95%	-5.31%	-0.56%	+6.00%
S&P/ASX Small Ordinaries Accumulation Index	+15.31%	+21.50%	+15.53%	+9.27%	+6.73%
NAC Investment Portfolio Performance*	+5.98%	+45.91%	+4.36%	+2.26%	+8.61%
S&P/ASX 300 Industrials Accumulation Index	+1.21%	+11.33%	+16.66%	+12.86%	+8.63%
NSC Investment Portfolio Performance*	+12.23%	-4.04%	-7.34%	+0.82%	-0.84%
S&P/ASX Small Ordinaries Accumulation Index	+15.31%	+21.50%	+15.53%	+9.27%	+7.08%

*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 2025. 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 2025)
Big River Industries	ASX: BRI	>20%	$124 million

Big River Industries Limited (BRI) is a 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 the acquisition of bolt-on businesses to diversify its product offering and expand its geographical network, which now sits at 26 sites. BRI operates in the commercial sector, with customers using BRI products in real estate developments (detached and multi-residential), commercial construction projects and civil construction, among others. BRI has over 9,000 active trading accounts, serviced by ~640 staff members. BRI achieved $415 million in revenue in FY24.

COG Financial Services	ASX: COG	5-20%	$460 million

COG Financial Services (COG) is Australia's leading aggregator of finance brokers and equipment leasing services to small and medium-sized enterprises (SMEs). COG's operations are spread across three complementary business divisions: Finance Broking & Aggregation (FB&A), Lending & Funds Management, and Novated Leasing, all of which service the financial needs of SMEs nationwide. As at the end of FY24, COG had a ~21% market share of the Australian Asset Finance Broking market, with the COG network financing $8.9bn in assets for SMEs in FY24. COG has been highly acquisitive in recent years, acquiring finance brokers, insurance brokers, as well as funds management and novated leasing businesses.

Saunders International	ASX: SND	5-20%	$105 million

Saunders International Limited (SND) has expertise in engineering and construction projects, having worked across Australia for over 70 years. Today, SND has over 500 employees, who work on projects in the Energy, Water, Power, Defence, Resource and Infrastructure sectors. The projects SND executes are of critical importance to its clients in federal/state governments and the private sector. Clients of SND include Western Sydney Airport, NSW Government (Bridges Program), BP and the Australian Defence Force.

MaxiPARTS	ASX: MXI	>20%	$132 million

MaxiPARTS (MXI) is a supplier of commercial truck and trailer aftermarket parts to the road transportation industry. In operation for over 30 years, MXI is one of the largest operators in Australia, with a unified support and distribution network providing over 162,000 different parts across 29 sites nationwide.

MOVE Logistics	ASX/NZX: MOV	5-20%	$27 million (NZX)

MOVE Logistics (MOV) is one of the largest freight and logistics providers in New Zealand with its origins dating back to 1869. With a team of over 1,100 experts, the business provides end to end supply chain services and has the capability to serve more than 3,500 customers across its large network, which includes 40 branches spread across the two main islands of New Zealand.

		ASX Code	NAOS % Ownership (<5%, 5-20% or >20%)	Market Cap (as at 30 September 2025)
urbanise	**Urbanise.com**	ASX: UBN	>20%	$58 million

Urbanise.com (UBN) is an Australia-headquartered cloud-based software business, providing solutions for both the strata management industry as well as the facilities management industry in the Asia–Pacific and Middle East regions. The Urbanise Strata Platform is a market-leading accounting and administration software system used by strata managers across ~650,000 individual strata lots. The Urbanise Facilities Management Platform is used to aid the maintenance of property assets and supervision of contractors across various sectors including aged care, retail, commercial and essential infrastructure.

BTC health.	**BTC Health**	ASX: BTC	>20%	$19 million

BTC health (BTC) is a distributor of medical devices and medical consumables to hospitals across Australia and New Zealand. It specialises in the areas of acute pain management, neuro spinal surgery as well as pharmaceutical medicines in niche markets. It also recently launched a new division which focuses on highly specialised cardiovascular equipment and consumables used by cardiac surgeons and critical care experts.

XRF scientific	**XRF Scientific**	ASX: XRF	<5%	$332 million

XRF Scientific Limited (XRF), based in Perth, Australia, manufactures equipment and chemicals which is used in the preparation of samples for analytical testing and quality control. With facilities in Australia, Europe, and Canada, plus global distributors, their products are distributed globally and used by miners, construction companies and commercial analytical laboratories.

pharmx	**Pharmx**	ASX: PHX	<5%	$81 million

Pharmx (PHX) is 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 like the NDSS, driving innovation and efficiency. Focused on seamless multi-channel ordering, Pharmx enhances healthcare outcomes and supports a vital industry fuelled by growth, demographics, and regulatory change, with recent expansion into New Zealand.

bravura solutions	**Bravura Solutions**	ASX: BVS	<5%	$1,134 million

Bravura Solutions (BVS), headquartered in Australia, is a leading technology provider to the global funds and wealth management industries. Its solutions automate processes, connect to financial networks, and innovate for efficiency, enabling in-house control over operations. Managing in excess of A$10 trillion in client assets on its systems and processing tens of millions of straight-through transactions each month, with a team of approximately 1,000 people, offices worldwide, and a clean balance sheet with A$58.7 million in cash and zero debt, Bravura continues to deliver scalable technology and strong financial performance in FY25.

HANCOCK & GORE	**Hancock & Gore**	ASX: HNG	<5%	$133 million

Hancock & Gore (HNG) is a listed investment company. Its wholly owned operating business Global Uniform Solutions (GUS) represents ~80% of the group’s gross asset value. GUS is a leading supplier & e-commerce retailer of school uniforms in both the Australian and the United Kingdom markets.

		ASX Code	NAOS % Ownership (<5%, 5-20% or >20%)	Market Cap (as at 30 September 2025)
Schaffer Corporation Limited	Schaffer	ASX: SFC	<5%	$285 million

Schaffer Corporation Limited (SFC) is a diversified industrial and investment company with core operating divisions in Manufacturing (Automotive Leather and Building Materials) and Investments. Originally incorporated in 1955, the company was first listed on the Australian Securities Exchange (ASX) in 1963 and currently employs around 1,000 employees in three countries. Its two main assets are an automotive leather business that supplies leather products to brands such as Land Rover and Porsche, with the other main asset being a large landholding in Jandakot, Western Australia, which is in the process of being developed into an institutional-grade industrial logistics estate.

commsgroup Global Cloud Communications	Comms Group	ASX: CCG	5-20%	$32 million

Comms Group (CCG) provides a full range of IT and Communications services from the Cloud, including IT managed services, cloud hosting, cloud communications and Unified Communications (UCaaS) and CPaaS services. Our three strategic growth pillars are International; Domestic - through the Next Telecom and on Platinum brands; and Wholesale and Partner services. Its customer base ranges from Australian Government departments to SME’s

SomnoMed	SomnoMed	ASX: SOM	<5%	$166 million

SomnoMed (SOM) is a global leader in providing oral appliances for sleep apnea treatment, operating in 28 countries. Since 2004, the company has delivered over one million devices, offering a comfortable alternative to CPAP machines. By repositioning the jaw to keep airways open during sleep, SomnoMed’s high-quality, medically certified devices improve sleep quality for patients and their families worldwide.

firmus	Firmus	Unlisted	Undisclosed	Undisclosed

Firmus Technologies builds world-class, highly-efficient AI factories, utilising its proprietary technology to drive down total cost of ownership and accelerate AI adoption. With offices in Australia and Singapore, Firmus partners with government, enterprise, education and the innovators of tomorrow to create sustainable, sovereign AI solutions.

NAOS

NOTABLE INVESTEE COMPANY UPDATES

COG FINANCIAL SERVICES LTD

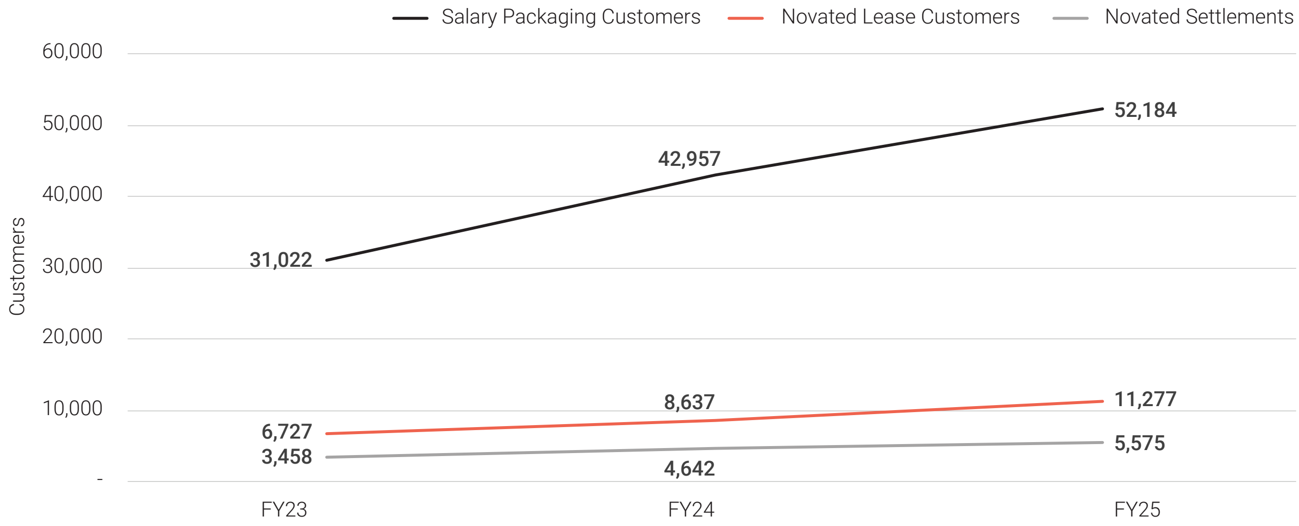
ASX: COG

Two Novated Leasing Related Acquisitions

COG maintained strong momentum in Q1 FY26, completing two acquisitions. The first of these was the acquisition of private novated leasing and salary packing business Easifleet, acquired for $40 million using cash reserves and an existing debt facility. Funding was supported by capital recycled from the sale of non-core minority stakes in Centrepoint Alliance (ASX: CAF) and Earlypay Ltd (ASX: EPY). We estimate the acquisition price reflects a pre-tax multiple of ~5x FY26 earnings post-synergies, which are primarily driven by immediate scale benefits. From a strategic perspective, in our view, the key benefits of this acquisition are:

1) It strengthens COG's East Coast presence, balancing its historically West Coast-focused client base.
2) Grants access to government panels, enabling COG to offer novated leasing to public sector employees - a capability it previously lacked.

Novated Leasing



Source – COG , NAOS

Later in the quarter, COG raised $20 million through a placement to buy the remaining 14.1% stake in its novated leasing subsidiary, Fleet Network, from Employers Mutual. The vendor had backed the original acquisition to offer novated leasing to its employees. This accretive move supports the board's push to streamline COG's operations and reduce minority earnings dilution.

COG has clearly doubled down on its exposure to novated leasing services. In our opinion COG can continue to take market share in this industry, over and above system growth. Interestingly we have started to see corporate activity increase in the space with private equity firm Pacific Equity Partners (PEP) acquiring the formerly listed SG Fleet Ltd (ASX: SGF) and more recently being linked to a takeover of Fleetpartners Group Ltd (ASX: FPR) with a view to consolidate the two entities into one.

Following a ~170% share price surge since early CY25, COG's earnings multiple now reflects the strength of its underlying earnings and cash flows. Nevertheless, we see two major catalysts that could drive significant value for shareholders: the potential sale of Westlawn Financial, simplifying its complex financial structure, and a strategic push to expand the group's insurance broking business.

SAUNDERS INTERNATIONAL

ASX: SND

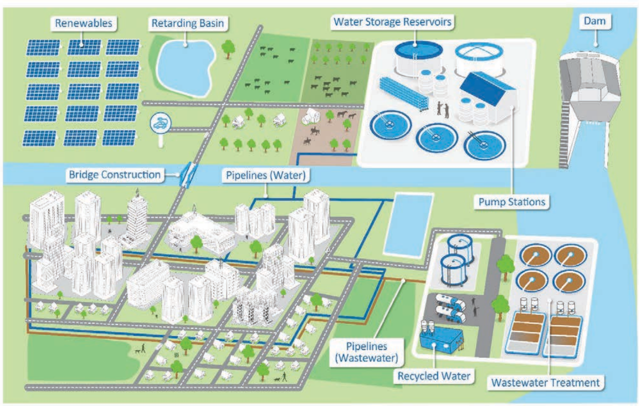
Acquisition of Aqua Metro, CEO Retirement & Board Renewal

After a turbulent FY25, SND wasted no time in Q1 FY26, laying the groundwork for a return to the financial stability and consistency it had delivered consistently in the five years prior.

The first step in this direction was the acquisition Aqua Metro, a Melbourne based water utilities contractor, for up to $30 million. For FY26, the business is expected to contribute ~$135 million of revenue and ~$11 million of EBITDA—figures that alone surpass SND's total EBITDA for all of FY25.

In our view, the Aqua Metro deal stands to markedly enhance shareholder outcomes for these key reasons:

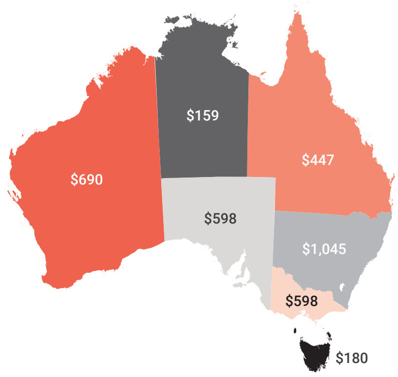
- **Broader Revenue Diversification** – Historically, SND's revenue has been heavily tied to liquid fuel storage and processing infrastructure. While recent years have seen progress in expanding into water-related infrastructure (such as water storage and wastewater processing), the fuels segment has remained dominant. The Aqua Metro acquisition significantly advances this strategy, with water-related clients such as Melbourne Water and Yarra Valley Water now expected to contribute over 40% of group revenue, diversifying both industry exposure and client base.
- **Complementary to SND's Core Offering** – SND and Aqua Metro both focus on liquid product processing and storage, creating a highly complementary fit. This synergy should, in our view, deliver a stronger, unified offering, positioning the combined business to secure larger, more complex contracts and capture greater market share from current clients with an enhanced service portfolio.
- **Rising Capex on Aging and Expanding Water Infrastructure** – Australia's water infrastructure faces significant challenges due to decades-old systems requiring extensive maintenance or replacement. Growing demand from population growth further strains these assets. Nationwide, water infrastructure spending nears ~$9 billion annually, with Melbourne Water alone allocating ~$7 billion from FY24 to FY28 to enhance water availability.
- **Geographic Expansion Opportunities** – Aqua Metro operates exclusively in Victoria but has ambitions to expand into NSW and QLD. With SND's established presence in NSW and significant operations in QLD, Aqua Metro is well-positioned to pursue new clients like Sydney Water.



Also in the quarter, SND named Chief Operating Officer Angelo De Angelis as the successor to retiring MD & CEO Mark Benson. We view this as a logical move, given Angelo's deep understanding of the business and his leadership in key growth strategies, such as expanding into larger defence projects and integrating Aqua Metro.

Additionally, Andrew Bellamy was appointed to the Board, introduced by NAOS. We view this as a solid appointment for SND given that Andrew spent ~5 years as the CEO of global shipbuilder Austal Ltd (ASX: ASB). Given Austal is one of Australia's largest Defence contractors to the Department of Defence in Australia, in addition to Defence Departments globally, Andrew brings a unique skillset that will be complementary to SND. As SND continue to scale and take on more sophisticated clients and projects, board appointments like this will no doubt be beneficial to the wider SND management team.

Average yearly Capex (m)



Source: Australian Bureau of Statistics

HANCOCK & GORE

ASX: HNG

Completion of Trutex Acquisition, Consolidation of Financial & Management Update

We believe HNG has made significant progress in achieving its ambition of being the global leader in the school uniform industry (initially in Australia and the UK). Given the somewhat complicated foundations that HNG inherited, the road to value creation for shareholders was always going to be a relatively long one. Over the past few months, HNG has made a number of notable strides in achieving this end goal, including:

- **Completion of Trutex Acquisition** – The Trutex acquisition that was announced some time ago and discussed in our previous quarterly investment report, has now been completed. We see this as a pivotal—potentially final—piece in HNG's growth puzzle, leveraging Trutex's strong sourcing capabilities and international footprint.
- **Consolidation of Financial Accounts** – Just as was the case (many years ago) with our investment in COG, HNG is currently structured as a listed investment company (LIC) and therefore there is an element of ambiguity on the true financial metrics of the underlying uniforms business. To this end, HNG announced that from October 2025, it will consolidate its accounts, providing a transparent view of the business's operating metrics.
- **Management Update** – Finally, Tim James, Schoolblazer co-founder and HNG's largest shareholder, has been appointed Executive Chair of Global Uniform Solutions Group , overseeing all school uniform operations. His proven leadership at Schoolblazer positions him ideally to drive long-term value.

We don't expect one event to drive a significant re-rate of the HNG share price; rather we see this as an incremental story which starts with the market seeing clarity around the Australian expansion of Schoolblazer and how margins start to move higher over the medium term.

BRAVURA GROUP

ASX: BVS

CEO Appointment

As many of our investors would be aware, BVS is one of our newer core investments and now represents a material investment across the group. The business has undergone a significant amount of (required) change, and this has most recently culminated in the appointment of a new full time CEO, Colin Greenhill.

Colin's more recent career roles include being CEO of SSP Worldwide Ltd (SSP) which is a global software provider to insurance brokers and insurance underwriters. From public announcements it appears Constellation Software Inc (TSXV: CSU) acquired SSP and then brought in a new CEO in 2021 to run these operations (being Colin). Under his leadership, SSP saw improved customer retention and a material increase in profits over a ~3-year period.

Most recently, Colin has been a Portfolio Manager for the Vencora Group of Companies. Importantly, Vencora is a global collective of software businesses that operate in and around the financial services industry. Vencora is a global division of Volaris, with Volaris being one of the 6 operating groups of CSU. In this role, Colin appears to have been operationally responsible for a number of companies across APAC and EMEA.

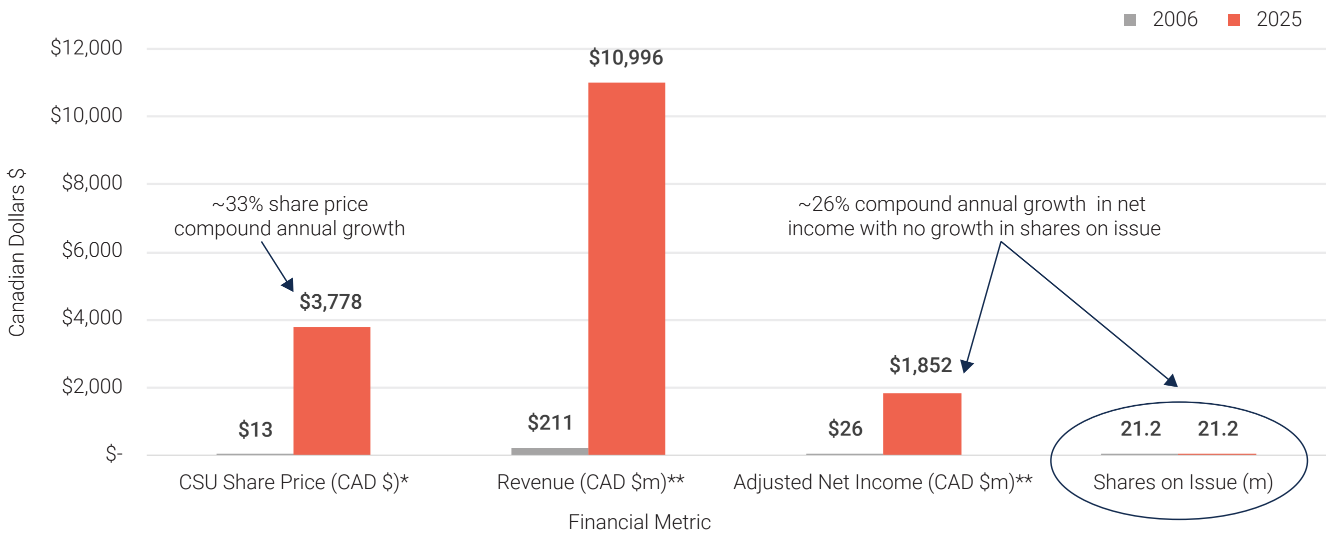
Colin has lived within the operational environment and unique company culture that is CSU. Given the calibre of CSU alumni involved within BVS, in addition to the operational improvement journey BVS has been on, we believe Colin's background will be extraordinarily beneficial for BVS.

In our opinion, the BVS business will drive shareholder value via three key levers, being:

1. A continuous improvement in cash EBITDA margins;
2. A focus on going deeper with the current customer base leading to sustainable organic revenue growth; and
3. Finally, in time, using the significant cash generation to acquire highly complementary software businesses.

To highlight just how successful CSU has been since its listing in 2006 we have prepared the chart below which illustrates the number of key outcomes which the business has achieved, all with no growth in the total number of shares on issue.

Constellation Software Inc. (TSXV: CSU) 2006 vs 2025



*CSU 2006 share price is from end May-06, *CSU 2025 share price is from end Sep-25, **Revenues and Adjusted Net Income are calendar year financials. 2025 revenues and net income are 1HCY25 figures annualised. Source – Company Financials, NAOS

INVESTMENT IN FOCUS (SITE VISIT/INVESTMENT)

FIRMUS TECHNOLOGIES LIMITED

UNLISTED

NCC and NAC have recently invested in Firmus Technologies Limited (Firmus), an unlisted, private business. NAOS has historically invested in a select number of private companies, with the most notable current investment being Ordermentum.

Over the past few years, we have been very discerning with respect to making any new private investments, however we have done so in the case of Firmus. A key part of our investment process at NAOS is spending a considerable amount of time understanding the dynamics that underpin certain industries. With respect to Firmus, we believe the industry dynamics are compelling for the reasons we set out below.

As has been publicly announced, Firmus completed a AUD$330 million capital raising to build an 'AI Factory' in Tasmania. NVIDIA Corp. (NDQ: NVDA), the world's most valuable company was a participant in this capital raising event. Firmus is aiming to conduct an IPO in CY2026.

Below we outline some of the fundamental concepts underpinning the AI industry as well as Firmus specifically. Ultimately a number of these will have a significant influence on the success of Firmus as an investment or otherwise.

What Is an AI Token?

Beneath the surface of every AI application are algorithms that churn through data in their own language, based on a vocabulary of 'tokens'. Tokens are tiny units of data that come from breaking down bigger chunks of information.

AI models process tokens to learn the relationships between them and unlock capabilities including prediction, generation and reasoning. This process of tokenisation is a crucial step in preparing data for further processing.

An AI model processes these input tokens, generates its response as tokens and then translates it to the user's expected format. The faster tokens can be processed, the faster models can learn and respond. Importantly, tokens are used both when you ask a question and when the AI answers, making it a two-way process.

As AI becomes more advanced, and with the introduction of large language models (LLMs) such as ChatGPT which includes reasoning AI, the number of tokens required for AI processes and responses has increased exponentially. As a rule of thumb, 1 token = 3-4 letters in English; ~1 token = 0.75 words. Some AI queries now involve millions of tokens.

AI Training vs AI Inference

There are two fundamental phases of an AI model – training and inferencing.

- **Phase 1 = AI training:**
  - Training is the process of teaching an AI model by feeding it large datasets to recognise patterns and learn.
  - The AI training phase requires massive computational power, most notably in the form of NVIDIA GPUs for this process to occur effectively.
  - Training a model from an algorithm often spans days to even months and incurs substantial costs. Furthermore, the computing power necessary to train new iterations of a cutting-edge model (e.g. ChatGPT-5) is rapidly increasing.
- **Phase 2 = AI Inferencing:**
  - This phase is where the trained AI model (from phase 1) applies its learned knowledge to new, real-world data to produce output, such as predictions, classifications, or decisions.
  - For every time a model is trained, it may run millions upon millions of inferences before it's ever trained again. Every time ChatGPT guesses-the-next-word, it performs inference. Inference is the true high-volume activity in this new age of generative AI applications and the stage in which end users typically interact with AI.

What Is an AI Factory?

To understand AI factories, it's helpful to first break down data centres into two main parts: the physical "shell" (like the secure building and power connections) and the internal IT resources (compute power and networking). In this space, some companies focus only on building and leasing the physical infrastructure as landlords, others specialise in designing and running the internal tech, and some handle both.

Firmus, for example, constructs and operates purpose-built AI factories. These are next-generation data centres optimised for training, fine-tuning, and deploying AI models at massive scale—particularly large language models (LLMs).

Traditional data centres, by contrast, are often inefficient for AI workloads. They're designed for general computing tasks like cloud hosting, email, or web traffic, not the intense, specialised demands of AI processing.

An AI Factory is purpose-built to:

- Host thousands of high-performance graphic processing units (GPUs), predominately NVIDIA GPUs;
- Deliver efficient power and cooling (often cooling GPUs in liquid); and
- Operate at ultra-high energy density and uptime.

In essence, it is a data centre which houses a 'massive farm' of NVIDIA GPUs, acting as a 'manufacturing plant' for producing AI tokens used in training and running AI models. AI factories enable faster, more cost-effective AI development and iteration compared to traditional data centres, which aren't built for these intensive AI workloads.

Firmus Operations – Singapore

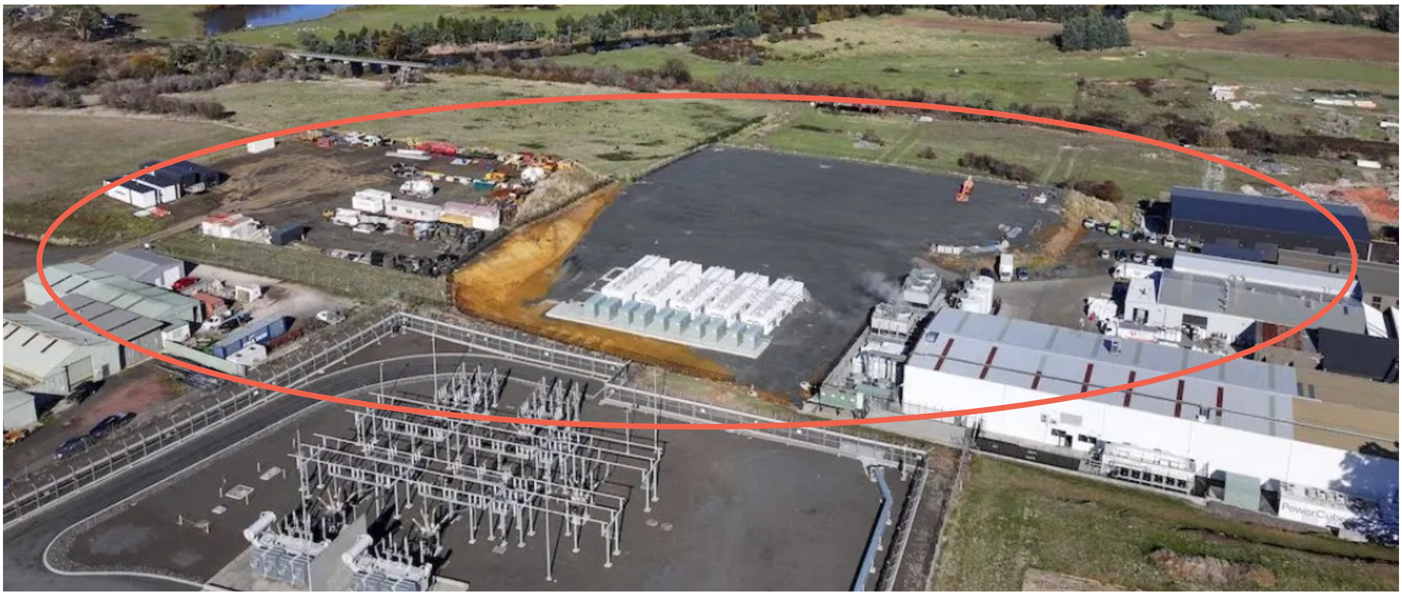
In June 2023, Firmus partnered with ST Telemedia Global Data Centres (STT) to build an AI factory within the existing STT Singapore data centres. Firmus is the owner and operator of the internal IT network & compute whilst STT is the owner of the physical data centre. STT itself is a major data centre company within Singapore, and globally with >95 data centres. It is owned by Temasek Holdings, the major sovereign wealth fund of Singapore. Firmus have deployed ~4,000 NVIDIA GPUs across two of these STT data centres sites.

Firmus is generating revenue and earnings from large scale enterprise and government related customers across these Singaporean operations. These Singapore facilities received the Asia-Pacific Data Centre Project of the Year award for its advanced design, exceptional energy efficiency and cost savings (~30% lower than the current status quo) through the use of liquid cooling, meaning the NVIDIA GPUs are housed within a cooling liquid to improve power efficiency and lower cost. This is despite Singapore being an equatorial climate (i.e. hot, so requiring significant cooling).

Firmus Operations – Tasmania

The abovementioned AUD$330 million capital raising conducted by Firmus is a key input into the development of Project Southgate, an AI factory in Launceston, Tasmania. Once built, this two-stage project will be the largest AI specific facility in Australia. This project will be built, designed, owned and operated by Firmus, which is different to the Singaporean operations whereby Firmus is the owner & operator of the internal IT infrastructure, not the data centre shell.

Firmus – Launceston stage 1 site – current and existing operations. Note the power substation adjacent to the site in the foreground



Source: Firmus website

Project Southgate Tasmania will deliver a combined ~90megawatts (MW) of AI infrastructure by 2026 in the first stage — with 44 MW delivered under Stage 1a, and Stage 1b doubling capacity to 90MW. Project Southgate Stage 1a has commenced its building process during 2HCY25 and we expect to be completed by mid CY26. A further 300MW second stage is planned to follow, subject to final approvals.

Site selection is a very critical input into the success or otherwise of any data centre. The Launceston site for Firmus has all the necessary approvals, sufficient existing power supply, appropriate redundancies in place as well as and a supportive government. Furthermore, the cooler climate of Tasmania, as well as renewables being the predominant source of energy are additional physical advantages which have contributed to the creation of the Tasmanian 'AI Factory Zone'.

"Tasmania is set to lead the world in sustainable artificial intelligence with the creation of a world-first AI Factory Zone in Northern Tasmania"

Jeremy Rockliff, Tasmanian Premier

Firmus Strategic Alliance – Expanding Project Southgate

Firmus announced in October 2025 a strategic partnership with CDC Data Centres (CDC) and NVIDIA to expand Project Southgate onto the mainland of Australia. For context, CDC (formerly Canberra Data Centres) is a leading developer, owner and operator of highly secure, sovereign data centres across Australia and New Zealand. CDC is partially owned by listed infrastructure company Infratil Ltd (ASX: IFT), in addition to The Future Fund and the Commonwealth Super Corp. According to public filings, its most recent valuation in September 2025 was AUD$13.6 billion.

This strategic partnership will see Firmus take capacity within the current and future physical data centres infrastructure that CDC has. This approach draws on the strengths of both companies, whereby Firmus design, deploy and operate their AI Factory (as they have done in Singapore), whilst CDC gain a potentially substantial new customer for their soon to be built new Melbourne facility, with future locations in Sydney, Canberra and Perth. NVIDIA also make a material contribution to this alliance, albeit the details of the capacity of their involvement appears not yet to be publicly known. Based on the comparable disclosed deals seen globally, we infer that NVIDIA will be the supplier of GPUs as well as be some form of strategic partner, which could go a long way to derisking the revenue profile of the initial operations.

In our view, there are several reasons why this strategic alliance makes sense for Firmus, including that it:

- provides an avenue to scale their AI Factory operations in a far greater manner;
- removes the capital expenditure associated with building data centre infrastructure and minimises the types of risk associated with building said infrastructure (e.g. cost of land, access to power, regulatory approvals);
- significantly reduces the time frame to project execution and enhances their ability to take advantage of the current industry tailwinds as best as possible;
- should lead to greater certainty around timing of future revenue streams; and
- allows Firmus to focus on its core competency, being building and operating the IT internals of AI factories in a highly efficient manner.

Whilst this strategic alliance may have seemed hard to grasp for Firmus, even only a few months ago, and on paper its sheer size is remarkable, it has precedent globally, which we outline further down in this report. According to the numbers released, this strategic alliance (which also includes Firmus' Tasmanian operations) has the ability to scale from ~150MW (megawatts) in 2026 to 1.6 GW (gigawatts) through 2028 (i.e. ~10x bigger).

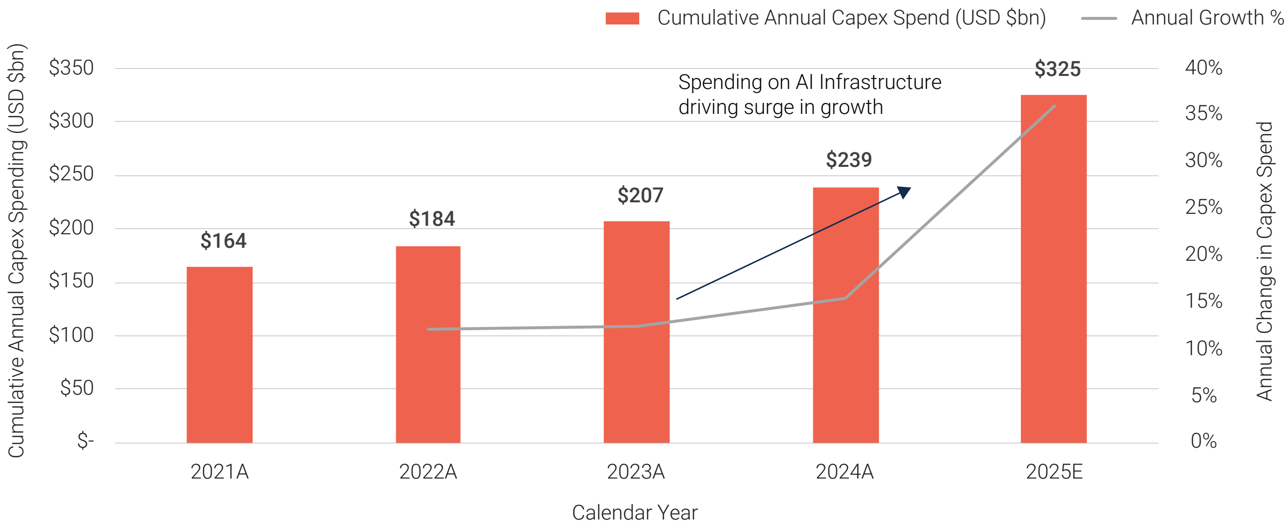
Industry Tailwinds

The AI sector faces a stark imbalance between surging demand and limited supply—not just for AI tokens, but also for the underlying infrastructure needed to produce them.

By the end of 2024, the time spent generating content via generative and reasoning AI models had grown by more than 22x compared to the previous year. Brookfield, the world's largest infrastructure manager, forecasts ~USD$2 trillion in global spending on AI factory development by decade's end.

Big tech companies are heavily investing in AI capital expenditures to build the necessary data centres and infrastructure to power an emerging, generational technology shift and meet soaring demand for AI services. This large-scale spending is crucial for companies like Microsoft, Google, and Meta to build a competitive advantage, as AI is becoming a primary growth engine for their cloud, advertising, and search businesses, which in theory should lead to increased revenues and profits.

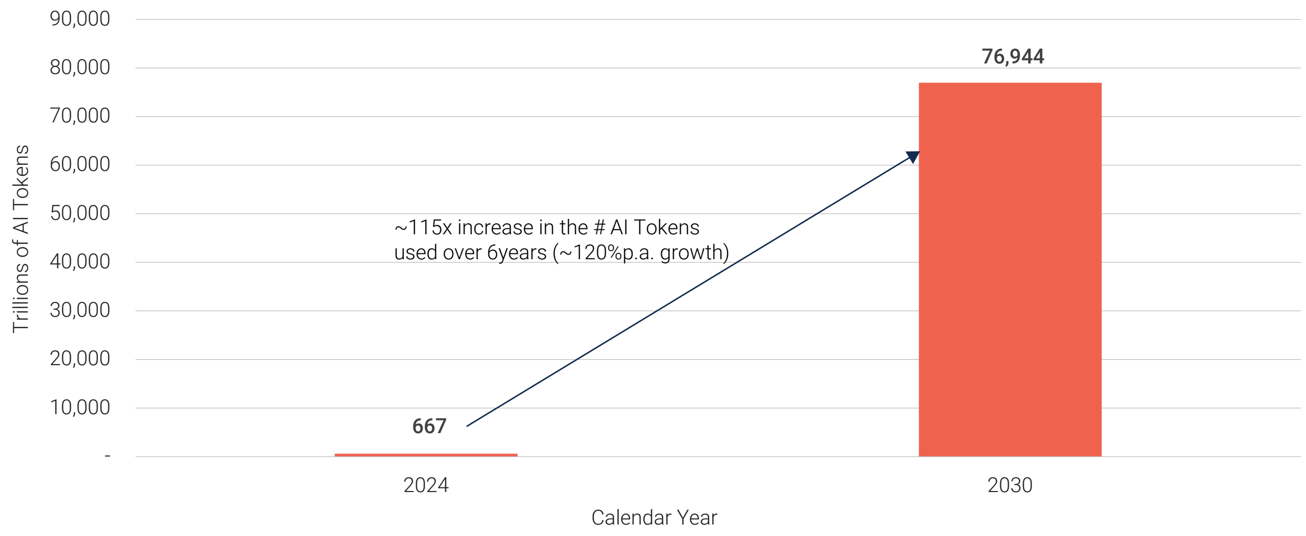
Hyperscaler (Microsoft, Meta, Amazon, Alphabet, Oracle) Capex Over Time



Source: Company Filings, Brookfield

The soaring demand for AI stems not only from a growing user base but also from increasingly complex and sophisticated applications. Measured in AI tokens—the universal currency of AI—US technology research firm Tirias Research projects a ~115x surge in token usage by 2030. These tokens must be generated, processed, and monetised, requiring substantial global capital investment. From a NAOS perspective, the industry tailwinds are strong but that alone does not guarantee success at Firmus, nor an appropriate return on investment.

Total Generative AI Token Demand / Year



Source: Tirias Research

Firmus Competitive Positioning

We classify the competitive positioning of Firmus into three categories outlined below.

- **Physical Advantages**

  On a standalone basis, the site-specific physical location in Tasmania has numerous advantages including a relatively low cost of land & labour, sufficient primary and redundant power, a supportive local government, a climate suitable to lowering power & cooling costs.

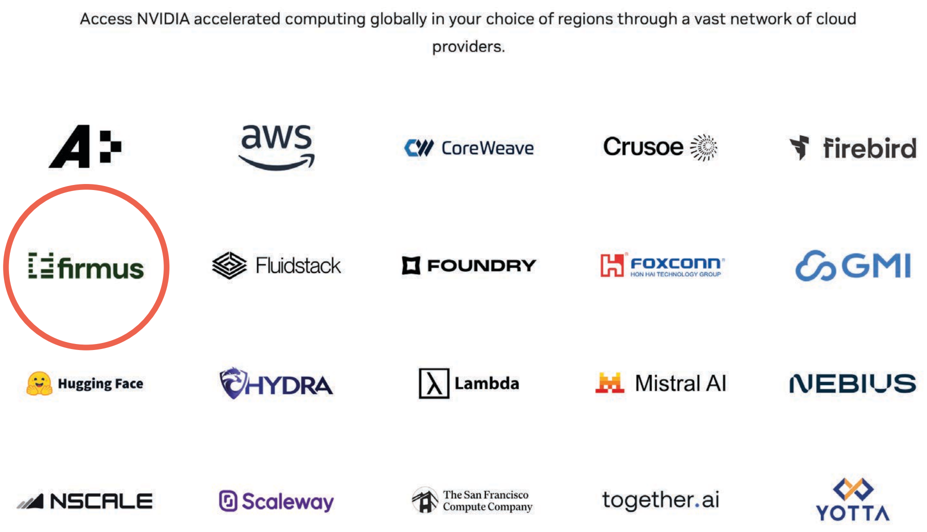
- **Sovereign Advantages**

  Australia is one of only ~7 countries/regions outside of the US which have been given full access to NVIDIA chips by the Trump administration and get unvetted access to the most advanced NVIDIA chips available. With the demand for NVIDIA GPUs far outweighing the supply, being a customer in a tier 1 nation is not only a major competitive advantage with respect to purchasing NVIDIA GPUs but also for attracting global customers, many of whom are looking for reliable supply. The strategic alliance with CDC is a major benefit when it comes to reliability and data protection for future customers given their positioning in the Australian and New Zealand marketplaces as a top tier data centre company

- **Operational Advantages**

  Firmus has developed internal engineering expertise with respect to the way in which the company constructs and operates its direct-to-chip cooling processes for NVIDIA GPUs. This has delivered tangible benefits in the form of lower-cost production of AI tokens. This operational excellence has positioned Firmus as one of the few global NVIDIA partners and, potentially, the sole partner in the APAC region.

DGX Cloud Lepton Partners



Source: NVIDIA

The robust partnership between Firmus and NVIDIA—where NVIDIA serves as GPU supplier, operational collaborator, and equity holder—mirrors successful models in other regions. Top-tier firms similar to Firmus have thrived under this structure. We believe this model succeeds only when Firmus (i.e. David) delivers clear value to NVIDIA (i.e. Goliath), creating mutual commercial benefits. The recent Project Southgate Strategic Alliance announcement reinforces our confidence in this approach.

Furthermore, we have seen recent examples in other geographies, namely with CoreWeave Inc. (NDQ: CRW), NScale (unlisted) and Lambda (unlisted) whereby NVIDIA appears to have effectively signed guaranteed offtake/backstop agreements with the abovementioned companies, essentially underwriting their revenue on long term deals, acting as a significant risk mitigator. We are unclear if this is the case with Firmus in this strategic alliance but at the very least, we believe all examples evidence the strength of the relationship which NVIDIA has with certain partners.

Company	Market Cap / Valuation	EBITDA - CY25 ($m)	EBITDA - CY26 ($m)	NVIDIA Investor?	NVIDIA Partner?	Operating Geographies	NVIDIA GPUs (Current/Pipeline)
CoreWeave Inc	~US$70bn	~USD$3,370	~USD$8,712	Yes	Yes	USA	>250,000
Nebius Group	~US$28bn	~USD$-36	~USD$329	Yes	Yes	Europe/USA/Israel	~100,000
Lambda (unlisted)	~$USD4bn	Unknown	Unknown	Yes	Yes	USA	Unknown
Nscale (unlisted)	~$USD3.1bn	Unknown	Unknown	Yes	Yes	UK/Europe	~200,000
Firmus	~US$1bn			Yes	Yes	Australia/Singapore	~54,000

Source: Bloomberg, AFR, Koyfin, Data Centre Dynamics

Return on Investment

Will the AI CAPEX boom deliver strong future returns on investment (ROI)? That is perhaps the trillion(s) dollar question. One key factor is the faster timeline for AI factories to reach full utilisation of contracted revenue compared to traditional data centres. We note the below are illustrative examples only and should not be relied upon for any specific company.

AI training works best when all available computing power is used at once, rather than gradually. This means customers pay for the full capacity upfront, generating revenue and earnings for AI factories much faster than traditional data centres. Quicker revenue realisation provides greater certainty for AI factory funding structures.

Contracted vs Utilised Revenue

Source: Wilsons, NAOS

As the saying goes, *history doesn't repeat, but it rhymes*. Consider Amazon Web Services (AWS), the cloud division of Amazon.com Inc (NDQ: AMZN). It took ~13 years to turn a profit, yet in CY25, AWS is achieving a ~26% return on incremental invested capital while still allocating ~$100 billion to Capex. Clearly, Amazon anticipates significant future returns on this investment.

We have also included the same metrics table for the Alphabet Inc (NDQ: GOOG) cloud division, known as Google Cloud, which again highlights reducing returns on incremental capital and significant capital expenditure (Microsoft do not provide enough datapoints on their cloud division Azure to undertake the same analysis). The point we are highlighting here is that despite significant upfront capital spend, adequate to strong returns are achievable. Industry demand suggests ongoing reinvestment over the next decade, but this doesn't preclude value creation in the meantime.

Amazon Inc (NDQ: AMZN) AWS Divisional Financials & Returns

Date of Initial Investment	Date of First Revenues	Date of First Net Profit Quarter	Current Annualised Revenues	Current Profit Margins	Incremental Return on Invested Capital (CY24)	Incremental Return on Invested Capital (CY25)	CY2025 Capital Expenditure
Jul-02	2006 (~$20m USD revenues)	Q1 CY15 (~$260m USD)	~$130bn USD	~33%	~26%	~7%	USD ~$100bn

Source: Company Financials, NAOS

Alphabet Inc (NDQ: GOOG) Google Cloud Divisional Financials & Returns

Date of Initial Investment	Date of First Revenues	Date of First Net Profit Quarter	Current Annualised Revenues	Current Profit Margins	Implied Incremental Returns on Invested Capital (CY24 vs CY25)	Implied Incremental Returns on Invested Capital (CY24 vs CY25)	CY2025 Capital Expenditure
Apr-08	Unknown	Q1 CY23 (~$190m USD)	~$60bn+ USD	~21%	~14%	~11%	USD ~$75bn

Source: Company Financials, NAOS

Another factor contributing to ROI will be the efficiency in which an AI Factory can generate AI tokens. The simple logic being, that the more cost-effective an output can be produced, the higher the operating margins may become. We have seen recent commentary from global AI cloud provider Oracle Corp. (NYSE: ORCL) refer to a gross margin profile of 30-40% in this operational area. Similar to how Firmus will be positioned under the strategic alliance, ORCL do not build the physical infrastructure, rather they lease space in purpose-built sites, pay rental payments to the landlords and generate revenue from their AI Factory/Cloud (compute & networking infrastructure).

In a recent investor day, ORCL referenced margin improvement over time as they become more efficient in their operations. Bringing this back to Firmus, the evidence suggests they have already proven themselves to be a very low cost, efficient AI Factory through its Singapore operations, which all else being equal, should deliver higher gross margins than comparable industry norms. We will see if this plays out in reality over time as they further scale out their operations.

A critical factor in the ROI for AI investments is the ability to repurpose GPUs used for AI training for AI inferencing with little to no additional cost. NVIDIA GPUs, the leaders in AI training, are equally effective for inferencing, despite more competition in that market. If GPUs can serve "two lives", their returns could extend well beyond the typical ~6-year depreciation period, with later years being highly profitable. As with any economic market, pricing depends on supply and demand. Given the forward projections are for the AI inferencing market to become the largest part of the AI market in time, we believe pricing will remain stable to strong at least over the medium term, if not longer.

"The amount of inference compute needed is already 100x more... And that's just the beginning."

Jensen Huang, CEO, NVIDIA Corp.

We believe that within the Firmus Singapore operations, there are customers who are conducting AI training and also customers using Firmus AI inferencing purposes, meaning there is a proof point for this already occurring. Given the long-term nature of customer contracts and the very strong demand backdrop, in addition with having a strong relationship with NVIDIA, these should aid in the company generating a compelling ROI on its deployed capital for the foreseeable future.

Risks

Like any investment in emerging companies, Firmus is not without risk; particularly given Firmus is currently unlisted. Our view is that some risks, such as execution challenges during construction, can be mitigated and are likely to diminish significantly within the next ~6 months.

There are other risks, namely technological (given the rate of technological advancement that has historically occurred across different iterations of NVIDIA GPUs), which Firmus and all their peers will need to manage as the 'backbone' of AI continues to evolve over the coming years.

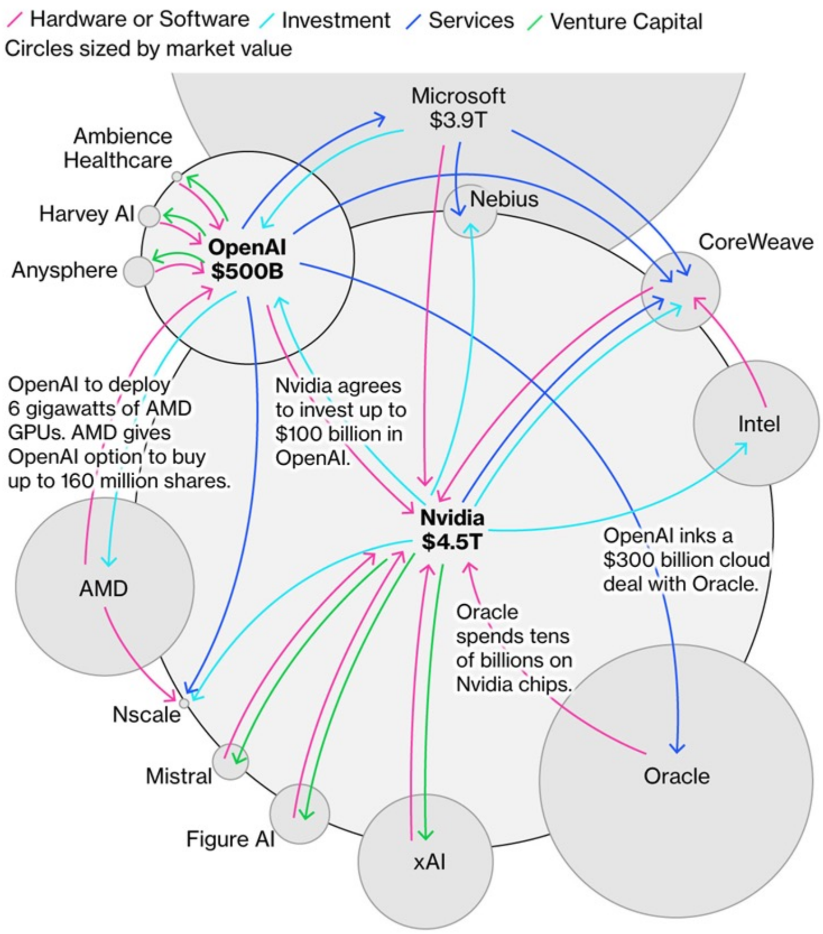
As is the case with a lot of data centres, contractual lengths with customers are typically measured in years. Therefore, having an offering which attracts premium pricing and long-term contractual periods stands you in the best chance for achieving a healthy revenue profile.

We believe Firmus is well positioned here for multiple reasons including the fact they have demonstrated an ability to generate AI tokens in a cost-effective manner, something we believe customers will value. Add to this the apparent insatiable demand for AI tokens that we do not expect to reduce anytime soon.

Our view is that of the known risks we have identified, the risk vs. return trade-off is compelling but for the sake of transparency, in our view the risks we have identified that could result in a poor outcome for Firmus investors includes the following:

- **The AI business model has yet to be proven to be profitable** – With many, if not most artificial intelligence businesses remaining in private structures (such as OpenAI) it's hard to gauge just how financially successful these business are in the early years of the AI cycle. Many commentators will highlight that given the extraordinary cost of building AI models, the ultimate revenue model that's required to support this investment is yet to be proven by any one business.
- **The (in some case) circular business model of NVIDIA**. – More recently NVIDIA has made several investments into users of NVIDIA GPUs (i.e. their own customers). This culminated more recently with its $150b billion investment into OpenAI. These funds will be used by OpenAI to build data centres with a combined >10 gigawatts of power. These data centres will ultimately house many thousands of NVIDIA GPUs which in turn boosts NVIDIA's financial performance. The below image highlights the extent of this circular business model amongst select parties.

How NVIDIA and OpenAI Fuel the AI Money Machine



Source: Bloomberg News reporting

- **Technological change and the effect on demand for NVIDIA GPUs** – Currently and as has been the case for the last few years, NVIDIA has a significant competitive advantage to its GPU peers. Whether or not this will continue is unknown but ultimately for a business such as Firmus, if its AI Factories are filled with NVIDIA GPUs, it's imperative they remain highly valued by the market in general.
- **Will the long-term benefits for AI drive structural demand for processing power?** Continued demand for computer power will only occur if the benefits of using AI services provides them with a positive outcome for the end user.

"'There's definitely a possibility, at least empirically, based on past large infrastructure buildouts and how they led to bubbles, that something like that would happen here… If we end up misspending a couple of hundred billion dollars, I think that that is going to be very unfortunate, obviously. But what I'd say is I actually think the risk is higher on the other side [opportunity cost of not spending those dollars]."

Mark Zuckerberg, CEO, Meta Inc.


NAOS
OUTLOOK

OUTLOOK

Looking forward, we continue to be optimistic on the medium-term outlook for the majority of our investee companies. This continued constructive outlook is based on four key variables:

- Supportive domestic economic backdrop assisted by a lower interest rate environment and numerous structural industry tailwinds that continue to strengthen.
- Fewer inflationary headwinds for businesses, especially emerging companies which, in previous years have pressured profit margins (rents, wages, energy, insurance costs etc).
- Stable government structure which allows businesses to commit to longer lead time investment decisions etc.
- Investor appetite for emerging companies will continue to return on the back of improved earnings for emerging companies, especially in light of lower relative valuation multiples and risk-adjusted returns to that of other investment alternatives.

In Q2 FY26, we expect several business updates, including trading performance for the first three months of the financial year. We'll be focused on commentary regarding demand trends and the ability of businesses to sustain or enhance margins as strategic initiatives drive improved results.

From a catalyst perspective we will be looking for the following in our investee companies:

- **UBN** – An update on the progress strata management payments portal being co-developed with National Australia Bank (ASX: NAB) and due to be launched in CY26.
- **Firmus** – Updates in regard to the construction of Project Southgate in Tasmania as well as further commentary around potential future customer commitments.
- **BVS** – An update at the AGM on the strategic direction of the business and how this may (or may not) evolve over time, especially with the recent appointment of a new CEO.
- **MOV** – we expect a strategy update at their AGM that will focus upon the 3-years post the current strategy to return to profitability which ends in FY26. We will also be looking for commentary around the progress on achieving guidance of profit for FY26 and progress to date.

We have no doubt that FY26 will continue to be an eventful year but one that may well prove to be optimistic from a performance perspective.

The NAOS team sincerely appreciates the ongoing support of our shareholders and for entrusting us with your capital.

If you have any questions or suggestions, please do not hesitate to contact me directly or any member of our team.

Kind regards,

Sebastian Evans

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