NAOS QUARTERLY INVESTMENT REPORT

Q4 FY25

ASX: NCC | NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ABN 58 161 106 510

ASX: NAC | NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

ABN 49 169 448 837

ASX: NSC | NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED

ABN 47 107 617 381

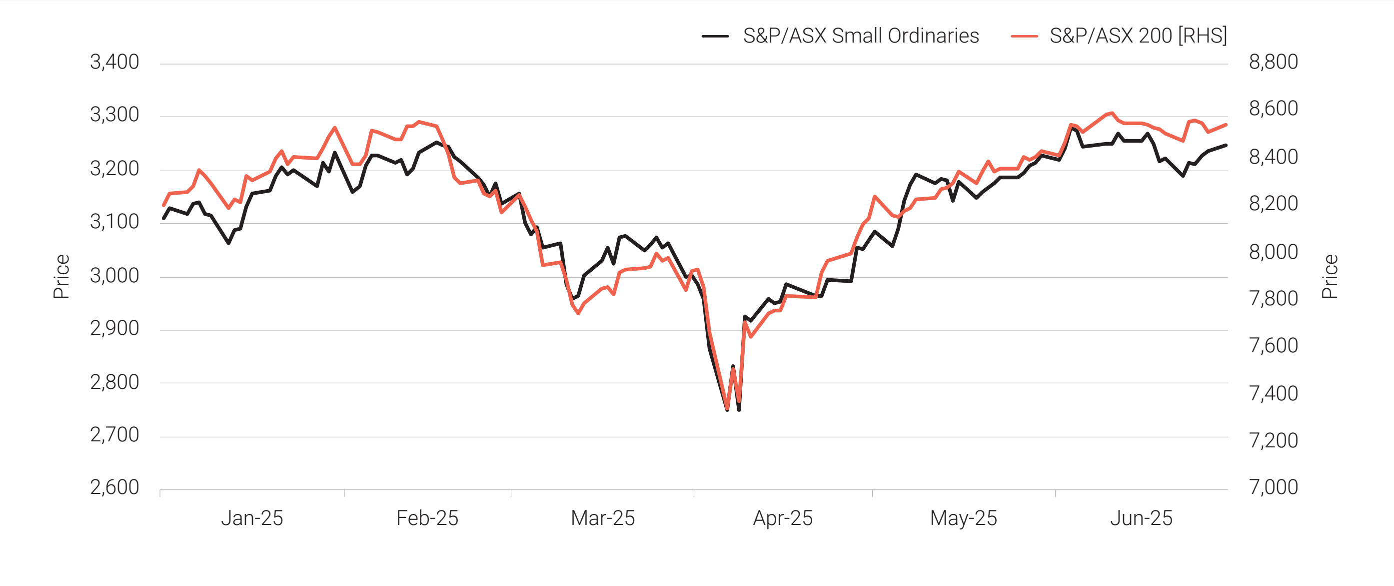
NAOS Asset Management Limited is B Corp Certified

Q4 FY25 SUMMARY

Dear Fellow Shareholders,

The financial year has highlighted the persistent influence of market volatility, with many investors embracing a “buy now, worry later” approach. After significant disruptions to long-term themes and trends in Q3 FY25, markets reverted to familiar patterns in Q4. The S&P/ASX Small Ordinaries Accumulation Index (XSOAI) gained +8.62%, while the S&P/ASX 200 Accumulation Index (XJOAI) rose +9.5%. For context, the price-only indices rallied 17.0% (XSO) and 15.3% (XJO) from their lows in early April, with the ASX 200 reaching all-time highs, as illustrated in the chart below.

S&P/ASX Small Ordinaries Vs S&P/ASX 200 (Price Return)



Source - Iress

When reviewing some of the major movers within the emerging companies space, there was a clear divergence between investor preferences and market trends. As shown in the chart below, numerous dynamic growth companies faced heavy selling pressure, primarily due to earnings downgrades or company-specific events. Conversely, it was uranium and high-growth businesses (which were non-profitable) that experienced significant share price increases.

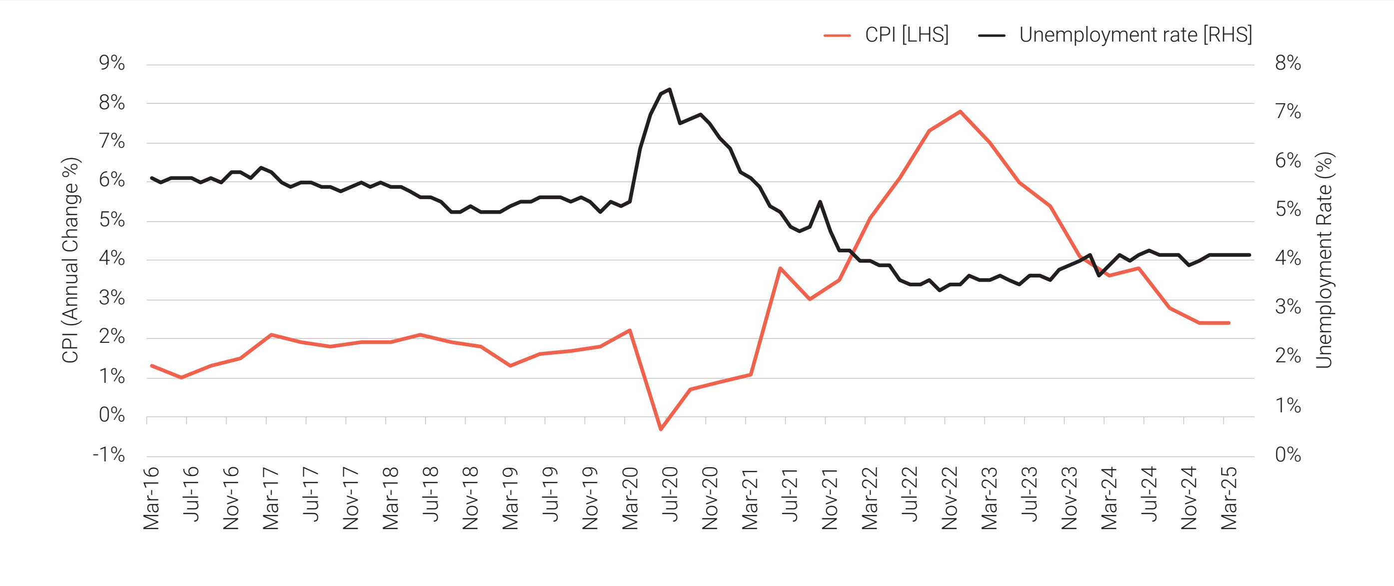
Company	ASX Ticker	% Change
Droneshield	DRO	151.93%
Zip Co	ZIP	90.68%
Development Global	DVP	78.18%
Deep Yellow	DYL	57.55%
Megaport	MP1	49.95%
Domino’s Pizza	DMP	-24.64%
Nuix	NXL	-28.66%
OFX	OFX	-33.33%
Nufarm	NUF	-37.72%
Cettire	CTT	-59.52%

Source - Bloomberg

Several economically sensitive companies, including Reece Ltd (ASX: REH), Accent Group Ltd (ASX: AX1), Adairs Ltd (ASX: ADH), and Nufarm Ltd (ASX: NUF), faced notable earnings downgrades, reflecting cautious investor sentiment. However, there was some positivity, with companies like Collins Foods Ltd (ASX: CKF) surpassing subdued investor expectations, delivering a positive earnings surprise.

Economic attention remains centred on Australia's Consumer Price Index (CPI) and unemployment trends. CPI continues its downward trajectory, while unemployment remains historically low, as depicted in the accompanying graph. This dynamic contributed to an unexpected decision to maintain interest rates in early July, following reductions in February and May. Historically, unemployment serves as a lagging indicator, and we anticipate that this pattern will persist.

Australia CPI & Unemployment



Source - ABS

At NAOS, we don't aim to predict market peaks or troughs; instead, we focus on allocating shareholder capital to a concentrated portfolio of emerging companies poised to deliver strong long-term returns. We are encouraged by the improved performance of the NAC and NSC investment portfolios, which achieved returns of +22.63% and +17.42%, respectively, for the quarter. However, the NCC Investment Portfolio trailed with a modest gain of +2.89%.

These robust portfolio returns were largely driven by significant events in Q3 and Q4, leading to substantial share price gains for select holdings. Below, I discuss key developments involving companies such as Urbanise.com Ltd (ASX: UBN), Hancock & Gore Ltd (ASX: HNG), and COG Financial Services Ltd (ASX: COG), which we believe are entering promising phases that could deliver meaningful shareholder value over the next one to three years.

As we enter Q1 FY26, we are optimistic that the current momentum will persist, particularly given the relatively low expectations for many profitable emerging companies. With interest rates declining and expected to continue their gradual descent, we see clear signs of investors returning to profitable emerging companies as a diversification asset class. Should the upcoming reporting season meet these modest expectations and deliver solid outlooks, we believe our investee companies could experience significant valuation re-ratings over the next 6 to 24 months.

INVESTMENT PORTFOLIO PERFORMANCE SUMMARY

Investment Portfolio	Q4 FY25 Performance	1 Year Performance	3 Year Performance (p.a.)	5 Year Performance (p.a.)	Inception Performance (p.a.)
NCC Investment Portfolio Performance*	+2.85%	+5.59%	-7.99%	-0.39%	+5.31%
S&P/ASX Small Ordinaries Accumulation Index	+8.62%	+12.26%	+10.00%	+7.38%	+5.65%
NAC Investment Portfolio Performance*	+23.82%	+28.92%	+3.13%	+5.13%	+8.23%
S&P/ASX 300 Industrials Accumulation Index	+11.81%	+18.90%	+16.04%	+12.58%	+8.72%
NSC Investment Portfolio Performance*	+18.41%	-9.08%	-10.41%	-0.58%	-2.36%
S&P/ASX Small Ordinaries Accumulation Index	+8.62%	+12.26%	+10.00%	+7.38%	+5.33%

*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. and Total Return) 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 June 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 June 2025)
Big River Industries	ASX: BRI	>20%	$120 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%	$322 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%	$90 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%	$127 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%	$24 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 June 2025)
urbanise	**Urbanise.com**	ASX: UBN	>20%	$66 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%	$20 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 crucial care experts.

pharmx	**Pharmx**	ASX: PHX	<5%	$56 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.

AMA GROUP	**AMA Group Limited**	ASX: AMA	<5%	$502 million

AMA Group (AMA) is a leading vehicle aftercare and repair business, with over 3,200 team members across Australia and New Zealand. Through its extensive network of repair centres and integrated supply chain, AMA Group delivers long-lasting mobility solutions for customers, partners, and communities. Committed to quality, innovation, and sustainability, AMA gets over 300,000 people and businesses back on the road each year.

HANCOCK & GORE	**Hancock & Gore**	ASX: HNG	<5%	$127 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.

Ordermentum	**Ordermentum**	Unlisted	Undisclosed	Undisclosed

Ordermentum is a two-sided ordering, payments, and insights platform widely used in the hospitality industry. The B2B ordering & payments platform connects hospitality venues (including cafes, restaurants, clubs and pubs) across Australia with suppliers, helping to improve business efficiencies, grow sales and drive profitability for both suppliers and venues.

NOTABLE INVESTEE COMPANY UPDATES

URBANISE.COM LTD

ASX: UBN

Strategic Partnership with National Australia Bank Ltd

UBN has been an investment within the NAC Investment Portfolio for over four years. Our investment thesis centres on the strength of UBN's strata management software, which it successfully developed and brought to market.

Prior to our involvement, UBN underwent several iterations, and, like many ASX-listed companies, suffered from misguided strategic decisions by former board members and management. These missteps, in our view, led to a loss of focus and significant capital waste, resulting in accumulated losses exceeding $100 million on the balance sheet.

Since our involvement as investors, UBN has shown notable progress. A pivotal catalyst for this turnaround was the appointment of Darc Rasmussen as Director and subsequently Chairman, coupled with the replacement of most prior Directors and the addition of another Independent Director. We believe these changes were critical in sharpening UBN's strategic focus, reinforcing its commitment to its strata management software, and addressing both industry needs and deficiencies in its own platform.

This strategic shift culminated in May 2025, with the signing of a strategic partnership with Australia's largest business bank, National Australia Bank Ltd (ASX: NAB). Key highlights of this partnership include:

- NAB acquired an initial 15% stake in UBN with the option to purchase an additional 4.99% within 12 months of the product launch through a share placement at $1.255 per share.
- UBN and NAB will collaborate to develop and launch a data and payments integration service tailored for strata managers and their clients.
- UBN will receive recurring payments from NAB for the development, implementation, and ongoing maintenance of the service outlined above.

UBN and NAB will seek to deliver a best-in-class service for strata managers and their clients by integrating UBN's fully cloud-based strata management software with NAB's tailored banking solutions designed to address the specific needs of the strata industry. For context, there are approximately 2.3 million strata-titled properties (also known as lots) in Australia, underscoring the significant market potential for this offering.

Body corporates, also known as the Owners Corporations, are a mandatory component of a strata scheme, which comprises multiple strata-titled properties. These entities must maintain bank accounts to collect strata levies from lot owners and facilitate payments for various expenses, including cleaning, maintenance, and capital works programs. Typically, these accounts are divided into an Admin Fund and a Capital Works (or Sinking) Fund. A strata manager, appointed by the body corporate, oversees the management and accounting of these accounts.

Based on publicly available information, we estimate the average funds held in body corporate bank accounts are approximately $3,500 per lot. Applied to Australia's ~2.3 million strata-titled properties, this suggests around $8 billion in deposits within strata-related accounts. We believe this estimated quantum of funds within strata bank accounts may even be conservative.

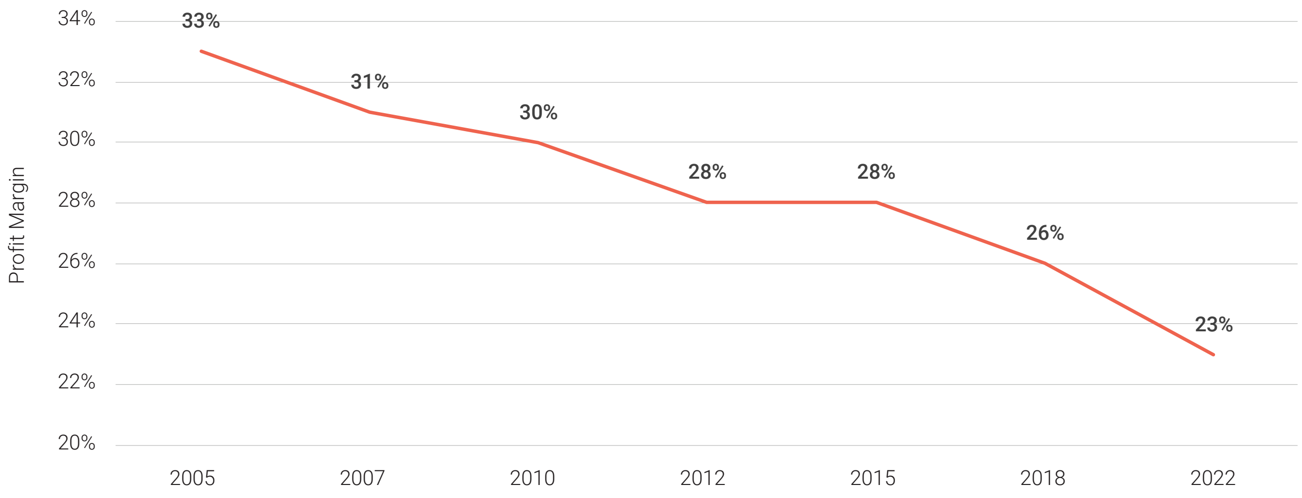
Public data suggests that over 70% of the strata-related bank deposit market is held by one major Australian bank, which also processes a significant portion of the associated payments. We also believe there is a high level of fees associated with said payments.

Banks use customer deposits to fund a portion of the loans they provide (e.g., mortgages, car loans), generating a net interest margin (NIM) by lending at higher rates than those paid on deposits. Strata-related bank accounts, which typically earn low deposit rates, allow banks to achieve a higher-than-average NIM on these funds. Consequently, a bank with a significant share of the strata deposit market benefits from a substantial cost advantage and a stable, low-cost funding base, particularly when compared to term deposits, which may cost banks approximately 4-5% annually.

The 2024 Macquarie Strata Management Benchmarking Report indicates that only ~22% of Australian strata managers qualify as 'higher-performing businesses'. According to the report, a key aspect of a higher-performing business is its investment in technology to create operational efficiencies and generate materially higher profit margins than the industry average.

It is no surprise that the strata industry is generally characterised by legacy technology systems, both from a strata banking perspective and a strata management perspective. We estimate that ~60% of strata managers rely on outdated DOS/Windows or on-premises software systems, which limit scalability and efficiency, forcing firms to hire more staff to manage growth. Consequently, as shown in the chart below, average profit margins in strata management have declined steadily over the past two decades.

Strata Managers - Average Profit Margin

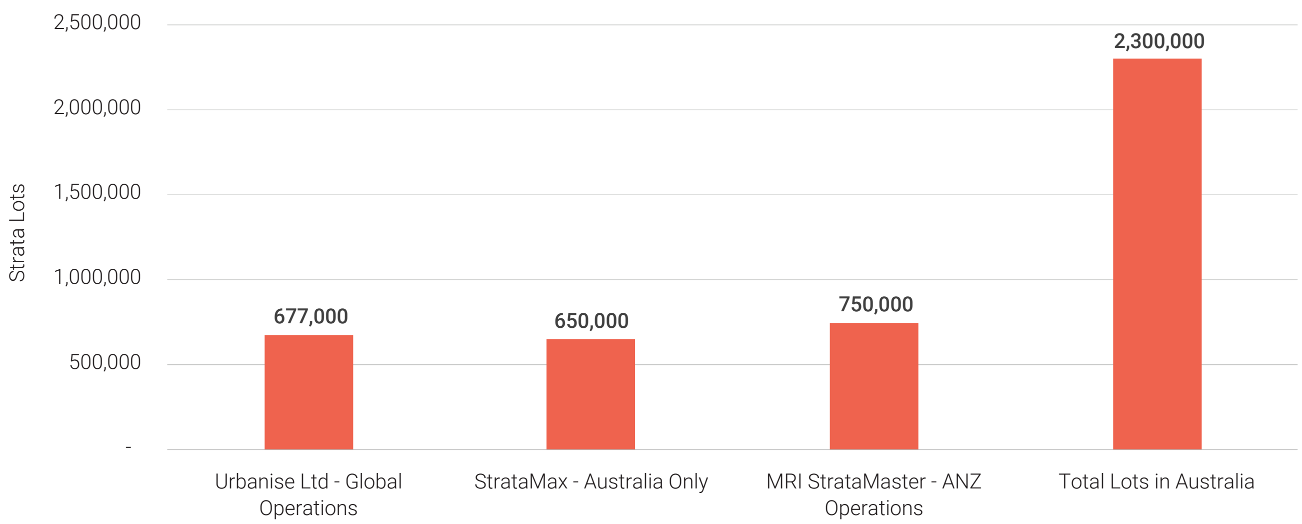


Source – Macquarie

The opportunity for UBN's strata division lies in addressing these challenges, with revenue potential driven by three key factors:

1. **Software Revenue Growth** – At the close of FY25, UBN generated over $7 million in recurring revenue, purely from its strata management software, holding an estimated ~15% market share in Australia with a historical growth rate of ~3% per annum. Should the NAB payments portal gain traction within the strata management industry, we anticipate accelerated growth as managers adopt UBN's software alongside NAB's potentially best-in-class payment platform to maximise efficiencies. The chart below shows the potential based on the total lots in Australia.

Number of Strata Lots Using Software



Source – NAOS, Urbanise.com, PropTech Pro, StrataMax

2. **Recurring Revenue from the NAB Payments Platform** – Starting in FY26, UBN will receive a fixed recurring fee of $1.3 million from NAB for maintaining the payments platform. Additionally, UBN may receive variable recurring fees tied to the volume of strata-related bank accounts held with NAB . With an estimated $8 billion in strata deposits, UBN's recurring revenue is expected to be tied to a portion of the net interest margin (NIM) generated from these deposits. UBN has publicly projected this opportunity at approximately $50 million annually, equivalent to an interest cost of ~0.625%.
3. **Market Consolidation** – Over the longer term, consolidation among strata software providers presents a compelling opportunity. With 3-4 providers each holding 15-20% market share, UBN stands out as the only major player with a fully cloud-based platform. Providers with legacy systems face a critical choice: invest heavily in cloud migration or merge with a provider like UBN that already offers a scalable, modern solution.

Looking forward, we believe UBN has the potential to generate more than $20 million p.a. in recurring revenue from its strata-related products over the next 3-5 years, with incremental revenue expected to deliver progressively higher margins. Importantly, this recurring revenue in theory will be very sticky, potentially commanding a premium valuation multiple in the market.

UBN is now strongly positioned financially, with a prior net cash balance of approximately $3 million bolstered by a $3.3 million upfront payment from NAB and an additional $8.8 million from a 15% share placement to NAB. This cash balance could further increase if NAB exercises its option to acquire an additional 4.99% of UBN at a share price of $1.25 ($6.1 million in cash) and UBN decides to divest any non-core assets. Given the current market capitalisation of approximately $70 million, in our view, the enterprise valuation of UBN remains highly attractive relative to the recurring revenue opportunity.

The next 12-18 months will be critical in determining the success of the UBN-NAB partnership and whether the strata managers understand and embrace the partnership benefits for themselves and their clients.

COG FINANCIAL SERVICES LTD

ASX: COG

Sale of Non-Core Assets

It's refreshing to see COG Financial Services Ltd reinvigorate its strategic focus on: 1) simplifying its operations, 2) driving sustainable organic growth, and 3) enhancing returns on investor capital. Significant progress was made with the sale of two non-core assets, generating approximately $25 million in cash.

The divested assets include COG's minority stakes in Earlypay Ltd (ASX: EPY) and Centrepoint Alliance Ltd (ASX: CAF). We believe these businesses were not integral to COG's core organic growth strategy. The only cash flow impact from these divestments stems from the loss of dividends previously paid by these investments.

Post these divestments, we believe the immediate focus will move to the following:

1. **Divestment of the Westlawn Debenture/Leasing Business** – The 1H FY25 balance sheet of COG highlights two significant line items: $233 million in interest-bearing liabilities and $194 million in financial asset loans. In our opinion, over 90% of this value is attributable to the debenture program operated by COG's subsidiary, Westlawn. This program introduces considerable complexity and opacity to COG as a listed entity. Given that the profit generated by the Westlawn Debenture/Leasing business is not material to the broader COG group, a sale or orderly wind-down of this operation would likely have minimal impact on future profitability.

   We believe that divesting or exiting the Westlawn business would significantly streamline COG's operations, enhancing transparency and simplifying the company's risk profile for investors. This could potentially uplift COG's valuation by approximately 2–3 P/E multiple points, driven by the reduced complexity and improved clarity.
2. **Revamped Insurance Broking Structure** – The new COG directors bring a proven track record in the insurance broking sector, and we believe this expertise will drive significant focus on enhancing this segment. In our estimation, COG currently generates approximately $3 million in EBIT from insurance broking services, primarily from clients outside its core Finance Broking & Aggregation (FB&A) base, indicating limited internal referral activity. Given that the FB&A business facilitates over $9 billion in annual loans for plant and equipment, it is reasonable to expect that most finance contracts require concurrent insurance coverage.

Assuming an average asset finance loan of $100,000, this equates to roughly 90,000 transactions annually through COG's network. This could translate to approximately $300 million in annual insurance premiums. Depending on penetration rates and remuneration structures, COG has the potential to grow its insurance broking division from $3 million in EBIT today to as much as $20 million over time, solely by capturing insurance opportunities from existing financing deals currently serviced by external providers.

3. **Restart of In-Organic Growth Strategy** – While some past capital management decisions have underperformed, recent developments, enhanced internal funding capacity, and growth opportunities in the insurance broking division position COG to cautiously resume M&A activity over the next 12 months. We anticipate this approach will align closely with COG's simplified strategic focus, prioritising manageable acquisitions that complement its core operations.

The COG share price continues to rally, which, in our view, moves COG from a depressed to a more reasonable valuation. To drive the COG share price substantially higher over time, we will need to see the resumption of earnings per share (EPS) growth by organic and inorganic means. Should this materialise, COG's sticky client base and capital-light business model could, over time, command a premium valuation as these strengths become more evident to the market.

AMA GROUP LTD

ASX: AMA

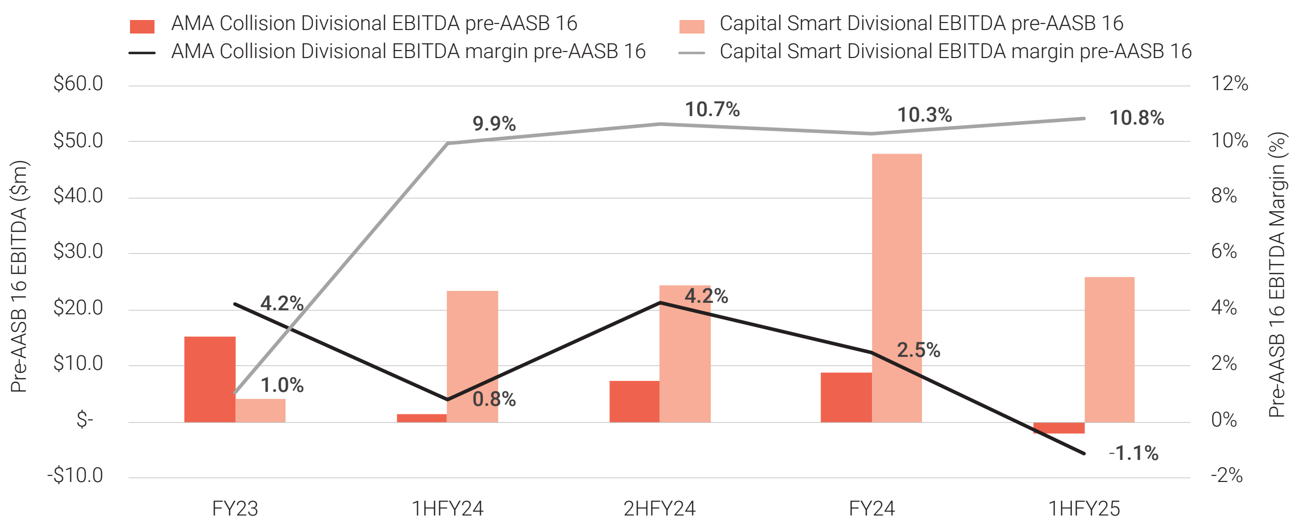
Q3 Business Update & Appointment of Managing Director

Q4 FY25 was a dynamic period for AMA Group, marked by three price-sensitive announcements within 30 days. This report focuses on the appointment of a new Managing Director (MD) and the Q3 FY25 business update. The market responded positively, with AMA's share price surging approximately 60% during the quarter.

The announcement of a new MD, coupled with the resignation of the previous MD, was unexpected, given the former MD had made significant strides executing on the communicated strategy. Nevertheless, the Board remains focused on restoring pre-AASB 16 EBITDA margins to approximately 10%, a target heavily reliant on the ongoing turnaround of the AMA Collision business.

As per the chart below, AMA Collision's margins have remained subdued. While multiple factors contribute to this, they are addressable over time, though a significant improvement in half-year results is yet to materialise. The new MD, Ray Smith-Roberts, brings extensive experience in the panel repair industry, having previously sold a business to AMA and served as an Executive Director from 2011 to 2019. So, in theory he has the skillset necessary to return the AMA Collision business toward the double-digit margins that he and the Board believe are achievable over the next 24 months.

AMA Group Ltd (ASX: AMA) - Divisional EBITDA Comparison



Source – Company Financials, NAOS

The Q3 FY25 business update (January to March 2025) highlighted several encouraging developments for AMA Group. Key takeaways include:

- Improvement in Group EBITDA Margins (Pre-AASB 16) – Group EBITDA margins reached 8.9%, approaching the board's target of consistent 10% margins. This steady margin improvement signals AMA's strengthening earnings potential in the coming years.
- AMA Collision Division Improvement – As a major revenue contributor with historically low profitability, the AMA Collision division showed notable improvement in Q3. This positive trajectory supports the Group's goal of achieving 10% EBITDA margins in the short to medium term.
- Consistent Cash Flow Generation– AMA recorded positive operating cash flow, with a $12.3 million improvement over the prior corresponding period. As AMA returns to a steadier operational framework, we expect it to establish itself as a strong cash-generating business, with the market increasingly acknowledging its cash flow potential.

While we do not anticipate AMA replicating its Q3 FY25 performance in Q4 due to fewer trading days and public holidays, the business continues to demonstrate meaningful progress across multiple areas. Over time, we expect investor focus to shift from short-term profit margins and net cash balance sheet dynamics to AMA's compelling attributes, including robust cash flow generation and opportunities for both organic and inorganic growth in a highly fragmented industry. If the management team sustains its execution, a significant earnings multiple re-rating could drive further share price appreciation.

MITCHCAP

PRIVATE INVESTMENT

Sale of Investment in MitchCap

In June 2025, NAOS exited its investment in MitchCap, a private floor plan finance provider. A tender offer was initiated by a major minority shareholder (also a significant debt provider), to acquire all shares in the business, excluding those held by the CEO.

After much deliberation, we felt it was in the best interests of our shareholders to exit our investment in MitchCap and redeploy the funds into other opportunities that may generate more attractive outcomes relative to the risk taken.

Reflecting on a long-term private investment, such as MitchCap, particularly one with limited liquidity, provides valuable insights. We summarise below some of the positive and negative aspects of this investment:

Positives:

- **Significant market share gains** – MitchCap's management team has excelled in capturing substantial market share in its core boating and caravan segments. From a standing start, MitchCap has emerged as the leading player in both markets, a remarkable achievement.
- **Effective credit risk management** – Despite rapid growth, MitchCap has maintained an impressive record of minimal bad debt incidents. Throughout our tenure as significant shareholders, the management team demonstrated strong credit exposure management, keeping bad debt expenses exceptionally low.
- **Successful capital raising** – MitchCap's growth as a lending business was supported by its ability to secure both debt and equity financing. This access to capital was critical in fuelling its expansion and sustaining its growth trajectory.
- **Entry into new market sub-segments** – Having established dominance in boating and caravans, MitchCap successfully diversified into agriculture-related segments, such as gardening and farming equipment dealerships. This move has tapped into a substantial addressable market, broadening its growth opportunities.

Negatives

- Cost of capital – Even for successful businesses such as MitchCap, the cost of capital is significant. We underestimated the scale required to achieve a meaningful reduction in capital costs, which would have driven a substantial increase in profitability.

Valuations of non-bank financials – As many readers may be aware, the valuations applied to any listed finance/lending business outside of the big-4 banks have rarely been lower. This trend has prompted many such firms to either privatise or return capital to shareholders. For MitchCap, these conditions made a public listing or sale less viable in the short to medium term.

SAUNDERS INTERNATIONAL LTD

ASX: SND

FY25 Earnings Downgrade(s) and Resignation of CEO

Saunders International Ltd (ASX: SND), a long-standing core holding in the NAOS portfolio, has pursued a strategic growth path over the past five years. During this period, SND expanded its workforce from ~50 to ~500 employees, grew revenue from ~$50 million to over $200 million, and enhanced its capability to execute larger, more complex projects.

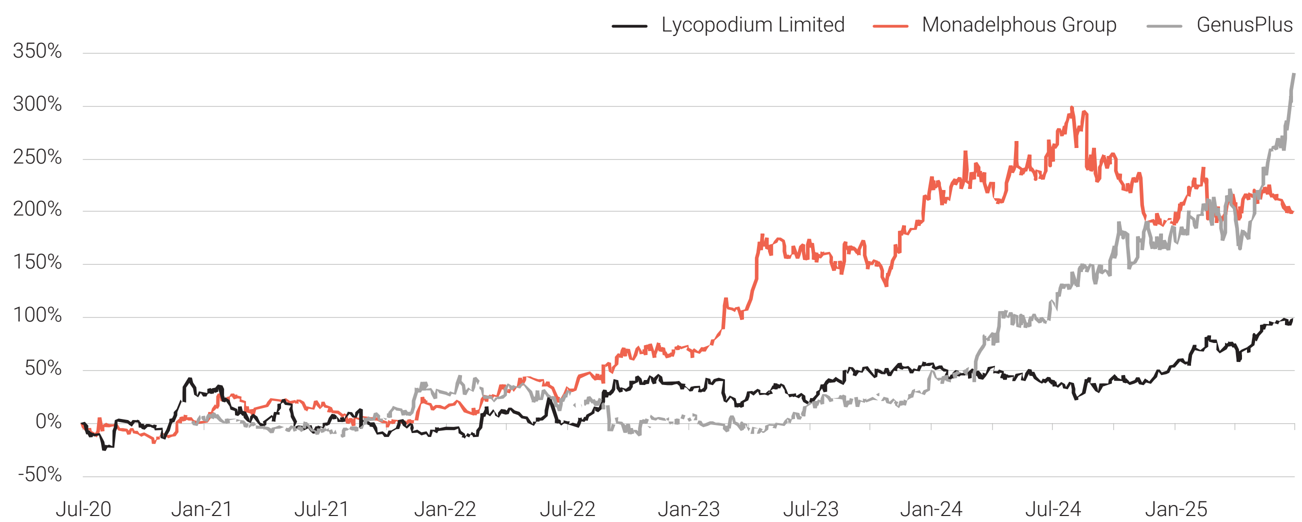
SND's strategy focuses on securing high-value contracts as a self-performing contractor, leveraging in-house expertise for clients such as the Department of Defence, tier-1 resource companies, and utilities like Sydney Water. Notable successes include projects exceeding $40 million at Western Sydney Airport and RAAF Base Tindal. However, in FY25, despite a growing work pipeline in defence, water, and resources, project timing became uncertain due to factors including a federal election, shifting budget priorities, and volatile commodity prices. These challenges led to earnings downgrades at the HY25 result and again in May 2025, alongside the resignation of SND's CEO.

SND faces the common challenge of emerging companies; balancing long-term growth investments against short-term performance. Long-term investments in systems, people, premises and geographic reach have solidified SND's ability to self-perform. All these investments have increased fixed costs, and therefore, the ability to correlate this with revenue growth is an art rather than a science.

As a major shareholder, we support the management and board's commitment to building a diversified, resilient business with a robust revenue and earnings base. Over the past five years, SND's consistent year-on-year EPS growth has been exceptional for a contracting business, scaling from a $50 million to a $200 million revenue company. With aspirations to exceed $350 million in 2-3 years, investment phases will be required along the way.

With tenders under evaluation exceeding $1.5 billion, SND is well-positioned to secure a significant share of contracts from direct client relationships and strategic partners, fostering long-term opportunities across multiple sectors. As shown in the chart below, comparable firms like Monadelphous Group Ltd (ASX: MND), GenusPlus Group Ltd (ASX: GNP), and Lycopodium Ltd (ASX: LYL) demonstrate that reaching a scale inflection point and building a competitive moat can deliver substantial shareholder value, given the capital-light nature of contracting businesses.

Share price performance - 5 Years - MND, LYL & GNP



Source – Koyfin

Finally, in July 2025, Saunders announced the acquisition of Aqua Metro, a significant strategic move. We will provide commentary on this acquisition in the Q1 FY26 Quarterly Investment Report, but we believe this is an excellent acquisition for SND. It aligns with the thematic of addressing ageing water infrastructure, adds scale with Aqua Metro's annual revenue exceeding $100 million, and benefits from strong vendor alignment, with over 35% of the consideration paid in SND shares.

HANCOCK AND GORE LTD

ASX: HNG

First Year of Schoolblazer Ownership and (pending) Trutex Acquisition

When HNG completed the acquisition of Schoolblazer it aimed to replicate its successful disruptive, digital-first model (based in the UK) in the Australian market, where the school uniform market mirrors the UK's landscape a decade ago.

As shown in the chart below, Australia's ~1.5 million private school students represent a larger addressable market than the UK's ~600,000, despite the UK having a 50% larger population. Independent data suggests an average annual uniform spend of approximately $300 per student (varying by primary or secondary level), implying a $450 million market opportunity in Australia.

Country	Population (M)	School Enrolment (M)	% of Population	Public (% of pupils)	Public (% of population)	Private (% of pupils)	Private (% of population)
Australia	27.3	4.13	15.10%	63.4%	9.6%	36.6%	5.5%
UK	69.5	~9.0*	~13.0%	~94.1%	~12.2%	~5.9%	~0.77%

Source – Australian Bureau of Statistics, GOV.UK, Independent Schools Council UK

Throughout FY25, HNG has been focused on building out the platform for Schoolblazer in Australia. This involved building a local operational team, integrating all school operations onto a unified ERP system tailored for the Australian market, and boosting brand awareness through industry events and engagement with key decision-makers at private schools.

The 12 months of groundwork culminated in HNG securing Schoolblazer's first Australian private school client for the 2026 school year, a notable institution with approximately 1,000 students, potentially generating ~$3 million annually in contract value, depending on uniform requirements. Historically, Schoolblazer's UK growth has been driven by word-of-mouth momentum, and we anticipate a similar trajectory in Australia.

Finally, HNG announced a conditional agreement to acquire Trutex, a UK-based school uniform provider established in 1865, serving public schools and retailers in the UK and select international markets. Unlike Schoolblazer, we don't believe that Trutex will provide HNG with the same organic growth opportunity in future years. We do, however, believe its value lies in its robust sourcing relationships and global reach, which could streamline HNG's complex supply chain. Improved sourcing is expected to enhance gross margins and ensure consistent, high-quality products. Should Schoolblazer gain significant traction in Australia, HNG could leverage Trutex's customer base to expand into new geographies, further strengthening its market position


NAOS
OUTLOOK

OUTLOOK

August will be a pivotal month for the NAOS investee companies, with many set to release FY25 results. We approach Q1 FY26 with optimism, as the management teams of our investee companies have diligently executed strategies over the past 18–24 months, laying the foundation for significant shareholder value creation. Sustained financial improvement often stems from the cumulative impact of numerous small initiatives over time, a principle we believe will drive results across our investments.

Some of the key results and general updates we are anticipating include:

- **Saunders International (ASX: SND)** – Further details on the Aqua Metro acquisition, particularly potential synergies, given Aqua Metro's limited presence in NSW (focused primarily in Victoria) and opportunities with Sydney Water. Additionally, we seek clarity on the project pipeline for SND's core business, especially whether delays in defence and resource-related projects experienced in FY25 are easing.
- **MOVe Logistics (ASX/NZX: MOV)** – After a challenging two years, MOV's FY25 results could mark a turning point. Management has guided for positive gross operating cash flow in FY25 and a return to profitability in FY26. Based on 1H FY25 results, MOV appears close to run-rate profitability. Despite a slower-than-expected economic recovery in New Zealand, achieving FY25 guidance and maintaining FY26 targets would be a significant milestone. Post Q4 FY25, MOV announced (in late July) that it expects to meet the guidance mentioned above, and reaffirmed its guidance for FY26, indicating a return to profitability. Given it's still very early in FY26, we believe this is a sign that the underlying health of the MOV business is significantly improved. Any uptick in economic activity will be incredibly beneficial for the business.
- **Bravura Solutions (ASX: BVS)** – A recent addition to the NAOS core holdings, BVS has attracted a prominent and substantial shareholder with a strong software industry track record, coinciding with significant operational improvements and board and executive changes. We look forward to greater clarity on the company's medium- to long-term strategic direction.
- **Ubanise.com (ASX: UBN)** – For UBN, the FY25 results will centre on its strategic partnership with National Australia Bank. Limited details have been shared about the payments platform for the strata market or its market opportunity and remuneration structure. Greater transparency in these areas would significantly aid investors in evaluating UBN's potential.
- **COG Financial Services (ASX: COG)** – COG will release its first FY25 results under its new board, which was appointed in February. A clear shift in strategy for the better is evident, and we anticipate improved market communication. We will look for insights into COG's plans to expand its insurance broking division and simplify its structure by divesting the Westlawn Debenture/Lending business, which currently complicates its balance sheet and cash flow.
- **New Private Investment** – Finally, we expect to enter a new private investment in Q1 FY26, offering unique exposure to a high-growth, globally attractive thematic with strong structural tailwinds, led by proven stakeholders. We anticipate this business will not remain private beyond two years, and further details will be provided in the Q1 FY26 Quarterly Investment Report.

The NAOS team sincerely appreciates the ongoing support of our shareholders. 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

Managing Director and Chief Investment Officer
NAOS Asset Management Limited

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