**ARENA SECURITIES**

2/04/2026

| Arena Securities Performance update March | | | |
|---|---|---|---|
| 3 Months | 6 Months | 1 Year | Since Inception* |
| -4.40% | 4.51% | 31.25% | 72.71% |

Indicative performance is reported net of all fees. Past performance is not a reliable indicator of future returns. Inception date 1 August 2023

**Dear Fellow investor,**

During the quarter, the companies we hold released their half-year results. Approximately 90% of our holdings exceeded my expectations, which was encouraging.

At the same time, geopolitical events took centre stage, particularly the escalation of conflict involving Iran. I can't really comment on this in depth, but it has clearly weighed on market sentiment. In my view, our portfolio would likely be trading at higher levels if this backdrop wasn't present.

What has surprised me most is the ongoing disruption in the Strait of Hormuz. Given its importance to global trade, I did not expect it to remain as constrained as it has.

One thing I would say, slightly tongue-in-cheek, is that when countries go to war, it is probably worth updating the spreadsheet. You cannot model a 20-year scenario and then ignore what is actually happening today. The reality is that Russia is still at war with Ukraine, and at the same time appears to be supporting Iran, including reports of intelligence and satellite imagery being shared.

The world does not pause while a new conflict begins. It layers on top.

Without getting too carried away, it does seem that expectations around how quickly this situation would resolve may have been a little optimistic.

During the quarter, I also exited our small positions in RPM.ASX and BOT.ASX.

## RPM.ASX

RPM's H1 result confirmed a deterioration in the investment case. The company reported a net loss of approximately $1.6 million, alongside a material reduction in cash balances and ongoing balance sheet pressure.

Our initial investment was based on a valuation disconnect. While the company appeared inexpensive on a market capitalisation basis, this was largely a function of elevated debt relative to its size. The thesis relied on either asset rationalisation or consistent earnings and debt reduction to drive a re-rating.

Neither has materialised. The business has moved into a loss-making position, cash has declined, and there is no evidence of meaningful deleveraging, with net debt increasing modestly over the period.

Accordingly, we exited the position. While small, approximately 0.5% of the portfolio, the deterioration in earnings quality and lack of balance sheet improvement reduced conviction. Capital has been reallocated to opportunities with stronger earnings visibility and clearer financial trajectories.

## BOT.ASX

Botanix received FDA approval for Sofdra, a treatment for primary axillary hyperhidrosis, and at one stage represented approximately 1% of the portfolio. However, the position was not increased as it did not reach a high-conviction threshold.

While the company successfully achieved regulatory approval for a product that demonstrated efficacy, execution post-approval has been disappointing. Market confidence weakened following errors in reported numbers within a presentation, and the transition to commercialisation has been underwhelming.

Management has not demonstrated the capability required to effectively scale sales in the United States, and cost structures appear misaligned with performance.

With the business continuing to consume cash and requiring additional capital, the risk of shareholder dilution increased. Combined with reduced confidence in management, this materially weakened the investment case.

Accordingly, we exited the position in full, realising a small loss.

## AHC:ASX

Austco reported a strong first half result, with revenue increasing 31% to $48.2 million and net profit rising 62% to $4.8 million.

Given the company's typical second-half weighting, the result places AHC on track to deliver approximately $11 to $12 million NPAT for the full year, which compares favourably to an enterprise value of around $115 million.

The only softer element was a decline in contracted backlog, from $55 million at the AGM update in October to $47 million. While backlog is not a perfect predictor of revenue, it provides a useful baseline of forward activity. A return to growth, potentially supported by larger contract wins, would be a positive signal.

## KME:ASX

KME reported flat revenue of $15.2 million and net profit up 15% to $1.5 million.

As noted previously, reported earnings continue to understate underlying cash generation, with depreciation and amortisation materially higher than ongoing reinvestment requirements.

Cash earnings for the half were $2.5 million and, with a seasonally stronger second half, KME appears on track to deliver approximately $6 million for the full year.

Against an enterprise value of $26 million, the stock remains attractively priced. With excess cash continuing to build, we expect the board to maintain its focus on capital returns.

## LBL:ASX

LaserBond reported revenue growth of 13% to $23.0 million and net profit up 117% to $2.2 million.

While the growth is partly flattered by a weaker prior period, the result was solid.

The company is positioned for a stronger second half, supported by a healthy order book, operational improvements from recent upgrades, and the contribution from a $2.3 million technology licence sale to Komatsu.

On this basis, LBL appears capable of delivering $6 to $7 million in net profit for the full year.

## MXO:ASX

Motio reported revenue growth of 3% to $4.3 million and net profit of $0.8 million, compared to a small loss in the prior period.

The balance sheet has strengthened significantly, with all debt repaid and approximately $4 million in cash.

The rollout pipeline continues to build, with 150 to 175 new contracted site locations expected in the second half. This represents more than a 15% increase in network size and supports ongoing growth.

## SKS:ASX

SKS announced $60 million in new work early in the period, supporting an upgrade to full-year guidance.

For the half year, revenue increased 14% to $131.8 million and net profit rose 55% to $8.7 million.

While this is a strong result, the upgraded guidance implies a significantly stronger second half is required. The company has good visibility through its work-in-hand position, but execution will be key.

## VYS:ASX

Vysarn delivered a strong result, with revenue increasing 63% to $66.8 million and net profit up 103% to $7.3 million.

Growth was driven by the Industrial segment, with strong demand for dewatering services as mining activity continues below the water table in the Pilbara.

The only softer element was the Advisory segment, where margins were impacted by expansion initiatives.

## AHL:ASX

The recent Adrad result was slightly underwhelming, yet the share price moved higher.

NPAT came in just below expectations. Not materially, but enough to make the result feel a little soft.

The business is currently focused on cost reduction, and after significant management turnover, the team now appears more settled.

I spoke with the CFO around six months ago, and the impression was positive. You can tell when someone actually understands their business.

Since the appointment of the current CEO, there has been a shift toward greater stability. Chairman Gary Washington purchasing shares is also a positive signal.

Importantly, the CEO has been granted performance rights. In simple terms, if shareholders do well, he does well.

Despite the softer result, the share price likely held up due to the low starting valuation. The stock is now trading slightly above net tangible asset value, suggesting the market is beginning to price in future earnings.

## BOL:ASX

I bought a starting position in Boom Logistics. It is a crane company.

I like cranes.

Well… what I actually like is a business that is cheap on a free cash flow or profitability basis.

I think Boom has probably over-earned recently, and something like $10.5 million NPAT is a more reasonable ongoing number.

With a market cap of around $65 million, it is trading on roughly 6 times earnings. The average stock trades closer to 15 times, but that typically requires scale and index inclusion, which Boom currently lacks.

So how does it rerate?

It needs to attract attention, and the best way to do that is through improved profitability. As earnings increase, dividends and buybacks follow, and the market starts paying attention.

If the market cap reaches a few hundred million dollars and holds there, the earnings multiple can expand as well.

Christopher Mayer, author of 100 Baggers, describes this as the “twin engines”, earnings growth and multiple expansion.

If you get both right, it can significantly enhance returns.

A key part of this comes down to margins.

Boom is focused on improving margins, with its main customers being miners and large infrastructure projects such as Snowy Hydro.

Shout out to Malcolm Turnbull. It is an impressive effort backing a project where it is not entirely clear anyone asked about the return on capital.

Originally expected to be completed in 2017, the current target is December 2028. Based on the track record, I would not lock that in.

Boom's pricing reflects utilisation. Long-term work is priced more competitively, while short-term mobilisation of equipment and labour commands higher margins.

Which makes sense. Moving heavy equipment and crews for a short period comes at a cost.

As always, I hope you enjoy this time with family and friends, and have a wonderful Easter.

Regards

Aleck Arena

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