



QUARTERLY NEWSLETTER

1 July 2025 – 30 September 2025

Share Price

\$1.33

Warrant Price

\$0.04

KFL NAV

\$1.34

DISCOUNT¹

0.0%

as at 30 September 2025

The September quarter saw Kingfish deliver a gross performance return of +2.0% and an adjusted NAV return of +1.5%, compared to the +5.5% return of the S&P/NZX50G benchmark index.

The portfolio saw 11 of its 15 companies deliver positive returns and the average return across all portfolio companies was +4.4%, but overall performance was weighed down by declines among some of the larger positions in the portfolio.

EBOS and Vista sold off after reporting results with near term investment constraining profits

Healthcare and pet product distributor **EBOS** (-21%) delivered a slightly softer full year result than expected, reflected slower growth in some areas of the business and higher costs. When combined with the significant additional lease cost of expanding into new facilities with extra capacity for growth (which had not previously been flagged), this translates to a year of unexpected flat profits before growth should resume as utilisation of the excess capacity picks up. EBOS has been a reliable grower in recent years and so the combination of unexpected disappointments saw the share price fall sharply. It was unfortunate that delivery of the disappointing message was left to the incoming CEO, and we expect may take the passage of time for credibility to be regained given these dynamics.

Cinema software company **Vista** (-15%) is delivering solid year-on-year growth but a key surprise was the company increasing costs in the short term to accelerate migration of customers to its new cloud product suite in response to strong demand. The company also provided detail of its plans to launch embedded payment functionality, which will generate meaningful new earnings over time.

Several of our New Zealand economic exposures performed well

Three of the better performers in the portfolio were **Vulcan Steel** (+32%), **Freightways** (+26%) and **Port of Tauranga** (+11%), which all have sizeable local businesses.

Steel distributor Vulcan Steel has been seeing daily volumes stabilising and signs of improvement in some sectors. It also announced the acquisition of Roofing Industries, a leading player in New Zealand steel roofing and cladding with a similar culture and business model to Vulcan. The attractive acquisition price and business fit means Vulcan should be able to derive some benefits from procurement in greater scale and in some instances bundling the product offerings to joint customers. Vulcan has a strong track record of value-adding acquisitions, and we view Roofing Industries as another example of this. Accordingly, we participated in the share issue to help fund the acquisition.

Local express logistics operator Freightways has thus far defied the softer economy. The company has been able to pick up market share and benefitted from some price increases, although faint green shoots appear to be coming through with same-customer network courier volumes in New Zealand improved in the last six months to June (+0.6% growth) versus the prior six (-0.2% decline). On the economic backdrop CEO Mark Troughear has recently commented that "I think we are through the worst of it. It's been a slow and steady grind upwards."

As I noted earlier, these positive returns were offset by weakness in the **Mainfreight** (-5%) and **Summerset** (-4%) share prices, despite our expectation that both companies will benefit from a cyclical recovery in New Zealand.

In July, Mainfreight provided a trading update which showed an unexpectedly large fall in profit. The company referenced the shorter trading weeks in April and May and tariff uncertainty during the period, and alluded to trading improving into June and July, although it did not provide any figures to quantify this. More recently, in late September, CEO Don Braid commented that "we are seeing better performance than we did three months ago."

Retirement operator Summerset continues to see solid growth in unit sales volumes. The company also shared forecasts for over \$12.30 of future net tangible assets per share from current developments, versus the 30 June figure of \$13.18 and quarter-end share price of \$10.68. We believe Summerset has been unfairly tarnished by mediocre performance from other companies in the sector, despite consistently doing the basics well, including completing broad-acre village developments at attractive cash development margins.

Infratil presented a strong fundamental outlook at its investor day

Infratil (+17%) hosted an investor day in Sydney, which showcased its portfolio of growth infrastructure investments. Its data centre business CDC closed out the day with an upbeat presentation, foreshadowing major contract wins of which 100MW was announced just the following week. This announcement came as welcome relief after customer delays meant CDC had previously missed its contracting targets in 2024. CDC has now secured around 95% of the revenue it needs to deliver its target of doubling 2025 earnings by 2027.

Longroad Energy, Infratil's developer of US renewable electricity projects, also provided a positive outlook. Despite changes to tax subsidies, Longroad is confident that in its strong development pipeline to what is expected before the changes: around 1.5 gigawatts of renewable energy annually at attractive mid-teens equity returns.

Infratil's Asian renewable development platform Gurin, which is at a much earlier stage of development, also expressed confidence in its large pipeline of opportunities. Its marquee opportunity is Project Vanda, a large-scale solar and battery storage project in Indonesia which would deliver consistent green electricity to the constrained Singapore market.

Having sold its longstanding and underwhelming investment in RetireAustralia for \$328m, Infratil reiterated targets for selling off potentially \$1 billion in assets which can't reach meaningful scale for its portfolio, which may include Australian diagnostic imaging business Qscan.

Matt Peek
Senior Portfolio Manager
Fisher Funds Management Limited
15 October 2025



¹ Share price discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expense, fees and tax, to four decimal places).

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER

VULCAN STEEL	FREIGHTWAYS GROUP	a2 MILK COMPANY	INFRATIL	EBOS GROUP
+32%	+26%	+17%	+17%	-21%

PERFORMANCE

as at 30 September 2025

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+5.2%	+5.6%	+4.9%
Adjusted NAV Return	+1.5%	+7.9%	+4.3%
Portfolio Performance			
Gross Performance Return	+2.0%	+9.5%	+5.8%
S&P/NZX50G Index	+5.5%	+6.3%	+2.5%

Non-GAAP Financial Information

Kingfish uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after expenses, fees and tax,
- » adjusted NAV return – the percentage change in the adjusted NAV value,
- » gross performance return – the Manager's portfolio performance in terms of stock selection, before expenses, fees and tax, and
- » total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this newsletter are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Kingfish Non-GAAP Financial Information Policy. A copy of the policy is available kingfish.co.nz/about-kingfish/kingfish-policies.

PORTFOLIO HOLDINGS SUMMARY

as at 30 September 2025

LISTED COMPANIES	% Holding
Auckland Intl Airport	7.0%
Contact Energy	4.0%
Delegat Group	1.1%
EBOS Group	7.0%
Fisher & Paykel Healthcare	19.1%
Freightways	4.9%
Infratil	13.7%
Mainfreight	8.9%
Mercury NZ Limited	3.5%
Meridian Energy	3.9%
Port of Tauranga	3.8%
Summerset	8.7%
The A2 Milk Company	3.1%
Vista Group International	5.5%
Vulcan Steel	1.7%
Equity Total	95.9%
New Zealand dollar cash	4.1%
TOTAL	100.0%

COMPANY NEWS

Dividend Paid 26 September 2025

A dividend of 2.73 cents per share was paid to Kingfish shareholders on 26 September 2025 under the quarterly distribution policy. Interest in Kingfish's dividend reinvestment plan (DRP) remains high with 39% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on (09) 488 8777.

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Kingfish Limited
Private Bag 93502, Takapuna, Auckland 0740, New Zealand
Phone: +64 9 489 7094
Email: enquire@kingfish.co.nz | www.kingfish.co.nz

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