Investors & Friends of Ironvine-

We find it useful to periodically calibrate against the original principles we laid out when we founded Ironvine nearly 15 years ago. In many respects, our role as investors is comparable to that of the CEO of a conglomerate. We have a finite amount of capital to deploy in projects or businesses (minority stakes in businesses through equity investments, in our case) that, over time and on average, are expected to earn an acceptable rate of return. What is acceptable? In 2012, we argued that returns capable of doubling our money every five to six years—without the use of leverage and while maintaining a strict focus on risk avoidance—were both attractive and achievable. Mathematically, this would have required us to generate 12% to 14% average annual returns—a rate we have largely achieved despite shooting ourselves in the foot once or twice. Valuations (price/earnings ratios) are higher today than they were in the early/mid 2010s, leaving less room for multiple expansion to augment the portion of equity returns driven by earnings growth. That said, we still believe double digit returns are achievable and attractive given the opportunity set we see in equities—particularly so in light of 4% long bonds and falling yields on short-term Treasury Bills. We'll stress here as we always do that returns won't be linear, but this is our quest and we remain up to the challenge.

So how do we get there? By investing in dominant, financially-sound businesses with high or improving returns on capital led by exceptional operators. We favor business models with predictable, recurring revenue, oligopolistic (or better) market positions, real pricing power, and strong free cash flow generation. We look for defensive characteristics like high barriers to entry, onerous switching costs, differentiated products, strong brands, and scarce assets. Importantly, we don't handicap the macro, commodities, interest rates, or currencies, and we don't try to time markets.

We generally hunt two kinds of businesses. The first—the rarest and most valuable—earns exceptional returns while needing little incremental capital to grow. Most capital-light businesses don't have that luxury. Nearly as attractive is the second type of company that, for years, can reinvest large amounts of incremental capital at high returns. Systematically redeploying free cash flow into cash-generative assets year after year compounds value as relentlessly as interest. It should be noted that very few companies can outrun the gravitational pull capitalism exerts on high returns—technology shifts, competitors close gaps, and industry economics change. When we identify a possible outlier, we get to work.

One such outlier that fits the description of an oligopolistic market position by virtue of high barriers to entry and incalculable switching costs is a little-known Dutch company called ASML.

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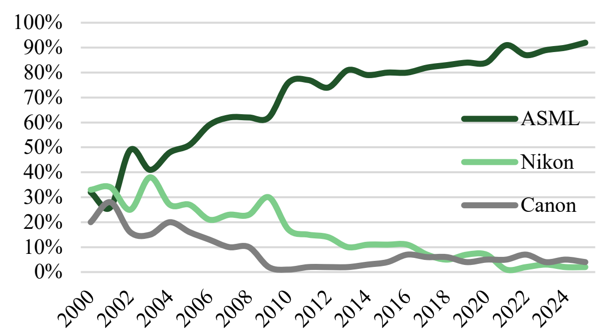
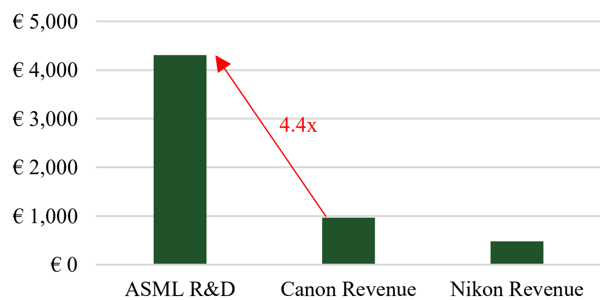
Based in Veldhoven, Netherlands, ASML is the largest, and in most cases sole, supplier of lithography systems to semiconductor manufacturers such as TSMC, Intel and Samsung. It is not hyperbole to claim the company's extreme ultraviolet (EUV) systems, which sell for over $200 million, are perhaps the most complex piece of technology humans have ever deployed at scale. Lasers blasting droplets of tin to create light that is bounced off a series of mirrors to print billions of features on a chip with nanometer level precision in a school bus sized machine made up of 100k+ unique parts sounds like the stuff of science fiction. In a simple analogy though, one can think of lithography machines as the inverse of a movie projector. Whereas a movie projector takes a small image and blows it up into a much larger picture on a screen, lithography machines take a relatively large design and shrink it down to the size of few atoms on a silicon wafer. This process ultimately forms the transistors that make up the chips that power our phones, datacenters, PCs, cars, etc., over 90% of which flow through ASML's machines.

ASML's monopoly-like position has been earned through several decades of steadfast investment in engineering through multiple cycles (ASML did not cut R&D during either the tech bubble or GFC despite demand falling over 40%) with a unique level of customer and supplier alignment. Today its annual investment of over $4 billion in R&D is over 4x its next closest competitor's revenue. And this spending is guided by the cumulative learning of several chip generations that feed data into its installed base of 6,000+ tools daily. The result is not only massive barriers to entry but also nearly unthinkable switching costs. For a semiconductor manufacturer, a mere 1% change in the utilization of ASML's tools drives multi-hundred-million-dollar swings to the bottom-line. This keeps customers intertwined with ASML both in managing current operations as well as in developing future roadmaps. Simply put, we find it unlikely that a competitor will catch up.

Lithography Market Share

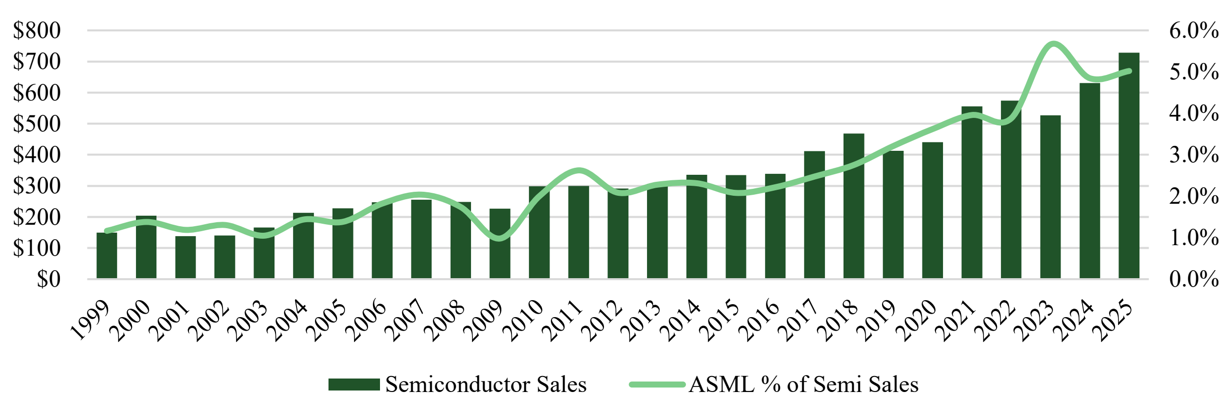


Lithography Scale

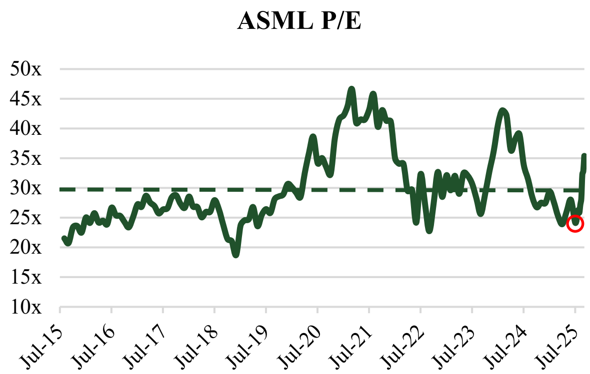


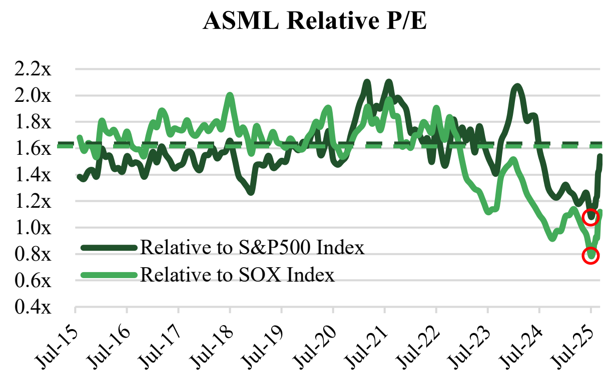
While there is growing debate on whether lithography usage will grow as fast as other equipment within the semiconductor manufacturing process, it is a fact that chips cannot be made without lithography. This reality, paired with ASML's technical advantage over its competitors, positions it as a toll that must be paid to build and operate the semiconductor fabs that presently drive significant global technological progress. Our investment in ASML is predicated on the belief that demand for advanced semiconductors will continue to grow over time, and that the company will maintain its share of an expanding pie over the long term.

Industry Revenue and ASML Share



We have followed ASML for several years as we have built out and honed our semiconductor thesis (see previous thoughts on the sector [here]() and [here]()). The business holds over 90% market share in products that drive over 90% of revenue. It operates in a market that has historically grown at twice the rate of GDP and generates high returns on capital (30%+). And ASML is well-positioned to weather the cyclicality of the industry given its net cash balance sheet. For these reasons, its stock has usually been priced at a substantial premium that has kept us from gaining confidence in having the margin of safety required to invest against the inevitable uncertainties of the semiconductor industry. During the third quarter, however, investor concerns surrounding shifts in wallet share between semiconductor equipment tool types, China / geopolitical headwinds, and capex cuts at two large customers drove ASML's relative valuation multiple to a decade low – allowing us to purchase what we consider to be a well above average business at an average price.





Denotes IVCP purchases

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Although we are highly constructive on the most critical enablers of advanced semiconductors, we wanted to share some observations about the present investment backdrop as a lens into how we are framing the opportunities and risks. Investments related to AI have been a key engine of economic growth the last 12 months and are expected to remain so—with a few reports suggesting over half of US GDP growth has come from the AI buildout. We don't know what inning we're in in terms of the AI infrastructure build out, but we're increasingly certain it's no longer the first. The early leaders and most well-heeled participants are now operating at the outer edges of self-funding. Newer participants are tapping presently accommodative capital markets in increasing measure with creativity indicative of mid-to-later cycle behavior. One can credibly envision scenarios where current spending levels make sense, but the fact remains that a significant majority of the underlying use cases are on the come, and if history is any guide, this journey is unlikely to be a smooth 45-degree line up and to the right.

Our attention has been piqued recently as we've observed an ongoing evolution in how the data center buildout is being financed. The global hyperscalers were the earliest to add material capacity.[1] Combined, these four companies generated over $1.1 *trillion* dollars of operating cash flow in the three most recent fiscal years, providing the means to fund significant growth with internally produced cash. However, as capacity demands have increased in recent quarters, new entrants have utilized borrowed money in large proportions to fund projects. The table below provides a lens into several large data centers currently in development. Notice how equity investors are no longer the customer aggregators. Instead, the hyperscalers have chosen to rely on leased capacity from "neocloud" and financial providers to meet rapidly growing

[1] We refer to Amazon, Alphabet (Google), Meta (Facebook), and Microsoft as the hyperscalers

customer demand. These new entrants, armed with contracts backed by AAA credit, are then able to secure substantial levels of debt to finance the projects. Note the AirTrunk and Coreweave deals in particular which have no equity capital at risk. These arrangements provide interesting optionality for the hyperscalers in an environment where customer demand, chip evolution, power generation capacity, and ultimate use cases each carry significant intermediate-term uncertainty. But for the broader industry, introducing material amounts of debt to fund a massive infrastructure build out introduces additional risk that was not present a year ago.

Largest Data Center Deals

Company	Deal Size	Debt	Equity	Lenders / Underwriters	Equity Investors
Vantage Data Centers*	$41B	$38B	$3B	JPMorgan, MUFG, SMBC	DigitalBridge, Silver Lake
Meta Platforms	$29B	$26B	$3B	PIMCO	Blue Owl
Crusoe	$15B	$9.4B	$5.6B	JPMorgan, MUFG, SMBC	Blue Owl, Primary Digital Infra
Aligned Data Centers	$12B	$7B	$5B	Undisclosed	Macquaire
AirTrunk**	$10.5B	$10.5B	$0	MUFG, SMBC	NA
Coreweave	$7.5B	$7.5B	$0	Blackstone	NA

**Covers Texas and Wisconsin data centers. Equity is for Texas data center*
***Figures converted from Australian dollars*
Source: Company Disclosures: The Information reporting

While the lack of specific disclosures makes it difficult to know the order of magnitude, there is a growing funding "circularity" among some of the largest players in the technology industry. OpenAI recently committed to purchase $300 billion in computing power over roughly five years from Oracle *after* Microsoft passed on the opportunity. This capacity does not yet exist, requiring Oracle to secure the sites, financing, chips, power,[2] etc. to deliver computing power in 2027. OpenAI currently generates roughly $12 billion in run rate revenue, equating to 20% of the $60 billion annual contractual payments due to Oracle.[3] Roughly a week later, NVIDIA agreed to invest up to $100 billion in OpenAI which will supplement its revenue generation to pay Oracle (and others), who can then repay the debt it used to purchase NVIDIA chips to fulfill its infrastructure commitment to OpenAI. Shortly thereafter OpenAI announced a $100 billion commitment to purchase chips from AMD, NVIDIA's largest competitor. That deal also came with warrants that amount to up to 10% of AMD's equity. In the days following the announcement, AMD's market value increased by over 40%, or $110 billion. You get the point—the dollars required to stay in this dance[4] are pushing companies to find increasingly clever ways to finance deals for fear of missing out on seemingly the biggest opportunity since the internet. None of these events necessarily portend doom, but collective risk is growing as capital markets / animal spirits are increasingly relied upon to fund growth.

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Subsequent to introducing Union Pacific in our second quarter letter, the company signed an agreement to merge with Norfolk Southern to create America's first transcontinental railroad. Based on 2024 pro-forma results, the combined company had revenue of $36.4 billion, EBITDA of roughly $18 billion, and free cash flow of $7.3 billion. By merging and integrating Norfolk into UP's operating system, Union Pacific CEO Jim Vena expects to realize nearly $3 billion in synergies to grow free cash flow to $12 billion by 2029.

The combined network will span more than 50,000 miles, serve 43 states reaching nearly every corner of North America, and connect 10 gateways with Mexico and Canada along with over 100 ports. Single-line service will reduce interchange points and improve network fluidity and capacity. Today, the two railroads exchange approximately one million carloads annually across the two networks with speeds that range from acceptable to downright slow. Upon completion of the transaction, UP expects to see a 24-48 hour

[2] The power needed for 4.5 gigawatts of capacity equates to the consumption of roughly four million homes
[3] We anticipate OpenAI (owner of ChatGPT) to grow revenue <u>materially</u> in ensuring years. The company's internal estimates are for roughly $200 billion in revenue in 2030
[4] "When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance. We're still dancing." -Citigroup CEO Chuck Prince just before the GFC

improvement in shipment times after removing the friction caused by interchange touch points (rail to rail hand offs) that currently plague the industry.

Importantly, 95% of the companies' interchange today is done for freight travelling over 2,000 miles. With the merger Vena believes there is enormous opportunity to increase its share of 500 to 1,500 mile routes. Currently, rail transport is rarely contemplated for these shorter hauls because of the hassle, time delays, and added costs associated with interchanging across the Mississippi River. *"Single-line service will create new routes and increase access across the country, making freight rail transportation a cost-effective option for more American shippers. By eliminating interchanges, customers' products will reach their destination faster. Increased speed and reliability combined with lower freight costs per mile makes rail a more attractive option than truck. And with improved service reliability, we will lower our customers' inventory and equipment costs with reduced cycle times."* -UP CEO Jim Vena

Needless to say, we applaud the industrial logic for Vena's transcontinental railroad and added meaningfully to our investment in UP in the third quarter at what we consider attractive prices.

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Please see the following pages for data and commentary specific to each of our strategies. As always, we appreciate your trust and welcome your feedback.

The Ironvine Team
October 20, 2025

IRONVINE CAPITAL PARTNERS, LLC

CONCENTRATED EQUITY

	YTD 09/30/25	1 Year	Annualized Returns as of 09/30/25 3 Year	5 Year	10 Year	Inception 04/01/12	Cumulative Inception 04/01/12
Ironvine Concentrated (net)	10.02%	9.76%	16.03%	10.61%	10.45%	11.28%	323.04%
S&P 500	14.83%	17.60%	24.94%	16.47%	15.30%	14.33%	509.99%
Equities	6.25%	5.65%	13.90%	13.82%	10.16%	10.03%	263.68%
Bonds	7.20%	2.29%	3.64%	(2.14%)	1.14%	1.67%	25.07%
Cash	3.25%	4.47%	4.87%	3.04%	2.08%	1.55%	23.01%

Performance reflects the results of the Ironvine Concentrated Equity Composite. Index returns are shown on a total return basis which assumes the reinvestment of dividends and interest income. Equities represent the total return of the S&P 1500 equal-weighted index. Bonds represent the returns of the Bloomberg US Treasury index with 7-10 years to maturity. Cash represents the returns of the Bloomberg 1-3 month Treasury Bill index. Indices are unmanaged, do not incur fees or other expenses, and are generally not available for investment. See the Important Disclaimers at the end of this document for additional pertinent information.

IRONVINE CAPITAL PARTNERS, LLC

CORE EQUITY

	YTD 09/30/25	1 Year	Annualized Returns as of 09/30/25 3 Year	5 Year	Inception 01/01/16	Cumulative Inception 01/01/16
Ironvine Core (net)	8.29%	6.35%	14.64%	9.16%	12.83%	224.30%
S&P 500	14.83%	17.60%	24.94%	16.47%	14.92%	287.97%
Equities	6.25%	5.65%	13.90%	13.82%	10.07%	155.05%
Bonds	7.20%	2.29%	3.64%	(2.14%)	1.31%	13.49%
Cash	3.25%	4.47%	4.87%	3.04%	2.13%	22.80%

Performance reflects the results of the Ironvine Core Equity Composite. Index returns are shown on a total return basis which assumes the reinvestment of dividends and interest income. Equities represent the total return of the S&P 1500 equal-weighted index. Bonds represent the returns of the Bloomberg US Treasury index with 7-10 years to maturity. Cash represents the returns of the Bloomberg 1-3 month Treasury Bill index. Indices are unmanaged, do not incur fees or other expenses, and are generally not available for investment. See the Important Disclaimers at the end of this document for additional pertinent information.

Important Disclaimers

Reported performance figures represent an average, or composite, of our progress. Individual returns will vary based on the timing of your investment with us, fee differentials, or other account-specific circumstances. Client reporting, including positioning and performance, is sent under separate cover.

Past performance is not a guarantee or a reliable indicator of future results. All investments contain risk and may lose value. This material contains the current opinions of the authors such opinions are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Holdings mentioned, including the Ironvine Core Equity Top Ten Holdings, are subject to change and are not recommendations to buy or sell any security.

Ironvine Capital Partners, LLC (Ironvine) is an independent registered investment adviser registered with the United States Securities and Exchange Commission. The firm definition includes all assets that are managed by Ironvine.

The Ironvine Concentrated Equity Composite *includes all accounts over which Ironvine deems to have discretion and that follow the composite strategy. Ironvine Concentrated Equity seeks to earn above average returns by investing primarily in a concentrated portfolio of global issuers in all facets of capital structures, including and not limited to common and preferred stocks, debt instruments, convertibles etc. The strategy is subject to risks inherent in equity investing, including general market risk and issuer-specific risk. Equity securities may experience significant volatility and permanent loss due to company performance, investor sentiment, or broader economic and market conditions. A concentrated portfolio may increase the impact of poor performance by a single security or industry, potentially leading to greater volatility and larger drawdowns than more diversified strategies. There is no guarantee of positive returns or preservation of capital.*

The Ironvine Concentrated Equity Composite was created on December 1, 2013, with an inception date of April 1, 2012. The strategy does not seek to directly track or compare itself to any particular equity benchmark, but the composite is compared against the total return of the S&P 500. The benchmark includes 500 stocks representing all major industries of the economy. Ironvine Concentrated Equity employs a total return strategy and the S&P 500 is provided as it is the most widely recognized alternative to any actively managed mandate amongst global investors. Past performance is not indicative of future results. All results are calculated in US Dollars and include reinvestment of dividends and other earnings.

Performance presented prior December 1, 2013 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individual(s) responsible for selecting the securities to buy and sell. A review of the performance record for compliance with the portability requirements of the GIPS standards was completed by an independent accounting firm. The verification and performance examination report are available upon request.

Prior to October 2017 the composite was named "The Ironvine Composite."

The Ironvine Core Equity Composite *includes all accounts over which Ironvine deems to have discretion and that follow the composite strategy. Ironvine Core Equity seeks to earn above average long-term returns by investing primarily in a portfolio of common equity securities with a particular focus on companies that have the ability to generate high and sustainable returns on invested capital. The strategy is subject to risks inherent in equity investing, including general market risk and issuer-specific risk. Equity securities may experience significant volatility and permanent loss due to company performance, investor sentiment, or broader economic and market conditions. A concentrated portfolio may increase the impact of poor performance by a single security or industry, potentially leading to greater volatility and larger drawdowns than more diversified strategies. There is no guarantee of positive returns or preservation of capital.*

The Ironvine Core Equity Composite was created on 12/29/2017, with an inception date of January 1, 2016. The strategy does not seek to directly track or compare itself to any particular equity benchmark, but the composite is compared against the total return of the S&P 500. The benchmark includes 500 stocks representing all major industries of the economy. Ironvine Core Equity employs a total return strategy and the S&P 500 is provided as it is the most widely recognized alternative to any actively managed mandate amongst global investors. Past performance is not indicative of future results. All results are calculated in US Dollars and include reinvestment of dividends and other earnings.

Performance presented prior January 1, 2017 occurred while the Portfolio Manager, Richard L. Jarvis, was affiliated with a prior firm. Mr. Jarvis was the only individual responsible for selecting the securities to buy and sell at the predecessor firm and was a primary decision maker in that capacity at Ironvine until his retirement on 12/31/20. This performance record was incorporated into the Ironvine Core Equity Composite in compliance with the portability requirements of the GIPS standards. A copy of the Portability report is available upon request.

Ironvine Capital Partners ("Ironvine") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Ironvine has been independently verified for the periods 12/1/13– 12/31/24. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Ironvine Concentrated Equity Composite has had a performance examination for the periods 12/1/13– 12/31/24. The Ironvine Core Equity Composite has had a performance examination for the periods 1/1/17– 12/31/24. The verification and performance examination reports are available upon request.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. To be included in the composite an account must have a minimum value of $25,000 at the beginning of a month. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Returns are presented net of management fees and commissions and include the reinvestment of all income. Net of fee and commission performance was calculated using actual management fees and commissions. The investment management fee schedule for the composite is tiered, at 1.0% for relationships less than $10 million, 0.90% for relationships between $10 million - $25 million, 0.80% for relationships between $25 million - $50 million, 0.70% for relationships between $50 million - $100 million, and 0.60% for relationships above $100 million (each tier indicated as an annual percentage charged quarterly). Actual investment advisory fees incurred by clients may vary. The collection of fees produces a compounding effect on the total return net of fees. For example, a portfolio that earned 8% annually for ten years would result in a cumulative return of 115.9% before investment management fees and 96.7% net of such fees, assuming a 1.00% fee per year.

The firm's list of composite descriptions is available upon request. Effective 1/1/2017 Ironvine merged with Saddle Road Partners, LLC (Saddle Road). The surviving entity is Ironvine Capital Partners, LLC. For more information about any of the above contact Paul Penke at 402.916.1702 or ppenke@ironvinecapital.com. No part of this article may be reproduced in any form, or referred to in any other publication, without express written permission.

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