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CAPITAL PARTNERS, LLC

Investors & Friends of Ironvine-

The pacing of AI adoption has become increasingly important to capital markets and the economy. We do not know precisely how all of this will play out. Each of the hyperscalers¹ is run by highly intelligent people with outstanding human and financial capital behind them and they are individually acting with rational self-interest. On one hand, building and owning AI infrastructure is an enormous opportunity to enhance and expand their core businesses. On the other, the prospect of having not created enough computing power while others are aggressively building out their arsenals compels action when one is tasked with stewarding a technology superpower. So, is the bulk of this offense or defense? Will whatever portion is defense earn a return? And what kind of return will offense produce and when?

These are *some* of the questions swirling around the so-called Mag 7 whose stocks, with the exception of Alphabet, have trailed the market so far this year². What is clear today is that the spending on compute is real and spectacular and expected to be more so in 2027 (and potentially 2028). From our seat, the range of potential outcomes is widening for many of the largest companies in the world. Next to the great railroad buildout in the late 1800s, pouring this amount of capital into an emerging technology is without precedent in the modern era. In early June, with no net debt, Google elected to raise \$85 billion in equity. Meta Platforms is rumored to shortly follow suit. SemiAnalysis, one of the more well-regarded voices in technology at present, believes spending on AI between now and 2029 could require as much as \$7 trillion in new debt issuance. The hyperscalers aren't the only ones spending on AI infrastructure, but absent change they'll likely constitute the bulk of it over the next several years. As investment continues to grow it will have profound implications for the businesses that presently constitute 38% of the S&P 500 index.

If AI continues to accelerate toward its promise, those who've invested aggressively will be handsomely rewarded. If collective behavior results in more computing capacity than the world needs—AI is less transformational or progress is slower than anticipated—the hyperscalers will be saddled with excess capacity and financial liabilities that make them far less interesting investments. At present, the market is taking an increasingly glass-half-empty view of the likelihood of an attractive outcome. Microsoft and Meta Platforms, the owner of Facebook and Instagram, have been particularly punished. We've admired the companies' ability to successfully navigate technological change over the past decade. They are once again approaching threshold moments. Our stance is that both will emerge from this season of sowing with durable growth intact. We continue to monitor strategic and capital allocation decisions closely, however.

Meta Platforms has uniquely powerful data and distribution advantages and the company is investing aggressively in its own artificial intelligence models and compute to make its advertising platform more effective. Meta's core business has among the most straight forward and compelling commercial use cases for AI that we are aware of. More engaging, relevant, and frequently refreshed creative content makes digital ads useful versus simply clutter. One unnamed Ironviner visits Instagram specifically for curated clothing, gear, and gift ideas—he checks in *for* the ads, not in spite of them, because he is often introduced

¹ Amazon, Microsoft, Google, Meta, & Oracle

² As of June 30, 2026

to new brands and items he hadn't thought of or didn't know existed. For advertisers, the ease and precision of targeting and measuring return on ad spend is powerful. They can refine and improve their approach leveraging Meta's tools to increase efficiency. The company's ability to leverage and improve its own models within this robust and proprietary feedback loop should draw additional advertising dollars and further the company's lead in time. We initiated a position in Meta in our Concentrated strategy and added to our existing position in Core during the second quarter.

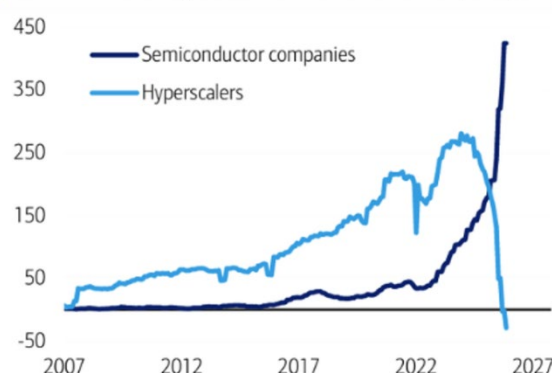
Our semiconductor holdings, alongside technology infrastructure more broadly, have been the beneficiaries of this accelerated spending. Bank of America paints perhaps the best picture of two industries that are quickly trading places. The capital-light, excess cash generating digital media / ecommerce / software giants are now *consuming* cash while the semi complex's coffers are beginning to overflow.

When we first underwrote Applied Materials in the spring of 2024, consensus called for \$1 trillion in industry-wide semiconductor revenue by 2030. As hyperscaler capex totals began their ascent last year, many projected sales approaching or eclipsing \$1 trillion in 2026. From today's vantage point, \$1.7 trillion(!) in semiconductor revenue is not beyond the realm of possibility this year thanks in part to the surging price of memory chips. Against such explosive growth in the supply of compute, the demand curve has been equally shocking. As the most potent example, annualized run rate revenue at leading AI research lab Anthropic has grown from ~\$1 billion exiting 2024, to ~\$10 billion exiting 2025, to \$47 billion by May of this year and is rumored to currently be approaching \$70 billion—a run rate that took Microsoft over 30 years to reach.

While this is the kind of problem every industry should hope to face, the demand inflection has awakened a voracious appetite for public market beneficiaries. The result is stock prices that appear to reflect the expectation of several years of (rapidly) rising capital investment. Our semiconductor-related *businesses* remain as structurally attractive as they did twelve months ago, but their *stock prices* increasingly require 2027 or 2028 spending levels to serve as a new and sustainable baseline. We see no evidence to suggest that won't be the case, but that prospect has shifted from one of low-cost optionality when making our initial investments, to a requirement for driving attractive returns going forward. And importantly, as hyperscaler FCF goes negative, that requirement is increasingly dependent on the risk appetite of external capital providers. As a result, we've been lowering our collective exposure in recent weeks. Specifically, we sold portions of our Applied Materials, Analog Devices, and Amphenol investments across Ironvine strategies during the second quarter.

One of the more enduring characteristics we look for are products that become increasingly embedded in the day-to-day workflows of customers over time. In many industries, switching suppliers is inconvenient. In a handful, it is so costly and operationally risky that customers spend decades improving the incumbent system rather than replacing it. Few products fit that description better than enterprise resource planning (ERP) software, which serves as the central nervous system of a business.

Exhibit 6: A generational transfer in free cash flow is taking place
12m forward FCF of "hyperscalers" and semiconductor companies, \$bn



Source: BofA Research Investment Committee. Hyperscalers = AMZN, GOOGL, META, MSFT, ORCL. Semiconductor companies = NVDA, MU, AVGO, & AMAT

Over the last five decades SAP has become the leading provider of ERP software for many of the world's largest, most supply chain-intensive companies. SAP counts 98 of the Fortune 100 as customers, with approximately 70% of revenue derived from large enterprises. Across much of this market the company operates in a duopoly with Oracle, although in certain niches it is the only practical solution. Its software integrates procurement, manufacturing, inventory, sales, human resources, and financial reporting into a single operating platform for the business.

Over time, SAP systems permeate customer operations, often with extensive customization reflecting company-specific workflows, regulatory requirements, and accumulated business knowledge. For example, Boeing relies on SAP to coordinate the assembly of airplanes containing tens of thousands of components, sourced from thousands of suppliers. If one part isn't where it's supposed to be, a \$50 million plane doesn't move forward. Every component must be tracked, certified, and correctly installed with an auditable record. Boeing's SAP environment contains decades of custom code integrated with its supply chain to provide this digital paper trail.

Because these systems are essential to day-to-day operations, replacing them is expensive and operationally risky. Nike's experience in the early 2000s provides a cautionary tale. After spending roughly \$400 million implementing a new ERP system, software errors disrupted inventory planning, contributed to approximately \$100 million of lost profits in a single quarter, and drove the stock down nearly 20%. Lawsuits and resignations ensued, and the company ultimately spent another \$400 million over the next five years stabilizing the system. In other cases, implementation failures have forced businesses into bankruptcy. Few executives are willing to undergo the risk associated with a large-scale ERP transition. For most the practical option is not to replace the ERP system, but to continually improve the one in place.

"I have converted customers that spend a billion dollars implementing SAP... who would want to change after doing that? If you are an IT executive who made the decision to go with SAP, spent billions, and overran your implementation budget, which from what I can tell happens on 95% of their implementations, you are not going anywhere."

- Former Vice President of Oracle (SAP's primary competitor) on SAP's switching costs

Enterprise software is undergoing one of the most significant architectural shifts in history as generative AI reshapes how users interact with software. This transition raises legitimate questions about which parts of today's technology stack will provide the most value in the future.

We think SAP has an interesting position and opportunity amidst this uncertainty and have recently been accumulating an investment in it. The company is halfway through migrating its customer base from legacy on-premise software to its cloud-based replacement. This transition creates a larger revenue opportunity, higher margins, and a standardized software architecture on which new AI capabilities can be deployed far more efficiently than in heavily customized legacy products. Management's long-term vision is an agent-assisted enterprise in which AI automates portions of financial reporting, supply chain management, procurement, and other operational workflows. The degree to which that vision ultimately materializes will require thoughtful execution, but the deeply embedded nature of SAP's existing tools gives the company an advantaged position to learn and iterate on its products alongside clients. Amidst the AI-driven momentum setting market prices, SAP has been labeled a structural loser. Our view is that SAP is among



the most essential components of the large enterprise operations stack and will benefit as customers increasingly utilize technology-based solutions to run more efficiently.

There are risks that SAP fails to capitalize on the shift and drifts into a commoditized system-of-record or data repository on which competitors run higher value services. In such a scenario we'd expect the company to continue to benefit from its cloud conversion and margin expansion opportunities. While the upside case would be truncated, double digit growth in earnings per share would still be feasible for several years. The business has no leverage, modest share-based compensation (a rarity amongst software peers), and generates significant free cash flow given it is not participating in the data center buildout with its capital. Importantly, we don't need SAP to become a dominant AI platform for the investment to work. With an entry point below 18x earnings we think attractive returns are attainable in a relatively modest execution scenario. But this isn't our base case. If management capitalizes on its advantaged position, the prospects are compelling.

It's been a busy three months as seen by the flurry of activity in our accounts. The dispersion of price action across the universe of companies we like—a topic we discussed at length in our last letter—continued throughout the second quarter. We believe the market is valuing some great businesses at highly attractive levels at present. We try to be fully invested for the most part, and that is certainly the case today with cash running at 1-2% of portfolios. With limited cash on hand and a growing list of good ideas, new investments force us to make tough trade-offs. Such was the case with Boston Omaha which we sold during the quarter to fund other investments.

We think highly of the management team, know the assets well, and believe its shares are undervalued. Since the separation from co-CEO Alex Rozek in 2024, the company has made steady progress on a number of profitability initiatives, improved returns on invested capital, and enhanced investor disclosures & communications. In addition to winding down its disparate real estate investment management businesses, we appreciate the increased scrutiny CEO Adam Peterson is applying to capital outlays made at its broadband operating unit. More recently, the company has been repurchasing its own stock and announced the sale of its unprofitable insurance business at a significant premium to book value. We believe the company is worth \$16-\$21/share today although we'd note that the range could be wider based on the competitive intensity of the broadband industry and the outcome of its minority investment in Sky Harbour—neither of which the company has control over. We are rooting for this team and its shareholders.

For our taxable investors, know that we are always mindful of capital gains—avoiding short-term gains at nearly all costs and being thoughtful about balancing long-term gains and losses where possible. Ultimately, as our money compounds some degree of taxation is unavoidable, but we seek to minimize its drag on returns.

Please see the following pages for data and commentary specific to each of our strategies. We are grateful for your trust and welcome your feedback.

The Ironvine Team
July 16, 2026



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CONCENTRATED EQUITY

	YTD 06/30/26	1 Year	Annualized Returns as of 06/30/26				Cumulative
			3 Year	5 Year	10 Year	Inception 04/01/12	Inception 04/01/12
Ironvine Concentrated (net)	11.02%	14.70%	12.80%	6.82%	13.33%	11.55%	374.99%
S&P 500	10.21%	22.32%	20.61%	13.41%	15.51%	14.52%	590.10%
Equities	17.76%	27.73%	14.48%	7.69%	11.34%	10.99%	342.20%
Bonds	(0.16%)	2.74%	3.09%	(1.01%)	0.63%	1.65%	26.28%
Cash	1.81%	3.96%	4.74%	3.61%	2.35%	1.66%	26.50%

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.





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CORE EQUITY

	YTD 06/30/26	Annualized Returns as of 06/30/26					Cumulative
		1 Year	3 Year	5 Year	10 Year	Inception 01/01/16	Inception 01/01/16
Ironvine Core (net)	7.52%	12.77%	11.60%	6.04%	12.92%	12.77%	253.16%
S&P 500	10.21%	22.32%	20.61%	13.41%	15.51%	15.13%	338.93%
Equities	17.76%	27.73%	14.48%	7.69%	11.34%	11.38%	210.14%
Bonds	(0.16%)	2.74%	3.09%	(1.01%)	0.63%	1.30%	14.58%
Cash	1.81%	3.96%	4.74%	3.61%	2.35%	2.25%	26.29%

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

We recently updated our Form ADV, Customer Relationship Statement, and Privacy Policy. There were no material changes to these documents, but if you would like to review a copy of them, please visit our website at <https://ironvinecapital.com> or contact us at 402-916-1705.

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.

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

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 Finn Lucas at 402.916.1705 or flucas@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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