# Q1 2026
# INVESTOR LETTER TO PARTNERS

17th April 2026

Jenga Investment Partners Ltd

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| | Q1 2026 | 2025 | Inception (1 May 2023) |
|---|---|---|---|
| Jenga Investment Partners (net returns) | -10.39% | 23.17% | -4.80% |
| MSCI World Index (USD) | -3.57% | 21.60% | 56.60% |

Source: S&P Capital IQ and Jenga Investment Partners Ltd.

Jenga Investment Partners Ltd's investment strategy and the MSCI World Index returns are presented in US dollars. The investment strategy is managed through Separately Managed Accounts (SMAs). Strategy gross returns represent our reasonable estimate of the combined asset-weighted actual gross returns of all portfolios following the same investment objective. Strategy net returns are calculated by applying the specified fee structure to strategy gross returns. Actual investor returns may differ from those presented above depending on the timing and value of transactions in their respective Managed Accounts and the applicable fee structure. Past performance is not a reliable indicator of future results.

Jenga Investment Partners returned -10.39% in Q1 2026, versus the benchmark (MSCI World Index) return of -3.57%. The strategy underperformed its benchmark by -6.82% during the quarter.

## Portfolio update

We continued our ongoing strategy of exiting investments in companies we believe have low or no moats in their business quality and competitive advantages, while prioritising investments in companies we believe have strong business quality and durable moats, attractive growth prospects and are undervalued relative to our long-term intrinsic valuations.

| Portfolio at start of the quarter (01/01/2026) | | | |
|---|---|---|---|
| **High moat** | **Moderate moat** | **Low moat** | **No moat** |
| TSMC (7.2%) | Dino Polska (8.5%) | Bosideng (7.9%) | Spyrosoft (6.5%) |
| FactSet Research (6.3%) | Metlen (6.9%) | Shelly Group (6.1%) | Gofore (2.8%) |
| Visa (5.9%) | Farmer Mac (6.1%) | Evolution AB (4.8%) | |
| OMA B (4.2%) | Kaspi (5.0%) | Biem.L.Fdlkk (2.5%) | |
| ASUR (4.1%) | Luzhou Laojiao (3.3%) | Text S.A (1.5%) | |
| **27.7% weighting** | **29.7% weighting** | **22.9% weighting** | **9.3% weighting** |
| **Portfolio at end of the quarter (31/03/2026)** | | | |
| **High moat** | **Moderate moat** | **Low moat** | **No moat** |
| TSMC (8.9%) | Dino Polska (7.7%) | Bosideng (7.8%) | Gofore (3.0%) |
| Microsoft (8.5%) | Farmer Mac (5.7%) | Evolution AB (4.8%) | |
| FactSet Research (8.0%) | Metlen (5.6%) | Biem.L.Fdlkk (3.3%) | |
| Mastercard (7.6%) | Kaspi (5.3%) | | |
| Visa (6.9%) | Luzhou Laojiao (3.3%) | | |
| OMA B (4.9%) | | | |
| ASUR (4.7%) | | | |
| **49.6% weighting** | **27.5% weighting** | **15.8% weighting** | **3.0% weighting** |

The table above compares the portfolio at the start of the quarter (01/01/2026) and at the end of the quarter (31/03/2026), with portfolio weights included. Let's first discuss the changes highlighted in red (exits) and green (new purchases).

**Exits - Shelly Group, Spyrosoft and Text S.A**

**Shelly Group**, the Bulgarian smart home solutions provider, delivered a 267% gain between our initial purchase in May 2023 and when we sold our final shares in March 2026. Shelly's profitable growth and strategy execution remain impressive. The sale decision was solely due to valuations, which had risen from 23x to 38x P/E.

**Spyrosoft**, the Polish IT consulting provider, was sold at a 5% loss over the period from May 2023 to March 2026. We initially invested in Spyrosoft due to its high teens earnings growth potential, owner-oriented management and low valuations. Although its fundamentals remained impressive, after out refreshed quality-first research process focus, Spyrosoft no longer met our quality hurdle. Like many small cap IT consulting companies, Spyrosoft faces low barriers to entry, a cyclical demand cycle, minimal pricing power and a weak control of its value chain.

**Text S.A,** formerly called LiveChat Software, is a Polish provider of live chat and customer service software and solutions to internet businesses. We sold our investment in the company at a -74% loss between May 2023 and March 2026. I was initially attracted to Text S.A due to its highly profitable economics (50%+ EBIT margins), debt-free balance sheet, and owner-oriented founders. However, after redefining the strategy focus, it became clear I had misjudged Text S.A's moat and competitive advantages, despite its still exceptional business economics.

Live chat services are among the highest churn B2B software solutions, and there are very low barriers to entry, with many global competitors, including significant growth from OpenAI and other AI chatbots. As highlighted in our newer technology-oriented investments like FactSet,




**Chart Summary**

Pane 1

| NAME | BENCHMARK | INTRADAY PRICE | INTRADAY CHANGE | CHART STATISTICS: APR-24-2023 TO APR-22-2026 HIGH | LOW | AVG | CHANGE |
|---|---|---|---|---|---|---|---|
| Text S.A. (WSE:TXT) | | - | - | - | - | - | - |
| Daily P/Diluted EPS Before Extra | | - | - | 24.95 | 6.79 | 12.10 | -14.77 \| -64.23% |
| Share Pricing | | 38.70 | -1.16 \| -2.91% | 153.60 | 35.96 | 79.18 | -95.74 \| -70.82% |

*Source: S&P Capital IQ. Text S.A share price and P/E chart between 2023 - 2026*

Microsoft and Mastercard (see below), companies must have a clear path to defending their services against the AI threat. For Text S.A, this is much harder to see.

Over the past four years, its operating profits, net income and free cash flow have been roughly flat, with the primary driver of its share decline being multiples contraction from 23x to 8x P/E.

**New purchases**
**Mastercard**

Mastercard is the second-largest payment network provider, behind Visa (we also own shares in Visa). Mastercard earns fees from card transactions, and unlike card issuers (e.g., banks), it doesn't take on credit risk. Compared to merchant acquirers (e.g. Stripe, Adyen) in the payment industry, Mastercard faces much lower competition and pricing pressure. Mastercard is more weighted towards cross-border payments and value-added payment services (41% of revenue). While both categories are more cyclical than core domestic payment fees, they face less regulatory headwind and are more resilient to the growing trend of account-to-account payments and the rise of domestic payment networks.

We see a potential 16% IRR over the next five years and paid 25x its market consensus forward net profits. You can read our 18,000-word joint deep dive with Visa's investment case here.

**Microsoft**

Microsoft is the largest software company and the second-largest provider of cloud services globally. Its business productivity solutions are mission-critical to businesses and currently have 540 million paid users across its office suite. The removal of volume-based discounts and recent price increases, coupled with monetisation of Copilot, an AI-powered digital assistant for $30 per month, could lead to double-digit revenue and operating profits growth for the business productivity division over the next five years.

The cloud services division has two growth levers. In traditional cloud services, 85% of global IT spend still remains on-premise, and we still see room for all major hyperscalers to expand their cloud services to businesses globally. Microsoft's unique stack of hybrid cloud for regulated services, data analytics solutions and the widest network of physical data centres puts them in an advantageous position to expand solutions, particularly among more regulated enterprises and governments. For AI cloud services, although we see more competition and potentially lower margins when compared to traditional cloud services, its inference, security solutions and developer tools stack could support above average growth.

We see a potential 17% IRR over the next five years. We paid 22x its forward net earnings. You can read our 22,000-word deep dive and 1-page summary of the Microsoft investment case here.

**Portfolio commentary**

The portfolio returned -10.39% during the quarter, with Metlen, FactSet Research and Dino Polska being the top three decliners. Metlen is the first Jenga IP 2.0 investment where we saw a material difference between our earnings projections and actual estimates, and for the rest of the letter, I'll discuss why I continue to hold its shares despite this.

**Position update - Metlen Energy and Metals**

Metlen is a Greek industrial conglomerate that operates in the natural gas production, trading and electricity supply, aluminium and alumina production, renewable energy and construction industries. Individually, these aren't top-tier businesses or businesses I'd want to own on their own, but what makes Metlen attractive is their capital allocation and the benefits each reaps from the vertically integrated approach. Today, Metlen is the Greek market leader in each of these different businesses and continues to diversify with roughly half of its revenue now coming from outside Greece.

**Key Metlen Energy and Metals stats**

- Metlen is a Greek industrial conglomerate in the metals and energy industries, listed in the U.K
- Metlen has a market cap of €4.8 billion and is currently valued at 8.5x its 2026 market consensus earnings
- Metlen is led by its founder, Evangelos Mytilineos (chairman) who has a 22% stake
- Its ROE declined from 22% to 11% in 2025, while its net income declined by 49% during the year
- We initiated a position for the strategy in Q3 2025

Take aluminium as an example. Virtually all of Greece's production comes from Metlen's smelters, and over the past 20 years, European aluminium production capacity has decreased by 40%, with high energy costs (40-50% production costs) being the key driver.

Metlen's own CHP gas plant in its energy division supports its aluminium plants, leading to less reliance on electricity from the grid and a materially lower cost of production when compared to EU peers.

In 2025, I expected its EBITDA and profits after tax to be €1,165 million and €613 million, respectively, but the 2025 financial results came in 35% and 51% lower than my estimates. Revenue, however, grew by 25% YoY to €7.1 billion, well ahead of my estimates, and 2025 was the first time in 13 years Metlen failed to achieve double-digit EBIT margins. So what went wrong?

There were two particular issues in 2025. The less severe issue was the profitability of its aluminium operations, which materially declined from 32% in 2024 to 20% EBITDA margins, representing €72 million of the total €332 million EBITDA decline across Metlen. The profitability drop was driven by higher energy costs in 2025, and management reconfirmed near-term goals of further diversification in energy sources for its aluminium plant.

The more severe issue was the losses from its engineering, procurement and construction (EPC) division within energy, formerly called M Power Projects (MPP). Combined with the renewables division, both divisions represented 36% of Metlen's EBITDA in 2024, or €388 million, but in 2025, it achieved just €86 million.

Power plant projects are typically lumpy and given the fixed revenue nature as a contractor, misjudgements in the project cost structure or sub-contractor delays can be costly for Metlen. Metlen unexpectedly had three challenging projects in 2025, with the most significant being its Protos project, an energy-from-waste plant with 400,000 tons of non-recyclable waste annual capacity.

The Protos project in particular is more technical than average projects and a subcontractor went bankrupt during the project, while another withdrew, leading to material cost overruns and delays. Metlen booked all of its potential losses during the year, in line with IAS 37 onerous contract rules.

To improve governance and leadership in future power plant EPC projects, management integrated the former MPP division into the high-performing renewables team. Excluding the issue, operating profits would have actually been in line with 2024.

I certainly don't see this issue as a structural or fundamental problem at Metlen, and during these business hiccups, it's important to refocus on the long-term, and I see several growth drivers, such as its entry into the highly profitable circular metals and gallium production, while also expanding capacity at both existing energy and metals operations.

Although I usually take earnings guidance with a pinch of salt, Metlen's management, led by its founder and chairman, Evangelos Mytilineos have a 30-year track record of delivering its goals as a public company growing from €10 million to €1 billion during the period, and they reconfirmed their target of €2 billion by the end of the decade. The target is in line with our own estimates, putting Metlen at 4x 2030 EV/EBITDA estimates, or 5x our 2030 P/E.

I believe these multiples are too low for an industrial conglomerate with an excellent track record of no single year of operating or net earnings losses in 30+ years, high barrier to entry with market leadership in several mission-critical and high necessity industries (natural gas importation and production, electricity supply, alumina and aluminium refining), good corporate culture and a top class management team with high ownership and shareholder alignment.




**Q1 2026 quarterly conference call (30th April 2026, 5-6 pm UK time)**

We will host the Q1 2026 investor call on Thursday, 30th April 2026. You can sign up to directly receive the virtual call link here.

You can directly email me questions ahead of the call to be answered during the Q&A session.

Yours truly,
Dede Eyesan

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