Results Note
4 April 2025

Did not sign-up for this report?
Sign-up for future reports here

12m Target Price	1150cps
Share Price	800cps
Implied Return	44%

Astoria Investments Ltd
Marine Diamond Operations Take a Hit

Share Code: ARA – Market Cap: R496m – Discount to NAV: 30%

Financials | South Africa | Commissioned Research

FY 24 Results: Disappointing Diamond Market

- Astoria's NAV per share decreased to 61.99 USD cents (R11.71) as at 31 December 2024, compared to 79.47 USD cents (R14.54) at the end of the previous financial year, representing a decrease of 22% in USD and 19.5% in ZAR.
- The primary drivers for the decrease in NAV were the decline in the value of Trans Hex Marine operations and the market prices of the listed assets, Goldrush and Leatt. OIH performed well during the period.
- OIH's is exiting A-Tec (sold at approximately the original capital value) and Astoria has accepted a signed sales agreement for its 49% shareholding in ISA Carstens for R66.8m and the outstanding loan from Astoria Treasury for R4.2m.

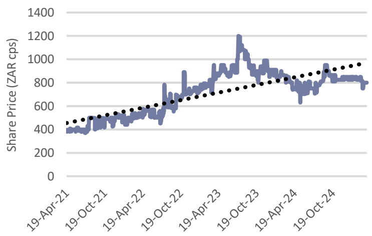
Commentary: Upcoming Capital Allocation Decisions

- It is worth noting that both A-Tec (held in OIH) and ISA Carstens exits are at-or-above what Astoria's NAV was valuing these investments at, which lends comforting evidence as to the tangibility of the Group's NAV.
- Furthermore, both exits free up cash that can be deployed. We expect OIH to use most of this cash to grow while Astoria may well apply the cash freed up from ISA Carsten's exit towards share buybacks given the discount to NAV in the share price making this action quite accretive.

Valuation, 12m TP & Implied Return: Widening of Discount

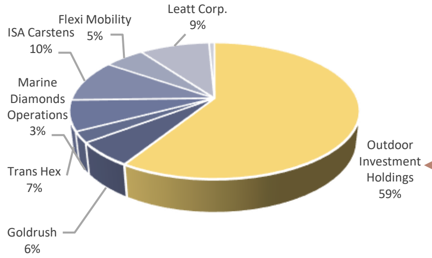
- We estimate Astoria's current NAV as $0.62 or 1149cps a share, implying that the current 800cps share price is at a 30% discount to its NAV.
- If we take out our calculated "HoldCo discount" of c.15.9% (Previously: 13.6%) from this NAV, we arrive at a fair value for Astoria's shares of c.966cps (Previously: 1216cps) or c.21.% *higher* than the current share price.
- Rolling this fair value forward at our Cost of Equity, we arrive at a 12m TP of c.1150cps (Previously: 1433cps) that implies a potential return of c.44% from the current share price.

Astoria Investments – JSE-listed Share Price



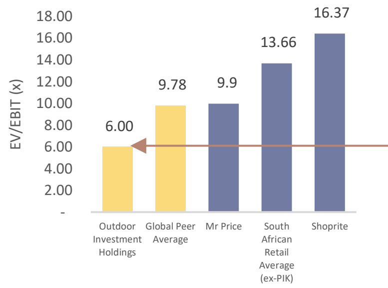
Source: Profile Media

Astoria – Portfolio Major Weightings



Sources: Astoria & Blue Gem Research workings

Outdoor Retailers' EV/EBIT Multiples (x)

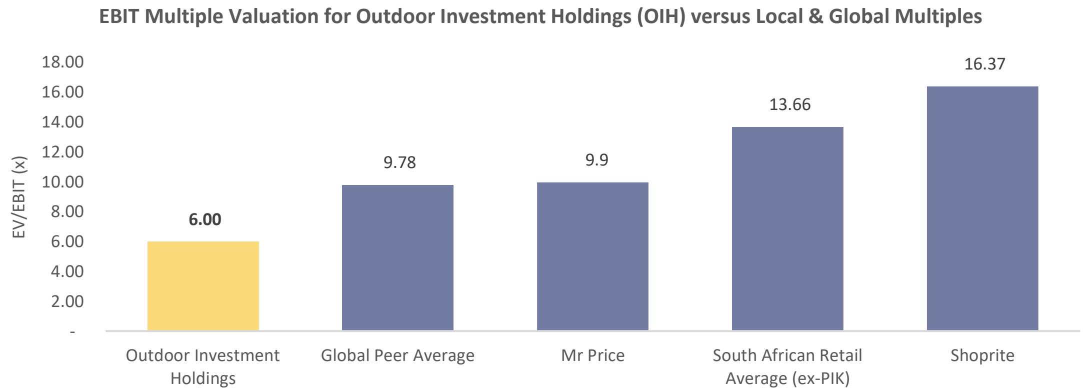


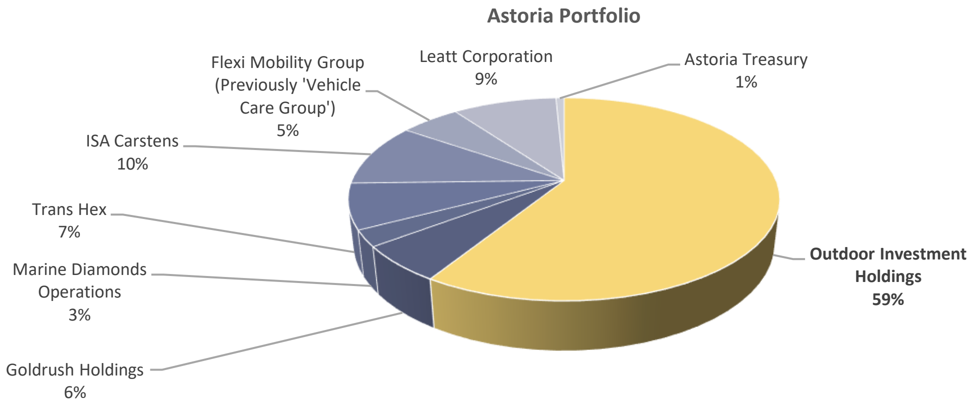
Sources: Refinitiv, Various company reports & Blue Gem Research workings & assumptions; "PIK" is Pick n Pay

Financial Summary (Year-end December):	FY 19*	FY 20*	FY 21	FY 22	FY 23	FY 24**	Current Estimate^
Net Asset Value (USD cps)	$0.169	$0.466	$0.622	$0.827	$0.795	$0.62	$0.625
Growth in NAV (%)	*-84%*	*176%*	*34%*	*33%*	*-4%*	*-22%*	*-21%*
Net Asset Value (ZAR cps)	235cps	682cps	992cps	1406cps	1454cps	1171cps	1149cps
Growth in NAV (%)	*-*	*190%*	*45%*	*42%*	*3%*	*-19%*	*-21%*
Share Price (ZAR cps)	237cps	1259cps	500cps	760cps	802cps	825cps	800cps
Discount to NAV (%)	*-1%*	*-84%*	*50%*	*46%*	*45%*	*30%*	*30%*

*Sources: Astoria reports & Blue Gem Research assumptions & workings; *Current management only took active control of portfolio from 1 December 2020; ** USD/ZAR of R18.88 as at closing 31 Deceber 2024; ^USD/ZAR of R18.38 as at closing 28 March 2025*

Table 1: Investment	Description	% or #	Valuation Methodology	Valuation (Rands)	Valuation (USD)	% of NAV
USD/ZAR Exchange Rate Used				**R18.38**	**$1.00**	
Outdoor Investment Holdings	Integrated outdoor retailing group	40.2%	6.0x PBIT (unchanged) + A-Tec at transaction value (Previously: 8.0x PBIT)	R417.8m	$22.7m	59%
Goldrush Holdings	Alternative gaming (eBingo, LPM, Sports Betting)	7.5m	Listed share price	R41.2m	$2.2m	6%
Marine Diamonds Operations	Marine diamond miner	13.9%	NPV less 20% minority discount	R18.4m	$1m	3%
Trans Hex	Land diamond miner	13.9%	0.68x P/B for Angola + 0.8x P/B for South Africa	R51.5m	$2.8m	7%
ISA Carstens	Domestic health & skincare educational group	49.0%	Transaction Price (under offer)	R71.1m	$3.9m	10%
Flexi Mobility Group (Previously 'Vehicle Care Group')	Financier in the used car market	87.5%	Equity: Fully impaired; Debt: Book value less loss allowance	R38m	$2.0m	5%
Leatt Corporation	Globally-branded biking & outdoor protective clothing group	0.5m	Listed share price	R66m	$3.6m	9%
Astoria Treasury	Internal lending book	100.0%	Book value less 34% (Previously 31%) loss allowance	R5.2m	$0.3m	1%
Gross Investment Value				**R709.1m**	**$38.6m**	**100%**
Cash & equivalents, & other	-	-	Taken from balance sheet	R7.7m	$0.4m	
Liabilities	-	-	Taken from balance sheet	(R3.9m)	($0.2m)	
Other assets & liabilities				**R3.8m**	**$0.2m**	
Net Asset Value (Rands/$'s)				**R712.9m**	**$38.8m**	
Net Asset Value (Rand/USD)				**R11.49**	**$0.62**	
HoldCo Discount (c.15.9%)			Based on a perpetuity with HoldCo costs as a % of NAV	(R113.2m)	($6m)	
Fair Value (Rands/$'s)				**R599.7m**	**$32.6m**	
Number of issued shares				*62.1m*	*62.1m*	
Fair value (ZAR cps / USD cps)				**966cps**	**$0.53**	
Share price discount to fair value (%)				***21%***	***21%***	
12m TP (ZAR cps / USD cps)				**1150cps**	**$0.63**	
12m Implied Return (%)				***44%***	***44%***	





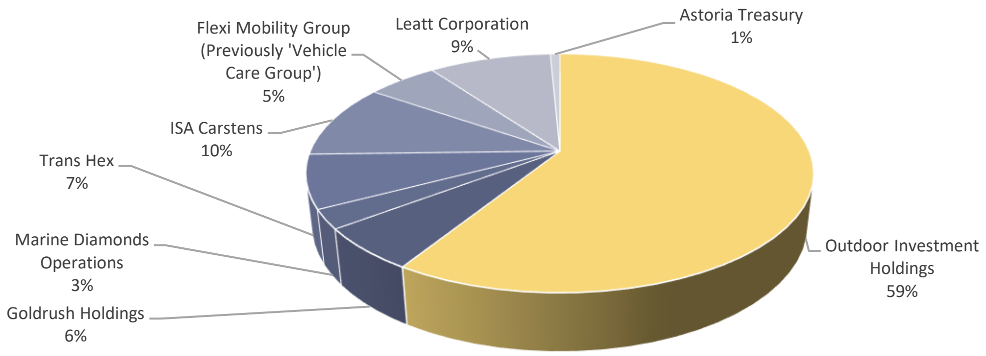
*Sources: Astoria Investment's various reports, Bloomberg, Profile Media, JSE & LSE share prices, & Blue Gem Research workings & assumptions (all spot and share prices based on 28 March 2025 Closing Price); * USD/ZAR spot closing 28 March 2025; ** Management updated valuations for unlisted investments. Refer to Initiation of Coverage for risks to our valuation, key assumptions & views on Astoria and its underlying (including comments on unlisted valuations & methodologies) – Outdoor Investment Holdings EBIT Multiple excludes A-Tec valuations which is being carried at Transaction Price while under offer; "PIK" = Pick N Pay Stores (code: PIK)*

Astoria's FY 24 Results

Astoria Investments (code: ARA) published its FY 24 results:

- Astoria's NAV per share decreased to 61.99 USD cents (R11.71) as at 31 December 2024, compared to 79.47 USD cents (R14.54) at the end of the previous financial year, representing a decrease of 22% in USD and 19.5% in ZAR. The rand depreciated by 3.2% against the USD for this period.
- The primary drivers for the decrease in NAV were the decline in the value of Trans Hex Marine operations and the market prices of the listed assets, Goldrush and Leatt. OIH performed well during the period and was kept at a flat valuation multiple (6.0x EBIT).
- Disinvestments started during the period were OIH's exit from A-Tec (which is likely to be sold at approximately the original capital value), and signed sales agreement for its 49% shareholding in ISA Carstens for R66.8m and the outstanding loan from Astoria Treasury for R4.2m.
- Management anticipates that the cash proceeds from the asset realisations will provide additional options for Astoria in the coming year (we suspect share buy-backs may be on the table).

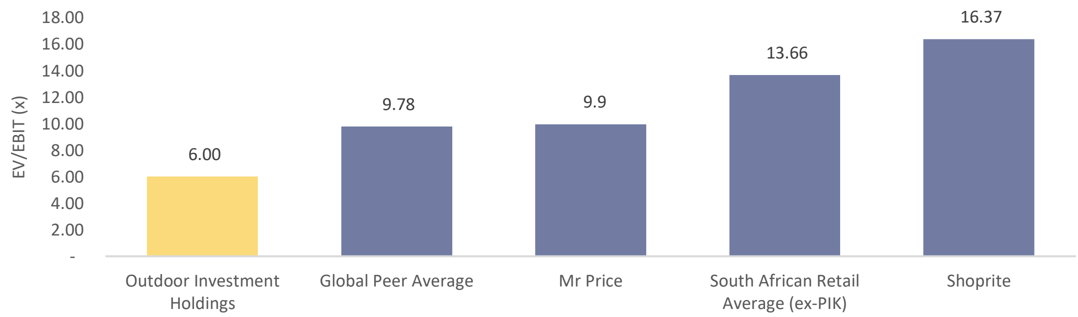
Figure 1: Astoria Investment's Portfolio (28 March 2025)



Sources: Astoria Investments, Iress, Profile Media, various company reports, & Blue Gem Research workings & assumptions

- OIH remains dominant in the Group NAV (**Figure 1**), thus *how* it has been valued is a key ingredient in building your view of NAV solidity (**Figure 2**):
    - The 6.0x EBIT multiple has remained flat from last period, &
    - Compares well against a range of local and global listed retail businesses (albeit, imperfect comparisons, but at least contextual for market multiples).

Figure 2: OIH's Valuation versus Local & Global Multiples



*Sources: Refinitiv, various company reports (all % reported in local currency and from latest reported results that have different period-ends); * PIK is Pick 'n Pay, which could be argued to be excluded due to the significant corporate actions distorting its valuation.*

- We estimate Astoria Investments' current NAV to be $38.8m or $0.62 per share (in Rands this is R713m or 1149cps), or currently an approximate c.30% discount to its current share price (800cps).

Outdoor Investment Holdings (OIH) – Website

Valuation Summary	FY 22	FY 23	FY 24
%-held	*40%*	*40%*	*40%*
EBIT Multiple	*6.0x*	*6.0x + 8.0x for A-Tec (33%-held by OIH)*	*6.0x + A-Tec at offer price*
Investment*	**R339.7m**	**R388.7m**	**R417.8m**

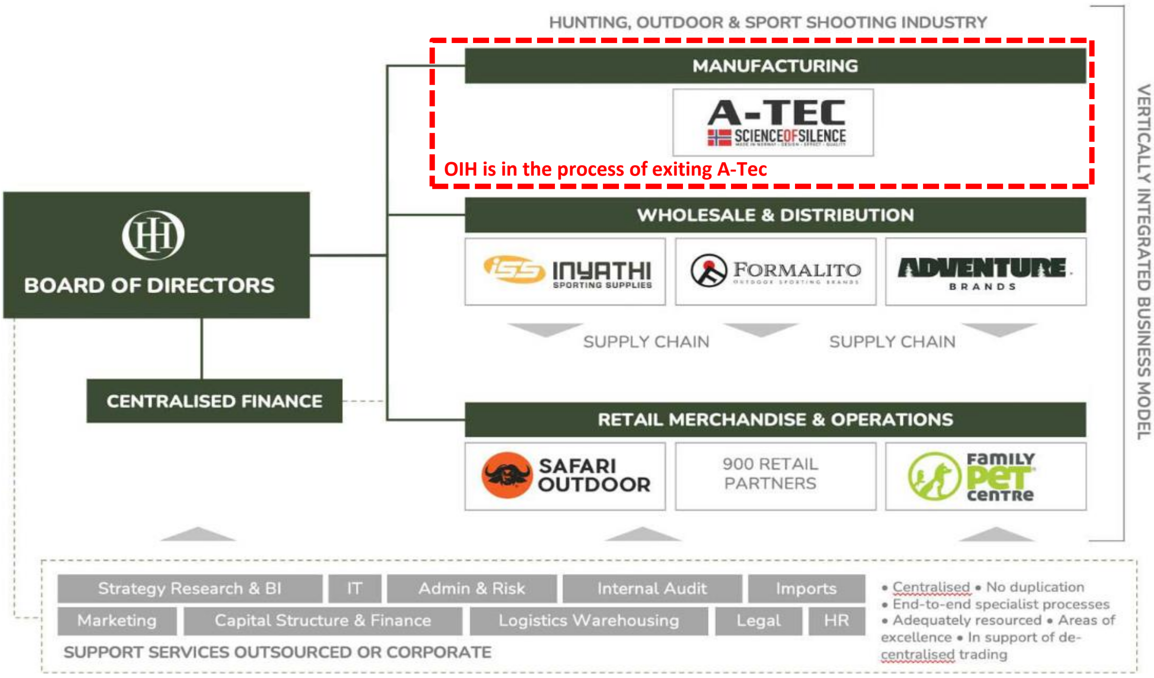
** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR).*

Group Businesses, Detail & Structure:

OIH has five main businesses (after A-Tec is exited):

1. **Adventure Brands:** A distribution brand-house focused on mainstream outdoor living and sports. It is focused on the high(er) LSM segment of the market.
2. **Formalito**: Formalito is a leading South Africa wholesaler for the outdoor sector with a strong emphasis on firearms, optics and ammunition.
3. **Inyathi Sporting Supplies – website:** Focussing on international brands, Inyathi is a domestic wholesaler in the firearms, optics and ammunition space.
4. **Safari Outdoor – website**: From one store in Stellenbosch, Safari Outdoor has grown into Africa's largest hunting, shooting, conservation and related goods focussed retailer. The business has five megastores with >80,000 square feet of high-end retail space (focussing on where the customers *live* and not where they hunt) and one smaller-format store ('Safari Country') in Nelspruit that has proven that the smaller store footprint does work satisfactorily. A second smaller-format store (Safari Country in Bloemfontein) was opened during the FY 24 period (included for only two months, which bodes well for FY 25E being fully annualized). See our **Appendix A** for pictures taken from a recent site visit to their Pretoria store (see their stores here**).**
5. **Family Pet Centre (FPC) – website**: An early-stage "big box" pet shop retailing concept that has struggled and is currently negligible in OIH's life.

Figure 3: Group Structure

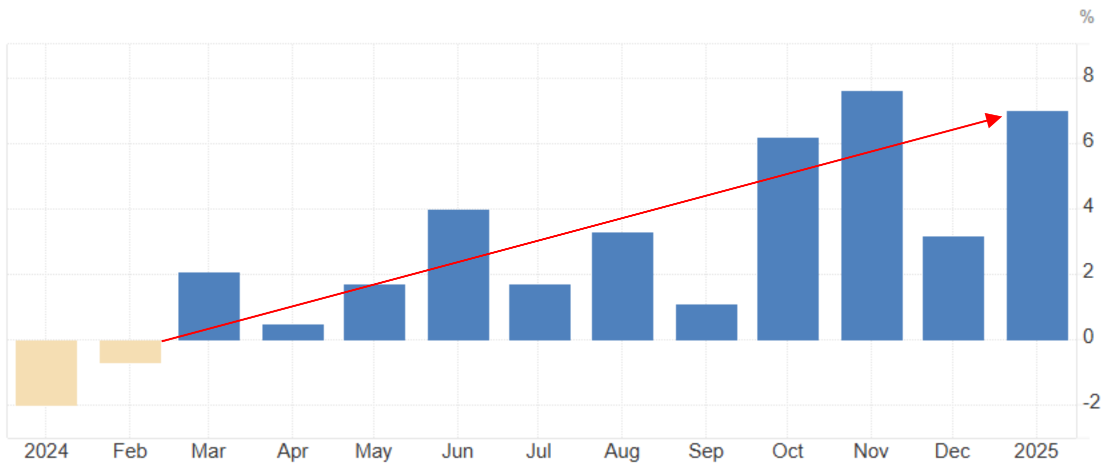


Source: Outdoor Investment Holdings (29 March 2025)

Financial Results & Commentary:

- **Operational Performance:**
    - OIH saw EBIT growth of 5.4% to R202.8m (FY 23: R192.4m):
        - Safari and Outdoor, the retail division, saw sales growth of 6%, primarily driven by increased trading densities (as opposed store roll-out).
        - The wholesale businesses (Inyathi and Formalito) faced challenges due to a broader retail slowdown and economic strain in the agricultural sector. The global nitrocellulose shortage also affected the availability of propellants and primers.
        - FPC (Family Pet Centre) had another modest year and remains a negligible part of the Group.
    - OIH is exiting its 33% stake in A-tec, the Norwegian manufacturer, at the original purchase price. This exit, though, will not affect the Group's supply chain or product/brand availability and OIH will continue to buy products from A-tec.
    - Post-period (after 31 December 2024), trading has been flat:
        - Management believes the target market (higher-LSM) was unaffected by pension "two-pot" withdrawals (those drove lower LSM retail sales) and expects improved spending power due to a better upcoming agricultural harvest (a lot of Safari and Outdoor's customers come from either the agricultural or mining sectors).
        - Safari Country Bloemfontein, a new store, traded for two months within the reporting period. Thus, we expect sales growth from annualizing this store for a full 12m trading period.
        - Management is considering store growth, alongside investing in stock, given the cash flush balance sheet after the A-tec sale.
        - **Figure 4** show the kick up in retail sales across South Africa, which cannot be a negative for this Group despite its niche market focus.

Figure 4: South African Retail sales (p/p %)

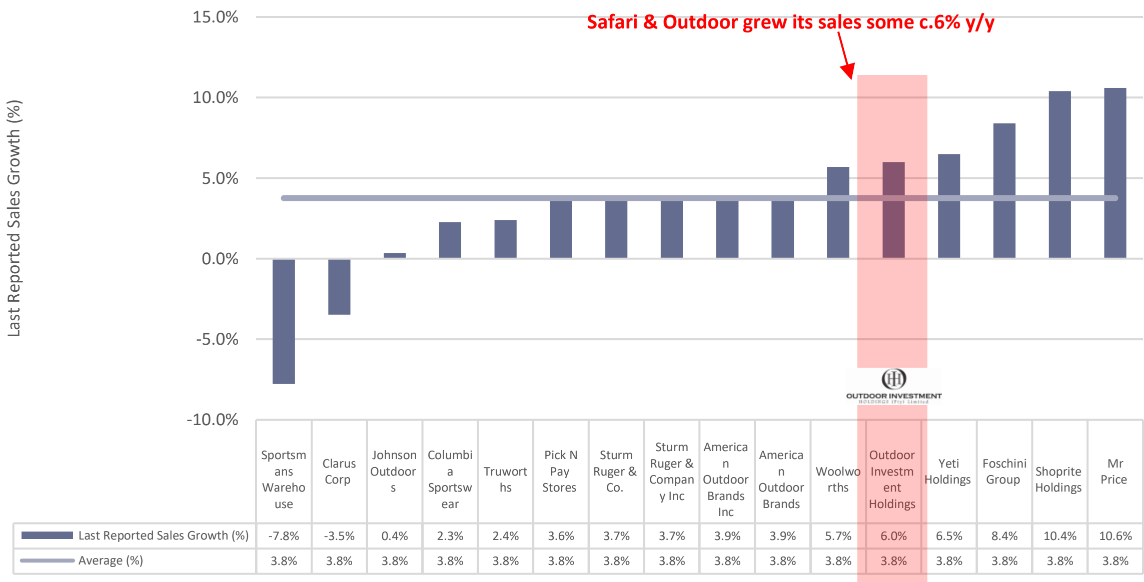


Sources: Stats SA, Tradingeconomics.com (https://tradingeconomics.com/south-africa/retail-sales-annual)

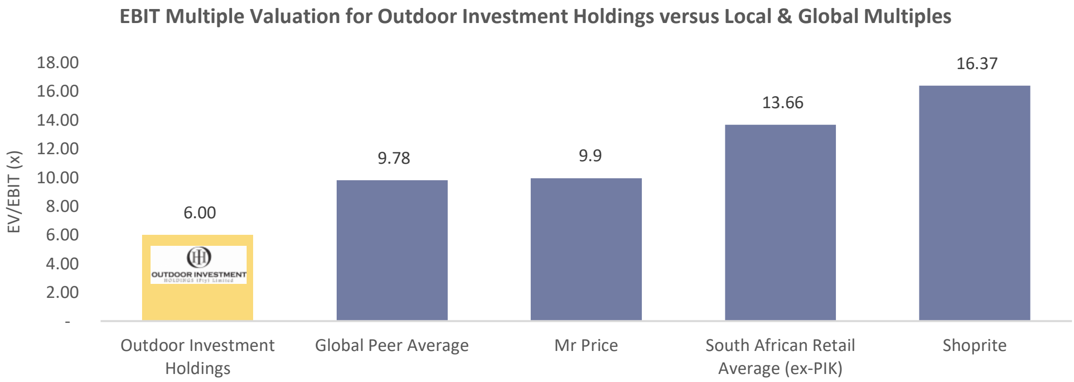
- Comparing OIH/ Safari and Outdoor's sales growth against a broader cross-section of local and global retailers (many of these in similar or adjacent markets, but some of them just general retailers), and the quality of the 6% sales growth becomes apparent (**Figure 5** – first graph):
    - 6% sales growth is nearly *double* the average across the basket, albeit many of the comparative lie in other regional markets and other currencies.

- The South African retailer average sales in the last reporting period for a listed retailer is c.6.9% and, thus, Safari and Outdoor's 6% compares fairly against the whole (and broader) retailing market on the JSE.

Figure 5: Retailers, Their Latest Reported Period Growth in Sales & Valuation Multiple Comparison



	Sportsmans Warehouse	Clarus Corp	Johnson Outdoors	Columbia Sportswear	Truworths	Pick N Pay Stores	Sturm Ruger & Co.	Sturm Ruger & Company Inc	American Outdoor Brands Inc	American Outdoor Brands	Woolworths	Outdoor Investment Holdings	Yeti Holdings	Foschini Group	Shoprite Holdings	Mr Price
Last Reported Sales Growth (%)	-7.8%	-3.5%	0.4%	2.3%	2.4%	3.6%	3.7%	3.7%	3.9%	3.9%	5.7%	6.0%	6.5%	8.4%	10.4%	10.6%
Average (%)	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%



*Sources: Refinitiv, various company reports (all % reported in local currency and from latest reported results that have different period-ends); *"PIK" is Pick 'n Pay, which could be argued to be excluded due to the significant corporate actions distorting its valuation.*

- **Figure 5** allows us to further drill down into comparing OIH's EBIT multiple against local, global and specific company comparatives.

Valuation:

Several facts give us comfort in Astoria's valuation of OIH:

1. The single-digit multiple used is reasonably discounted against its global, outdoor-speciality retailer peer group average (**Figure 5** – second graph), even after we have taken a generous size, country and unlisted discount out of it,
2. The single-digit multiple is discounted against local listed retailers (different target markets but similar geographic/sovereign risk) despite Safari and Outdoor's sales (and, thus, performance) tracking inline with these locally-listed peers, &
3. The methodology and the multiple noted in (1) above has remained consistent across periods which provides comfort that any investment growth here is driven by profit growth and not re-rating.

Trans Hex & Marine Diamond Operations – Website

Valuation Summary	FY 22	FY 23	FY 24
%-held	*25.1%*	*25.1%*	*13.9%*
Investment*	$4.9m (Land) + $5.5m (Marine)	$2.5m (Land) + $7.9m (Marine)	$2.8m (Land) + $1m (Marine)

** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR).*

Business:

- **Land (Trans Hex)**: This is a traditional sedimental and alluvial diamond deposit that are mined by conventional land mining techniques. The main underlying asset is in Angola (a 33% shareholding in the Somiluana diamond mine).
- **Marine Diamond Operations**: Marine operations have a fleet of vessels that are deployed in various operations off the West Coast of Africa.

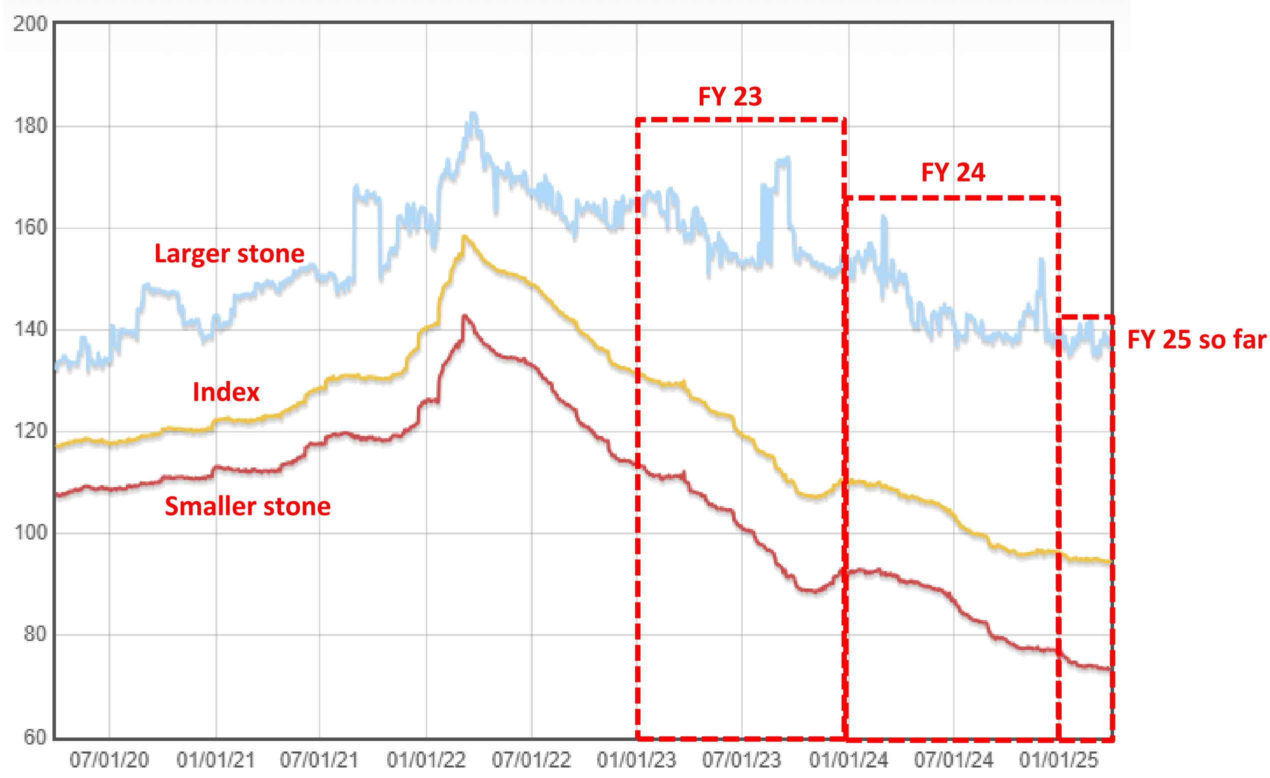
Trans Hex Land Operations (Land)

- **Operational Update:**
  - Although the mine is a larger stone producer whose prices held up (relatively) better, overall diamond prices were down in the period, which negatively impacting profitability (**Figure 6**).
  - Despite this (and impressively!), profits actually grew in the Angolan mine. This shows the quality of this mine and its operations (current estimates are c.7~8 Life of Mine, but likely longer as resource and reserves can be stated up if any spot price recovery occurs).
  - Importantly, Astoria managed to expatriate cash back to South Africa.
  - The Trans Hex NAV increased by 14.7% during the year, reflecting the resilient performance of Somiluana and cash repatriation.
- **Valuation:**
  - The value of Astoria's investment in Land increased from R46.4m to R53.2m.
  - The Angolan part is valued at a 32% discount to NAV and the South African part at a 20% discount to NAV, reflecting its status as a minority stake added to the Angolan repatriation risks.

Trans Hex Marine Operations (Marine)

- **Operational Update:**
  - Diamond prices remained under pressure and this drove revenues down over the period (**Figure 6**).
  - Adding to this pressure, Marine saw lower production from their ship ahead of dry-docking *and* then dry-docking took longer than expected cumulating in weaker than expected production, and, thus, materially lower profits during the period.
  - Lower diesel costs and operational cost-cutting provided limited respite, but not enough to offset the above pressure.
  - The business is presently exclusively focused on marine diamond mining but aims to broaden to other minerals.
- **Valuation:**
  - This lower production and lower prices were amplified by debt and, ultimately, dragged down Marine's valuation (the single biggest driver of the lower NAV for Astoria in this period).
  - The value of Astoria's share of the Net Present Value ("NPV") reduced by 87% from $7.9m to $1m. This includes a 20% discount to its calculated NPV to reflect Astoria's minority stake.
  - It is worth noting that a 5% increase in carats produced per square meter would increase fair value by R17.3m, while a 5% decrease would result in full impairment.

Figure 6: Diamond Price Index – Note Larger % Fall in Small Stone versus Large Stone Price



Source: Idex Online (http://www.idexonline.com/diamond_prices_index)

Valuation:

- While the prospects of these diamond investments are intrinsically linked to the diamond market, this is the one variable that is particularly difficult to call.
- Rather, we note the following:
  - As diamond prices have continued to fall, the fair value of these investments has been under pressure meaning that management's NPV's are at least reflecting changing circumstances.
  - As Marine's production has been under pressure, management's NPV has further seen a downward revision and, thus, this NPV is reflective on the operational performance of each underlying operation.
  - Besides the NPV's reacting how we would expect them to, management has further built in a range of discounts over and above its discount rate (minority, Angolan, and so on) that further build conservativism into the diamond investment valuations.
- Thus, while a disappointing performance in Astoria's NAV, we are comfortable that Land and Marine valuations are at least reflective of substance and circumstances in these operations and the diamond market at present.

Goldrush Holdings (code: GRSP) – Website

Valuation Summary	FY 22	FY 23	FY 24	Currently
Number of RAC Preference Shares Held	*7.5m*	*7.5m*	*7.5m*	*7.5m*
EV/EBITDA Multiple of Goldrush	*7.0x***	*7.0x***	*4.0x***	*4.0x***
Market Value of RACP*	**R111.2m**	**R67.6m**	**R48.8m**	**R41.2m**

** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR); ** Previously director selected valuation (7.0x), now currently determined by market price (we estimate a c.4.0x EV/EBITDA multiple based on Goldrush Holdings net debt and Goldrush Group's proportional net debt, with equivalent adjustments to EBITDA).*

Goldrush Business:

Essentially, GRSP has a single material underlying operation, Goldrush Group (**website)**, which is a South African alternative gaming group with Electronic Bingo Terminals ("EBTs"), Limited Pay-out Machines ("LPMs"), Retail Sports Betting shops and Online Betting. The Group's brands are the *Goldrush* (Bingo, LPM and Online Betting), *Bingo Royale* (Bingo), *Crazy Slots* (LPM) and *www.goldrush.co.za* and *www.gbets.co.za* (Retail Sports Betting and Online Betting) brands.

Financial Results & Commentary:

- **Operational Update:**
    - For the six months ended 30 September 2024, Goldrush's total Gross Gaming Revenue was R902.5m, up 5% from the previous year (defendable performance in the context of the local gaming listed peers – **Table 3**), Gross profit of the gaming operations increased by 2% to R522.8m, and EPS and HEPS was 114cps and 113.77cps respectively.
    - The land-based operations (Bingo, Limited Payout Machines, Retail Sports Betting) struggled, while the Online business performed strongly.
    - Food and beverage revenue reduced by 15% due to outsourcing some restaurant areas.
    - The operating environment improved somewhat with less load-shedding and reducing diesel expenses.
    - The number of Electronic Bingo Terminals (EBTs) decreased slightly by 1%. Bingo division revenue was down 3%, and average revenue per machine was also down 3%. The focus for Bingo is now on growing revenue per machine.
    - Management is focused on growing the brand and increasing revenue per gaming position. Expenses continue to be closely monitored.
    - Goldrush Group and Goldrush Investments repurchased approximately 1.7% of the outstanding preference shares on the JSE.
- **Change in Accounting/Valuation Methodology within Goldrush Holdings:**
    - Goldrush Holdings decided that its investment in Goldrush Group is not for sale, prompting a change in the company name (from the RECM Calibre preference shares to Goldrush Holdings and the JSE code "GRSP").
    - This decision also led to a change in accounting policy change from "Investment Entity Accounting" to the full IFRS consolidation of Goldrush Group (which did trigger reversing a deferred tax liability of R52.7m).
    - For comparison purposes, if the NAV-basis for reporting had been maintained for Goldrush, then the NAV/share would have been R14.22, or a +0.5% change reflecting a lacklustre trading experience.

- **Valuation:**
    - **Table 3** compares Goldrush—and its implied underlying operations, revenue growth and EBITDA margin—against locally listed gaming group (Tsogo Sun and Sun International) and off-shore major gaming groups (Wynn Resorts and Las Vegas Sands).
    - Against local peers, Goldrush's top-line growth appears to be holding its own in a tough market, albeit its margins are somewhat more under pressure than the larger peers.
    - When we cast our eye across EV/EBITDA multiples, though, Goldrush's implied valuation in the market is less than half of the offshore majors and discounted against even the local peers.
    - **Note**: We have attempted to calculate Goldrush Holding's implied EV/EBITDA by proportionally bringing in Goldrush Groups' own net debt into Goldrush Holding's net debt and, similarly, proportioning its EBITDA to the listed preference share.

Table 3: Domestic & Major Global Gaming Stock Valuations

	EV/EBITDA (x)	Revenue Growth (Last Reported % y/y)	(Adj.) EBITDA Margin (%)	Period
Sun International	4.7x	+5.1%	28.1%	Year-end December 2024
Tsogo Sun	4.4x	-4.0%	33.9%	Interim period ending September 2024
Goldrush Holdings	4.0x*	+4.1% (+5% gross gaming revenue)	19.6%	Interim period ending September 2024
Wynn Resorts	9.5x	N/A	N/A	N/A
Las Vegas Sands	9.8x	N/A	N/A	N/A

*Our Estimated Market-implied Valuation for Goldrush	What EV/EBITDA is the market valuing Goldrush at?
GRS Preference Share Market Cap. (MC)	R249.5m
GRS Ordinary Shares implied MC	R18.8m
Total market cap of RAC	**R268.4m**
Add: Goldrush Investments net debt	R270m
Add: Other investments (Calgro M3)	R15.9m
Add: 59.4% of Goldrush Group's Net Debt	R333m
Market-based EV of Goldrush	**R887.5m**
H1:25 EBITDA of Goldrush (annualized)	R373.6m
Less: Minority Portion of EBITDA (40.6%)	(R151.7m)
12m EBITDA Attributable to GRSP	**R221.9m**
Implied EV/EBITDA of Goldrush	**4.0x**

Sources: Refinitiv, Koyfin, Goldrush Holdings & Blue Gem Research workings & assumptions

- We (again) note the potential of a domestic smoking ban negatively affecting gaming revenues, but we also highlight that this is a well-published fact and, thus, likely reflected in all the listed gaming stock valuations (including GRSP's share price).

Leatt Corporation – Website

Valuation Summary	FY 22	FY 23	FY 24	Current
Shares Held	139,000	139,000	527,762	527,762
Share Price ($ per share)	$18.70	$9.55	$7.00	$6.80
Market Value*	**$2.6m**	**$1.3m**	**$3.7m**	**$3.6m**

** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR)*

Business:

USA-listed Leatt Corporation (code: LEAT) designs, develops, markets and distributes personal protective equipment for participants in various forms of motor sports and leisure activities, including riders of motorcycles, bicycles, snowmobiles and all-terrain vehicles (ATVs), as well as racing car drivers.

The Group sells its products to customers across the world, through a network of distributors and retailers. It also acts as the original equipment manufacturer for neck braces sold by other international brands.

Importantly, the Group's products are based on the Leatt-Brace® system, an injection moulded neck protection system, designed to prevent devastating injuries to the cervical spine and neck. Likewise, the Group has a strong research & development (R&D) function that is constantly focussing on developing its safety-orientated IP.

Given that the Group is public and listed in the USA market, Leatt Corp maintains a good quality Investor Relations website. We encourage you to peruse the resources on this website to better understand the company and its latest results (we will summarize the results below).

- **Financial Performance vs. History:**
    - Revenues for the third quarter ended 30 September 2024 increased by 1% to $12.14 million compared to $12.01 million in the same period in 2023. This was primarily due to increased sales of body armour and helmets, partially offset by a decrease in other products.
    - However, for the nine months ended 30 September 2024, revenues decreased by 12% to $32.83 million compared to $37.44 million in the same period in 2023. This decrease was largely due to a fall in international distributor revenues.

  - Gross profit increased slightly in Q3 2025, but gross profit margin was similar at 42.5%. For the nine months, gross profit margin decreased to 39.9% from 43.4%.
  - Net income for the third quarter of 2024 was $0.12 million, a decrease of 75% compared to $0.46 million in Q3 2023. For the nine months ended September 30, 2024, there was a net loss of $1.76 million compared to a net income of $2.26 million in the same period in 2023. The decrease in profitability was significantly impacted by a substantial increase in operating expenses, particularly salaries and wages, advertising and marketing, and general and administrative expenses.
- **Operational Summary:**
  - Consumer and athlete direct revenues increased by 12% in Q3 and 16% for the nine months.
  - Dealer direct revenues decreased by 9% in Q3, reflecting US MOTO dealers managing inventory.
  - International distributor revenues increased by 5% in Q3 but decreased by 21% for the nine months.
  - Leatt continues to focus on designing, developing, marketing, and distributing personal protective equipment.
  - Research and development costs remained relatively stable.
  - Management highlighted increased travel expenditure related to product development and selling activities, as well as higher merchant fees due to increased direct sales.
  - Leatt purchased its head office facility in Cape Town, South Africa, leading to a decrease in office lease rental expenditures..
- **Valuation:**
  - Astoria's investment in Leatt was valued at the closing market price as at 31 December 2024, which was $7.00 per Leatt share.
  - In our current NAV calculation, Leatt's share price has fallen to $6.80 per share.

ISA Carstens Holdings – Website

Valuation Summary	FY 22	FY 23	FY 24
%-held	*49%*	*49%*	*49%*
Price Earnings (x) – School *Capitalisation Rate (%) – Property*	*6.0x* *9%*	*7.5x* *9%*	*Valued at offer price*
Investment*	**R50.2m**	**R67.7m**	**R71.1m**

** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR).*

ISA Carstens Academy is recognized as a leader in tertiary education for the health and skincare industry. Astoria holds 49% of the holding company that holds the operating business and the two campuses (Pretoria and Stellenbosch—which includes two residences).

Astoria has received a non-binding offer (now a signed sales agreement) from NetEd, a private South African education group, to sell its 49% shareholding in ISA Carstens Holdings SA (Pty) Ltd for R66.8m and R4.2m for a loan made from Astoria Treasury. While this deal is awaiting some final conditions, we feel it is highly likely that it goes through and, thus, Astoria's move to value its investment here at the offer price in its NAV makes sense.

Flexi Mobility Group (formerly 'Vehicle Care Group') – Website

Valuation Summary	FY 22	FY 23	FY 24
%-held	*85%*	*85%*	*86%*
Investment*	**R50.0m**	**R53.9m**	**R38.0m**

** Investment represented in the respective currency that we update our SOTP model in for each investment (ZAR-driven investments are updated in ZAR and converted to USD, USD-driven investments are updated in USD and converted to ZAR).*

Business:

The Vehicle Care Group was renamed the Flexi Mobility Group during the period. The Group operates through two companies:

- **Flexi Capital**: Provides off-balance sheet working capital to used vehicle dealers as high-interest, short-term loans. This business effectively finances stock on independent car dealerships' show rooms.
- **Flexi Drive**: With a fleet of 1342 (FY 23: 912) cars, Flexi Drive offers a rent-to-buy option to individuals. As banks loans into the used car market (especially in the >5 years old end of the market) are difficult for many consumers to get, Flexi Drive offers an alternative funding mechanism in this rent-to-buy offering. Flexi Drive also offers a hybrid model leasing out newer cars from a small number of approved dealers.

Operational Update & Valuation:

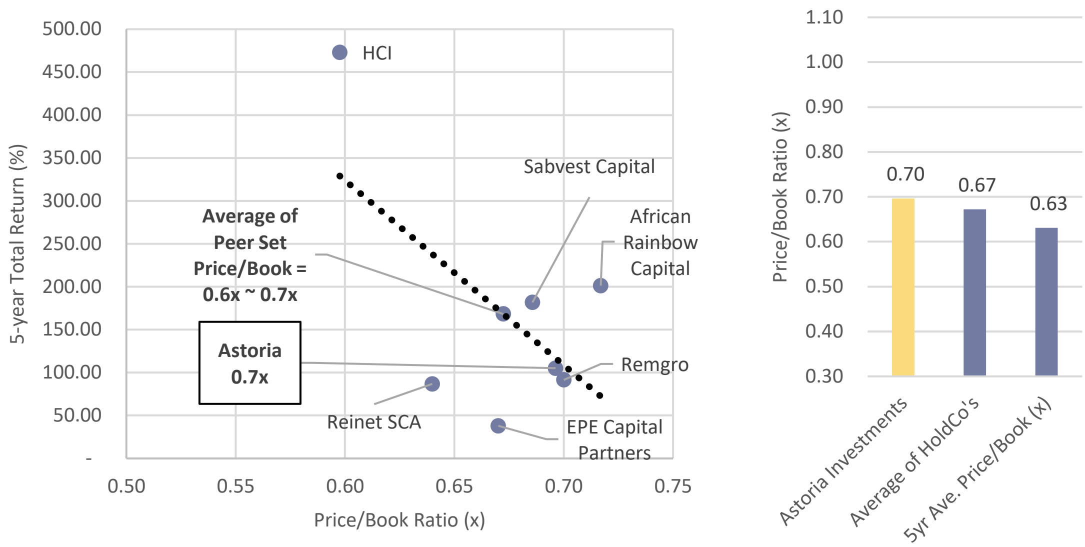
- The investment in Flexi Mobility Group (previously "Vehicle Care Group") saw a valuation decrease due to increased provisions on the floor funding book in Flexi Capital, which was offset by an increase in the value of Flexi Drive due to its lease book/fleet growth:
    - Flexi Capital's gross loan book grew modestly from R105m to R109m, but improved loan book quality (lower concentration risk, better credit risk) came at the cost of current year growth. In the long-term, though, this likely increases the quality of the business by lowering the risk in the book and we see upside here going forward.
    - Flexi Drive's fleet of rental contracts improved by 47% from 912 in December 2023 to 1,342 in December 2024. This business is starting to work well and, indeed, this growth rate *is* the business scaling nicely. Thus, we also see upside here going forward.
- Interestingly, Flexi Drive's scaling is starting use external funding. This process has not just improved the quality of the business (i.e. via external funder oversight) but has successfully attracted multiple debt investors which allows the business to grow in more "balance sheet lite" way (i.e. its ultimate size and returns generated from its balance sheet now have *more* blue-sky optionality available to them).
- While the fair value of Astoria's investment in Flexi Mobility Group decreased from R53.9m to R38m, a decrease of approximately 29.5%, some of this was driven by the tighter provisioning in Flexi Capital while *not* really yet valuing Flexi Drive's equity value (we see upside here as management reevaluate *how* they value this scaling business and this may provide some upside optionality to Astoria NAV).

JSE-listed HoldCo Sector Snapshot

We encourage you to read our previous Astoria reports for more background on the JSE-listed HoldCo sector: LINK.

As in prior reports, we still believe that comparing the actual underlying investments across the JSE-listed HoldCo sector would add little to this report. Thus, we have decided to rather focus on the market's pricing of these HoldCo stocks. An interestingly heterogeneous mix of discounts and returns appears if we compare HoldCo's across the sector (**Figure 7**).

Figure 7: JSE-listed HoldCo Sector – Price-to-Book versus Total Return with a Line-of-Best-Fit (Linear Regression)



Sources: Various company reports, Iress, Profile Media and Blue Gem Research workings and assumptions (as of 20 March 2025)

You will note that we have excluded certain HoldCo's on the JSE from the above comparison. This is because we consider them to be distortions to the "clean" peer group set average we are trying to generate: namely, we consider **Brait Plc (code: BAT)** an outlier given that it is in the process of being wound-up; **Goldrush Holdings Ltd (code: GRSP)** holds predominantly a single asset (Goldrush Group) which makes its valuation less NAV-orientated and more operationally focussed on how the Goldrush Group is performing; **Naspers (code: NPN)** and **Prosus (code: PRX)** are just a convoluted vehicle that holds a significant stake in **Tencent (code: 0700)** through a risky "VIE" structure that distort their discounts; finally, **Universal Partners (code: UPL)** stock lacks liquidity and makes its share price deeply inefficient and hard to separate the liquidity discount from the HoldCo discount. We have left **African Rainbow Capital (code: AIL)** in the comparison, though note that the currently delisting offer on the table may artificially lift this HoldCo's P/B ratio.

Thus—via a process of elimination—**Reinet Investments SCA (code: RNI)**, **Hosken Consolidated (code: HCI)**, **Remgro (code: REM)**, **EPE Capital Partners (code: EPE)** and **Sabvest Capital (code: SBP)** may be the more comparable HoldCo's for purposes of comparing to **Astoria Investments (code: ARA)**.

Simplistically, comparable HoldCo's rolling average Price/Book all seem to converge on 0.6x~0.7x on the JSE, which is in line with **Astoria's** current (based on our current estimated NAV) Price/Book of c.0.7x.

It is also worth noting that the exits of ISA Carstens (signed sale agreement) and A-Tec both are at-or-above book values. This evidence of NAV realization gives us confidence that Astoria's NAV is made up of resilient and defendable valuations of tangible businesses.

Valuation and 12m TP

Methodology

Our selected valuation methodology is to build up an appropriate and fairly-valued Sum-of-the-Parts (SOTP) for Astoria Investments. The starting point of this is to update any listed investments to their current market price (in Rand-values which includes the latest exchange rates), and then to understand and assess the reasonableness of the unlisted investments and their respective valuations (adjusting where we believe appropriate). Given Astoria's Mauritian structure, we do not provide for deferred capital gains taxes in its investments. Likewise, we take out the Group's central net debt and/or add its net cash. Finally, we then calculate an appropriate discount (for the added HoldCo costs) to arrive at our view of *fair value* (i.e. not just NAV).

Net Asset Value of Astoria

Refer to **Table 1** for a detailed breakdown of the Group's NAV, updated for current spot prices, post-period end transactions (there are none that we are aware of).

We estimate Astoria Investments' current NAV to be $38.8m or $0.62 per share (in Rands this is R713m or 1149cps). We also note our comfort in management's valuation of the unlisted investments and, in some instances, see potential upside risk to these valuations (or, "discounts" that may be unwound).

Appropriate "HoldCo Discount"

Refer to our Initiation of Coverage for our discount methodology and key inputs.

If we assume a Cost of Equity of 18.9% (SA 10-yr bond of 10.70%, Equity Risk Premium of 5.5% and a 1.5x beta to take into account risks *and* illiquidity of the stock) and (long-term average) inflation of c.4.0% (previously 5.0%), this implies that Astoria's HoldCo's perpetuity of its costs should demand a discount of c.15.9% of its NAV (=2.37% / (18.9% - 4.0%)), which is slightly higher than the prior note (H1:24 – 13.6%) but this is more due to the denominator (i.e. NAV) that has seen drop rather than the fees rising, and thus we expect this to normalize over future periods.

Fairly Valued Sum-of-the-Parts (NAV less HoldCo Discount)

Astoria Investments' (updated) NAV less a 15.9% discount implies that the share is worth $32.7m or $0.53 per share (in Rands this is R600m or 966cps). This is c.21% *higher* than the Group's current JSE-based share price of 800cps.

12m TP and Implied Return

Using our assumed Cost of Equity and applying it to the post-discount fair value of $0.53 per share or 966cps, we arrive at a 12m TP of $0.63 per share or 1150cps, which implies a +44% return from the current 800cps share price.

Key Risks to our Valuation

The key risks to our above valuation methodologies are:

- The accuracy, reasonableness and ongoing performance and growth of the Group's unlisted investments, including how this interacts with management's valuation of these investments,
- The performance of the Group's listed investments (particularly their share prices), which is logically correlated with the ongoing performance of these businesses,
- Any corporate actions across the Group's portfolio (buying/selling underlying investments, making new investments and/or buying back any shares in Astoria), &
- The continuance of the current manager in managing Astoria's investments, administration and related activities (i.e. continuity of investment management, methodology and portfolio).

Appendix A: Safari & Outdoor Pictures

Source: Analyst site visit to Lynnwood store

Disclaimer

Confused by this report? View our methodology, FAQ and this disclaimer.

** Except where noted otherwise, market prices in this report are set to Closing Prices on 28 March 2025.*

Potentially a Commissioned Report

With reference to the disclosure contained within the 'Disclosures*' section below, it is possible that Blue Gem Research (Pty) Ltd has agreed with Astoria Investments Ltd (here after referred to as 'the Company') for the inclusion of the Company in its coverage universe for a certain time period. Part of this agreement includes payment to Blue Gem Research (Pty) Ltd by the Company and, as such, Blue Gem Research (Pty) Ltd, any employees, contractors and/or analysts who worked on this report cannot be considered independent in any way. Thus, this is a commissioned report and cannot be considered financial advice, investment advice or any such similar material.

In the event that this is not a 'Commissioned Report', then all the usual disclaimers concerning independent research are applicable per industry norms.

Ownership of the Report

This report is the property of Blue Gem Research (Pty) Ltd but may be freely distributed so long as in the act of such a distribution no additions to, deletions from and modifications to this report are made. Furthermore, no party without the express permission of Blue Gem Research (Pty) Ltd may sell this report or make any direct form of compensation from the re-distribution thereof.

Frequency of Next Update

The frequency of new and/or updated report is left at the discretion of Blue Gem Research (Pty) Ltd. No guaranty or promise is made for any level of frequency or timeliness concerning an update or related report with regards to this report.

Disclosures*

A. The analyst is an officer, board member, or director of Blue Gem Research (Pty) Ltd.
B. The Company is a client of Blue Gem Research (Pty) Ltd (i.e. this is a Commissioned Report) and Blue Gem Research (Pty) Ltd has received money in exchange for the production of this report.
C. Analyst holds long or short personal positions in a class of common equity securities of this company.

Astoria Investments Ltd	B

Financial Numbers, Forecasts, Valuations and other Assumptions

While every effort has been made by Blue Gem Research (Pty) Ltd to ensure the accuracy and integrity of the financial numbers, ratios, forecast, valuations and other quantitative and qualitative data in this report, Blue Gem Research (Pty) Ltd does not warranty or guaranty its accuracy. The reader relies on this data and information from this report at his/her own risk. Furthermore, in the case of forecasts and valuations, Blue Gem Research (Pty) Ltd wholly and completely cannot be held liable for any damage or loss caused by any individual, collection of individuals or business or any other party by said party acting or not acting based on the forecasts and valuation(s) included in this report. By their very nature, forecasts and valuations may not be accurate and, indeed, may be wholly and completely wrong.

General Opinion, Not Specific Advice

This report is prepared on a *per share* basis. Blue Gem Research (Pty) Ltd is therefore giving an opinion (and not financial advice) on a *per share* basis, which may or may not be applicable to the reader (or any person, entity or related person or entity). Blue Gem Research (Pty) Ltd lacks complete knowledge of any reader's (or any person, entity or related person or entity) portfolios and/or individual circumstances and, therefore, any of Blue Gem Research (Pty) Ltd's opinion(s) or implied opinion(s) are general in nature and not a specific recommendation or advice, nor can they be construed to be specific in nature. Hence, in no way is this report financial advice.

Legal Entities

To South African Residents: Blue Gem Research (Pty) Ltd is not an Authorised Financial Services Provider. This report is not financial advice, investment advice or any such similar material. **This report constitutes "marketing information".** Blue Gem Research (Pty) Ltd and/or its employees and/or officers have no knowledge of any reader's or readers' financial position(s) and, hence, this cannot in any way be construed as direct or indirect advice leading any person or persons to act thereon. Any decision made or not made which can in any way be linked to this report is solely the responsibility of the party or parties making such a decision. I.e. Blue Gem Research (Pty) Ltd cannot be held liable for any result based on any decision that can be directly or indirectly linked to this report.

General

For the purposes of this report Blue Gem Research (Pty) Ltd refers to all employees of Blue Gem Research (Pty) Ltd. This research report is based on information from sources that Blue Gem Research (Pty) Ltd believes to be reliable. Whilst every care has been taken in preparing this document, no research analyst or employee or director of Blue Gem Research (Pty) Ltd gives any representation, warranty or undertaking and accepts no responsibility or liability as to the accuracy or completeness of the information set out in this document (except with respect to any disclosures relative to members of Blue Gem Research (Pty) Ltd and the research analyst/s involvement with any issuer referred to above. All views, opinions and estimates contained in this document may be changed after publication at any time without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors or any particular class of investors; if you have any doubts you should consult your investment advisor. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Employees of Blue Gem Research (Pty) Ltd and/or their respective directors' may own the investments of any of the issuers discussed herein and may sell them to or buy them from clients on a principal basis. This report is intended solely for clients and prospective clients of Blue Gem Research (Pty) Ltd and is not intended for, and may not be relied on by persons to whom this report may not be provided to by law. This report is for information purposes only. By accepting this document, you agree to be bound by the foregoing limitations and release Blue Gem Research (Pty) Ltd from any potential legal or otherwise liability.

NOT FOR DISTRIBUTION OUTSIDE OF SOUTH AFRICA OR ANY TERRITORY WHERE THIS MATERIAL MAY BE CONSIDERED ILLEGAL.