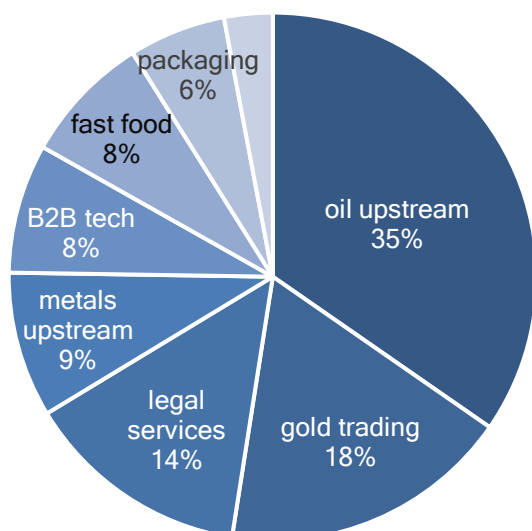


*Complacency is a state of mind that exists only in retrospective:
it has to be shattered before being ascertained. – Winston Churchill*

Portfolio Composition (as of June 30, 2025)



Trailing look-through (owned) earnings

	H1 2025	H1 2024
Portfolio		
Assets under Management	\$63.1m	\$58.1m
EBITDA	\$13.7m	\$11.7m
FCF	\$8.1m	\$9.4m
P/FCF	5.2x	5.1x
Per share		
Market price	\$80.10	\$87.30
EBITDA	\$26.00	\$21.40
FCF	\$15.40	\$17.20
FCF yield	19.2%	19.7%

Core Holdings (by weighting, as of June 30, 2025)

%	Company	Description
34	International Petroleum	Founder-run oil producer developing Blackrod, a low cost and multibillion-barrel Canadian oil sands “elephant” with a six-decade life.
18	Dynacor	Large-scale sourcer and processor of ASM gold, effectively a tollbooth on artisanal mining with steady free-cash-flow economics.
14	Shine Justice	Founder-run, Australia’s leading personal injury and class action law firm with a fast-growing case portfolio.
9	Jupiter Mines	Owner of a long-life, low-cost manganese mine – critical for global steel production and emerging battery technologies.
8	MTY Food Group	Founder-run, capital-light franchisor with a diversified portfolio of restaurant brands and recurring free cash flow.
8	Kambi	Founder-controlled, leading B2B technology provider to the global sports betting industry with regulatory tailwinds.
6	SupremeX	Canada’s largest envelope, label, and packaging supplier, a stable cash generator in a consolidating niche.
1	Jumbo Interactive	Founder-run, Australia’s leading digital lottery retailer and charity lottery operator with secular online growth.
1	ShaMaran Petroleum	Founder-run, Kurdistan-focused oil producer with long-life reserves and asymmetric leverage to oil prices.
1	Bakkafrost	Founder-run, best-in-class salmon farmer with unmatched genetics, vertical integration, and global premium positioning.

Portfolio Update & Look-Through Earnings

EBITDA					
(US\$ million)	HQ	100% basis		iolite's share	
		LTM Jun 25	LTM Jun 24	LTM Jun 25	LTM Jun 24
International Petroleum	Switzerland	266	382	3.1	3.0
Dynacor	Canada	25	28	2.0	2.8
Shine Justice	Australia	31	29	3.7	3.0
Jupiter Mines	Australia	49	45	1.1	0.7
Bakkafrost	Denmark	288	-	0.0	-
MTY Food Group	Canada	192	-	1.4	-
Kambi	Sweden	61	66	0.8	1.5
SupremeX	Canada	26	29	1.4	0.5
Jumbo Interactive	Australia	45	-	0.1	-
ShaMaran	Switzerland	85	48	0.1	0.3
Bowen Coking Coal	Australia	-	neg	-	neg
Opterion (private)	Switzerland	-	neg	-	neg
Total				13.7	11.7
EBITDA / share (US\$)				26.00	21.40

Owner Earnings / Free Cash Flow					
(US\$ million)	HQ	100% basis		iolite's share	
		LTM Jun 25	LTM Jun 24	LTM Jun 25	LTM Jun 24
International Petroleum	Switzerland	231	378	2.7	3.0
Dynacor	Canada	19	21	1.5	2.1
Shine Justice	Australia	10	28	1.2	2.9
Jupiter Mines	Australia	33	32	0.8	0.5
Bakkafrost	Denmark	69	-	0.0	-
MTY Food Group	Canada	104	-	0.8	-
Kambi	Sweden	20	13	0.2	0.3
SupremeX	Canada	15	18	0.8	0.3
Jumbo Interactive	Australia	28	-	0.0	-
ShaMaran	Switzerland	122	57	0.1	0.3
Bowen Coking Coal	Australia	-	neg	-	neg
Opterion (private)	Switzerland	-	neg	-	neg
Total				8.1	9.4
FCF / share (US\$)				15.40	17.20
Price / FCF				5.2x	5.1x
FCF yield				19.2%	19.7%

Russia: 500,000 shares of ENPG and 1,060,000 shares of GMKN held and fully written off.



Dear Partners,

The portfolio is still trading at a meaningful discount to its intrinsic value – a gap that represents a major opportunity – while the companies in it generate substantial free cash flow and remain attractively valued. This is exactly where I want to be: owning profitable businesses at compelling prices, while the broader market, driven by passive flows and speculative herd behavior, chases a handful of overstretched U.S. tech stocks and bids up a few European names simply for lack of alternatives.

The iolite portfolio remains highly concentrated and largely uncorrelated with the broader market. Several holdings are approaching key inflection points that could drive a reassessment of value. At Dynacor, ongoing governance developments may finally address long-standing structural issues. Shine Justice is progressing toward a financing arrangement that could materially strengthen its balance sheet and highlight the embedded value of its case portfolio. International Petroleum is nearing first production from a major new field. At Jupiter Mines, a strategic bidder has acquired 50% of the underlying asset plus 20% of Jupiter itself at a significant premium to the current market price. Kambi continues to add new customers and expand its market reach. And SupremeX has realized value from a non-core property sale representing roughly half its market capitalization – a transaction yet to be reflected in the share price.

Last month I attended a conference of like-minded active managers in Cyprus, organized by Sophocles Sophocleous. It was an exclusive gathering of the shrinking community of savvy value-driven investors. The sentiment was clear: while a narrow set of names has driven the broader market to lofty heights, genuinely compelling opportunities remain abundant. It has been a long time since I came away from a conference energized with so many actionable ideas.

Speculators obsess over price and short-term moves – a game that usually ends in losses, especially when played by staring into the rear-view mirror. Investing is different: it means acting when the odds are in your favor, based on the gap between price and value. In rising markets, many lose sight of this and drift into speculation, seduced by past price movements. It is like buying more lottery tickets simply because the jackpot is bigger, even though the odds of winning remain vanishingly small (and shrink further as markets climb to more extreme heights).

Unless you desperately need immediate liquidity, there is every reason to stay invested in the iolite portfolio. This is the time to trim winners and back the most compelling opportunities, including those already in hand. The message is simple: lean back and let compounding do its work. The portfolio is strong and well positioned, and I am confident the years ahead will be very rewarding.

Portfolio Update

International Petroleum (Stockholm:IPCO): Management took full advantage of the softer oil price in H1 to retire a meaningful block of stock at fire-sale levels, even as it pressed ahead with the USD 1 billion Blackrod development. By my estimate, in September the shares traded at just 1-2x projected 2030



operating cash flow at moderate oil prices, underpinned by resources with a six-decade production life. The math is straightforward: 100,000 barrels per day at a USD 50 margin per barrel (with Brent around USD 95) translates into roughly USD1.8 billion in annual operating cash flow. On my Blackrod site visit in mid-June, management was impressive: senior leaders answered every question with clarity and credibility. The room was filled almost entirely with smaller, highly sophisticated active funds – precisely the type of patient shareholders that keep valuations compelling. Oil was once called “black gold,” and for good reason. Today, the gold-to-oil ratio sits at a historic extreme, underscoring how cheap oil is today. At the same time, fundamentals remain supportive: global oil demand is at record highs, while U.S. shale – the supply growth engine of the past decade – is running out of steam as top acreage depletes, financing costs rise, and prices remain subdued. U.S. rig count, a reliable leading indicator of future supply, has fallen roughly 30% from its 2022 peak and Russian production is under pressure, too. IPCO is a long-life, low-cost business expected to generate cash across the oil cycle. The task is simple: stay patient and ignore the noise of short-term price swings.

Dynacor (TSX:DNG): This should be a straightforward business – sourcing ore, processing it, and taking a cut – effectively a tax on gold traded rather than a bet on the gold price. Half the company’s market cap is currently covered by cash and working capital, and it remained free-cash-flow positive through H1. The real issue is leadership. Beyond what I see as an unnecessary capital raise in January, designed primarily to entrench management, production and margins at the operational level have been pressured since Q4 2024. I am legally restricted in how much detail I can disclose. At CAD 4.50, the shares look absurdly cheap, and I believe the discount is justified and will persist until more competent and credible leadership is in place. iolite’s press releases outlining the ongoing governance process and shareholder engagement can be found here: [LINK](#)

Shine Justice (ASX:SHJ): Australia’s leading personal injury and class action law firm has quietly begun repurchasing shares at what I consider giveaway prices. Earnings remain stable, though free cash flow is being held back by heavy investment in growth. Institutional and retail interest is almost completely absent, and I am more than happy to take the other side. A sizeable pool of cash, worth several times the company’s current market capitalization, is tied up in work-in-progress (WIP) for pending and newly initiated cases. The market consistently misreads the resulting dip in free cash flow: it reflects front-loaded case investments, not weakening fundamentals. To unlock some of that value, management is exploring non-recourse, off-balance-sheet funding structures to convert part of its WIP into cash. In the meantime, investors are being paid to wait: at the share price in September, Shine’s dividend yield is about 10%.

Jupiter Mines (ASX:JMS): Manganese prices are recovering, and industry consolidation is underway. Jupiter owns 50% of one of the world’s largest, lowest-cost, long-life manganese mines. Exxaro (JSE:EXX) recently agreed to buy the other 50%, plus a 20% stake in Jupiter itself, at an implied valuation of AUD 0.32 per share. Yet the market still values Jupiter at only ~AUD \$0.25. The company is flush with cash,

and on a cash-adjusted basis the shares trade at just ~5x earnings – and that’s at the bottom of the cycle. While we wait for a likely acquisition, iolite is collecting a ~10% cash dividend.

MTY Food Group (TSX:MTY): A capital-light franchisor with a broad portfolio of food and snack concepts, MTY generates stable free cash flow while shifting operating risk and capital outlays onto franchisees. It’s a “platform over operations” investment – the upside lies in growth through acquisitions rather than same-store growth. H1 2025 results were modest but resilient. Headwinds persist – such as margin pressure in U.S. corporate stores and softer same-store sales – but MTY’s balance of cash generation and growth investment underpins confidence in its ability to deliver strong returns. With a current distribution yield (dividends plus buybacks) of around 9%, investors are being paid to wait.

Kambi (Stockholm:KAMBI): Kambi is a scalable, SaaS-style technology provider to the regulated sports betting industry, with high-margin potential, recurring revenue, strategic value, and leverage to regulatory tailwinds. H1 2025 brought headwinds such as tough comparatives and the loss of certain customers, but I see Kambi as materially undervalued. Its billion-dollar platform liquidity delivers sharper odds, stronger player engagement, and higher margins. The company has also initiated a sizeable buyback program. The arrival of new CEO Werner Becher is injecting fresh momentum, while encouraging customer wins and expansion into additional jurisdictions and B2B extensions offer meaningful optionality.

SupremeX (TSX:SXP): A low-profile but disciplined roll-up in envelopes and packaging. The company recently sold real estate worth roughly half its market capitalization, yet the share price barely moved. Operating in a niche corner of the North American market, SupremeX benefits from scale and efficiency in a declining-but-sticky sector. Execution is critical, and recent results showed modest revenue growth alongside solid margins and disciplined cost control.

Bakkafrost (Oslo:BAKKA): Not new to the portfolio, Bakkafrost is an old favorite whose valuation has compressed even as the business has grown. The share price has almost halved from its peak and now trades at 2018 levels, while the company has almost tripled its operational scale and is positioned to double production in the coming years. It remains best-in-class in salmon farming, with strong genetics, full vertical integration, and disciplined capital allocation. Headwinds including weak salmon prices and operational challenges, particularly in Scotland, brought the share price down in H1 2025, which makes a potential upside from today’s levels via a market recovery or improved execution highly compelling.

Currency: For CHF-based investors, H1 2025 brought a meaningful currency headwind. From December 31, 2024, to June 30, 2025, the USD fell roughly 12%, the CAD about 8%, and the AUD around 7% against the CHF. I do not hedge such moves – over time, nominal earnings growth and exchange rates tend to offset differences in inflation and interest rates.



Dynacor - Why I Am Fighting

The best investment is one led by capable and honest managers who allocate capital wisely, communicate transparently, and treat shareholders as true partners. In such cases, activism is not only unnecessary but counterproductive. It distracts from the natural compounding that occurs when a strong business and competent leadership are left to run their course.

My philosophy on activism is therefore simple: never if it can be avoided, and only when there is no alternative. If I step in, it means something fundamental has broken, and diplomacy has failed. It also means the potential reward outweighs the cost. Activism consumes time, energy, and capital, and carries the opportunity cost of not investing elsewhere. I take that step only when the value at stake is clearly greater than the price of the fight.

With Dynacor, the opportunity was obvious. The company runs a proven “win-win” model: sourcing and processing ore from hundreds of small-scale miners in Peru. Done well, this creates value for miners, communities, regulators, employees, and shareholders alike. The product is gold, the most defensive of commodities. The valuation was modest. In the right hands, the upside could be multiples of today’s price.

The key risk I weighed was geopolitical: a single asset in Peru. That seemed manageable compared to the value potential. What I underestimated was the leadership risk in Montreal.

At 73, Jean Martineau remains CEO after decades at the helm. In my assessment, he was adequate but never impressive. His 2% stake comes almost entirely from stock options rather than cash purchases, despite repeated opportunities to buy shares outright. At the time, I believed this weakness was offset by the strong Peruvian team that had built the business and by younger directors who seemed to share a vision. That proved a miscalculation. In hindsight, I underestimated how little true alignment existed at the top. The weakness of certain characters has been nothing short of mindboggling. Incentives matter; as Charlie Munger put it: *“Show me the incentive, and I’ll show you the outcome.”*

What has become clear is that Dynacor suffers from deeply flawed governance at the board level. Over the past year, a series of value-destructive decisions have been made while material developments went undisclosed. Shareholder engagement has been met with resistance, and concerns raised by employees and stakeholders brushed aside. Instead of transparency and accountability, the leadership has chosen an insular approach that, in my judgment, betrays shareholders.

Meanwhile, the old Peruvian team – the people who actually built and ran the business – have impressed me with their competence and dedication. Over recent months I have gotten to know them better. The contrast between former operational strength in Peru and governance weakness in Montreal could not be starker.



Dynacor is now a case study in why activism sometimes becomes unavoidable. I do not fight because I want to. I fight because the alternative is worse: to stand by while value is destroyed, the business is being put at undue risk, and questions go unanswered. I would not take this path if I did not believe the company, with refreshed leadership and proper oversight, is worth far more than today's price, with meaningful downside protection and significant upside potential.

The Cycle of Empires

Many people I speak to are voicing unease about the state of the world. Indeed, something feels off, and I believe it reflects a larger geopolitical power shift underway.

For three decades, the United States and Western Europe outsourced production to Asia, relying on cheap labor, open borders, and frictionless supply chains. The payoff was decades of low-cost consumption that felt like easy money. But the hollowing out of domestic industry left societies dependent on external production while fostering entitlement at home.

Now the West faces emboldened rivals, including nations with unfulfilled ambitions and leaders extraordinarily driven by legacy and survival. A larger conflict may prove unavoidable. In such turbulent times, history shows that real assets in defensive sectors remain the most reliable store of value.

Empires rise through hard work, innovation, discipline, and trade. They decline through entitlement and denial. Rome secured dominance through disciplined armies, legal institutions, and infrastructure. Medieval Europe revived prosperity through trade, banking, and guilds. Spain drew immense wealth from New World silver and gold. Britain harnessed coal and steam to industrialize while ruling the seas.

But periods of prosperity built on "free lunches" inevitably corrode competitiveness. Easy money displaces invention. Productivity gives way to dependence. Citizens cling to past glory as wages stagnate, social mobility contracts, and housing drifts out of reach. Rome debased its currency to fund chronic overspending and endless wars. Medieval monarchs financed battles through confiscation and manipulation. Spain's treasure fleets unleashed inflation that eroded its industrial base. Britain, bloated on colonial rents, emerged from two world wars overindebted and was forced into repeated devaluations.

Eventually citizens feel the squeeze directly: rising prices, unaffordable housing, shrinking opportunity. Disillusion deepens, politics polarize, and calls grow for more strong-handed leadership and redistribution. Economies drift toward state control. Anger is redirected through scapegoating, whether foreign or domestic, while industry withers and governments slide into socialism and war footing.

At this stage, an inner circle prospers under state capitalism, with fortunes tied less to national prosperity than to exploiting the system and preserving power. Once forced redistribution and militarization take hold, decline doesn't just continue, it accelerates. History shows that when weapons are built, the temptation to use them is overwhelming. Nothing consolidates authority more completely than war.



Yet decline is not destiny. Renewal begins when societies rediscover discipline, property rights, accountability, and productive purpose – when value creation once again outweighs value extraction. Investors, like nations, face the same choice: chase comfort, or build resilience. The first path ends in dependence; the second, in strength.

Conclusion

Today's pricing distortions – driven by mania, momentum, and index flows – create historic opportunities for disciplined investors. Irrational exuberance can last longer than many expect, but in the end fundamentals always prevail. Exploiting this gap between short-term price action and long-term value is the essence of time arbitrage.

Michael Burry, made famous by Michael Lewis's *The Big Short*, began shorting the U.S. housing market in 2005 after spotting the surge in subprime lending with weak underwriting. He was early – housing prices kept rising into 2006, and many dismissed his position as misguided. The trade turned in 2007 as subprime defaults surged and by 2008, amid the financial crisis, it paid off spectacularly. His fund delivered hundreds of millions in profits for investors and made him a fortune, along with lasting fame.

Several positions in the iolite portfolio today, in my view, are worth more than the fund's entire market value. I remain confident that iolite's best years are ahead. As always, I welcome your questions and look forward to our next conversation about the portfolio.

Thank you for your continued trust.

Warm regards,
Robert Leitz



Glossary

1. LTM: last twelve months
2. EBITDA: earnings before interest, tax, depreciation, amortization
3. FCF: free cash flow (operating cash flow before working capital swings less maintenance capex)

Footnotes

1. *Expectations*

From iolite, you can expect: two semi-annual letters, quarterly fact sheets, and quarterly calls. This is the main format I use to communicate to partners. In these letters and presentations, I try to provide, honestly and thoroughly, all the information I would seek if the tables were turned, and if I were an investor in someone else's fund. iolite frequently owns shares for very long periods, and I am conscious that more frequent or detailed reporting may be unnecessary and even counterproductive. A full copy of my magnum opus, the full collection of letters, is available to registered members at www.iolitecapital.com

Of course, given our "friends & family" format, clients should always consider me to be available at the end of the phone, and my door open to visitors.

2. *Mistakes and warranties*

Please check everything I say, let me know when I am wrong and forgive my errors. I am human, I make mistakes, but my mistakes are honest ones. Although I do not intend to mislead, I also cannot guarantee the information in these letters, or that some of my ideas may be interpreted in ways I do not intend. As an investor, I am trying to do as good a job as I can, and I write these letters in good faith to inform and educate partners about my actions and thinking. I hope that they will be read in the same spirit in which they are written.

Common sense tells you that the price and value of shares can vary greatly, and while I do not aim for this, I also recognize that permanent impairment of capital is possible. iolite's portfolio is concentrated in relatively few investments, and as such, our results will be volatile. iolite is a very long-term partnership and thus probably not suitable for investors with time frames less than five years.

3. *Performance measurement and fees*

I usually quote performance before performance fees. I do this as many investors have different subscription dates and, due to the 4% performance hurdle and high watermark used to calculate fees, will therefore have various net-of-performance fees. As a guide, I have detailed the net-of-all-fees results since inception.

An index is used in the table to crudely place our results alongside a broad swathe of share prices from around the world. Whatever the yardstick, I ask only that iolite be compared over the very long term.

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