



2 February 2022

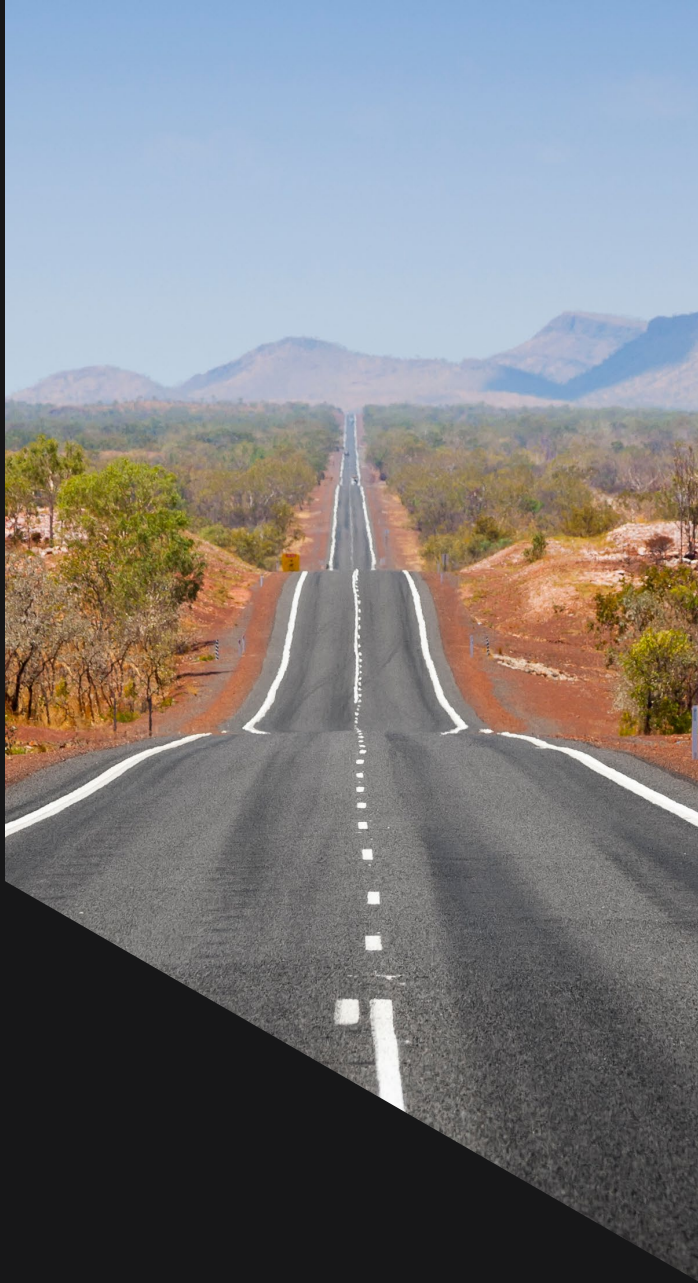
Company Announcements Office
Australian Securities Exchange
Authorised for immediate release

AGM Presentation

Please find attached the presentation to be made by the Company at the 118th Annual General Meeting of HGL Ltd held at 11am this morning.

This presentation has been authorised for release by the Board of HGL Ltd.

Iain Thompson
Company Secretary



118th Annual General Meeting

2 February 2021

Positioned for Opportunities

CONTENTS

1. 2021 Results Summary

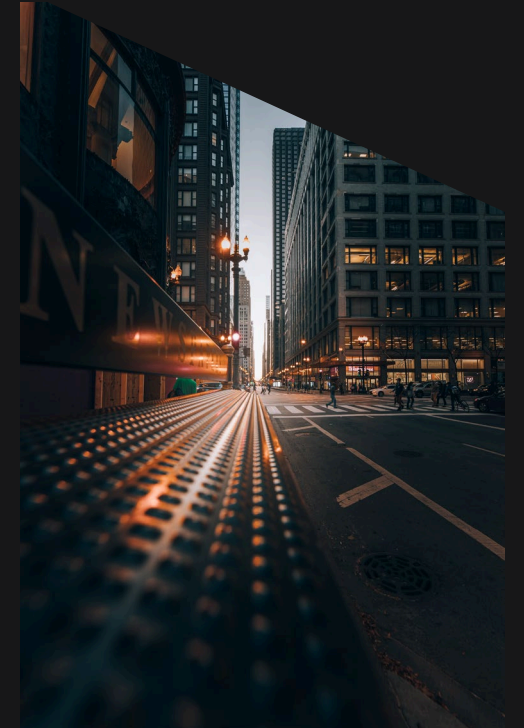
2. 2021 Highlights

3. Portfolio Overview

4. YTD Update and Opportunities

5. Outlook

6. Proxy Results



PERFORMANCE HIGHLIGHTS FOR THE YEAR ENDED
30TH SEPTEMBER 2021 (FY21)

81%

SHAREHOLDER
RETURN

\$15.6M

NET PROFIT
AFTER TAX

55%

NTA PER SHARE
GROWTH

\$47.1M

NTA
VALUE

94%

NPAT RETURN ON
NET ASSETS

~\$0.26

NTA PER
SHARE

24%

FUM
GROWTH

\$0.01

FULLY FRANKED
DIVIDEND

FY21 HIGHLIGHTS

Return to significant **profitability** – FY21 ~\$15.6m NPAT

Resumed paying dividends - 1 cent per share fully franked declared. Franking Credit balance of \$9.2m

Active transformation and value crystallisation of both JSB & BLC private investments releasing > \$2m profit and liquidity in FOS Capital Ltd (FOS) and Cellmid Ltd (CDY) respectively

Realised > \$1m profit from **ASX Listed share portfolio – annualised IRR of > 50%**

Acquisition of Funds Management Vehicle and relaunch of H&G High Conviction Fund.
Fund achieved return of 18% in 6 months post acquisition

New Private Equity Investments – **T-Shirt Ventures & Mint Payments**

Increase in valuation of Mountcastle & Pegasus reflecting underlying earnings growth

\$5.8m EBIT generated by operating businesses (H&G share - no longer consolidated or equity accounted)

Strong Balance sheet – in excess of **\$7m Cash*** available – **NTA approx. \$0.26**

* Excludes approximately **\$15m additional cash** raised through placement announced November 2021

INVESTMENT TEAM

70+ years of collective investment experience



SANDY BEARD
EXECUTIVE CHAIRMAN

- 30+ years of investment experience and Director of numerous ASX Listed and private companies
- Former Chief Executive Officer of CVC Limited (ASX:CVC) (between 2001-2019) where he oversaw annual shareholder returns in excess of 15% per annum for over 15 years
- Director of ASX Listed Centrepoint Alliance, Pure Foods Tasmania and FOS Capital
- Strong Dealflow and Investment Networks



NICHOLAS ATKINSON
INVESTMENT DIRECTOR

- 25+ years of experience across capital markets, corporate finance and investment management
- Former Executive Director of Institutional Equities at Morgans Financial (14 years)
- MBA (Macquarie GSM)
- Bachelor Commerce (UQ)
- Grad Dip Applied Investment & Finance (FINSIA)



PHILLIP CHRISTOPHER
INVESTMENT DIRECTOR

- 12+ years of experience across private equity, capital markets and investment management
- Former Director at Alceon Group Private Equity (6 years) and Analyst at Goldman Sachs
- Director of Anagenics Limited and Pegasus Healthcare
- Bachelor of Economics and Bachelor of Commerce (University of Western Australia)



JOSEPH CONSTABLE
PORTFOLIO MANAGER

- 5+ years of experience across capital markets and investment management
- H&G High Conviction Fund Portfolio Manager
- Executive Director H&G, Non Executive Director Po Valley Energy Limited
- Former Investment Manager at: Supervised Investments Australia; Smith and Williamson; Hunter Hall Intl



IAIN THOMPSON
CFO & COMPANY
SECRETARY

- Former Company Secretary of Brickworks Limited (ASX:BKW)
- Chief Financial Officer of H&G (ASX:HNG) 2015-Present
- Chartered Accountant (CA)
- Bachelor of Economics (Macquarie University)
- GAICD

H&G COMPETITIVE ADVANTAGES



EXPERIENCED INVESTMENT TEAM

- **70+ years** cumulative investment experience
- **Experienced many cycles & stock market drawdowns** since 1987
- **Discipline & courage to go against the herd** - never “different” this time
- **Nimble** team that can perform detailed analysis & make quick decisions



INDUSTRY NETWORKS

- Proprietary **deal flow**
- **Unique Investment opportunities** sourced from trusted network relationships
- **Sector Specific knowledge** and opportunities through investee company involvement



ACTIVE MANAGEMENT STYLE

- The team **works “inside”** the investee business & collaborates with management to help grow organically
- H&G **networks provide accretive M&A opportunities** for investee companies
- H&G investment team provides **M&A & deal structuring capability**
- Ability to **partner through private to public lifecycle**

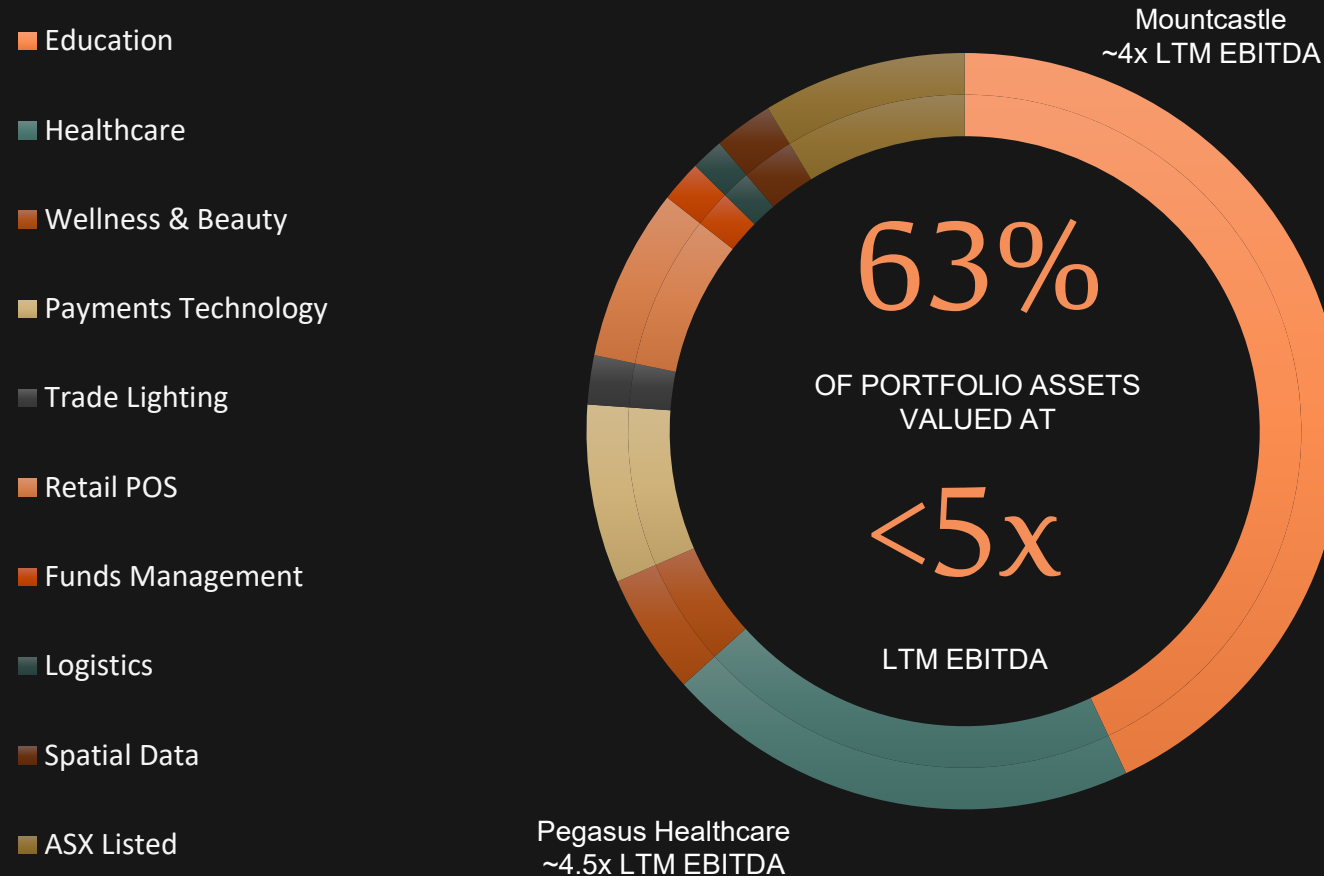


UNIQUE BUSINESS MODEL

- H&G **collaborates with investee management** through the lifecycle of an investment **from private to public markets**
- **Current volatile environment provides significant opportunities** to assist companies requiring **assistance in strategic direction & capital allocation.**

H&G PORTFOLIO OVERVIEW

Majority of portfolio is valued by independent 3rd parties



FY'22 AND BEYOND

H&G is well positioned to continue delivering strong results

	<i>FY22 YTD</i>	<i>Long Term Outlook</i>
<p>1 PRIVATE INVESTMENTS</p>	<ul style="list-style-type: none"> • Strong focus on earnings and asset backed private equity opportunities • Deployed \$5 million into a low-risk, asset-rich income investment for diversification • Advanced negotiations on transformative portfolio company M&A opportunities 	<ul style="list-style-type: none"> • Continue targeting at least 15% p.a. returns from earnings based value growth and income / dividends • Significant proprietary deal flow and opportunity to leverage balance sheet with syndication capability • Striving for outperformance significantly above 15% p.a. returns through transformation / realisation of select PE assets • Increase structured and asset backed opportunities with >15% p.a. returns
<p>2 LISTED INVESTMENTS</p>	<ul style="list-style-type: none"> • Recent equity market volatility has dragged down market valuations of some listed investments • In volatile periods, non-core investments have been monetized and cash weights increased. Strategic holdings are given priority. 	<ul style="list-style-type: none"> • Continue >20% p.a. return targets across listed portfolio • Continue to access deal flow through networks • Seeing increased opportunities as some parties become distressed & irrational forced sellers with equity market sell-off • Support existing strategic asset investments via capital raisings
<p>3 FUNDS MANAGEMENT</p>	<ul style="list-style-type: none"> • Executed syndication vehicles to add \$4m FuM • In advanced partnership discussions with an experienced property player with aim to launch a diversified property fund. 	<ul style="list-style-type: none"> • Continue FUM growth with enhanced distribution networks • Partner with experienced fund managers/industry experts to launch new products and build capital light sustainable revenue streams
<p>4 OTHER</p>	<ul style="list-style-type: none"> • Raised additional growth capital through a placement of approx. \$15 million 	<ul style="list-style-type: none"> • Increase advisory / ECM earnings from portfolio companies

H&G INVESTMENT MANAGEMENT

Growing a capital light recurring revenue stream

1 HIGH CONVICTION FUND

- H&G assumed management on 1 April 2021
- Since then has returned 16.2% after all fees (annualised 22%)
- FUM of \$14m and targeting \$50m since relaunch in September 2021
- Focused on overlooked ASX-listed microcaps with superior assets
- We are engaged investors and assist where necessary in positive strategic change
- Concentrated portfolio of 20 stocks; outperforms market over long term
- Has delivered income of \$0.4m to H&G since acquisition

2 PROPERTY FUND

- We are in discussions with a seasoned player in the property industry, with a view to launching a Diversified Property Fund.
- The Diversified Property Fund will be the primary vehicle of the JV, but it may also implement Special Purpose Vehicles (SPV) for specific assets.
- The targeted property player will add highly complementary skills to source, add value, and manage property assets.

3 ACTIVE VALUE

- A complementary fund product that leverages the active value investment style, acumen and deal flow from H&G's Private Investment arm.
- In discussions with potential fund managers to run the unlisted/listed fund strategy.
- The fund will have a portfolio of private and listed undervalued micro & small cap assets where we have the ability to influence from the inside, ideally, through board representation.

4 VENTURE

- Significant proprietary early stage deal flow (e.g. T Shirt Ventures) in a limited asset allocation category for H&G balance sheet
- We are vigilant of innovative opportunities which may assist in transforming existing mature assets through M&A, commercial opportunities or knowledge sharing
- We are exploring potential high calibre venture partners who could lead a focused fund in a joint-venture with H&G

2021 OBJECTIVES UPDATE

Comprehensive progress on objectives presented at last year's AGM

OBJECTIVE	BASELINE GOAL 2021	ACHIEVED
Drive investor awareness of potential value in HGL	Introduce new investors, refresh communications and marketing, launch funds and participate in M&A activity, adopt new accounting policy to independently assess investment value as part of annual audit.	✓
Quality of investment pipeline	Enhance network of advisors, brokers, referrals to build quality investment pipeline. Attract experienced investment professionals to bring networks and opportunities to HGL. Develop deep market insights and intelligence in targeting quality research, connections, market participation and analysis in key areas of interest.	✓
Asset redeployment	Target realisations from portfolio and redeployment into more diversified portfolio	✓
Assist value creation in Mountcastle and Pegasus	Meaningful acquisition, organic growth and external capital raising	✓
Capital management initiatives	Unmarketable parcels: intention to initiate on-market buy-back when appropriate	✓
Meaningful new investments	At least 2 strategic investments > \$2 M equity value each	✓
Acquire funds management vehicle	Grow FUM in ASX listed portfolio. Drive investment outperformance and performance fees. Refresh PDS and strategy, demonstrate returns and target meaningful growth in FUM. Attract quality experienced investment manager.	✓
Drive active ASX listed investment portfolio and capital markets activity	Allocate capital to meaningful ASX investment portfolio. Annual return target > 20% per annum... pre-IPO, underwriting... placements... strategic stakes... counter-cyclical / turnaround focus	✓
Value extraction BLC and SPOS	Enhance alignment with management. Meaningful value extraction or repositioning	✓
FOS IPO	Assist in IPO prior to June 30, 2021	✓
Reduction in uncovered head office costs	Eliminate non-core costs. Drive towards head office being a profit contributor.	✓

2022 OBJECTIVES

Build on the momentum of 2021's achievements

OBJECTIVE	BASELINE GOAL 2022
Drive investor awareness of potential value in HGL	Introduce new investors, refresh communications and marketing, launch funds and participate in M&A activity
Quality of investment pipeline	Increase structured and asset backed opportunities with >15% p.a. returns
Cash & Asset redeployment	Deploy \$15 million cash raised into high quality investments which meet the H&G criteria Target realisations from portfolio and redeployment into more diversified portfolio
Assist value creation in Mountcastle and Pegasus	Meaningful acquisition, organic growth and external capital raising
Capital management initiatives	Continue to pay dividends
Funds management vehicle	Launch at least 2 new funds management products including property JV
Drive active ASX listed investment portfolio and capital markets activity	Manage downside protection through volatility and find at least 2 strategic long term listed positions with active H&G involvement
Strategic support for FOS and AN1	Significant listed positions with H&G board involvement, continue to support in their ongoing transformations
Enhance investment team	Add high quality "accretive" team members to further capitalise on opportunity set

PROXY RESULTS

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL	EXCLUDED
Resolution 1: Adopt Remuneration Report						
CHAIR	16,934,004	267,028	943,139	9,574	18,153,745	16,283,789
OTHER	4,238,931	-	112,150	-	4,351,081	25,088,820
TOTAL	21,172,935	267,028	1,055,289	9,574	22,504,826	41,372,609
Resolution 2: Re-election of Director – Cheryl Hayman						
CHAIR	33,463,940	30,527	943,067	-	34,437,534	-
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	62,791,691	30,527	1,055,217	-	63,877,435	-
Resolution 3: Ratification of prior issue of 22,451,514 Ordinary Shares						
CHAIR	23,732,959	59,062	943,067	8,851,655	33,586,743	850,791
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	53,060,710	59,062	1,055,217	8,851,655	63,026,644	850,791

PROXY RESULTS

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL	EXCLUDED
Resolution 4: Issue of Shares to a Director under the Conditional Placement – A Beard						
CHAIR	30,850,014	224,075	943,067	2,020,378	34,037,534	400,000
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	60,177,765	224,075	1,055,217	2,020,378	63,477,435	400,000
Resolution 5: Issue of Shares to a Director under the Conditional Placement – K Eley						
CHAIR	31,250,014	227,675	2,768,067	191,778	34,437,534	-
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	60,577,765	227,675	2,880,217	191,778	63,877,435	-
Resolution 6: Issue of Shares to a Director under the Conditional Placement – C Hayman						
CHAIR	33,081,077	218,012	943,067	195,378	34,437,534	-
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	62,408,828	218,012	1,055,217	195,378	63,877,435	-

PROXY RESULTS

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL	EXCLUDED
Resolution 7: Issue of Shares to a Director under the Conditional Placement – J Constable						
CHAIR	22,160,295	227,675	993,067	191,778	23,572,815	10,864,719
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	51,488,046	227,675	1,105,217	191,778	53,012,716	10,864,719
Resolution 8: Issue of Shares to non-related parties under the Conditional Placement						
CHAIR	32,234,517	217,381	943,067	191,778	33,586,743	850,791
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	61,562,268	217,381	1,055,217	191,778	63,026,644	850,791
Resolution 9: Change of Company Name						
CHAIR	33,314,370	113,512	935,837	73,815	34,437,534	-
OTHER	29,327,751	-	112,150	-	29,439,901	-
TOTAL	62,642,121	113,512	1,047,987	73,815	63,877,435	-

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& GORE

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