

**ASX RELEASE**

22 November 2023

**BOARD CHAIR ADDRESS TO ANNUAL GENERAL MEETING**

**Hygrovest Limited (ASX:HGV) ("HGV")** is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and debt securities.

HGV will hold its Annual General Meeting ("**AGM**") at 12.30pm AEST on 22 November 2023.

In accordance with Listing Rule 3.13.3, enclosed is the text of the address that will be delivered by the HGV Board Chair, Warwick Sauer, at the AGM today.

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**Investor and Media Enquiries**

Announcement authorised for release to ASX by:  
Jim Hallam  
Chief Financial Officer and Company Secretary  
E: [Compsec@hygrovest.com.au](mailto:Compsec@hygrovest.com.au)

**About HGV**

Hygrovest Limited (ASX:HGV) ("HGV") ABN 91 601 236 417 is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and debt securities.

**Important Notice**

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## CHAIRMAN'S 2023 AGM ADDRESS

My name is Warwick Sauer and I have been chair of HGV's board for just over four months.

I am joined on HGV's board by David Prescott and Jason Byrne, both of whom are experienced directors and businessmen, with diverse backgrounds.

For the last several years, returns for HGV's shareholders have been dismal. Your new board is committed to doing everything it can to change that.

In our view the two key reasons for HGV's poor historical performance have been the returns achieved by its investments, and its unsustainably high operating cost base.

On the investment front, effective from 1 July of this year, HGV has had a new investment manager. That manager is HD Capital, which is run by Harley Grosser and Daniel Sims. Harley and Dan's strong historical investing performance is matched by both their enthusiasm for their craft, and their keen focus on ensuring businesses in which they invest are run efficiently. It is still very early days for HD but Harley and Dan have already made great headway on the investment front. After my own brief remarks Harley, who is here today, will talk about HD and its work for HGV to date.

In relation to HGV's operating cost base, David, Jason and I have been working hard to find savings wherever possible. Changes we have implemented thus far include:

- Elimination of marketing spend. There may be a future time when it is appropriate to market HGV. For the foreseeable future however, we will market HGV by demonstrating that we are running it efficiently, and hopefully also by delivering good and reliable returns on HGV's capital.
- Elimination of physical office. HGV's office lease is expiring early next year and will not be renewed, for savings of near \$100,000 per year.
- Rationalisation of employee headcount. Historically, HGV's CFO Jim Hallam has had the assistance of a second employee. That second role has been made redundant and whilst that has been a huge challenge for Jim, he has made it work, for which the board is very grateful. That has delivered opex savings of over \$100,000 per year.
- Rationalisation of director headcount. HGV's board has been reduced from four directors to three.
- Rationalisation of corporate structure. We are investigating whether it is appropriate to dissolve a subsidiary in the UK which currently costs HGV around \$9,000 per year to hold.
- Adjustment of insurance coverage. We have revised HGV's insurances to materially reduce the premium paid without materially comprising appropriate coverage.
- Reductions in both directors' fees and CFO's salary. All of your directors, and our CFO Jim, have voluntarily taken a 10% reduction in fees or salary, for a saving of around \$50,000 per

year. I would like to thank Jim particularly for offering to take the same reduction as the board has, given Jim had no obligation to do so.

- Reduction in website maintenance spend. Historically HGV has paid nearly \$20,000 per year to maintain its website. We have reduced that to a minimal amount. That means the company's website is slightly less dynamic than it was previously but, similarly to marketing spend, we think that is a price worth paying in return for the savings that have been achieved.
- Reduction in registry and ASX costs. A few months ago HGV effected a minimum holding buyback, which drastically reduced its number of shareholders. As well as delivering an uplift in NTA, that buyback has materially reduced the fees charged to HGV by its share registry Automic, and also by ASX itself.
- Reducing external advisor spend. All proposed external advisor spend is now assessed by the board before it is incurred, and where we think it makes sense we are self-performing rather than engaging third parties.

Through these and other changes, HGV's annual opex run rate is forecast to reduce from over \$1.3m to less than \$800,000 in the next financial year. David, Jason and I will continue reviewing HGV's expenses to seek to further reduce them wherever possible, with the aim of positioning HGV for maximum profitability.