

9 July 2025

UWC Investment Portfolio Performance - June 2025

Underwood Capital Limited (ASX: UWC) ("UWC" or the "Company") 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.

UWC Investment Portfolio Performance

UWC is pleased to provide the portfolio performance for June 2025 which includes the disclosure pursuant to Listing Rule 4.12.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
Jim Hallam
Chief Financial Officer and Company Secretary
E: Compsec@uwcl.com.au

About UWC

Underwood Capital Limited (ASX:UWC) ("UWC") 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

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of UWC. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of UWC may be influenced by a number of factors, many of which are outside the control of UWC. No representation or warranty, express or implied, is made by UWC, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause UWC's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. UWC does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in UWC. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). UWC's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.

UNDERWOOD

C A P I T A L L T D .

Investment Portfolio Report

June 2025

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About Underwood Capital

Underwood Capital Limited¹ ("Underwood Capital", "UWC" or the "Company") (ASX: UWC) is an Australian-listed, specialist investment company that has traded on the ASX since 2015.

UWC's investment manager is HD Capital Partners Pty Ltd (ACN 664 583 537) ("HD"). HD was appointed to that role for a term of five years commencing 1 July 2023.

HD is a value-oriented, fundamental bottom-up stock picker focussing on opportunities in listed small cap equities markets including:

- a) undervalued, well-managed growth companies, often founder-led, that are off the radar of the broader investment community;
- b) undervalued securities where HD seeks to realise value; and
- c) situations that are dependent on a specific corporate action, such as mergers, liquidations, tender offers and divestments.

UWC Investment Performance^{2 3}

UWC Historical Performance - period ended 30 June 2025				
	1 month	Financial year to date	12 months	Since inception
Pre tax return	5%	1%	1%	(14)%

For Underwood's latest investor presentations and news, please visit www.uwcl.com.au

General Investor Queries

E: info@uwcl.com.au

W: uwcl.com.au

Share Registry

Automic Registry Services

P: 1300 288 664

W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax⁴ as at 30 June 2025

\$0.1044

Key Metrics as at	30-Jun-25	31-May-25
Net Asset Value - pre tax	\$m 21	20
Investee Portfolio (ex cash)	\$m 20	18
Cash and cash equivalents	\$m 2	2
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)	\$ 0.1044	0.0995
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)	\$ 0.0930	0.0892
Net Asset Value per share	\$ 0.0935	0.0895
UWC share price (ASX)	\$ 0.046	0.043
Market capitalisation	\$m 9	9
ASX Investment Type	Listed Investment Company	
Initial Public Offering Date (inception date)	22-Jan-15	
No. of ordinary shares on issue	m 206	

¹ UWC Shareholders at the Annual General Meeting on 22 November 2024 approved a change in the company's name, from Hygrovest Limited to Underwood Capital Limited ("UWC"). The ASX code also changed from HGV to UWC as at 13 December 2024.

² Inception is 30 June 2018 being the date on which Underwood commenced accounting for investments as an investment entity.

³ The quoted returns for one month and financial year to date are absolute, i.e., not annualised. The quoted returns for 12 months and since inception are annualised.

⁴ Excludes tax on unrealised gains on the investment portfolio and company tax accrued for the current financial year. The financial information within this report is unaudited and is subject to completion of the statutory audit for year ended 30 June 2025.

UNDERWOOD CAPITAL NEWS

UWC Financial Results for June 2025

During June 2025, UWC's Net Asset Value (before provision for tax) increased by 5%. The increase was primarily due to a \$0.9m revaluation gain on UWC's investment in Weed Me Inc ("Weed Me").

The Weed Me revaluation gain arose from receipt of updated information in respect of Weed Me's financial performance including audited financial statements for the year ended 31 December 2024.

UWC uses an Enterprise Value to Net Revenue Multiple (EV/NRM) when valuing its investment in Weed Me. UWC determines that valuation by:

- calculating a blended EV/NRM using the end of month market valuations of various listed Canadian companies, each of which UWC considers to be broadly comparable to Weed Me;
- determining what the value of UWC's Weed Me holding would be if that same blended EV/NRM was applied to Weed Me's 12 month historical revenues as most recently advised by Weed Me to UWC; and
- applying a 15% discount to that derived value, to account for Weed Me being unlisted.

UWC's shareholders should always be mindful that:

- UWC's NTA is constantly fluid, and UWC's reported month-end NTA is a point-in-time assessment only;
- for so long as Weed Me remains a large part of UWC's portfolio, UWC's NTA will be affected by fluctuations in the Weed Me valuation; and
- management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events which management believes to be reasonable under the circumstances⁵. Because Weed Me is unlisted, the fair value which UWC ascribes to its Weed Me holding is necessarily an estimate, using the valuation techniques described above to measure the fair value of the investment.

Investment Manager Update⁶

In June, we met with the management team of Weed Me to discuss the performance of the business and the outlook for 2025.

We are pleased with Weed Me's performance, particularly considering the difficult regulatory conditions it operates within. Despite many listed peers struggling to turn a profit, Weed Me has continued to grow earnings and generate free cash flow.

We are content in continuing to receive dividends while we wait for an appropriate opportunity to realise value in our Weed Me shareholding. In the meantime, we will continue to carefully deploy our capital into attractive risk-reward set ups and maximise the return on our cash holdings.

HD Capital Partners

⁵ The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within future reporting periods are discussed in Notes 3 and 7 of the audited UWC annual report for the year ended 30 June 2024.

⁶ The Investment Manager Update details the views of UWC's investment manager, HD Capital Partners

Appendix One

1. The year-to-date performance of UWC is detailed in Table One below:

Table One

UWC Historical Performance - financial year to date						
		30-Jun-23	30-Jun-24	31-Dec-24	31-May-25	30-Jun-25
Share price \$	AUD	0.042	0.046	0.051	0.043	0.046
Net Asset Value	AUD	0.0922	0.0933	0.0943	0.0895	0.0935
NTA Post Tax \$	AUD	0.0918	0.0929	0.0938	0.0892	0.0930
NTA Pre Tax \$	AUD	0.1028	0.1037	0.1071	0.0995	0.1044

2. UWC's investment portfolio is detailed in Table Two:

Table Two

Investment	Cannabis investments 30-Jun-25 AUDm	Non-Cannabis investments 30-Jun-25 AUDm	Total Portfolio Book Value (unaudited) 30-Jun-25 AUDm	Weight	Total Portfolio Book Value (unaudited) 30-Jun-24 AUDm	Weight
Listed investments:						
Delivra Health Brands Inc.	0.0	0.0	0.0	0%	2.1	10%
Portfolio of listed small caps	0.0	10.9	10.9	50%	3.8	17%
Total Listed Investments	0.0	10.9	10.9	50%	5.9	27%
Unlisted investments:						
Weed Me	8.9	0.0	8.9	41%	9.2	42%
Emerging Therapeutics	0.0	0.0	0.0	0%	4.0	18%
Portfolio of unlisted debt securities	0.0	0.0	0.0	0%	0.8	3%
Total Unlisted Investments	8.9	0.0	8.9	41%	13.9	64%
	8.9	10.9	19.7	92%	19.8	91%
Cash	0.0	0.5	0.5	2%	0.3	2%
Receivables from investment divestments	0.3	0.0	0.3	1%	0.8	4%
AAA ETF	0.0	1.0	1.0	5%	0.9	4%
	0.3	1.5	1.8	8%	2.1	9%
Total Portfolio	9.2	12.4	21.6	100%	21.9	100%

Note:

The reference to AAA ETF refers to the investment in higher yielding cash on call deposits via an investment in ASX:AAA.

UWC's investment in Weed Me comprises 4.24m shares representing approximately 13% of Weed Me's issued capital (as at month end, UWC had ascribed to these shares a valuation of CAD1.87 per share).

UWC's investment in Emerging Therapeutics was sold in September 2024

UWC's investment in Delivra was sold in October 2024

3. Valuation of Assets

UWC values its investments by applying the following principles:

- Listed securities – the book value is based on the closing share prices for public companies at period end.
- Unlisted equity securities – Generally, UWC's preference is to value its investment in Weed Me by applying an Enterprise Value to Net⁷ Revenue Multiple (EV/NRM) provided these valuations are materially consistent with any recent material capital raises by Weed Me. The applied multiple of 1.2 (prior month: 1.2) is derived from market valuations of various listed Canadian companies, each of which UWC considers to be broadly comparable to Weed Me. The applied multiple represents the average of these multiples which range between 0.5 and 1.8. UWC also applies a liquidity discount of 15% to the EV/NRM valuation, to account for Weed Me's unlisted status. The Net Asset Value or NAV is calculated after deducting a provision for company tax on any net unrealised gains that may arise on such theoretical disposal. UWC does not hedge the carrying value of existing investments denominated in non-AUD currencies. UWC's financial statements are subject to statutory audit or review by our independent auditor at 31 December and 30 June each year.

⁷ Gross sales less government excise taxes and sales discounts

Note:

- a) All information within this release is unaudited unless stated otherwise.
- b) The book value includes shares, convertible notes, options, loans, warrants and accrued interest.

Glossary

ABBREVIATION	Definition
AUD	<i>means Australian dollars.</i>
ASX	<i>means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.</i>
ASX Listing Rules	<i>means the Listing Rules of ASX.</i>
CAD	<i>means Canadian dollars.</i>
Company or UWC	<i>means Underwood Capital Limited (ACN 601 236 417).</i>
EBITDA	<i>means Earnings before Interest, Tax, Depreciation and Amortisation.</i>
IPO	<i>Initial public offering of securities on a recognised securities exchange.</i>
NAV	<i>means net asset value.</i>
Option	<i>means an option to acquire a Share usually at predetermined price.</i>
Share	<i>means a fully paid ordinary share in the capital of a company.</i>
Shareholder	<i>means a registered holder of a Share.</i>