Highwood
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July 15th, 2025

Dear Investors,

During the first half of 2025, our portfolio was up 4.2% in Canadian dollars net of fees[1] which brings our return since inception to +66.3% in Canadian dollars net of fees. This compares to the most relevant benchmark index, the MSCI Europe SMID Cap index, which is +57.1% since the date of our inception.

The table below gives you the usual summary of our performance and exposure by strategy bucket for the first half of 2025 and the relevant periods since inception of the firm.

		Exposures by Strategy Bucket			
Time Period	**Return, Net of Fees[1]**	**Total Equity**	**Core Value Equity**	**Special Situations Equity**	**Cash**
FY 2019 [2]	2.0%	41.1%	36.0%	5.1%	58.9%
FY 2020	25.9%	78.1%	70.6%	7.5%	21.9%
FY 2021	7.4%	84.1%	80.8%	3.3%	15.9%
FY 2022	-14.1%	95.6%	79.9%	15.8%	4.4%
FY 2023	28.9%	95.9%	79.2%	16.7%	4.1%
FY 2024	4.6%	97.2%	74.8%	22.4%	2.8%
H1 2025	4.2%	88.8%	65.0%	23.7%	11.2%
Total Return, Since Inception	**66.3%**				
Average[3], Since Inception	**9.6%**	**84.5%**	**70.8%**	**13.7%**	**15.5%**

1. Returns presented are the returns of the Highwood Value Partners Client Composite. 2. Inception on December 9, 2019

3. Average Return presented is the Annualized Return of the Highwood Value Partners Client Composite.

It has been a busy six months at Highwood. In this letter I will touch on three important developments:

1. In May, Highwood transitioned from a sole proprietorship to a team of two experienced, aligned investors working together to compound our collective capital. Wayne Tsou has joined Highwood as part of the investment team, which is nothing short of a fantastic development in my view. I will comment on this in the first section.
2. In April, I presented at the Ben Graham Center for Value Investing's annual conference in Toronto. I was pleased to be invited to speak, and I will share content and conclusions from that presentation with you in the second section.

[1] Returns presented are those of the *Highwood Value Partners Client Composite*, net of all fees and taxes in CAD. Past performance is not a guarantee of future results. Individual client returns will vary. Please see the disclosures at the end of this letter.

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3. Finally, Wayne and I initiated a new position in the shares of Trigano SA, a Paris listed mid-cap company. This is an owner-operator with an excellent track record, strong balance sheet and attractive prospects which we acquired for 6x historic earnings. I will outline the thesis behind this investment in the third section.

I will then provide the portfolio level statistics for what you own and an update on each position following these items.

Business Update:

I am delighted to announce that Wayne Tsou has joined Highwood. Wayne and I got to know each other as friends after he retired to Whistler in 2021. He later became a client of the firm which led to numerous conversations about my investment process & the companies we own in the portfolio. After a while, I realized that I was having the kind of conversations I hoped to be having with a colleague – so I asked him to join the firm as an equity partner alongside me.

The great American industrialist Andrew Carnegie once suggested that his epitaph should read, "here lies a man who was able to surround himself with men far cleverer than himself". While I am not wishing to write my own epitaph, Carnegie's sentiment certainly resonates with me. Wayne is 58 years of age and has a wealth of experience unusual for an investment firm in Canada, let alone one of our size. He emigrated from China to Ann Arbour, Michigan as a teenager, attended the University of Michigan, CalTech and later the Harvard Business School and Harvard Law School, where he received a joint JD/MBA in 1997. He had stints at Morgan Stanley and Lazard Freres & Co and then worked at Warburg Pincus for seven years, finishing as a partner. In 2004, he was recruited by the founders of The Carlyle Group to join their firm as a global partner. Upon joining, Wayne started Carlyle's growth capital business and ran this group in Asia for 14 years. There he was focused on minority equity investments in private companies with outstanding potential – similar to what we are looking for in the Core Value bucket at Highwood. He has invested in and managed at the board level a portfolio of over 50 companies and helped to grow many of these into respective industry leaders.

Wayne's role at Highwood is to leverage his substantial experience for the benefit of the firm and our clients. He and I have spent the past few months reviewing existing investments, speaking with management teams and discussing new investments together. It is a natural fit working with Wayne and I think it obvious that his expertise will be invaluable for clients of Highwood.

Highwood is now a team of two experienced and aligned investors working together to compound our collective capital. Please join me in welcoming Wayne to Highwood. If you would like to arrange a meeting with him, please get in touch with Anna.

Fishing Where the Fish Are

In April, I spoke at the Ben Graham Center for Value Investing's annual conference in Toronto. The conference gathers many of Canada's top value managers and coincides with the Fairfax AGM (Prem Watsa was instrumental in the founding of the Ben Graham Center). It was an honour to speak to the group gathered by George Athanassakos and his team.

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As you know, Highwood aims to find and invest in a select group of great businesses at attractive prices that we feel are likely to earn multiples more than they currently do on a per share basis over a five-to-ten-year period. In my opinion, the best way to strengthen the muscles required to find these investments today and tomorrow is to study those investments of the past. My presentation at the conference distilled some of my 25 years of investment experience supported by data of the past 15 years. I will take the opportunity to share some of the conclusions from that presentation with you here.

Out of a universe of c.12,000 companies with a market cap of at least $100mn and domiciled in developed markets[2], there have been 700-800 companies that could potentially meet the criteria for Core Value investments I have discussed in past letters[3] – these are the characteristics of businesses that are most likely to compound capital at attractive rates with lower business risk. However, not all great businesses are great investments as the price for partial ownership of those businesses, more often than not, discounts something more than a conservative estimate of the business' historic success.

Out of that universe of well capitalized companies with high returns on capital, our study focused exclusively on the issuers whose equity securities were heavily mispriced such that they went on to deliver a total shareholder return of 300% or better over any five-year period from 2010 to 2025[4]. I defined these as the 'true alpha opportunities', or for those of us who enjoy fly-fishing, the 'trophy rainbow trout'. I will share with you some of the conclusions from studying these situations in detail, but first, it pays to understand 'where' these trophy rainbow trout were hiding by geography and market cap:

- Eight out of Ten (81%) of the true alpha opportunities over any rolling five year period from 2010 to 2025 were domiciled <u>outside</u> of North America. What is more, the base rate for these 'true alpha opportunities' was highest in Europe followed by Asia[5]. North America was the least attractive geography for these outstanding investments – one in twenty North American companies meeting our screening criteria went on to deliver 4x money versus one in sixteen Asian companies and one in fourteen European companies achieved this result.
- Nine out of Ten (87%) of the true alpha opportunities over any of the rolling five year periods from 2010 to 2025 had a starting market cap of between $100mn and $1bn. These are small cap companies. While it is true that there are more companies in the $100mn to $1bn market cap bracket than any other such bracket, the base rate of success, subject to our criteria, was highest amongst small caps. Seven percent of these small cap companies meeting our basic criteria went on to deliver 4x money over five years. In contrast, just 0.4% of companies with a starting market cap over $10bn (large cap) went on to deliver 4x money over the same period.

The conclusion here is that the happy hunting ground for the flexible investor has been international small and mid cap companies.

[2] North America, Europe and Asia ex China.
[3] As an approximation of what may qualify as Core Value, I screened on the basis of companies that are profitable, had management ownership of at least 5% of the company, debt / profits less than 3x and whose shares were valued less than 10x EBITDA.
[4] This produced 11 'cohorts' as follows: cohort 1:2010-2015, cohort 2: 2011-2016,…,cohort 11:2020-2025.
[5] Equities having achieved 300% TSR in geography / Total equities in that geography.

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As interesting as it is to understand the 'where', it is valuable to understand the 'why'. The exercise of isolating those 'trophy rainbow trout' allowed me to study the pre-conditions of corporate and equity market outperformance more closely. To do so, I put myself in the shoes of a 'previous self' looking at these companies before they had delivered outstanding results for shareholders. This meant a series of case studies, and in each case I asked 'what would I have needed to recognize given the information available at that time to have owned the shares?' And further, 'what were the risks and issues I would have had to grapple with when assessing whether to own those shares?'. Essentially, my line of enquiry was to understand why these companies' shares were so mispriced vs their ex-post result.

I found it was possible and helpful to codify these mis-pricings into categories. In total, I came up with five different 'types of mis-pricings' or patterns of subsequent corporate outperformance with historic examples as follows:

1. Undiscovered Gems. Examples were Amadeus Fire AG, Norbit, Washtec AG, RWS Holdings & AutoPartner SA.
2. Undiscounted Capital Allocation. Examples: Addtech AB, Lagercrantz, Terravest & Constellation Software.
3. Operators at key points in the value chain with industry tailwinds. Examples: Sartorius AG, Cancom SE, NVIDIA, Interoll Holdings AG.
4. Outstanding execution. Ambu A/S, Boyd Service Group, Kinepolis.
5. Geographic expansion via global customers. Mader Group, Alten SA, Autoneum AG.

While some of the descriptions of these categories may seem obvious, building the muscle memory to spot the specific initial conditions across industries and weight that information appropriately in our investment process is both less obvious and more valuable to our mission. Please feel free to get in touch for a full copy of the presentation I gave to the conference – I am happy to discuss it in more detail if you wish.

In the next section, I will outline a new investment which I found in the process of this exercise and which I believe has many of the characteristics of these outstanding investments.

<u>New Investment in Trigano SA – Core Value</u>

Trigano SA was in the 2013 to 2018 cohort of securities that delivered returns to shareholders in excess of 4x money. It returned over 14x money in that period. Further, Warren Buffett's Berkshire Hathaway owns Forest River Inc., which is a very similar business to Trigano. Buffett acquired this business 20 years ago for $800mn and according to Buffett's most recent chairman's letter, this deal has made Berkshire 'many billions of dollars'. It seemed reasonable to understand Trigano in more depth.

Trigano is the Paris listed European market leader in the design, assembly and sale of motorhomes and towable 'caravans', collectively Recreational Vehicles (RVs). The company has gained market share from 15% of total new RV registrations in 2013 to 31% currently through a combination of organic growth of 8.5% annually and acquisitions, which have contributed another 7.5% to annual revenue growth. This growth has been at attractive returns on capital. Unlevered ROE has averaged 21% over this period including all goodwill acquired & earnings per share is up roughly 10x over this period. The company has a

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net cash balance sheet, and is 57% owned by the founder and chairman, Francois Feuillet who is 77yrs old. The company is valued in the equity market at €2.5bn and we acquired our shares at 6x LTM earnings and 1.2x book value.

Like Forest River, Trigano is a capital-light designer and assembler of RVs. The company designs the units according to national or regional preferences, buys in c.90% of all the components required to build an RV including chassis/powertrain, assembles the RV and sells it into the distribution network, of which they own a portion. For a €60,000 RV, 75% of the cost of the unit is the components purchased from external suppliers. Purchasing terms are therefore very important. It is also capital light: 75% of Trigano's tangible assets are current – mainly inventories available for sale – which the company turns over c.4x per year and the company needs less than 15% of cash generated annually to maintain the business.

Trigano has many of the same competitive advantages in the motorhome industry that Ryanair has in air travel. It is the lowest cost producer, which is the result of buying advantages and a culture of keeping costs low. This has resulted in consistent volume market share gains and declining unit costs, which results in the economic space to re-invest in product quality and lowering prices to the end consumer ahead of competition, which widens its moat year after year. Trigano manages to do this while generating operating margins of 10-13% versus competitors doing less than half this level of margin – it is more profitable, has lower unit costs and has consistently taken market share as a result.

Its balance sheet is another source of competitive advantage. Trigano has consistently been run with no debt funding which is in stark contrast to its smaller competitors who are both debt funded and less profitable. The relevance of this is acute given the cyclicality of the industry (similar to Ryanair). A strong balance sheet has been good defence and enabled strong offense – management have consistently acquired assets at the bottom of the cycle at attractive returns over the past 15 years. These acquisitions have only added to Trigano's competitive advantages. Case in point is their 2017 acquisition of ADRIA, a Slovenian RV manufacturer for €230mn. Prior to the acquisition, ADRIA was doing €28mn of net income. One year later, under Trigano's ownership it was doing €59mn of net income, more than double the year before, principally the result of Trigano aligning it with the group's purchasing terms. The result: a 26% post tax return on shareholder capital in year one. This is one example of many in the company's recent history.

The business also has nice growth tail winds. Volume growth in the industry has averaged 4% per annum over the past 15 years driven in part by demographics. The average customer is 57yrs old, uses their unit for 77 nights per year with an average trip length of 5 nights. Given the demographics in Europe, this tailwind is likely to continue driving industry volume growth over our investment horizon. I expect Trigano to continue to take market share on top of this and allocate capital inorganically where the opportunity arises.

Of course, the business faces risks internally and externally. I believe these are manageable. Notably, the founder and chief architect of this business' success is 77 years of age and there is no clear succession plan for the business except a sale of the company. I can see this business becoming part of a larger conglomerate just as Forest River is now part of Berkshire Hathaway. Other risks include the transition of the powertrains from diesel to electric and associated regulation. For each risk, I also see potential

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opportunity given Trigano's relative strength vs smaller, less profitable and encumbered competitors in Europe.

We have acquired our stake in Trigano at a double-digit free cash flow yield, and the business is likely to grow organically in the high single digits before any accretive use of free cash flow. This puts us in good position to compound our capital at returns in excess of our hurdle rate with a strong margin of safety owing to the competitive position and astute management at the helm.

Portfolio Updates:

Below is the usual table which summarizes key statistics on the portfolio as of June 30th.

We are 89% invested in the securities of 13 companies. The market price of the portfolio is 48 cents on the dollar of my estimate of intrinsic value, the median P/E is 7.6x and portfolio companies on average have net cash balance sheets (Net Cash/EBITDA of 0.7x).

Highwood Value Partners Portfolio						
As of Date	% Invested	Median Price / Est. Intrinsic Value	Median Market Cap, in Mns of USD	Median Net Debt (Cash) / EBITDA	Median EV / Sales	Median P/E
31-Dec-19	41%	0.54x	550	-0.8x	1.6x	15.1x
31-Dec-20	78%	0.69x	713	-0.3x	2.2x	13.1x
31-Dec-21	84%	0.52x	1387	-0.5x	2.0x	13.3x
31-Dec-22	96%	0.45x	1013	0.2x	1.0x	10.6x
31-Dec-23	95%	0.54x	1027	-0.2x	0.9x	10.7x
31-Dec-24	97%	0.47x	2008	-0.5x	1.3x	8.1x
30-Jun-25	**89%**	**0.48x**	**2411**	**-0.7x**	**1.1x**	**7.6x**

Below are the updates on our portfolio holdings in order of their contribution to our result in the first half of 2025.

Protector Forsikring – Core Value

Protector is our mid-cap, Norwegian P&C insurer with a strong corporate culture and a cost advantage in underwriting which feeds a large and growing float. My thesis on Protector is playing out better than I had expected and this investment has delivered an 8.3x return on our original cost as at June 30th. It has been the most profitable investment in our portfolio since inception.

Protector's profitable growth continues. Year to date, Protector has grown premiums 16% at an 85% combined ratio for insurance profits of 515mn NOK, more than double last year's result. As I have noted before, this strong growth in premiums received in advance of insurance claims paid is growing the float on which Protector earns investment income. Assets under management has grown 21% year over year and the investment result more than doubled again to 1.2bn NOK. Year to date, earnings per share is up 106%

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to 18 NOK per share. The strong profits result in a higher capacity for dividends and a strong balance sheet. AM Best, the preferred credit rating agency for insurers has upgraded Protectors credit ratings and excess capital continues to be paid out to shareholders. Over our 5yr holding period, we have now recouped 90% of the price paid for our initial position in the shares through dividends alone.

The outlook from the current share price remains attractive and we continue to have a sizable position in this outstanding business.

Fever-Tree Drinks PLC – Core Value

Fever-Tree is our founder-led UK listed mid-cap beverages company which dominates the premium mixer category globally. As I mentioned in my [last letter] to you, my thesis on this investment is that the margin pressure the business experienced in the past 4yrs was something management is on a path to resolve and if successful, we would own this high quality business at a single digit multiple of earnings. Further, Fever-Tree is a valuable M&A target for larger beverages companies if current management struggle to improve margins to historic levels.

On cue, Molson Coors came knocking on Fever-Tree's door and the two entered into a strategic partnership for the US market, which is c.35% of Fever-Tree revenue. As part of this deal, Molson Coors took an 8.5% stake in the company, acquired the assets of the US subsidiary and will manage the US business in a 50/50 JV with Fever-Tree. Molson Coors will bottle the product in the USA and distribute it down its own network. These are the merger synergies mentioned in the initial thesis. The partnership will largely eliminate Fever-Tree's transatlantic shipping costs, cut the cost of glass and manufacturing and give the brand access to a distribution network that is more than 5x the size of what it had previously. Molson Coors' entire corporate strategy is titled 'beyond beer', which refers to their ambition to diversify the business outside of the core beer category – such as into premium branded mixers. Management will be looking to make a success of the Fever-Tree partnership to validate their wider corporate objectives. I am optimistic about how this will benefit us as Fever-Tree shareholders.

Motorpoint Group PLC – Core Value

Motorpoint is our UK listed small cap and the lowest cost operator in the fragmented used car market in the UK. We acquired our shares in Motorpoint when the used car market was in a state of disarray, the result of pandemic driven shut-downs in new car production, chip shortages for OEMs and broken supply chains. At that time, Motorpoint's longer-term earnings power was undervalued by public markets. My thesis has been that the industry will get back into balance and when that happens, Motorpoint will earn materially more free cash flow than was discounted by the then weak share price.

Motorpoint's business is recovering nicely driven by normalising volumes in their target market, which is pulling the share price along with it. The company reported FY results in June, which showed market share gains, volume growth of 14%, improving profitability and strong cash generation, which is partly being deployed into opening new dealerships. I believe we are still in the early innings of Motorpoint's improving corporate performance.

Alimak – Core Value

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Alimak is our mid-cap, Swedish listed, global industrial business which operates an attractive installed base business model. The company has dominant market positions in industrial and construction elevators, building maintenance units used on high rise buildings and associated safety products. These products have substantial aftermarket requirements which result in a steady annuity like cash flow from service and spare parts.

We are starting to see the fruits of CEO Ole Kristian Jodahl's hard work over the past few years. Order intake increased by 16% in Q1 and operating margins on completed work continue to improve. Free cash flow is being used to pay down debt (now 1.6x EBITA) and make select acquisitions (eg. Century Elevators in Texas). The shares have also repriced and now trade on the open market at new highs. It is less attractively valued now at 16x earnings, which is the highest static multiple in our portfolio, but I believe we have more to gain as the business hits it's stride.

Ryanair – Core Value

Ryanair is our large-cap, Irish listed discount airline able to price its fares at a 30% discount to the costs of competing airlines and still earn a low twenties return on capital in a normalised environment[6]. I noted in my last letter to you that the short-term decline in fare prices was likely to be transitory, and that what mattered for the value of the business was management's ability to exploit their cost advantage to take further volume market share. In the past six months, Ryanair has both taken volume market share and the outlook for fares has improved. This resulted in the shares up 27% in H1 and trading at new highs. Despite this recovery in price, our interest in this business trades at 12x this year's earnings. We have held Ryanair shares since our inception, through a COVID pandemic which grounded all travel for a year, an ongoing ground war in Europe and significant macro-economic turbulence. Yet, we have earned a solid return on this investment so far. This is a direct result of the company's competitive position, strong balance sheet and excellent management – all of which remain solidly in place today.

JZ Capital Partners – Special Situation

JZ Capital is our small cap, UK listed closed-end private equity fund in liquidation. Management continue to make progress toward liquidation of the remaining assets in the fund and returning that capital to us. In addition to the 13% dividend received in July 2024, we received a further 10% dividend in March 2025. Each dividend received so far has been at NAV, which is c.1.5x the current share price. I see no reason why this will not continue until the fund has been liquidated, which implies a solid, low-risk return. Wayne and I will continue to re-deploy this capital into the highest expected return investments in the portfolio.

Burford Capital – Core Value

Burford Capital is our UK listed global market leader in litigation finance. The company makes money by funding select commercial litigation claims in exchange for a share of the settlement or court awarded judgement and by generating fees on third party capital. Our investment thesis is available here and details of the judgement against Argentina here.

[6] Ryanair's return on capital in the ten years prior to the COVID-19 pandemic was 22.4% and has averaged 26.2% since the pandemic.

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The relevant developments at Burford are coming thick and fast. Regarding the *Petersen & Eton Park vs Argentina and YPF* matter, Judge Preska ruled on June 30th that Argentina must 'turn over' its 51% ownership stake in YPF to the former shareholders of this company (and therefore Burford) as partial compensation for nationalising the company in 2012. Otherwise, they face contempt of court. This stake is currently valued on the Argentinian stock exchange at $6bn, or about 1/3rd of the value that was nationalized at the time. Argentina is in an increasingly challenging position appeal after appeal and delay tactic after delay tactic. Practically, they are unlikely to comply with this ruling[7] on Preska's timeline but it adds additional pressure on Argentina to settle the $17bn claim outstanding against the country. For examle, debate about the ownership of the state oil company and its future are unhelpful in its efforts to develop the giant Vaca Muerte field, which requires substantial foreign investment.

Meanwhile, Argentina's ability to pay this settlement is improving. Moody's has upgraded the sovereign credit rating, the country is balancing its books and most importantly, they agreed a $20bn funding deal from the IMF. As a reminder, Burford's share of this claim alone is $6.8bn or $31/share pre-tax and accrues interest at a rate of $1.64 per Burford share annually. Burford's share price at quarter end was $14.26.

The core business ex YPF continues to deliver solid returns on capital and free cash flow. The value this business creates for shareholders is a function of the amount of capital it can deploy and the rate of return on this capital less all costs. Over the past four quarters, Burford has deployed $463 into new claims, growth of c.23% year over year and seen realizations of claims of $742mn, growth of 40% year over year. Returns on capital for these realisations have been stable at c.98% or a 2x return on every dollar deployed. Burford is a difficult business to forecast because results are lumpy depending on the progression of legal matters through the courts. This makes it challenging for traditional public equity investors to value the business correctly and is a big reason why the core business remains undervalued at 8.5x earnings excluding any value for YPF. We have conviction that the cash flows from the core business ex YPF underpins the value of the shares. That cash flow is growing at healthy rates over time, as indicated by the growth in deployments and realisations. On top of this, we own a valuable option on the YPF litigation, which is a potential game changer.

Bolloré and Compagnie de L'Odet – Special Situation

Bolloré and Compagnie de L'Odet are the Paris listed mid-cap holding companies controlled by Vincent Bolloré and family. We acquired our shares in H1 2024, and the thesis (available here) is based on steady compounding of the underlying assets (UMG & Vivendi), value creative uses of the large cash balance and a simplification of the complex family holding structure over our investment horizon.

In my last letter to you, I noted that Bolloré was making big strides in the process of simplification of its complex corporate structure which I believe is an important value driver. Unfortunately, this progress was dealt a set back of sorts in H1. Bolloré's buyout offers and mandatory squeeze outs for the remaining shares outstanding in three subsidiaries was blocked by the AMF (The French Financial Markets Authority). These buyouts would have simplified the structure on accretive terms for our position. The

[7] Argentina would need to pass unpopular legislation to transfer ownership of this asset from the state entities to Plaintiffs & Argentina is awaiting the outcome of an appeal process. They are unlikely to short-circuit this by turning over the shares.

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AMF ruled that the terms of the offer did not give minority shareholders in these entities fair value. The positive from this development is that the AMF's decision included an estimate of the fair value for these securities, which in broad terms validates our estimate of the fair value of Bolloré and Compagnie de L'Odet themselves[8]. Hence, the AMF decision is both a positive for that reason, and the clear signal that they intend to protect the interests of minority shareholders, and a negative, as it slows the process of simplification. As you know, we are minority shareholders of Bollore and C. de L'Odet, and therefore having the regulator on our side is worthwhile. In my view, the AMF development does not end the cause, and it may force a more holistic solution.

Meanwhile, the core assets of Bolloré continue to compound away. Chief among them is our holding in UMG, which reported revenue and profit growth of 10% in Q1. Subscription revenue growth is expected to continue on this path over the next few years. Bollore's cash position of c.€6bn is compounding at a lower rate of course but has significant optionality.

Once again, patience is required – this is no get rich quick scheme – but when it comes to safety of capital and potential upside, I continue to believe our holding in Bollore and Compagnie de L'Odet is an attractive risk-reward for a portion of our capital.

GetBusy PLC – Special Situation

GetBusy is our small-cap, UK listed productivity software business. Over the last couple of months, Wayne and I had three (virtual) meetings with GetBusy – two with board members of the company and one with management.

Similar to our investment in JZ Capital Partners, the management and board of GetBusy have a clear strategy to monetize assets in time and return the proceeds to us. As such, I have reclassified this investment into the Special Situation bucket. Our ultimate return – disappointing so far—will be the result of management's ability to extract value from their US asset (SmartVault) from large, well capitalized buyers who see this asset as strategic to their business success. As a reminder, management only get paid if they achieve a price for this single division equivalent to 2.5x the current share price (which also includes the cash generative UK division). Unlike many AIM listed companies trading at discount valuations, I believe GetBusy has a genuine catalyst to unlock value for shareholders and management alike.

Hello Fresh AG – Core Value

HelloFresh is our Frankfurt listed global market leader in meal kits and ready to eat meals delivered to your door. The basic thesis on this investment was included in my [last letter] to you.

The shares were volatile over the past 6 months, trading as high as €13.50 and as low as €7.28 as the equity market tries to digest the pivot in management's strategy from market share at all costs to a focus on

[8] The primary assets of these subsidiaries are shareholdings in Bollore SE & Odet plus cash. For example, the primary asset of Artois (Paris Listed:ARTO) is a 5.6% direct shareholding in Compagnie de l'Odet, and a further indirect 1.1% holding in Odet through Financiere V. The Artois undisturbed share price prior to the takeout offer was €5,500, the buyout offer was €10,627 in cash (1.9x) and was valued by the AMF expert at €20,183/share (3.7x). The AMF's fair value for Artois implies a value for its holding in Odet/Bollore close to our estimate of fair value.

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profitability and cash generation. We are still too early to draw any strong conclusions on the success of this strategy as it takes time to cut overheads, streamline the marketing function and negotiate better terms on key cost items. Nonetheless, my read of the incremental data points is positive. The company is reducing discounts; gross margins are improving as is cash generation. Management target c.€250mn in cost savings by 2026 which if capitalised at 10x is more than the entire enterprise value for the business.

Borr Drilling – Special Situation

Borr Drilling is our mid-cap, Norwegian listed owner of shallow water drilling rigs and is one of three special situations investments for Highwood. I reviewed the thesis on this investment and shared the outcome from that in my last letter to you. Since then, the shares are down a further 50% to $1.80 each. This is the result of a weakening market for day rates on shallow water jack up rigs. I continue to believe this will reverse, but the timing of a reversal is difficult to anticipate. In the meantime, management and the board (who I rate highly and are well aligned with us) are doing the right things to maintain balance sheet flexibility. Through the equity market, we own these assets at a now larger discount to their value and any realistic assessment of the through cycle cash flow they are likely to generate. Value is in plain sight, but it is up to our collective patience and behavioural discipline to capture the substantial upside on offer.

As always, I thank you for your trust and welcome your questions and comments.

Sincerely,

Desmond Kingsford

Appendix 1: Underlying Currency Exposure Split

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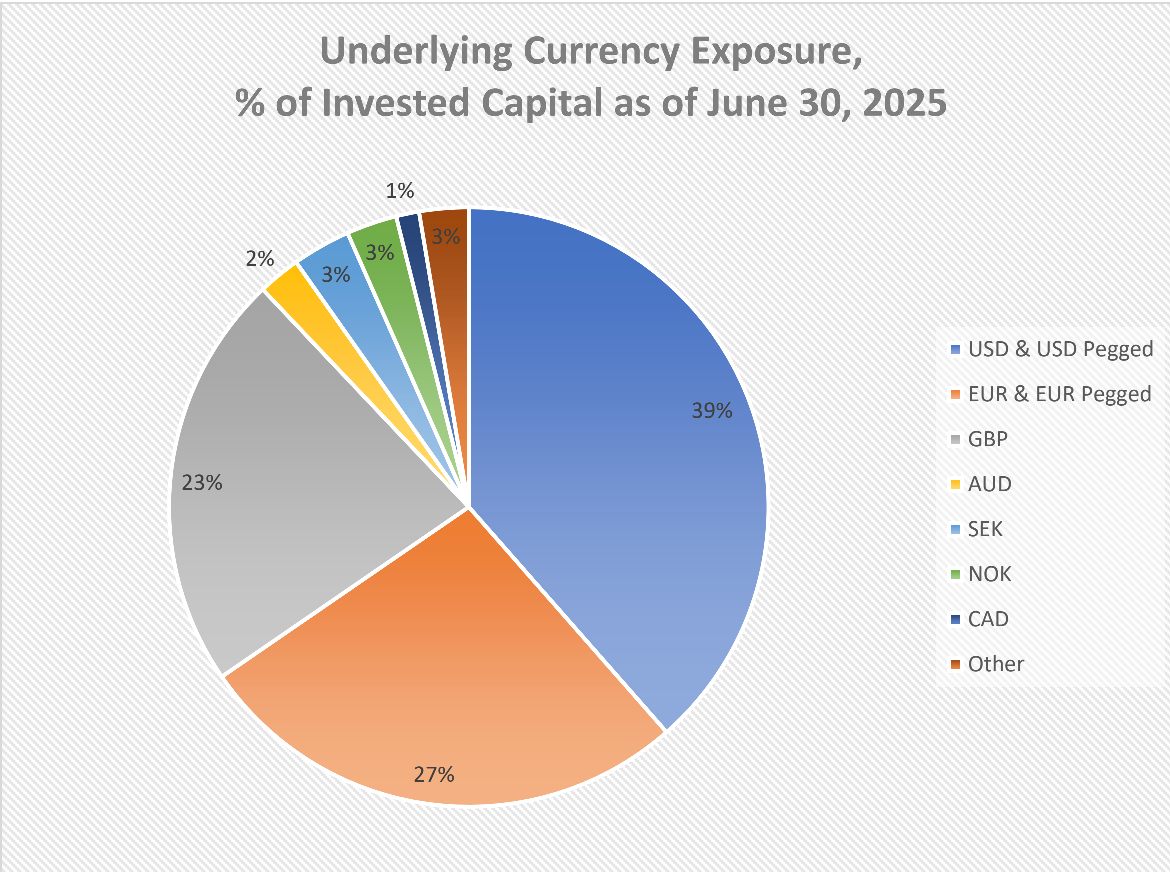

This is not a breakdown of the listing currency of our holdings. It is the split of the currencies our portfolio companies earn their revenues in. As such, it is the underlying exposure to currencies you have through your partial ownership of these businesses. As investors can choose whether to have their account in USD or CAD and hence their cash balance may be in either USD or CAD, I have expressed the currency exposure as a percent of invested capital.

Disclosures:

This letter ("Letter") provides a general description of Highwood Value Partners, Inc. (the "Firm"). The Firm is registered with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission (the "Commissions") as a portfolio manager under National instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registration Obligations* ("NI 31-103"). Desmond Kingsford, the principal of the Firm, is registered as the advising representative of the Firm under NI 31-103 with the Commissions.

The information presented in this Letter is not investment advice, should not be relied on as such, and should not be viewed as an investment recommendation by the Firm or Mr. Kingsford generally, or an offer or a solicitation of an offer for the purchase of any securities. Recipients should not make any investment decisions based on the information contained in this Letter. Only (i) an "accredited investor" as defined under section 1.1 of National Instrument 45-106 - *Prospectus Exemptions*; and (ii) a "permitted client" as defined under section 1.1 of NI 31-103 may invest with the Firm. This Letter is presented solely to illustrate the Firm's

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investment process and strategies as of the date indicated on the cover page of this Letter and is based on information provided by management of the Firm as of such date and on beliefs, assumptions, expectations and/or opinions of management as of such date. Certain information contained in this Letter may have been obtained by management of the Firm from third parties and, although believed to be reliable, has not been independently verified and its accuracy, timeliness or completeness cannot be guaranteed.

While the Firm's investment mandate is designed to reduce risk the program will inherently entail substantial risks. There can be no assurance that the investment objective of the Firm will be achieved. In fact, the investment techniques that the Firm may employ from time to time may, in certain circumstances, substantially increase the adverse impact on the Firm's investment portfolio. Accordingly, the Firm's activities could result in substantial losses under certain circumstances. A separately managed account managed by the Firm is highly speculative and there can be no assurance that the investment objectives of the Firm will be achieved. Nothing herein is intended to imply that the Firm's investment methodologies may be considered "conservative", "safe", "risk free" or "risk averse". Investors must be prepared to bear the risk of a total loss of their invested capital. Past performance of Mr. Kingsford and his affiliates is not necessarily indicative of the future results and any prospective clients of the Firm will need to be prepared to lose all or substantially all of their investment. The Firm will give no warranty as to the performance or profitability of any client account or that the investment objectives of a client's account will be successfully accomplished.

Certain statements contained in this Letter may be considered "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact included herein, without limitation, statements relating to the Firm's future financial performance and investment returns, are forward-looking statements.

Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements in this Letter include, among other things, statements relating to: the desire to generate outstanding investment results with low risk; the proposed timeline for the Firm's investment horizon and Mr. Kingsford's career; the benefits of operating the Firm out of Whistler, British Columbia as opposed to a more traditional investment market; Mr. Kingsford's beliefs regarding the necessary components to investment success; the future operating or financial performance of the Firm and the assets managed by the Firm; the intention to prioritize long-term investment return over short-term results; the intention to take on more capital only where the Firm believes it will not dilute investor returns; the intention to maintain a fee structure that incentivizes manager performance over asset gathering; the intention to maintain the Firm's current strategy and vision as it grows; the potential to provide a fund structure in addition to the SMA approach in the future; the Firm's mission to compound each dollar of invested capital into five dollars over a ten-year period without taking undue risk; the belief that a short term quarterly or annual results focus is harmful to long-term returns; the Firm's beliefs with respect to how risk is properly defined and mitigated; the Firm's beliefs as to how returns may actualize; the beliefs of the Firm and Mr. Kingsford regarding the prospective results of specific investments of the Firm; the theories and beliefs disclosed regarding what makes an investment strategy successful; and the expectation and plans for growth . Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date of this Letter and are based upon a number of assumptions and estimates that, while considered reasonable by the Firm and Mr. Kingsford, are inherently subject to significant business, economic, competitive, political and social uncertainties, many of which are beyond the control of management. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and management of the Firm have made assumptions and estimates based on or related to many of these factors. Readers should not place undue reliance on the forward-looking statements and information contained in this Letter concerning these assumptions.

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above, for the consequences of relying on such information, beliefs, assumptions, expectations and/or opinions and further the Representatives disclaim any obligation or undertaking to provide any updates or revisions to any information contained herein to reflect any change in beliefs, opinions, expectations, assumptions or estimates with respect thereto or any change in events, conditions or circumstances on which any statement in this Letter is based.

The Highwood Value Partners Client Composite ("The Composite") is the asset-weighted return of all Client Accounts managed by the Firm according to Highwood's Investment Mandate and meet the inclusion criteria of the composite. Highwood's Investment Mandate is fundamental value investing with an opportunistic, concentrated and long-term approach, focused on International public equities. For inclusion in the Composite client accounts must have a net asset value of at least $100,000 CAD and be managed with full discretion. Client accounts meeting these requirements are included in the Composite after the first full month of discretionary management. The Composite returns are stated after all fees paid to Highwood, withholding taxes, transaction expenses and sales taxes in Canadian Dollars.

The Firm's chosen benchmark index is the MSCI Europe SMID Cap Index in Canadian dollars. This is the market capitalisation weighted index of 1,110 European companies with market capitalisations from $35bn USD to $100mn across 15 developed countries in Europe. Where the Firm references the performance of this index, it is expressed as total return (ie including dividends), net of fees in Canadian Dollars. Full details of the methodology used by MSCI in the calculation of returns of this index is available here.