



Hygrovest Limited  
Suite 5706, Level 57, MLC Centre  
19-29 Martin Place  
Sydney NSW Australia 2000

[www.hygrovest.com.au](http://www.hygrovest.com.au)  
[info@hygrovest.com.au](mailto:info@hygrovest.com.au)

12 April 2022

### **HGV Investment Portfolio Report March 2022**

**HGV 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 other financial assets.

#### **HGV Investment Portfolio Report - March 2022**

HGV is pleased to provide the HGV Investment Portfolio Report for March 2022 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@hygrovest.com.au](mailto:Compsec@hygrovest.com.au)

**About HGV**

HGV 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 other financial assets.

**Important Notice**

*This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of HGV. 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 HGV may be influenced by a number of factors, many of which are outside the control of HGV. No representation or warranty, express or implied, is made by HGV, 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 HGV'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. HGV 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 HGV. 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"). HGV'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.*



# Investment Portfolio Report

March 2022

## **Important Notice**

*This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of HGV. 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 HGV may be influenced by a number of factors, many of which are outside the control of HGV. All information is unaudited unless stated otherwise. No representation or warranty, express or implied, is made by HGV, 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 HGV'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. HGV 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 HGV. 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"). HGV'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. The investment returns*

### About Hygrovest

Hygrovest Limited (“Hygrovest”) (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in Hygrovest gain exposure to a portfolio which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and other financial assets.

Investments are managed by Parallax Ventures Inc., a specialist management company in Canada.

Since 2015, Hygrovest has created a significant number of investment opportunities from its connections in Canada and Australia in the private investment sector and realised exits to the benefit of Hygrovest and its shareholders:

<b>23</b> Primary Acquisitions	<b>12</b> Follow on investments <sup>1</sup>	<b>4</b> Private to public	<b>10</b> Sale of investments
--------------------------------------	--	----------------------------------	-------------------------------------

### Hygrovest Investment Performance<sup>2</sup>

HGV Historical Performance - period ended					31-Mar-22
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	7%	(0)%	(14)%	(3)%	(14)%

For Hygrovest’s latest investor presentations and news, please visit [www.hygrovest.com.au](http://www.hygrovest.com.au)

<b>General Investor Queries</b>	<b>Share Registry</b>
E: <a href="mailto:info@hygrovest.com.au">info@hygrovest.com.au</a>	Automic Registry Services
W: <a href="http://hygrovest.com.au">hygrovest.com.au</a>	P: 1300 288 664
	W: <a href="http://automic.com.au">automic.com.au</a>

### Performance Update

Net Tangible Asset Value Per Share Before Tax<sup>3</sup> as at 31 March 2022

**\$0.1627**

Net Asset Value as at 31 March 2022

**\$34m**

Discount of HGV share price to Net Asset Value as at 31 March 2022

**60% p.a.**

Key Metrics as at	31-Mar-22	AUD
Net Asset Value	m	34
Investee Portfolio (ex cash)	m	32
Cash	m	3
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1627
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1487
Net Asset Value per share		0.1491
HGV share price (ASX)		0.060
Market capitalisation	m	14
Number of investments (ex cash)		10
ASX Investment Type		Listed Investment Company
Initial Public Offering Date (inception date)		22-Jan-15
No. of ordinary shares on issue	m	230

### Hygrovest shareholder communications

Webinars and copies of announcements related to Hygrovest’s operations may be found on the Hygrovest website: [www.hygrovest.com.au](http://www.hygrovest.com.au). Hygrovest held a live audio webinar of the Investor Conference Call on 16 March 2022. In the webinar, Michael Curtis, HGV Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of Hygrovest’s investments, gave an update on Hygrovest’s major investments.

<sup>1</sup> Includes investments in existing investees.

<sup>2</sup> Inception is 30 June 2018 being the date when Hygrovest commenced accounting for investments as an investment entity.

<sup>3</sup> Net Tangible Asset Value per share – unaudited, before tax on unrealised gains on investment portfolio. The financial information within this report is unaudited.

**HYGROVEST NEWS****Performance of Hygrovest Portfolio March 2022**

During March 2022, HGV's Net Asset Value (before provision for deferred tax) increased by 7%. HGV has produced a loss of 14% for the financial year to 31 March 2022 compared to the 60% loss in the listed Canadian cannabis index as 87% of HGV's investment portfolio remains held in cannabis companies. The positive improvement in HGV's NAV in March 2022 was primarily due to revaluation of HGV's investment in Weed Me - \$15m to \$18m arising from the combined impact of:

- a) the 8% gain during March in the listed Canadian cannabis index and its positive impact on the valuation multiple<sup>4</sup> applied to value HGV's investment in Weed Me leading to change in valuation from \$15m to \$18m<sup>5</sup>.
- b) The continued growth in Weed Me rolling twelve months net revenue.

**Portfolio Investment Strategy**

HGV is seeking to reduce the 60% gap of the share price to NAV (9 cents per HGV share) by:

- a) working with HGV's largest investment, Weed Me, to achieve a liquidity event during 2022 (investment value of \$18m) to provide HGV with the option of realising a material portion of HGV's investment;
- b) realising underperforming and or illiquid investments - HGV currently intends to hold its Entourage Health Corp (Entourage) convertible debenture and recover full value (current HGV book value is 62% discount to face value) or when escrow arrangements cease (BevCanna and Vintage Wines Estates); and
- c) invest surplus funds in companies which provide our Shareholders with high capital growth potential either derived from sector specific or company specific growth opportunities.

Funds received from divestments would be applied as dividends<sup>6</sup> to HGV Shareholders and/or making investments which the Board considers to be the prospect of higher capital growth and allow HGV to diversify away from the underperforming cannabis sector.

HGV has funds available to deploy in new investments and will also seek to realise existing investments to recycle capital into opportunities which HGV considers having greater potential for capital growth. HGV's current strategy in respect of individual investments is detailed in section 7 of Appendix One. HGV's flexibility in exiting some of its investments remains restricted given the escrow arrangements or where HGV is intending to hold the investment to maturity to realise value (e.g. Entourage) which will unwind during 2022.

**Funding Position**

HGV is well positioned to create value from its existing portfolio with a liquid balance sheet and cashflows from its investments. HGV has total assets of \$37m, with immaterial current liabilities, comprising cash of AUD2.5m and a portfolio of listed equities (CAD3m), listed convertible loans (CAD2m) and unlisted loan securities (CAD4.5m), which provide interest income with flexibility to fund flow on investments, effect timing of investment exits and HGV's operating requirements.

<sup>4</sup> The EV/NR multiple increased from 4 to 4.6 during the month of review based on the sample of listed companies used by HGV

<sup>5</sup> The valuation is periodically reviewed with reference to material changes in net revenue and market valuation multiples

<sup>6</sup> Refer HGV's dividend policy in Appendix One of this publication



## Parallax Ventures Inc. Portfolio Update March 2022

Year to date in 2022, the S&P 500 is down nearly 6% while the NASDAQ is down more than 11%. Capital markets continue to trade cautiously as it's no longer a fait accompli that growth stocks will charge higher each month. Growth equities must now contend with a new monetary policy shift that aims to combat rising inflation that was caused by years of loose monetary policy and the fiscal stimulus from world governments due to the pandemic. This even before supply side crunches that have been caused by zero COVID-19 policies being implemented in China. In this macro environment, we must tread gently.

A rising tide no longer lifts all boats and having patience to find best-of-breed companies is paramount. Venture capitalists are once again focused on due diligence and valuations instead of worrying about missed opportunities. We continue to be judicious in deploying further capital.

Below we present some portfolio company highlights from the last month:

- **Weed Me**
  - 2022 sales are expected to be powered by 35 new SKU's launching in the next two quarters and expansion into Quebec, where they're partnering with local producers to launch a new brand.
  - The new SKU's will be a variety of different brands that are planned to go into Alberta and BC stores shortly and into Ontario stores later this year.
- **Vintage Wine Estates**
  - Recently announced the repurchase of up to US\$30m in aggregate value of the company's common stock and/or warrants through September 8, 2022. This buyback program has partially been responsible for returning the stock back to IPO levels.
- **Southern Cannabis Holdings**
  - Prescription Vape sales grew almost 60% month-over-month and helped to power record-breaking monthly revenue in March.
  - Revenue mix is decidedly turning towards products vs services which are more scalable and worth more from a valuation multiple perspective.
- **Harvest One**
  - Signed a sales and distribution agreement with distributor Pharmtick, based in Nigeria to sell and distribute DreamWater and LivRelief products throughout Africa, for a term of three years.
  - Further expanded its presence in the United States with the signing of a sales and distribution agreement with Flat River Group, a leading North American e-commerce distributor.
- **Entourage Health Corp. (Entourage)**
  - Announced the appointment of Vaani Maharaj, a seasoned financial executive with broad experience in corporate finance, healthcare, and consumer-packaged goods to the role of new Chief Financial Officer.
  - Signed an extension to its senior secured credit facility (now maturing on May 31<sup>st</sup>, 2022) that modifies the terms under which Entourage secured up to \$39 million of debt financing.

In addition to continued capital investments in new sectors, we continue to leverage our portfolio platform so investee companies can help each other from a technical and commercial standpoint.

## Appendix One

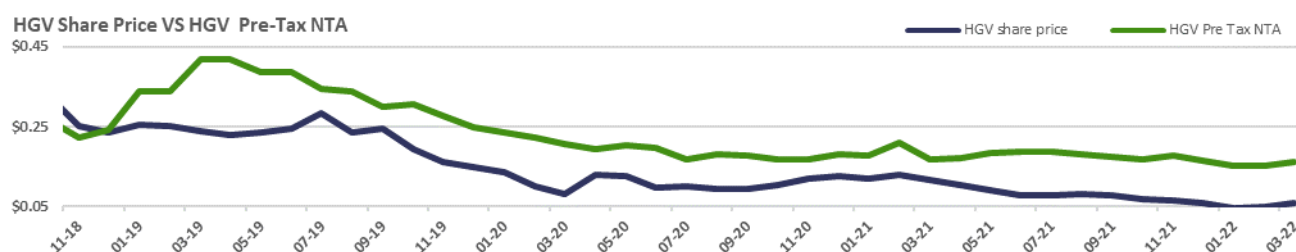
### 1. The year-to-date performance of Hygrovest's NTA is detailed below<sup>7</sup>:

Table One

HGVS Historical Performance - financial year to date									
		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Dec-21	31-Jan-22	28-Feb-22	31-Mar-22
Share price \$	AUD	0.335	0.245	0.096	0.077	0.059	0.047	0.050	0.060
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1521	0.1423	0.1415	0.1491
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1517	0.1420	0.1411	0.1487
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1633	0.1514	0.1516	0.1627
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(5)%	(13)%	(20)%	(20)%	(14)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(59)%	(64)%	(69)%	(67)%	(63)%
Premium/(discount) of share price to NAV		16%	(34)%	(50)%	(56)%	(61)%	(67)%	(65)%	(60)%

### 2. Chart One demonstrates the current discount of the Hygrovest share price to the pre-tax net tangible asset value (NTA).

Chart One



### 3. Hygrovest's investment portfolio is detailed in Table Two:

Table Two

Investment	CSE/ TSX/ TSX Code	Initial Investment date	Country	Company type	Investment structure	Business	MOIC (current portfolio)	Book Value (unaudited)	Weight	Book Value (unaudited)	
							31-Mar-22 Times	31-Mar-22 AUDm		30-Jun-21 AUDm	
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	3.0	8%	7.2	
Entourage Health Corp	ENTG.DB and ENTG.WT	Sep-19	Canada	Listed	Convertible notes and warrants	Cannabis products for both the medical and adult-use markets.	0.5	2.6	7%	4.5	
BevCanna Enterprises Inc	BEV	Jan-22	Canada	Listed	Shares and Warrants	Cannabis beverages and extracts	n/a	0.8	5%		
<b>Listed investments</b>								<b>6.4</b>	<b>17%</b>	<b>11.7</b>	
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	Investment sold January 2022 and BEV shares received as consideration		0.0	0%	2.6	
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded cannabis products	3.6	17.7	47%	9.5	
Sequoia		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	0.6	2.7	7%	3.8	
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	2.5	2.5	7%	4.3	
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.3	
Vintage Wine Estate		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds VWE shares and founders warrants	Investment in beverage businesses	1.7	2.5	7%	3.2	
Valo Therapeutics		Nov-21	Finland	Unlisted	Convertible notes	healthcare	n/a	1.0	3%	0.0	
Brainworks Foundry Inc.		Aug-21	USA	Unlisted	Shares	healthcare	0.9	1.3	4%	0.0	
<b>Unlisted investments</b>								<b>28.0</b>	<b>75%</b>	<b>23.7</b>	
Cash							<b>0.6</b>	<b>2.5</b>	<b>7%</b>	<b>3.4</b>	
Company tax refund receivable								<b>0.5</b>	<b>1%</b>	<b>4.6</b>	
<b>Total Portfolio</b>									<b>37.5</b>	<b>100%</b>	<b>43.5</b>

<sup>7</sup> The results for 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 are for the year ended on those dates.

## Appendix One continued

### 4. Hygrovest listed investments

The details of HGV's listed investments are detailed in Table Three below:

Table Three

Investment	TSX/ TSX Code	Valuation methodology	Number of securities 31-Mar-22	Market Price 31-Mar-22 Foreign Currency	Book Value	Book Value	Book Value
					(unaudited) 31-Mar-22 Foreign Currency	(unaudited) 31-Mar-22 AUD000	(unaudited) 30-Jun-21 AUD000
Harvest One - shares	HVT	listed price	55,557,994	0.050	2,778	2,966	6,261
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.000	-	-	963
<b>Total HGV investment</b>					<b>2,778</b>	<b>2,966</b>	<b>7,224</b>
Entourage Health Corp - debentures	ENTG.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	38.0	2,280	2,434	4,250
- warrants	ENTG.WT	Listed price	3,750,000	0.020	75	80	221
<b>Total HGV investment</b>					<b>2,355</b>	<b>2,514</b>	<b>4,471</b>
Vintage Wine Estate - shares	VWE.U	Listed price	60,000	9.9	592	791	962
- warrants	VWE.WT.U	Listed price	666,670	1.950	1,300	1,738	2,217
<b>Total HGV investment</b>					<b>1,892</b>	<b>2,529</b>	<b>3,179</b>
Bevcanna Enterprises - shares	BEV	listed price	6,049,002	0.125	756	807	-
<b>Total HGV investment</b>					<b>756</b>	<b>807</b>	<b>-</b>
<b>HGV's Listed investments</b>					<b>5,889</b>	<b>6,287</b>	<b>11,695</b>

### 5. Divestments by HGV

The details of the investments sold by HGV are detailed below:

Table Four

Divested Investment	Method of Sale	Partial/ Complete	Net Proceeds	Capital Invested	MOIC
			AUDm	AUDm	Multiple
Medipharm LABS	Onmarket	Complete	30.3	5.9	5.2
Dosecann	Takeover	Complete	5.9	2.5	2.3
Fire and Flower Inc	Onmarket	Complete	1.5	1.0	1.5
Embark Health	Takeover	Complete	1.2	7.5	0.2
Axiomm	Takeover	Complete	0.7	0.7	1.0
Bevcanna (1st investment sold 2019)	Onmarket	Complete	0.6	0.8	0.8
ESense	Onmarket	Complete	0.4	0.5	0.8
Hemple	Private Sale	Complete	0.3	1.3	0.2



**6. Securities held by HGV<sup>8</sup>****(a) Weed Me**

HGV was a foundation investor in Weed Me in December 2017 which now comprises:

- i. 3.642m shares representing approximately 14% of Weed Me's issued capital (HGV has a book value of CAD3.17 per share);
- ii. 460,830 warrants each convertible at CAD2.17 with an expiry date of 29 October 2024; and
- iii. CAD2m convertible note ("the Note") which is unsecured, bears interest at a rate of 8% per annum, repayable on 29 April 2023 and has an option to convert into 1,197,604 Weed Me shares at CAD1.67 per share.

**(b) Southern Cannabis Holdings (SCH)**

HGV became an investor in SCH in April 2018 which now comprises:

- i. 21m shares representing approximately 17% of SCH's issued capital.

**(c) Sequoya**

HGV was a foundation investor in Sequoya – the investment now comprises:

- i. CAD2.5m convertible note (advanced July 2019) is unsecured (subject to negative pledge) with an interest rate of 8% per annum and a maturity date of 19 July 2021<sup>9</sup>. The convertible note is convertible (at HGV's option) into Sequoya ordinary shares at CAD0.05 each.
- ii. CAD2.5m convertible note facility (executed April 2020) drawn to CAD1.0m, has first ranking security bearing interest of 8% per annum and a maturity date of 15 April 2022. The convertible note is convertible (at HGV's option) into ordinary shares at CAD0.10 per share.
- iii. 19m ordinary shares (27% shareholding) in Sequoya.

**(d) Harvest One (HVT)**

HGV was a foundation investor in HVT – the investment now comprises:

- i. 55,557,994 common shares of HVT (the "Common Shares") (22% shareholding).

**(e) Entourage Health Corp (Entourage) (formerly known as WeedMD)**

HGV's investment was made in September 2019 – the investment now comprises:

- i. CAD6m in 8.5% unsecured Convertible Debenture units issued by Entourage which HGV has the option to convert into 3.75m shares by 25 September 2022. The debenture units have preference over ordinary shares with interest paid to HGV on a six-monthly basis. The market value of the notes is calculated by multiplying the CAD6m by the market price divided by 100.
- ii. Listed Warrants that allow HGV to acquire an additional 3.75m shares for CAD1.80 each by 25 September 2022.

**(f) Vintage Wine Estates, Inc. (VWE)**

HGV was a foundation investor in VWE (formerly known as Bespoke Capital Acquisition Corp) (TSX: VWE, VWE.WT.U) through its investment in Bespoke A LP – HGV's investment has an indirect economic interest in the Founder's Shares and Founder's Warrants (the investment decisions are controlled by the General Partner which is Bespoke Capital Partners LLC) as follows:

- i. 60,000 Founder's Shares which are equivalent to 60,000 listed common shares of VWE (the "Common Shares").
- ii. 666,667 Founder's warrants which are equivalent to the listed Share purchase warrants (the "Warrants"). Each Warrant entitles the holder to purchase one listed Common Share at a price of CAD11.50 at any time until five years after completion of the Qualifying Transaction.

The Founder's Shares and Founder's Warrants are subject to a lock up agreement for 18 months from closing of the transaction on 7 June 2021.

<sup>8</sup> Information current at the month of this report.

<sup>9</sup> HGV is holding discussions with Sequoya to recapitalise the company including potential extension of HGV's convertible note maturity date

(g) Brainworks Foundry Inc. (**Brainworks**)

HGV's investment was made in August 2021 and comprises:

- i. 1,234,568 shares representing approximately 7% of Brainworks' issued capital.

(h) Valo Therapeutics Oy (**Valo**)

HGV's investment was made in November 2021 and comprises:

- i. 1,000,000 notes.

(i) BevCanna Enterprises Inc (BEV)

HGV received its investment in BEV in January 2022 as a result of accepting a takeover offer by BEV for all the issued capital of Embark Health Inc. – the investment comprises:

- i. 6,049,022 common shares of BEV (2% shareholding).

## 7. Securities held by HGV<sup>10</sup>

Outlined in the table below is the current strategy for HGV's Portfolio of investments:

Investee	Book Value (unaudited)	Current Portfolio Strategy
	31-Mar-2022 AUDm	
Weed Me	17.7	Weed Me is the best performing investment in HGV's portfolio. The company is in the high revenue growth stage – it has generated sufficient sales growth to more than offset the decline in market valuation multiples and HGV remains optimistic for future capital growth from its investment. HGV is working with the company to maximise exit value with the option of realising a material portion of HGV's investment during the next 12 months.
Harvest One	3.0	HGV's is the largest shareholder with 22% holding in the restructured listed cannabis business.
Sequoia	2.7	Sequoia is seeking new capital. HGV is considering an extension of loan facilities.
Entourage Health Corp	2.6	HGV is to hold convertible notes until maturity in Sept 2022 – currently 65% discount to face.
Vintage Wine Estate (VWE)	2.5	HGV is a small investor in VWE – the investment is in escrow until December 2022 – HGV is not a long-term holder.
Southern Cannabis Holdings (SCH)	2.5	SCH is diversifying its products to continue sales growth – HGV is working with SCH's management to produce a liquidity event in the next 12 months.
Brainworks Foundry Inc.	1.3	Brainworks is a new investment in digital healthcare made in September 2021.
BevCanna	0.8	HGV is a small investor in BevCanna as a result of the takeover by BevCanna of Embark Health in January 2022. HGV's listed BevCanna shares will be released progressively from escrow in the next 12 months. HGV is not a long-term holder.
Valo Therapeutics (Valo)	1.0	Valo is a new investment in healthcare made in November 2021. HGV's is supportive of the company's targeted public listing in 2022.
Cash	2.5	Funds for new investment and operating costs.

## 8. Valuation of Assets

HGV values its investments by applying the following principles:

- (a) Listed securities – the book value is based on the closing share prices for public companies at period end converted into Australian dollars at the relevant prevailing foreign exchange rates at month end.
- (b) Unlisted equity securities - HGV's preference is to value its unlisted investments applying an Enterprise Value to Net<sup>11</sup> Revenue Multiple (Canadian multiple of 4.6 and Australian multiple of 4 as at 31 March 2022) provided these

<sup>10</sup> Information current at the month of this report.

<sup>11</sup> Gross sales less government excise taxes

valuations are materially consistent with any recent capital raises by the investee. HGV also applies a discount of 15% the valuation to account for the unlisted company status of these investments. In the absence of material historical revenue, the book value is based on the most recent material funding round share prices for private companies converted into Australian dollars at the relevant prevailing foreign exchange rates. In the absence of a recent capital raise or arm's length transaction, management considers all available information, including benchmarking of instruments to market movements indicated by relevant indices. HGV also takes in to account the recommendations of its asset manager, Parallax Ventures, where it is considered that the fair value should be less than book value in the absence of other valuation indicators due to outlook for the individual business.

- (c) Convertible debentures and loan instruments – the book value is based on HGV's assessment of the capacity of the investee to repay principal and interest.
- (d) Unlisted warrants and note conversion options - the book values also include the unrealised gain arising from valuation of unlisted warrants using the Black-Scholes pricing model. The Black-Scholes attributes a value to warrants which may be "out of the money" at month end. The Black Scholes model is commonly used to determine the fair price or theoretical value for a call, or a put option based on six variables such as volatility, type of option, underlying stock price, time to expiry, strike price, and risk-free rate. The warrant valuation ascribed through Black Scholes assumes that the warrant is exercised on the expiry date of the warrant which may not be the actual outcome e.g. HGV decides to exercise the warrant prior to expiry.

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 a theoretical disposal. HGV does not hedge the carrying value of existing investments denominated in non-AUD currencies. HGV's financial statements are subject to statutory audit or review by our independent auditor BDO Audit (WA) Pty Ltd, at 31 December and 30 June each year.

**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.

**9. Dividend Policy**

On 7 June 2019, HGV announced its intention to distribute 20% of its annual profit after tax after excluding unrealised gains and losses on investments (Annual Profit). The policy first applied in respect of the Annual Profit for the year ended 30 June 2020. The dividend would be payable within three months of each half year after the completion of the half year and annual financial statements. It is HGV's intention that any dividend would benefit from available franking credits held by HGV. HGV updated shareholders that there was no dividend payable in respect of the half year ended 31 December 2021 in the Appendix 4D released on 23 February 2022.

**10. Investment Policy**

HGV Limited (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in Hygrovest gain exposure to a portfolio which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and other financial assets.

Currently, HGV's investments are largely minority holdings in Australian and offshore cannabis-related businesses reflecting the company's early focus. HGV has expanded its investment mandate to other high growth industries such as natural resources, healthcare and the digital economy.

In December 2021, HGV's Shareholders approved the broadening of the HGV investment mandate by removing the restriction that limited HGV's investments in non-cannabis assets to 25% of its total assets. HGV believes that there are opportunities to enhance the returns to Shareholders by further diversifying its investment portfolio to include strategic investments in sectors outside of cannabis (Diversification).

### Glossary

ABBREVIATION	Definition
<b>AUD</b>	means Australian dollars.
<b>AASB</b>	Australian Accounting Standards Board.
<b>ACMPR</b>	means Access to Cannabis for Medical Purposes Regulations.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules</b>	means the Listing Rules of ASX.
<b>B2B</b>	Business to business
<b>CAD</b>	means Canadian dollars.
<b>CBD</b>	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
<b>CBG</b>	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
<b>Company or HGV</b>	means Hygrovest Limited (ACN 601 236 417).
<b>DNA</b>	deoxyribonucleic acid
<b>EBITDA</b>	means Earnings before Interest, Tax, Depreciation and Amortisation.
<b>GMP</b>	GMP stands for Good Manufacturing Practices and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
<b>IPO</b>	Initial public offering of securities on a recognised securities exchange
<b>LPs</b>	Canada's Licensed Producers of Cannabis Products
<b>M</b>	means million
<b>MMPR</b>	means Marihuana for Medical Purposes Regulation
<b>MOIC</b>	means multiple on invested capital
<b>NTA</b>	means net tangible assets.
<b>PCR</b>	polymerase chain reaction
<b>Covid19</b>	CO' stands for corona, 'VI' for virus, and 'D' for disease.
<b>Option</b>	means an option to acquire a Share usually at predetermined price.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a registered holder of a Share.
<b>TGA</b>	Means the Therapeutic Goods Administration
<b>THC</b>	means THC is the principal psychoactive constituent of cannabis
<b>TSXV</b>	Toronto Stock Exchange Venture
<b>Warrant</b>	means an option to acquire a Share usually at predetermined price.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.