

13 January 2022

### **HGV Investment Portfolio Report as at 31 December 2021**

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

### **HGV Investment Portfolio Report as at 31 December 2021**

HGV is pleased to provide the HGV Investment Portfolio Report as at 31 December 2021 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)

For personal use only

### **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 to long 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

31 December 2021

## 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 shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in a Company's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.*

### 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 to long 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, under a long-term strategic partnership.

In December 2021 HGV changed to change its name to “Hygrovest Limited” from MMJ Group Holdings Limited. The ASX code has also changed from MMJ to HGV.

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>22</b>	<b>10</b>	<b>4</b>	<b>10</b>
Primary Acquisitions	Follow on investments <sup>1</sup>	Private to public	Sale of investments

### Hygrovest Investment Performance<sup>23</sup>

HGV Historical Performance - period ended					31-Dec-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(7)%	(7)%	(13)%	(10)%	(15)%
Benchmark	(9)%	(23)%	(46)%	(23)%	(24)%
Out/(under) performance	2%	16%	33%	12%	9%

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>	Automatic Registry Services
W: <a href="http://hygrovest.com.au">hygrovest.com.au</a>	P: 1300 288 664
	W: <a href="http://automatic.com.au">automatic.com.au</a>

### Performance Update

Net Tangible Asset Value Per Share Before Tax<sup>4</sup> as at 31 December 2021

**\$0.1633**

Net Asset Value as at 31 December 2021

**\$35m**

Investment Return for 12 months ended 31 December 2021

**(10)% p.a.**

Key Metrics as at	31-Dec-21	AUD
Net Asset Value	m	35
Investee Porfolio (ex cash)	m	33
Cash	m	4
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1633
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1517
Net Asset Value per share		0.1521
MMJ share price (ASX)		0.059
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 will hold its next live audio webinar of the Investor Conference Call in March 2022 following the release of HGV’s audited financial statements for the half year ended 31 December 2021 in February 2022. In the webinar, Michael Curtis, HGV Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of Hygrovest’s investments, will 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> Hygrovest uses the Alternative Harvest ETF (ticker symbol MJ) as its investment benchmark for the Hygrovest portfolio as it is a highly liquid

portfolio trading in the North American market (where most of Hygrovest’s holdings are based). MJ is listed on the New York Stock Exchange.

<sup>4</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 as at 31 December 2021

During the six months ended 31 December 2021, HGV's Net Asset Value (before provision for deferred tax) decreased by 13%. HGV has significantly outperformed its benchmark, which declined 46% over the same period reflecting the 56% decline in the listed Canadian cannabis sector. HGV also significantly outperformed its benchmark for the 12 months to 31 December 2021 ie HGV's had a loss of 10% compared to the benchmark's loss of 23%.

The Canadian cannabis securities index fell 21% in December 2021 which contributed to a 6% decline in HGV's NAV for the month of December 2021. The decrease was reflected in the devaluation of HGV's listed securities and also the lower enterprise/net revenue multiple applied to unlisted security Weed Me. Fortunately Weed Me's continued growth in rolling 12 months net revenue partially offset the impact of lower market valuation multiples.

#### Portfolio Investment Strategy

HGV is seeking to reduce the 61% gap of the share price to NAV (9.5 cents per HGV share) by:

- i. working with HGV's largest investment, Weed Me, to achieve a liquidity event during 2022 (investment value of \$12.9m) to realise a material portion of HGV's investment; and
- ii. 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 55% discount to face value) or when escrow arrangements cease (Embark Health/BevCanna and Vintage Wines Estates).

Funds received from divestments would be applied as dividends<sup>5</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.

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

Investee	Book Value (unaudited)	Current Portfolio Strategy
	31-Dec-21 AUDm	
Weed Me	12.9	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 during the next 12 months.
Harvest One	4.2	HGV's is the largest shareholder with 22% holding in the restructured listed cannabis business.
Entourage Health Corp	3.3	HGV is to hold convertible notes until maturity in Sept 2022 – currently 55% discount to face
Southern Cannabis Holdings (SCH)	2.4	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.
Sequoia	3.2	Sequoia is seeking new capital. HGV is considering an extension of loan facilities.
Vintage Wine Estate (VWE)	3.1	HGV is a small investor in VWE – the investment is in escrow until December 2022 – HGV is not a long-term holder.
Embark Health	1.5	HGV's investment will be acquired by listed BevCanna following shareholder approval in December 2021. HGV will receive listed BevCanna shares to be released progressively from escrow in the next 12 months.
Brainworks Foundry Inc.	1.4	Brainworks is a new investment in digital healthcare made in September 2021.
Valo Therapeutics (Valo)	1.0	Valo is a new investment in healthcare made in November 2021. HGV is supportive of the company's targeted public listing in 2022.
Cash	4.1	Funds for new investment and operating costs.

<sup>5</sup> Refer HGV's dividend policy in Appendix One of this publication

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. As noted above, 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.

### **Shareholders Approve New Hygrovest's Investment Mandate**

HGV Shareholders at the Annual General Meeting on 17 December 2021 approved the broadening of the investment mandate and the change in company name:

#### **a) Broadening HGV's Investment Mandate**

HGV broadened its existing 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). HGV has already made significant steps over the past twelve months to diversify the portfolio through investments in consumer branded products and healthcare sectors.

The Diversification approved by HGV Shareholders allows HGV to:

- i. expand its existing investment portfolio and invest in other industries with a view to delivering capital growth over the medium to long term; and
- ii. create greater opportunities for Shareholders to benefit from the growth of a diversified group of investments, in addition to HGV's existing investments.

MMJ's Chairman, Peter Wall, commented "*the HGV Board is delighted that our Shareholders have supported the recommendations by the Board*".

The Diversification will broaden HGV's existing investment strategy with Parallax Ventures Inc. who continues to be the Investment Manager of HGV's investments.

#### **b) Change in HGV Name**

HGV has changed to change its name to Hygrovest Limited ("HGV") from MMJ Group Holdings Limited ("MMJ"). The ASX code has also changed from MMJ to HGV.

The Board recommended the change of name on the basis that it believes the proposed name more accurately reflects the future operations of HGV in line with the broadening of HGV's investment mandate to focus on producing capital growth for Shareholders over the medium to long term from investments in listed and unlisted securities and other financial assets from a broad range of investment sectors.

### **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 AUD4m and a portfolio of listed equities (CAD4m), listed convertible loans (CAD3m) and unlisted loan securities (CAD4m), which provide interest income with flexibility to fund flow on investments, effect timing of investment exits and HGV's operating requirements.

## Parallax Ventures Inc. Sector Update – December 2021

Given our transition from MMJ Group Holdings (“MMJ”) to Hygrovest Limited (“HGV”), we at Parallax are increasingly focused on finding liquidity for MMJ/HGV’s cannabis names while continuing to support existing cannabis management teams that outperform in this environment. In terms of new deals for 2022, our focus will be mostly on growth equities, with cannabis investing continuing to play a factor only for companies that are executing well. We are looking towards the biotechnology, cryptocurrency, and Software-as-a-Service sectors as areas with the most growth potential over the next 5-10 years. Within these sectors we want to co-invest with larger players and into larger deals.

On the cannabis side of the portfolio, December was a rocky month as many of the Canadian cannabis names experienced significant sell offs at yearend mostly due to tax loss selling and large institutional portfolio managers taking risk off the books. December was also quieter than usual deal-flow wise as companies were forced to defer capital raises to the new year, not to mention the holiday season acts as a brake on capital markets activity in either case. US MSOs showed relative strength by comparison as they were flat through December though they’d underperformed in November and for much of the year.

Challenges faced by the sector were also aggravated by continual analyst downgrades for the large bellwether producers. In our view, these downgrades are somewhat justified by the competitive landscape which had led to lower prices and loss of market share from the large LP’s to smaller craft producers. Canopy, Tilray, and Aurora’s losses are a benefit to the likes of Organigram, Auxly, and Weed Me. In the end, as always, companies who are focused on product-market fit and business execution will win out over those who are focused on mergers, corporate transactions, exits, etc.

Having said that, we expect the new year to be better for cannabis equities globally as valuations in the space are at all-time lows and there are now significant buying opportunities being missed by the larger institutions. We continue to highlight portfolio companies such as Weed Me which have used the sector wide troubles as an opportunity to springboard their recreational cannabis business to take share from the larger bellwethers. In fact, they have now become a top 7 player in the Canadian recreational market.

With the capability to invest in new growth sectors and our continued focus on supporting successful portfolio companies, we look forward to a successful and productive 2022.

### Appendix One

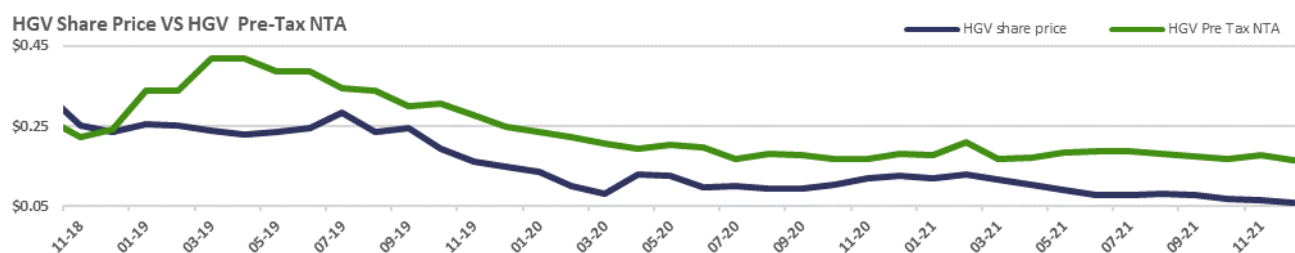
#### 1. The year-to-date performance of Hygrovest's NTA is detailed below<sup>6</sup>:

Table One

HGV Historical Performance - financial year to date		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	31-Aug-21	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21
Share price \$	AUD	0.335	0.245	0.096	0.077	0.079	0.081	0.078	0.069	0.066	0.059
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1729	0.1690	0.1639	0.1565	0.1623	0.1521
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1725	0.1686	0.1636	0.1562	0.1619	0.1517
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1863	0.1814	0.1754	0.1681	0.1759	0.1633
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(5)%	(1)%	(4)%	(7)%	(11)%	(7)%	(13)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(59)%	(58)%	(55)%	(56)%	(59)%	(62)%	(64)%
Premium/(discount) of share price to NAV		16%	(34)%	(50)%	(56)%	(54)%	(52)%	(52)%	(56)%	(59)%	(61)%

#### 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)	Weight
								31-Dec-21 AUDm		30-Jun-21 AUDm	
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	4.2	11%	7.2	17%
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.	0.6	3.0	8%	4.5	10%
<b>Listed investments</b>								<b>7.2</b>	<b>19%</b>	<b>11.7</b>	<b>27%</b>
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.2	1.5	4%	2.6	6%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded cannabis products	3.4	12.9	35%	9.5	22%
Sequoya		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	0.7	3.2	8%	3.8	9%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	2.4	2.4	6%	4.3	10%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.3	1%
<b>Unlisted investments</b>								<b>20.0</b>	<b>54%</b>	<b>20.3</b>	<b>47%</b>
<b>Total cannabis/hemp portfolio</b>								<b>27.2</b>	<b>73%</b>	<b>32.0</b>	<b>73%</b>
Vintage Wine Estate		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds VWE shares and founders warrants	Investment in beverage businesses	2.0	3.1	8%	3.2	7%
Valo Therapeutics		Nov-21	Finland	Unlisted	Convertible notes	healthcare	n/a	1.0	3%	0.0	0%
Brainworks Foundry Inc.		Aug-21	USA	Unlisted	Shares	healthcare	1.0	1.4	4%	0.0	0%
<b>Total non-cannabis</b>								<b>5.4</b>	<b>15%</b>	<b>3.2</b>	<b>7%</b>
<b>Cash</b>								<b>4.1</b>	<b>11%</b>	<b>3.4</b>	<b>8%</b>
<b>Company tax refund receivable</b>								<b>0.5</b>	<b>1%</b>	<b>4.6</b>	<b>11%</b>
<b>Total Portfolio</b>								<b>37.2</b>	<b>100%</b>	<b>43.5</b>	<b>100%</b>

<sup>6</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	Market Price	Book Value (unaudited)	Book Value (unaudited)	Book Value (unaudited)
			31-Dec-21	31-Dec-21 Foreign Currency	31-Dec-21 Foreign Currency	31-Dec-21 AUD000	30-Jun-21 AUD000
Harvest One - shares	HVT	listed price	55,557,994	0.065	3,611	3,906	6,261
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.013	228	247	963
<b>Total MMJ investment</b>					<b>3,839</b>	<b>4,153</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	45.0	2,700	2,920	4,250
- warrants	ENTG.WT	Listed price	3,750,000	0.030	113	122	221
<b>Total MMJ investment</b>					<b>2,813</b>	<b>3,042</b>	<b>4,471</b>
Vintage Wine Estate - shares	VWE.U	Listed price	60,000	11.8	710	979	962
- warrants	VWE.WT.U	Listed price	666,670	2.270	1,513	2,086	2,217
<b>Total MMJ investment</b>					<b>2,224</b>	<b>3,065</b>	<b>3,179</b>
<b>MMJ's Listed investments</b>					<b>6,652</b>	<b>7,195</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	Date of divestment	Net proceeds (AUDm)	Capital invested (AUDm)	MOIC
MediPharm Labs	on market	complete	Jun-20	34.1	9.2	3.7
Axiomm	takeover	complete	Sep-20	0.7	0.7	1.0
Bevcanna	on market	complete	Dec-19	0.6	0.8	0.8
Fire & Flower	on market	complete	Apr-20	1.5	1.0	1.5
Hemple	private sale	complete	Jul-20	0.3	1.3	0.2
Esense	on market	complete	May-18	0.4	0.5	0.8
Dosecann	takeover	complete	May-18	5.9	2.5	2.3
<b>Total</b>				<b>43.5</b>	<b>16.0</b>	<b>2.7</b>

### 6. Unlisted securities held by HGV<sup>7</sup>

#### (a) Embark Health (Embark)

HGV was a foundation investor in Embark in July 2018 – the investment now comprises:

- 4.897m ordinary shares (approximately 15% shareholding) in Embark.
- Warrants that provide the option for HGV to acquire a further 1.0m shares at CAD1.75 each up with maturity date of two years after a Liquidity Event<sup>8</sup>.

<sup>7</sup> Information current at the month of this report.

<sup>8</sup> A Liquidity event is an initial public offering or a material sale event.

- iii. Warrants that provide the option for HGV to acquire a further 1.125m shares at CAD4.80 each up with maturity date of two years after a Liquidity Event.

On 20 September 2021, BevCanna Enterprises Inc. (CSE:BEV) ("BEV" or "BevCanna") announced an offer (the "Offer") to acquire 100% of Embark. Under the terms of the Offer:

- BevCanna would acquire all of the issued and outstanding shares of Embark (the "Shares") from its shareholders.
- BevCanna will acquire the Shares in consideration for a purchase price of 46.7m BevCanna shares, plus potential future earn-outs, which will be subject to the adjustments (the "Purchase Price"). BevCanna will satisfy the Purchase Price as follows:
  - a) The issuance of 46.7m common shares of BevCanna to Embark Shareholders at closing (the "Initial Consideration").
  - b) A further amount upon earn-out milestones in respect of Embark's post-acquisition financial performance (the "Earn-Out") being achieved. At this point HGV is not in a position to provide a reasonable estimate of the value of the Earn-Out.

HGV has valued its investment in Embark using the BEV share price at month end.

HGV has been advised that the issue of the BevCanna Shares pursuant to the Initial Consideration will be completed following the satisfaction of all conditions in the acquisition agreement and on a date mutually agreeable to the parties. It is expected that the Offer will be completed by the end of January 2022.

The BevCanna Shares received by Embark Shareholders are part of the Initial Consideration (including HGV), and will be subject to voluntary resale restrictions, with 1/12th of the BevCanna Shares received being released from the resale restriction on the last day of each month following closing of the Offer for a period of one year.

(b) Weed Me

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

- i. 3.642m shares representing approximately 13% of Weed Me's issued capital.
- ii. 230,415 warrants each convertible at CAD2.17 with an expiry date of 29 October 2024; and
- iii. CAD1m convertible note ("the Note") which is unsecured, bears interest at a rate of 8% per annum and is repayable on 9 May 2023.

(c) 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.

(d) 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. 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.

(e) 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).
- ii. 17,083,333 Common Share purchase warrants (the "Warrants"). Each Warrant entitles the holder to purchase one listed Common Share at a price of CAD0.06 at any time until April 3, 2022.

(f) 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.

(g) 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.

(h) 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.

(i) Valo Therapeutics Oy (**Valo**)

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

- i. 1,000,000 notes.

## 7. 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 Revenue Multiple provided these valuations are materially consistent with any recent capital raises by the investee. 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.

**8. 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 year ended 30 June 2021 in the Appendix 4E released on 27 August 2021.

**9. 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 to long 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 but not limited to, natural resources, healthcare and the digital economy.

In December 2021, HGV's Shareholders approved the broadening of the HGV investment mandate to include strategic investments in sectors outside of cannabis, which will comprise no more than 25% of HGV's total consolidated assets at the time the investments are made (the Diversification). The Diversification permits HGV increased flexibility to create growth and greater returns for Shareholders.

### 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.