

13 December 2022

HGV Investment Portfolio Report - November 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 - November 2022

HGV is pleased to provide the HGV Investment Portfolio Report for November 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

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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

November 2022

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About Hygrovest

Hygrovest Limited (“Hygrovest” or “HGV”) (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015.

Investors in Hygrovest gain exposure to a globally diversified portfolio that concentrates on producing capital growth over the medium term from investments in listed and unlisted equities and other financial assets.

Under its investment mandate, HGV invests in high-growth industries such as but not limited to, natural resources, healthcare and the digital economy. Sub-sectors identified include software as a service, e-sports, online gaming, sports betting, telehealth/virtual medicine, and fintech.

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.

Hygrovest Investment Performance¹

HGV Historical Performance - period ended					30-Nov-22
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(4)%	20%	33%	(14)%	(14)%

For Hygrovest’s latest investor presentations and news, please visit www.hygrovest.com.au

General Investor Queries

E: info@hygrovest.com.au

W: hygrovest.com.au

Share Registry

Automic Registry Services

P: 1300 288 664

W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax² as at 30 November 2022

\$0.1506

Net Asset Value as at 30 November 2022

\$30m

Discount of HGV share price to Net Asset Value as at 30 November 2022

47% p.a.

Key Metrics as at	30-Nov-22	AUD
Net Asset Value	m	30
Investee Porfolio (ex cash)	m	28
Cash	m	6
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1506
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1315
Net Asset Value per share		0.1318
HGV share price (ASX)		0.070
Market capitalisation	m	16
Number of investments (ex cash)		9
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.

Hygrovest will hold a live audio webinar of the Investor Conference Call in January 2023. In the webinar, Michael Curtis, HGV Non-Executive Director and a Partner of Parallax Ventures Inc, the asset manager of Hygrovest’s investments, will give an update on Hygrovest’s major investments.

¹ Inception is 30 June 2018 being the date when Hygrovest commenced accounting for investments as an investment entity.

² Net Tangible Asset Value per share – unaudited, before tax on unrealised gains on the investment portfolio. The financial information within this report is unaudited.

HYGROVEST NEWS**Performance of Hygrovest Portfolio – 30 November 2022**

Highlights during for the five months ended 30 November 2022 (“the Financial Period”):

- a) HGV’s Net Asset Value (before provision for deferred tax) increased by 33%.
- b) HGV’s profit after tax was \$5.9m³ (five months ended 30 November 2021 loss of \$2.9m).
- c) Net Asset Value grew from \$24m to \$30m.
- d) Net Asset Value per share grew 25% from 10.5 cents to 13.1 cents.
- e) Cash remained at \$6m as at 30 November 2022.
- f) HGV share price grew 9% from 6.4 cents to 7 cents.

The main drivers of the financial performance in the year to date were the recovery in listed Australian and Canadian cannabis investment markets and the positive impact on HGV’s two main investments, Weed Me and Southern Cannabis Holdings (“SCH”). This recovery in listed cannabis security valuations when combined with the continued growth in the revenues of Weed Me and SCH accounted for most of the growth in NAV during the Financial Period.

HGV is valuing its investment in Weed Me at an enterprise value to net revenue multiple of 3.4 times historical net revenue at 30 November 2022. This multiple is based on a basket of comparable listed Canadian cannabis companies. It should be noted that it represents the average of these multiples which range between 1.7 and 4.9⁴.

The 4% decline in pre-tax NAV in November 2022 was primarily due to the price decline in Delivra Health Brands Inc. and the decline of the valuation multiple applied to SCH from the decline in the listed Australia cannabis securities⁵. Despite this, the Australian valuation multiple⁶ has increased from 1.5 to 2.6 during the Financial Period based on the performance of the pool of listed Australian cannabis companies that HGV uses to derive the multiple⁷.

Investment Management Agreement with Parallax Ventures Inc

In September 2022, HGV executed an Investment Management Agreement with Parallax Ventures Inc (“Parallax”), with an initial term to 30 June 2023 (which may be extended by a further 2 years at HGV’s option) (“IMA”). The IMA is effectively on the same terms as the previous IMA, entered into with Parallax in 2019.

Parallax was appointed as asset manager of HGV’s investment portfolio in July 2019, for an initial period of three years. During this term, the returns⁸ exceeded HGV’s benchmark.

The HGV Board believes that entering the IMA was important during the transition of the portfolio from its current concentration in cannabis businesses to a broader range of investment opportunities in sectors such as healthcare, the digital economy and natural resources. The HGV Board considers Parallax’s asset management expertise and importantly, its knowledge of HGV’s existing cannabis investments, which still comprise 73% of the company’s portfolio, will be valuable realising the value in the existing asset portfolio during the current financial year. Equally, the appointment of an external asset manager to manage the existing portfolio and access new investment opportunities is viewed as the best option for HGV.

The recovery in Canadian and Australian cannabis markets during the past five months underlines HGV’s decision to extend the contract with Parallax who work closely with HGV’s two main investments, Weed Me and SCH, to enhance the value of HGV’s investments and provide liquidity events within the portfolio. The bulk of Parallax’s remuneration continues to be linked to material increases in HGV’s share price and/or net asset value, through the issue of Performance Rights in November 2022 following HGV shareholder approval at the HGV Annual General Meeting on 24 November 2022.

³ Unaudited per HGV management accounts

⁴ The enterprise value to net revenue multiple is derived from security analysts report at end of the respective month

⁵ As measured by the S&P/TSXV Cannabis Index (SPTXCAN)

⁶ The enterprise value to net revenue multiple is derived from security analysts report at end of the respective month

⁷ The process and outcome is reviewed by HGV’s auditor’s every six months

⁸ Returns from investments before HGV’s operating costs and company tax

Parallax Ventures Inc. Portfolio Update – November 2022

The success within the Hygrovest Limited (“HGV”) portfolio continued in November as multiple companies reported better than expected financial results, strong distribution partnerships and oversubscribed fundraising activities in difficult market conditions. As Parallax discussed in its last update for investors, we saw multiple opportunities for continued improvement in the NAV along with the expectation that the gap to share price to NAV would tighten based on the liquidity of legacy investments combined with portfolio revitalization and new investments. As we review these broad categories in November, the results are as follows:

➤ **Legacy Investments – Weed Me Inc.**

- HGV was a foundation investor in Weed Me Inc. (“Weed Me”) in December 2017 which now comprises:
 - 3.642m shares representing approximately 14% of Weed Me’s issued capital;
 - 460,830 warrants each convertible at CAD\$2.17 with an expiry date of 29 October 2024; and
 - CAD\$2m convertible 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 CAD\$1.67 per share.
- Weed Me has shown multiplicative sales growth over the past 3 years. The growth is driven by strategically increasing SKU’s and continued geographic expansion, which coupled with the potential of US expansion makes us believe there remains a significant long-term opportunity for years of profitable sales expansion ahead.
- Based on its growth profile, the company has retained a global investment bank to lead a going public transaction in H1 2023 that, assuming market conditions continue to stabilize, will be a significant liquidity event for HGV.
- As investors look to access the value of HGV’s investment in Weed Me, we will discuss our internal valuation process and highlight the base case along with potential valuation upside opportunities.
- HGV uses enterprise value/net revenue (EV/NR) multiples from recognised stockbroking firms based on their recent research reports with the removal of high and low multiples and those companies with troubled financial outlooks. Weed Me has material and growing net revenue to allow valuation by the EV/NR method, but due to its private status a 15% discount is applied to the valuation.
- Further Valuation Upside for Weed Me:
 - The political dialogue from President Biden et al is pushing for decriminalization and passage of the SAFE banking act in the US, which would open an additional enormous market many times larger than Canada, which offers Weed Me ready access to multiple large-scale growth opportunities that will drive long-term valuation appreciation.
 - Within Canada, the majority of large LP’s have garnered attention from large multi-national corporations in the tobacco, alcohol, and consumer space that we expect will be followed by the pharmaceutical companies with FDA regulation. It is not unreasonable to expect Weed Me to garner similar interest, which would enhance its valuation.
 - After nearly two years, the cannabis business cycle has clearly bottomed for most surviving Canadian LP’s, so we would expect multiples to continue to improve and the valuation of Weed Me could be materially enhanced if the sector trends upwards to Canopy’s premium multiple.

➤ **Portfolio Revitalization – Vintage Wine Estates**

- Vintage Wine Estates (“VWE”) is still a strong business, and its poor stock performance was driven more by SPAC investor distaste and accounting issues that may end up being non-material in the long run, than problems in its underlying business. The Company reported its quarter in November with 40% growth in net revenue, driven by strength in all segments driving its stock ~25% higher for the month.
- The attraction of the wine industry is the sales momentum with overall wine drinking, particularly in the United States, growing over the past several decades. According to industry data from VWE, wine consumption in the U.S. has doubled per capita since 1970 with total volumes sold doubling in the past 2 decades.
 - The upside here is that consumption per capita in the U.S. is still less than one-third of the levels in Italy and France suggesting headroom for continued growth. Within the industry data, VWE also notes that in 2020, the pandemic accelerated trends for premium and luxury wine category with sales growth above 25%, well above the “value” wines category. This is important as 99% of the VME brand portfolio is in the premium and luxury category price points.
 - The premium wine segment is expected to be the fastest-growing segment at 6.2% followed closely by the fine wines at 5.8%. Non-premium wine sales are expected to decrease at a rate of 0.8% over the next few years.

- VWE continues to trade at a significant discount to its peers, but we expect the multiple discount to narrow if the company continues to generate consistent positive financial results combined with continued accretive acquisitions.

Portfolio Revitalization – Delivra Health Brands Inc

- Delivra Health Brands (“DHB”) reported improving financial results with increased profitability towards a breakeven position in November that reiterated our belief that the company’s return from near insolvency is beginning to take hold.
- Further to its growth objectives through expanding channel partners, DHB signed a sales and distribution agreement with Casey’s General Stores, a leading North American convenience store chain with over 2,400 locations.
 - This expanded network is exciting news as it will foster additional growth of its CPG brand, Dream Water, while positioning for future success with line extensions of both cannabis infused and non-infused products.”
- As a 23% shareholder HGV benefits from material improvement in the DHB share price.

New Investments – Medio Labs Inc

- Parallax had recommended an initial US\$1m investment in Medio Labs more than a year ago. At the time, Medio Labs Inc. (“Medio Labs”) was a pre-revenue company which was planning on setting up a COVID testing lab which utilized a unique testing methodology which was highly cost effective and could generate significant per test margins for the company.
- As a reminder, Medio Labs offers a DNA based universal multiplexing testing platform that can scale much higher than competing platforms bringing down the cost of each test materially lower at dramatically faster diagnostic times.
 - Using their own platform and next generation sequencers, Medio Labs can target many DNA regions in parallel, all in one test run. This gives them the ability to:
 - Test many patients for a single infection or disease; or
 - Test one patient for many infectious diseases; or
 - Any combination of the two.
- With over 20 years of clinical, investment banking and investing experience in the healthcare sector, Parallax believes this platform is unique and disruptive to the current diagnostic sector with the ability to scale globally.
 - Our investment thesis has been validated by Medio’s ability to ramp up testing so fast over the last 12 months and much more profitably than one would expect from a small start-up company.
- Since that initial investment, the company has set up an initial physical lab and begun large scale commercial COVID testing across the United States from that lab along with associated labs and has generated significant revenue.
- Presently, the company is preparing to expand its testing services into other illnesses and have developed plans to launch both STD and respiratory panels shortly. These are significant opportunities adjacent to their existing COVID testing practice and could change the standard of care in many hospital settings.
- The company successfully raised additional capital in November to support these initiatives bringing in a variety of new global investors. More importantly for HGV investors as it related to liquidity, the company to begin an ASX listing process for H1 2023.

Equity Markets Confirm our Optimism

- The dialogue from many central banks has tempered as efforts to constrain inflation appears to be having a material impact, while further hikes are expected we believe we’re closer to the end of the tightening cycle than the beginning and the velocity of hikes will be reduced.
 - Investors should expect inflation to trend downward over the coming months, transitioning market expectations and easing some pressure on both equity and fixed income markets.
 - United States
 - US equities moved higher after the November FOMC minutes and Fed Chairman signaled the intention to slow the pace of hiking while the US dollar weakened materially as we expected amid expectations that the Fed hikes have peaked.
 - Stocks have already priced in a moderate recession already, and thus we feel that 2023 is likely to be a tough year for the economy and consumer, but more positive for equity markets due to its forward-looking nature.

- Due to structural changes (subdued housing construction and more stringent bank requirements for purchases), the risks of a deep, housing-led recession of the type experienced in 2008 are low, although prices probably will continue to trend lower.
- In addition, the impact of higher rates on mortgage holders is likely to be less severe as US households locked in the low rates during the last couple years with only about 5% of US mortgages are on adjustable rates today.
- o Europe
 - European shares rose for a sixth consecutive week on hopes that central banks might slow the pace of interest rate increases.
 - For Europe, the key risk was about energy supply, but for the coming winter, at least, the risk to gas supplies is in fact diminishing as Europe managed to fill its gas tanks over the summer, largely replacing Russian gas with liquefied natural gas from the US.
 - To date, Europe has had the good fortune of a very mild autumn and, as a result, enters the three key winter months with storage tanks that are almost full. On the flip-side, the gas came at a high price with governments mostly shielding consumers from the bulk of higher energy prices.
 - With stretched government balance sheets, better energy policies will need to be implemented starting in spring to ensure there isn't a repeat of the 2022 panic.
- o China
 - In recent days, protests over Beijing's strict Covid response have spread from China to cities and college campuses around the world to show solidarity with the rare anti-government demonstrations erupting across the country. It appears that these protests may have resulted in some loosening of the zero covid policy. Meanwhile, many of China's large state banks agreed to boost lending to real estate developers following the government's announcement of a property sector support package.
 - Importantly, a regularization of the Chinese economy could significantly ease the supply chain disruptions that have contributed to rapidly rising goods inflation. While a rebound in growth in China could also boost demand for global commodities, it's difficult to determine how quickly this demand would ramp up after almost two years of inertia.

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Appendix One

1. The year-to-date performance of Hygrovest's NTA is detailed below⁹:

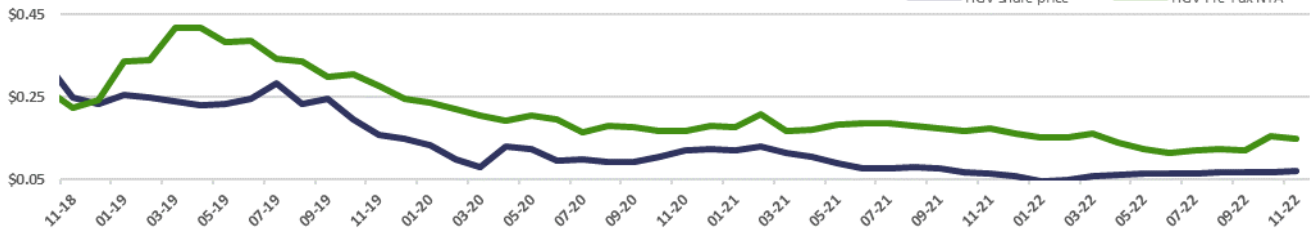
Table One

HGVS Historical Performance - financial year to date		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	31-Jul-22	31-Aug-22	30-Sep-22	31-Oct-22	30-Nov-22
Share price \$	AUD	0.335	0.245	0.096	0.077	0.064	0.065	0.067	0.068	0.069	0.070
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1059	0.1111	0.1144	0.1118	0.1376	0.1318
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1055	0.1107	0.1140	0.1114	0.1372	0.1315
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1136	0.1202	0.1254	0.1220	0.1564	0.1506
Premium/(discount) of share price to NAV		16%	(34)%	(50)%	(56)%	(40)%	(42)%	(41)%	(39)%	(50)%	(47)%

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

Chart One

HGV Share Price VS HGV Pre-Tax NTA



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

Table Two

Investment	Country	Business	MOIC (current portfolio)	Cannabis investments	Non-Cannabis investments	Total Portfolio Book Value	Weight	Book Value (unaudited)	Weight
			30-Nov-22 Times	30-Nov-22 AUDm	30-Nov-22 AUDm	30-Nov-22 AUDm		30-Jun-22 AUDm	
Delivra Health Brands Inc.	Canada	Health and wellness products	0.2	1.2		1.2	4%	1.9	7%
BevCanna Enterprises Inc	Canada	Cannabis beverages	n/a	0.0		0.0	0%	0.4	1%
Portfolio of listed small caps	Canada/Australia	various listed small caps			0.5	0.5	1%	0.1	0%
Listed investments				1.2	0.5	1.7	5%	2.4	9%
Weed Me	Canada	Cultivation and sales of branded cannabis products	4.1	20.4		20.4	59%	10.0	38%
Sequoia	Poland	CBD Extraction	0.2	0.9		0.9	3%	0.9	3%
Southern Cannabis	Australia	Medicinal cannabis products and clinics	2.7	2.7		2.7	8%	1.1	4%
J Supply	Canada	Retailer of cannabis products	n/a	0.3		0.3	1%	0.3	1%
Vintage Wine Estate	Canada	Wine	0.4		0.6	0.6	2%	2.1	8%
Valo Therapeutics	Finland	Healthcare	0.5		0.5	0.5	1%	1.0	4%
Medio Labs	USA	Healthcare	1.0		1.1	1.1	3%	1.5	6%
Unlisted investments				24.3	2.2	26.5	77%	16.9	64%
Cash			0.7	25.5	2.7	28.2	81%	19.2	73%
Cash					6.1	6.1	18%	6.3	24%
Company tax refund receivable					0.4	0.4	1%	0.7	3%
Total Portfolio				25.5	9.1	34.7	100%	26.2	100%

Appendix One continued

4. Hygrovest's listed investments

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

Table Three

Investment	Code	Valuation methodology	Number of securities 30-Nov-22	Market Price 30-Nov-22 Foreign Currency	Book Value (unaudited) 30-Nov-22 Foreign Currency	Book Value (unaudited) 30-Nov-22 AUD000
Delivra Health Brands Inc. - shares	DHB	listed price	55,557,994	0.020	1,111	1,222
Total HGV investment					1,111	1,222
Vintage Wine Estate - shares	VWE.U	Listed price	60,000	3.3	199	297
- warrants	VWE.WT.U	Listed price	666,670	0.328	219	326
Total HGV investment					418	624
Becanna Enterprises - shares	BEV	listed price	4,230,212	0.000	-	-
Total HGV investment					-	-
Other listed securities		Listed price			415	457
Total HGV investment					415	457
HGV's Listed investments						2,303

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 AUDm	Capital Invested AUDm	MOIC Multiple
Medipharm LABS	Onmarket	Complete	30.3	5.9	5.2
Dosecann	Takeover	Complete	5.9	2.5	2.3
Entourage Health	Repayment	Complete	6.7	5.6	0.8
Fire and Flower Inc	Onmarket	Complete	1.5	1.0	1.5
Embark Health	Takeover	Complete	0.1	7.5	0.0
Axiomm	Takeover	Complete	0.7	0.7	1.0
Becanna (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 HGV¹⁰**(a) Weed Me Inc. (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 CAD3.60 per share);
- ii. 460,830 warrants each convertible at CAD2.17 with an expiry date of 29 October 2024; and
- iii. CAD2m convertible 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) Sequoia Cannabis Ltd (Sequoia)

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

- i. CAD2.5m convertible note (advanced July 2019) is a first-ranking security bearing interest of 13% per annum and a maturity date of 30 June 2023. The convertible note is convertible (at HGV's option) into Sequoia ordinary shares at CAD0.05 each.
- ii. CAD2.5m convertible note facility (executed April 2020) drawn to CAD1.2m, has first ranking security bearing interest of 13% per annum and a maturity date of 30 June 2023. The convertible note is convertible (at HGV's option) into ordinary shares at CAD0.10 per share.
- iii. 19m ordinary shares (27% shareholding) in Sequoia.

(d) Delivra Health Brands Inc. (DHB) (formerly known as Harvest One Cannabis Inc.)

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

- i. 55,557,994 common shares of DHB representing an approximately 22% shareholding.

(e) 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 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 the closing of the transaction on 7 June 2021. The investment decisions of Bespoke A LP are controlled by the General Partner, which is Bespoke Capital Partners LLC. Additionally, as part of the merger agreement with VWE, the shares and warrants controlled by Bespoke Capital Partners LLC are subject to a complete lock-up for the first 18 months from the closing of the transaction (from June 7, 2021 to December 7, 2022). The General Partner has agreed to distribute the VWE shares and warrants to each LP (including HGV) as the securities leave escrow progressively on a pro rata basis over the 17 months to April 2024 thereby becoming freely tradeable.

(f) Medio Labs Inc (Medio Labs) (formerly Brainworks Foundry Inc.)

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

- i. 1,234,568 shares representing approximately 7% of Medio Labs issued capital.

¹⁰ Information current at the month of this report.

(g) Valo Therapeutics Oy (**Valo**)

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

- i. 1,000,000 notes.

(h) 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. 4.2m common shares of BEV (2% shareholding).

7. Securities held by HGV¹¹

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

Investee	Book Value (unaudited) 30 November 2022 AUDm	Current Portfolio Strategy
Weed Me Inc (Weed Me)	20.4	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.
Southern Cannabis Holdings (SCH)	2.7	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.
Delivra Health Brands Inc.	1.2	HGV's is the largest shareholder with 22% holding in the restructured listed cannabis business.
Medio Labs Inc. (Medio Labs)	1.1	Medio Labs is an investment in digital healthcare made in September 2021 which is seeking public listing in 2023.
Valo Therapeutics Oy (Valo)	0.5	Valo is a investment in healthcare made in November 2021. HGV is supportive of the company's targeted public listing in 2023.
Sequoia	0.9	HGV has extended its loan facilities and is working with the company to materially improve performance
Vintage Wine Estate (VWE)	0.6	HGV is a small investor in VWE – the investment is held through Bespoke A LP and is in escrow until December 2022 – HGV is not a long-term holder.
Cash and company tax refund	6.5	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 by applying an Enterprise Value to Net¹² Revenue Multiple (Canadian multiple of 3.4 (prior month 3.2) and Australian multiple of 2.6 (prior month 3.5)) provided these valuations are materially consistent with any recent capital raises by the investee. HGV also applies a discount of 15% on 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

¹¹ Information current at the month of this report

¹² Gross sales less government excise taxes

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 into account the recommendations of its asset manager, Parallax Ventures Inc., where it is considered that the fair value should be less than book value in the absence of other valuation indicators due to the 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 the 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 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 was 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 30 June 2022 in the Appendix 4E released on 30 August 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 globally diversified portfolio that concentrates on producing capital growth 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 for shareholders by further diversifying its investment portfolio to include strategic investments in sectors outside of cannabis.

11. Investment Management Agreement

In September 2022 HGV executed an Investment Management Agreement with Parallax Ventures Inc ("Parallax"), with an initial term to 30 June 2023 (which may be extended by a further 2 years at HGV's option) ("IMA"). The IMA is effectively on the same terms as the previous IMA, entered into with Parallax in 2019.

Parallax was appointed as asset manager of HGV's investment portfolio in July 2019, for an initial period of three years. During this term, the returns¹³ exceeded HGV's benchmark.

The HGV Board believes that entering the IMA is important during the transition of the portfolio from its current concentration in cannabis businesses to a broader range of investment opportunities in sectors such as healthcare, the digital economy and natural resources.

¹³Returns from investments before HGV's operating costs and company tax

Pursuant to the IMA, the bulk of Parallax's remuneration will continue to be linked to material increases in HGV's share price and/or net asset value and if achieved, paid through the issue of new Performance Rights in November 2022.

The HGV Board considers that Parallax's asset management expertise and importantly, its knowledge of HGV's existing cannabis investments, which still comprise 73% of the HGV portfolio¹⁴, is valuable in executing HGV's stated aim to diversify away from the underperforming sector. Equally, the appointment of an external asset manager to manage the existing portfolio and access new investment opportunities is viewed as the best option for HGV.

The operating structure of the HGV business will be reviewed again in 2023 to ensure the most appropriate structure is in place having regard to investment performance and market conditions.

Parallax Remuneration

The bulk of Parallax's remuneration continues to be linked to material increases in HGV's share price and/or net asset value, through the issue of Performance Rights. There is no change to the base fee remuneration, detailed in the previous 2019 investment management agreement.

Following HGV shareholder approval on 24 November 2022, the Company issued 6,500,000 Performance Rights ("**Performance Rights**") to Parallax, under the following terms:

The Performance Rights shall vest and be convertible by Parallax on a one-for-one basis, into Shares in two (2) tranches upon the Company achieving the following hurdles¹⁵:

- a) the first tranche of 4 million Performance Rights ("**First Tranche**") will vest upon achieving a NAVS/SP Average of 11.47 cents which is a premium of 35% to the NAVS/SP Average on 30 June 2022; or
- b) in the event that the First Tranche does not vest due to the NAVS/SP Average not being achieved, the Second tranche of 2.5 million Performance Rights ("**Second Tranche**") will vest upon achieving a NAVS of 14.3 cents which is a premium of at least 35% to the NAVS on 30 June 2022,

(together, the Milestones).

The key terms of the Performance Rights together with other key terms of the IMA are contained in may be found in on page 61 of the 2022 Hygrovest Annual Report <https://hygrovest.com.au/investors/annual-reports/>

¹⁴ Sourced from 31 August 2022 Portfolio Update

¹⁵ Where 'NAVS' is Net Asset Value per Share, and 'SP' is the 20-trading day volume weighted average price for HGV Shares

Glossary

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