Hygrovest Limited

ABN 91 601 236 417

Annual Report – 30 June 2022

Contents

Corporate Directory

Directors	Mr Peter Wall (Non-Executive Chairman)
	Mr Winton Willesee (Non-Executive Director)
	Mr Doug Halley (Non-Executive Director)
	Mr Michael Curtis (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr Jim Hallam
Registered office and	Suite 5706, Level 57,
principal place of business	MLC Centre, 19-29 Martin Place
	Sydney NSW 2000
	Telephone: +61 2 9236 7334
	Facsimile: +61 2 8080 8315
Share register	Automic Registry Services
	Level 5
	191 St Georges Terrace
	Perth WA 6000
	Telephone: +61 1300 288 664
Auditor	BDO Audit (WA) Pty Ltd
	Level 9, Mia Yellagonga Tower 2 5 Spring Street
	Perth WA 6000
Stock exchange listing	Hygrovest Limited securities are listed on the Australian Securities Exchange (ASX code: HGV).
Website	www.hygrovest.com.au
The Annual General Meeting of Hygrovest Limited will be held as follows:	
Venue	The office of Steinepreis Paganin, Level 4, The Read Buildings,16 Milligan Street, Perth.
Time	12:00pm (AEST)
Date	24 November 2022
Place	The Company is pleased to provide Shareholders with the opportunity to attend and participate in a hybrid meeting with shareholders participating in an online meeting platform where Shareholders who cannot attend the physical meeting will be able to watch, listen, and vote online.
Nominations for directorships of HGV	Nominations of persons intending to propose his or her nomination as a director of Hygrovest Limited have to be lodged at the registered office by 6 October 2022.

Chairman's Letter

Dear Shareholders,

I am pleased to provide a review of our operations for the past financial year during which a number of positive steps were undertaken toward building long-term value for Shareholders of Hygrovest Limited ("HGV").

Following approval by Shareholders at last year's Annual General Meeting, HGV's investment mandate has significantly broadened, with investments in non-cannabis assets no longer restricted to 25% of total assets. HGV believes that this further diversification in its investment portfolio will provide greater opportunities to enhance the returns to Shareholders.

The changes allow HGV to:

a) expand its existing investment portfolio and invest in other industries with a view to delivering capital growth over the medium term; and

b) create greater opportunities for Shareholders to benefit from the growth of a diversified group of investments, in addition to HGV's existing investments.

HGV has already made significant steps over the past twelve months in diversifying the portfolio via investments in the healthcare sector.

At the same meeting, Shareholders approved a change in the Company's name to Hygrovest Limited (ASX: HGV) from MMJ Group Holdings Limited. The name change and positioning better align with HGV's new mandate to invest in a broad range of high-growth investments.

Performance Report

The past year has presented many challenges for individuals and businesses globally. We are fortunate that from HGV's perspective, the pandemic has not had a measurable material financial impact over the reporting period.

During the year ended 30 June 2022, HGV's Net Asset Value ("NAV") decreased by 40%, before the provision for deferred tax which was a significant improvement on the 81% loss in the listed Canadian cannabis index as 74% of HGV's investment portfolio was held in cannabis companies at end of the year[1].

Whilst the Board is pleased that HGV materially exceeded its benchmark, we appreciate that Shareholders expected positive returns more aligned with the broader global equities market. HGV continues to focus on reducing the significant gap between its share price and NAV (currently, four cents per HGV share) by:

a) dealing with existing cannabis investments on an opportunistic basis. For example, we are working with Weed Me, HGV's largest investment, to achieve a liquidity event during 2022. This would provide HGV with the option of realising a material portion of its $11 million investment in Weed Me;

b) realising underperforming and/or illiquid investments. HGV was able to negotiate the early repayment of its Entourage Health Corp ("Entourage") convertible debenture and at 60% of its face value compared to 38% before the transaction was agreed; and

c) investing surplus funds in companies that provide Shareholders with high capital growth potential derived from either sector-specific or company-specific growth opportunities.

Funds received from any divestments will either be paid as dividends[2] to HGV Shareholders and/or reinvested in high growth sectors, such as healthcare and biotechnology, to provide further diversification and the prospect of better capital growth.

Extension of Investment Management Agreement with Parallax Ventures Inc.

HGV is pleased to advise that it has agreed to 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 Investment Management Agreement, 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 returns have exceeded HGV's benchmark.

[1] Prior to redemption of ENT notes on 30 June 2022

The HGV Board believes that entering into 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.

Pursuant to the IMA, the bulk of Parallax's remuneration will continue to be performance based and be linked to material increases in HGV's share price and/or NAV and if achieved, paid through the issue of new Performance Rights to Parallax subject to approval by HGV Shareholders at the 2022 HGV Annual General Meeting.

The HGV Board considers that Parallax's asset management expertise and importantly, its knowledge of HGV's existing cannabis investments, which still comprise 62% of the HGV portfolio, will be 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 again be reviewed in 2023 to determine the most appropriate structure having regard to investment performance and market conditions.

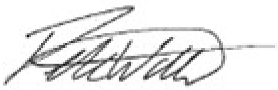
The key terms of the IMA with Parallax are detailed in section ten of the Additional Information in this Annual Report.

Looking ahead

One of the Board's key aims is for HGV's share price to better reflect its NAV. Encouragingly, we have started FY2023 with both considerable internal funding of $7m enabling HGV to make further investments aimed at materially increasing returns from capital growth, and holdings in a number of portfolio companies that have the potential to realise latent returns.

On behalf of the Board, I thank you for your continued support. We remain committed to delivering value for all Shareholders.

Yours sincerely,



Peter Wall
Chairman

About Hygrovest Limited

Hygrovest Limited ("HGV" or the "Company") (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in HGV gain exposure to a portfolio which concentrates on delivering capital growth in the medium term for our shareholders by investing in private and public companies, 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. During the year, HGV expanded its investment mandate to other high growth industries such as but not limited to, natural resources, healthcare and the digital economy.

Investments are managed by Parallax Ventures Inc. ("Parallax"), a specialist management company in Canada, under a long-term strategic partnership.

HGV 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 HGV and its Shareholders.

Our Objectives and Investment Process

HGV Investment Management Governance

HGV has an appropriate, documented, and regularly updated due diligence process when investing according to the investment strategy, objectives, and risk profile of HGV.

The HGV due diligence process is supported by HGV policies that govern the day-to-day management of HGV including decision authorities, risk management policies and standards, performance standards and reporting protocols. HGV's Investment Policy details the components of HGV's investment process for its investment portfolio.

Investment Process of HGV

Investment Approval

The Board of HGV is at all times responsible for HGV's investments, including formulating, reviewing regularly and giving effect to an investment strategy that has regard to, amongst other things, whether reliable valuation information is available in relation to the investments.

The Board is responsible for setting HGV's Valuation Policy and Procedures and has delegated responsibility to HGV management for overseeing its implementation.

The HGV Board is the final approval level for acquisition and sale of investments proposals.

Parallax has responsibility for origination, execution, management and exit of HGV's investments.

Investment proposals, which involve exercise of rights attached to investments, are subject to the delegations by the Board.

Board approval is required where a related party transaction is proposed.

Investment Approval Process

The Company has adopted an investment approval process that is based on current HGV practice. The following section outlines the nature and processes of a generic investment approval process.

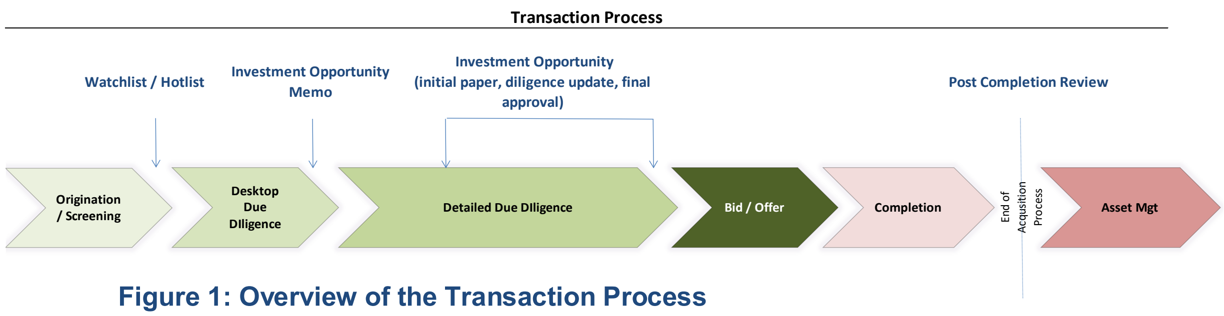


Figure 1: Overview of the Transaction Process

Investment Objective

The Company's investment strategy is to target higher growth, higher return investments with the objective of delivering a multiple on invested capital of 2-3x over a time horizon of 1-2 years.

Portfolio Guidelines

HGV has clear Portfolio Guidelines explaining how and where the Company invests to achieve its investment objective; the benchmarks to assess investment performance; portfolio constraints; and targeted returns. Detailed in the table below, these Guidelines are subject to periodic review by the Board and may be amended to reflect market conditions, risk profiles, investment opportunities and the size of HGV.

The Portfolio Guidelines of HGV (the "Portfolio Guidelines") is detailed in the table below:

Portfolio Guidelines	Explanation
Investment Objective	The investment objective of HGV is to realise producing capital growth for Shareholders over the medium term from investments in listed and unlisted equities and other financial assets, whether by way of capital growth and or regular income from interest, dividends, fees or profit from realisation on asset sales.
Target Geographies	Investments in well-regulated jurisdictions such as Australia, North America and Europe.
Percentage ownership of an Asset	HGV will always acquire less than 50% of the voting securities of a business ie minority shareholdings. The Company's objectives and investment strategy will not include the exercise of control over these entities or the business of these entities.
Single Risk Limit	None.
Size of investments	Investment size of between AUD0.5m to AUD5m.
Minimum and maximum number of investments	There will be no minimum or maximum number of investments in the Company's investment portfolio, however more or less may be held depending on the number of suitable investments identified that are expected to meet performance expectations.
Target Returns for Assets	Targeting 2-3x multiple on invested capital (MOIC) in 1-2 year time horizon.
Investment Period Length	1-2 years targeted.

The guidelines would be subject to periodic review by the Board of the Company from time to time to reflect market conditions, risk profiles, investment opportunities and size of HGV and may be varied by the Board in its absolute discretion.

HGV's Investment Manager – Parallax Ventures Inc.

HGV has an established strategic relationship with Canadian-based Parallax Ventures Inc. ("Parallax" or the "Company") to manage all investments in the portfolio.

Parallax is a highly experienced portfolio consulting firm focused on the industries of tomorrow. The Company specialises in providing intimate market knowledge in various sectors including cannabis, biotechnology, digital currencies, eSports, battery tech and other environmentally sustainable investments. Parallax is led by Michael Curtis and Mohan Nair who combined have nearly 50 years' experience in public and private capital markets globally.

The agreement with Parallax offers numerous benefits to Shareholders, including:

- enhancing access to new investment opportunities, including unlisted investments. Under the Investment Management Agreement, Parallax is required to give HGV priority to invest in opportunities that meet HGV's investment criteria;
- adding material value to existing investments;
- minimising HGV's fixed cost structure; and
- securing a meaningful investment presence in one of HGV's key investment market – North America.

The key terms of the Investment Management Agreement with Parallax are detailed in section ten of the Additional Information required by ASX Listing Rules in this Annual Report.

Hygrovest Limited

Directors' Report

The Directors present their Report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Hygrovest Limited (referred to hereafter as "HGV", the "Company" or "parent entity") and the entities it controlled (the "Group") at the end of, or during, the year ended 30 June 2022 ("Financial Period").

Directors

The following persons were Directors of the Company during the Financial Period and up to the date of this Report, unless otherwise stated:

Mr Peter Wall (Non-Executive Chairman)
Mr Winton Willesee (Non-Executive Director)
Mr Doug Halley (Non-Executive Director)
Mr Michael Curtis (Non-Executive Director)

Principal activities

Hygrovest Limited ("HGV") (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in HGV 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, under a long-term strategic partnership.

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

The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The operating revenues, expenses and cashflows of the HGV consolidated entity for the Financial Period reflect the operations of HGV which operates as an investment entity for financial reporting purposes comprising:

a) Revenue and other income – include realised and unrealised gains/losses and interest income from investments.

b) Operating expenses – the investment management and administration expenses required to operate as an investment company listed on the Australian Stock Exchange.

Dividends

There were no dividends paid, recommended or declared during the current or previous Financial Period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $15.9m (2021: loss of $4m).

The loss for the Financial Period included the following gains and losses on significant investments[3]:

	Gains/(losses) from material investments	Book value
	30-Jun-22	30-Jun-22
	$000	$000
Investment in Harvest One Cannabis Inc.	(4,385)	1,876
Investment in Southern Cannabis Holdings	(3,137)	1,128
Investment in Embark Health	(2,046)	investment sold during Financial Period
Investment in Weed Me Inc	(2,789)	9,903
Investment in Entourage Health	584	21
Investment in Sequoya	(4,667)	912
	(16,439)	13,840
Investment in Bespoke	(1,091)	2,088

Operating overheads for the Financial Period were $1.4m[4] down from $1.6m in the previous Financial Period.

During the Financial Period, the net tangible asset backing per share decreased from 17.47 cents as at 30 June 2021 to 10.55 cents as at 30 June 2022 on which day the share price closed at 6.4 cents. The net tangible assets of the consolidated entity decreased primarily as a result of unrealised losses on the Company's investment portfolio during the period.

Coronavirus (COVID-19) pandemic

The Coronavirus ("COVID-19") pandemic up to 30 June 2022 has not had a material financial impact for the controlled entity. The internal operations of HGV have not been significantly impacted and we have not observed a material adverse impact on the operations of our material investments or any consequential material specific impact from COVID-19 on HGV's valuation and/or any impact on recoverability of loans advanced during the period still receivable as at 30 June 2022.

The increased volatility in the Canadian equities market has limited the ability of cannabis investments in general to raise new funds and move from private to listed status.

a) Significant Acquisitions

During the Financial Period, the Company made the following investments.

i. Investment of USD1m in unlisted Brainworks Foundry Inc. ("Brainworks"). Brainworks is an integrated digital health and pathology company operating in the United States.

ii. Investment of AUD1m in the unlisted Valo Therapeutics Oy ("Valo Tx") based in Finland. Valo Tx is an immunotherapy company that is developing antigen-coated oncolytic viruses and vaccine vectors as therapeutic vaccines against cancer and infectious diseases.

iii. A follow-on investment of CAD2m in unlisted Weed Me Inc. ("Weed Me") in the form of an unsecured convertible notes to fund the business plan rollout and position Weed Me for a liquidity event (either public listing or sale of the business).

iv. Acquisition of CAD1m of listed BevCanna ("BEV") shares as consideration received for the sale of HGV's investment in Embark Health ("Embark").

b) Significant Divestment of Investments

During the Financial Period, the Company made the following material divestments:

i. Sale of investment in Embark for CAD1m.

ii. Redemption of Entourage Health Corp ("ENT") convertible debentures for $4m.

[3] Includes unrealised and realised gains and losses, interest and dividend income as applicable.

[4] Excludes non-cash share-based payments expense.

Financial position

The net assets of the consolidated entity decreased from $40m as at 30 June 2021 to $24m as at 30 June 2022. The primary reason for the decrease in net assets was unrealised losses on the Company's investment portfolio during the period.

The Company is entitled to a company tax refund of $0.7m as at 30 June 2022 in respect of recovery of tax paid in the financial year ended 30 June 2019 and now recoverable under the tax loss carry back provisions announced on 6 October 2020 by the Federal Government. Companies which paid tax in respect of financial year ended 30 June 2019 (HGV paid tax of $5.9m) can offset the tax paid against tax losses in the 2019-20, 2020-21, 2021-22 and 2022-23 income years. The refund is expected to be received by December 2022 after lodgment of the Company tax return for the year ended 30 June 2022.

Cash holdings for the consolidated entity increased from $3.4m to $6.3m primarily as a result of the redemption of the ENT debentures in June 2022.

HGV is seeking to reduce the 40% gap of the share price to NAV (4 cents per HGV share) by:

a) working with HGV's largest investment, Weed Me, to achieve a liquidity event during 2022 to provide HGV with the option to realise a material portion of HGV's investment; and

b) realising underperforming and/or illiquid investments. HGV was able to negotiate the early repayment of its ENT convertible debenture and at 60% of its face value compared to 38% before the transaction was agreed.

Funds received from divestments would be applied as dividends to HGV Shareholders and/or making investments which the Board considers have 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 have greater potential for capital growth. As noted above, HGV's flexibility in exiting some of its investments remains restricted given the escrow arrangements which should unwind during 2023.

Significant changes in the state of affairs

The principal continuing activities of the consolidated entity consisted of a global investment company with a portfolio of minority investments, rather than having control over its investments.

1. Change in Investment Mandate and Company Name

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 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.

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

b) Change in Company Name

The Company changed its name to Hygrovest Limited from MMJ Group Holdings Limited. 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.

2. Extension of Investment Management Agreement with Parallax Ventures Inc.

HGV is pleased to advise that it has agreed to an Investment Management Agreement ('IMA") with Parallax Ventures Inc. ("Parallax"), with an initial term to 30 June 2023 (which may be extended by a further two years at HGV's option). The IMA is effectively on the same terms as the previous Investment Management Agreement, entered into with Parallax in 2019.

Pursuant to the IMA, the bulk of Parallax's remuneration will continue to be performance based and 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 subject to approval by HGV Shareholders at the 2022 HGV Annual General Meeting.

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.

There were no other significant changes in the state of affairs of the consolidated entity during the Financial Period.

Matters subsequent to the end of the financial year

On 20 September 2022 HGV executed an IMA with Parallax, with an initial term to 30 June 2023 (which may be extended by a further 2 years at HGV's option). The IMA is effectively on the same terms as the previous Investment Management Agreement, entered into with Parallax in 2019.

Subject to shareholder approval at the 2022 Annual General meeting, the Company will also issue 6,500,000 performance rights ("Performance Rights") to Parallax, where 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 hurdles:

a) the first tranche of 4 million Performance Rights ("First Tranche") will vest upon achieving a Net Asset Value per Share (NAVS)/Share Price (SP) Average (NAVS/SP Average) 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 a premium of at least 35% to the NAVS on 30 June 2022,

(together, the Milestones).

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.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity. The Directors believe that there is potential for a material financial impact of the Coronavirus (COVID-19) pandemic on consolidated entity/group if it causes material changes in equity markets and the demand for cannabis products within Canada. The Directors are not in a position to quantify such impact on the value of its investment or its likelihood.

Environmental regulation

The operations of the Group are not subject to any particular and significant environmental regulations under a law of the Commonwealth or State. There have been no known significant breaches of any other environmental requirement.

Information on Directors

Name:	**Peter Wall**
Title:	Non-Executive Chairman
	LLB Bcomm MappFin Ffin
Experience and expertise:	Peter is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005 and has a wide range of experience in all forms of commercial and corporate law, with a particular focus on natural resources (hard rock and oil/gas), technology, life sciences, equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.
Qualifications:	Peter graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.
Other current ASX directorships	• Non-Executive Chairman of Minbos Resources Ltd (appointed 21 February 2014) • Non-Executive Chairman of Pursuit Minerals Limited (previously Burrabulla Corporation Limited) (appointed Director 13 January 2016)
Former ASX listed directorships (last 3 years):	• Non-Executive Chairman of MyFiziq Ltd (now known as Advanced Human Imaging Ltd) (resigned 22 January 2021) • Non-Executive Chairman of Argent Minerals Ltd (resigned 5 March 2021) • Non-Executive Chairman of Redcastle Resources Limited (formerly known as Transcendence Technologies Limited) (resigned 28 June 2021)
Interests in shares:	8,637,500 fully paid ordinary shares
Interests in options:	Nil
Interests in performance rights:	a) 833,333 unlisted Class O Performance Rights b) 833,334 unlisted Class P Performance Rights

Name:	**Winton Willesee**
Title:	Independent Non-executive Director Bbus., DipEd., PGDipBus., Mcom., Ffin, CPA, GAICD, FGIS/FCIS
Experience and expertise:	Mr Willesee is an experienced company director with over 20 years' experience in various roles within the Australian capital markets. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. He has a core expertise in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.
Qualifications:	Winton holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia/Chartered Secretary.
Other current ASX directorships:	• Non-Executive Director Nanollose Limited (ASX: NC6) • Non-Executive Chairman of New Zealand Coastal Seafood Limited (ASX:NZS) • Non-Executive Director Neurotech International Limited (ASX: NTI) • Non-Executive Chairman of UUV Aquabotix Ltd (ASX: UUV)
Former ASX listed directorships (last 3 years):	eSense Lab Ltd (resigned 21 September 2021)
Interests in shares:	2,000,000 fully paid ordinary shares
Interests in options:	Nil
Interests in performance rights:	a) 500,000 unlisted Class O Performance Rights b) 500,000 unlisted Class P Performance Rights

Name:	**Doug Halley**
Title:	Non-Executive Director (appointed 16 March 2018) Bcom (UNSW), MBA (UNSW), FAICD
Experience and expertise:	Doug is an experienced company director and has also served for over 30 years as CFO or CEO in a number of significant and successful (mostly publicly-listed) commercial enterprises and investment banks. His executive experience had a heavy emphasis in corporate strategy, treasury, financial management, M&A and business development. As a professional director Doug has developed risk management and governance expertise. He has a strong background in IPO and start-ups and a reputation for innovation, perseverance and achieving solutions and results.
Qualifications:	Doug has a Bachelor of Commerce, Master of Business Administration and is a Fellow of the Australian Institute of Company Directors.
Other current ASX directorships:	Nil
Former ASX listed directorships (last 3 years):	Freedom Insurance Group Ltd (resigned 21 February 2020)
Interests in shares:	292,500 fully paid ordinary shares
Interests in options:	Nil
Interests in performance rights:	a) 500,000 unlisted Class O Performance Rights b) 500,000 unlisted Class P Performance Rights

Name:	**Michael Curtis**
Title:	Non-Executive Director (appointed 8 January 2019)
	B.Sciences, MBA
Experience and expertise:	Mr. Curtis is an experienced former investment banker and private equity executive. Mr Curtis is an active cannabis sector executive, having recently served as Vice President of Corporate Finance of Dosecann (an investee company prior to its successful divestment by HGV in 2018) and Managing Partner of Parallax Ventures Inc. (the Asset Manager of HGV's investments). Mr Curtis was previously the Chief Operating Officer and Director of Embark Health Inc.
Qualifications:	Michael has a Master of Business Administration, University of New Brunswick, Major: International Finance and a Bachelor of Sciences (Honours), McMaster University.
Other current ASX directorships:	Nil
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	Nil
Interests in performance rights:	Nil

Other current directorships and former directorships (last three years) quoted above are directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Information on Company Secretary

Mr Jim Hallam

Company Secretary and Chief Financial Officer ("CFO") (appointed as Company Secretary on 22 June 2018) Becon, ACIS/ACSA/MAICD

Jim has 25 years of experience in the investment management industry with alternative asset fund managers in Australia and overseas including Hastings Funds Management and Annuity Australia. Jim's roles include acting as responsible manager, investment manager and CFO within alternative asset fund managers.

He has a Bachelor of Commerce (Economics), is a member of the Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the "Board") held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board Meetings		Audit and Risk Committee	
Directors	**Number of Meetings Eligible to Attend**	**Number Attended**	**Number of Meetings Eligible to Attend**	**Number Attended**
Peter Wall	14	14	3	3
Winton Willesee	14	14	3	3
Doug Halley	14	14	3	3
Michael Curtis	14	14	n/a	n/a

Held: represents the number of meetings held during the time the director held office.

Remuneration Report (audited)

The Remuneration Report details the Key Management Personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

For the purposes of this Remuneration Report, Key Management Personnel includes the following Directors and senior executives who were engaged by the Company at any time during the year ended 30 June 2022:

a) Non-Executive Directors

Mr Peter Wall Non-Executive Chairman (appointed 14 August 2014)
Mr Winton Willesee Non-Executive Director (appointed 21 October 2014)
Mr Doug Halley Non-Executive Director (appointed 16 March 2018)
Mr Michael Curtis Non-Executive Director (appointed 8 January 2019)

b) Key Management Personnel

Mr Jim Hallam Chief Financial Officer (appointed 3 April 2018)

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to Key Management Personnel.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for Shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness.
- Acceptability to Shareholders.
- Performance linkage / alignment of executive compensation.
- Transparency.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.

The principles underpinning the consolidated entity's Remuneration Policy are that:

- Reward reflects the competitive global market in which HGV operates.
- Rewards to executives are linked to creating value for Shareholders.
- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity.
- Where appropriate, senior managers may receive a component of their remuneration in appropriately structured equity securities to align their interests with those of the Shareholders.

Non-Executive Directors' remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently $500,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity-based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more closely than may be the case with larger companies the Non-Executive Directors are entitled to participate in equity-based remuneration schemes subject to Shareholder approval.

All Directors are entitled to have their indemnity insurance paid by the Company.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Company's Remuneration Policy for executives is designed to promote superior performance and long-term commitment to the Company.

Overall remuneration policies provide a framework and quantum scale for remuneration whilst being subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is deemed by the Board to be in the interests of the Company and Shareholders to do so.

Executive remuneration and other terms of employment are reviewed regularly by the Board having regard to performance, relevant comparative information and expert advice.

The Company's Reward Policy reflects its obligation to align Executive's remuneration with Shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

The Executive remuneration and reward framework has four components:

- Salary – Executives receive a sum payable monthly in cash.
- Bonus – Executives are eligible to participate in a bonus or profit participation plan if deemed appropriate.
- Long term incentives – Executives may participate in share option/performance right schemes at the discretion of the Board.
- Other benefits – Executives are eligible to participate in superannuation schemes and other appropriate additional benefits.

The combination of these comprises the Executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ("STI") program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPI's") being achieved. KPI's include profit contribution, leadership contribution and product management and may be set by the consolidated entity from time to time.

The long-term incentives ("LTI") include share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in Shareholders' value relative to the entire market direct competitors. Executives may participate in employee share option/performance right schemes at the discretion of the Board.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. The cash bonus paid to the Chief Financial Officer during the previous financial year was awarded at the discretion of the Board.

Refer to the section below for details of the earnings and total Shareholder returns for the last five years.
The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Total income	(16,338)	(5,184)	(41,258)	33,642	(9,568)
Profit/(loss) before income tax	(17,795)	(6,799)	(42,902)	30,914	1,656
Income tax (expense)/benefit	(1,863)	(2,775)	2,821	(9,294)	(466)
Profit/(loss) after income tax	(15,932)	(4,024)	(40,082)	21,620	1,190

The factors that are considered to affect total shareholders return ("TSR") are summarised below :

	2022	2021	2020	2019	2018
Share price at start of financial year ($)	0.08	0.10	0.25	0.34	0.33
Share price at end of financial year ($)	0.064	0.08	0.10	0.25	0.34
Basic earnings per share (cents per share)	(6.93)	(1.75)	(17.61)	9.40	2.40
Diluted earnings per share (cents per share)	(6.93)	(1.75)	(17.61)	9.40	2.30

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director share plan, without prior approval of the Board.

Use of remuneration consultants

The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. There were no external remuneration consultants engaged during the period to provide such services. The chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Voting and comments made at the Company's 2021 Annual General Meeting ("AGM")

At the 2021 AGM, 83.81 % of the proxy votes cast at that meeting were in favour of the adoption of the Remuneration Report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Details of the remuneration of Key Management Personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits		Share based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super contribution	annual and long service leave	Termination	Equity settled	Total
2022	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Mr Peter Wall	72,000	-	-	-	-	-	-	72,000
Mr Winton Willesee	54,000	-	-	-	-	-	-	54,000
Mr Doug Halley	64,000	-	-	-	-	-		64,000
Mr Michael Curtis	-	-	-	-	-	-		0
Other Key Management Personnel:								
Mr Jim Hallam	250,000	-	-	-	19,231	-	29,536	298,767
	440,000	0	0	0	19,231	0	29,536	488,767

	Short-term benefits			Post-employment benefits	Long-term benefits		Share based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super contribution	annual and long service leave	Termination	Equity settled	Total
2021	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Mr Peter Wall	72,000	-	-	-	-	-	-	72,000
Mr Winton Willesee	54,000	-	-	-	-	-	-	54,000
Mr Doug Halley	64,000	-	-	-	-	-	4,844	68,844
Mr Michael Curtis	-	-	-	-	-	-	13,783	13,783
Other Key Management Personnel:								
Mr Jim Hallam	229,167	25,000	-	20,833	19,283	-	9,949	304,232
	419,167	25,000	0	20,833	19,283	0	28,577	512,860

Details of remuneration

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 30-Jun-22	Fixed remuneration 30-Jun-21	At risk - STI 30-Jun-22	At risk - STI 30-Jun-21	At risk - LTI 30-Jun-22	At risk - LTI 30-Jun-21	Total 30-Jun-22	Total 30-Jun-21
Non-Executive Directors:								
Mr Peter Wall	100%	100%	-	-	-	-	100%	100%
Mr Winton Willesee	100%	100%	-	-	-	-	100%	100%
Mr Doug Halley	100%	93%	-	-	-	7%	100%	100%
Mr Michael Curtis	-	-	-	-	-	100%	-	100%
Other Key Management Personnel:								
Mr Jim Hallam	89%	89%	-	8%	11%	3%	100%	100%

Service agreements

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Jim Hallam
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	3-Apr-18
Term of agreement:	Full time contract effective from 4 June 2018
Details:	- Base Salary - Hygrovest Limited: AUD250,000
	- Performance-based Incentives
	o 416,667 Class O performance rights
	o 416,666 Class P performance rights
	- 1,000,000 Options.
	- Termination Benefit: 3 months
	- Notice Period (no fault): 3 months

Performance based remuneration granted and forfeited during the year

There were no performance rights granted.

Share-based compensation

Options

The terms and conditions of each grant of Options over Ordinary Shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Name	Grant date	Vesting condition	Expiry date	Exercise price	Fair value per Option at grant date	Volatility	Option balance as at 30-Jun-22
Mr Jim Hallam	7-Jul-21	Subject to vesting conditions: 25% of the Options shall vest at the end of each of the four successive six-month periods following the date of issue.	29-Jul-24	$0.11	$0.04	80%	1,000,000

Note:

a) Grant date represents date of HGV Board approval. For accounting purposes, the vesting period these Options started on the date of HGV Board approval on 7 July 2021.

2022	LTI		
	Value Granted ($)	Value forfeited ($)	Value exercised ($)
Peter Wall	0	0	0
Winton Willesee	0	0	0
Doug Halley	0	158,001	0
Michael Curtis		112,000	
Jim Hallam	$29,536	143,113	0

The table above reflects the fair value of performance rights forfeited by Key Management Personnel during the year as a result of vesting hurdles not being achieved.

The fair value of the Options was determined using the Black-Scholes option valuation methodology.

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2022 other than for those which vested below:

Name	Option class	No. of options which vested during Financial Period	No. of options which became exercisable during Financial Period
Mr Jim Hallam	N	250,000	250,000

Performance rights

The terms and conditions of each grant of performance rights over Ordinary Shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Grant date	Class	Vesting condition	Vesting date and exercisable date	Exercisable	Expiry date	Fair value per right at grant date
28-Nov-19	Class O	Vests upon achieving a NAVS/SP Average of at least $0.5096 on or before 17 December 2022	17-Dec-22	Rights may be exercised for up to 12 months from date of vesting	17-Dec-23	$0.155
28-Nov-19	Class P	Vests upon achieving a NAVS/SP Average of at least $0.5995 on or before 17 December 2022	17-Dec-22	Rights may be exercised for up to 12 months from date of vesting	17-Dec-23	$0.155

Note:

Class O and P – Grant date represents date of Shareholder approval. For accounting purposes, the vesting period of these Performance Rights started on 31 August 2019.

Class O and P – For the purpose of the Milestones, NAVS/SP Average is calculated as the simple average of the Net Asset value per Share (NAVS) and the 20-trading day Volume Weighted Share Price (VWAP) for shares calculated at month end.

Name	Class	Number of rights granted	Grant date	Vesting date	Exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Jim Hallam	O	416,667	28-Nov-19	as above	as above	as above	as above	as above
Jim Hallam	P	416,666	28-Nov-19	as above	as above	as above	as above	as above
Peter Wall	O	833,333	28-Nov-19	as above	as above	as above	as above	as above
Peter Wall	P	833,334	28-Nov-19	as above	as above	as above	as above	as above
Winton Willesee	O	500,000	28-Nov-19	as above	as above	as above	as above	as above
Winton Willesee	P	500,000	28-Nov-19	as above	as above	as above	as above	as above
Doug Halley	O	500,000	28-Nov-19	as above	as above	as above	as above	as above
Doug Halley	P	500,000	28-Nov-19	as above	as above	as above	as above	as above

The Class O and P were valued using the share price at the date of grant.

Additional disclosures relating to Key Management Personnel
Shareholding

The number of Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received on the exercise of Options/ performance rights	Additions	Balance at the end of the year
Ordinary Shares				
Mr Peter Wall	8,637,500			8,637,500
Mr Winton Willesee	1,600,000		400,000	2,000,000
Mr Doug Halley	292,500	-		292,500
Mr Michael Curtis	0			0
Mr Jim Hallam	0			0
	10,530,000	0	400,000	10,930,000

Option holding

The number of Options over Ordinary Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year Vested	Balance at the start of the year Unvested	Balance at the start of the year Total	Granted	Exercised	Other changes during the period	Balance at the end of the year Total	Vested and exercisable	Unvested
Options over ordinary Shares									
Mr Michael Curtis	1,000,000	0	1,000,000	0	0	(1,000,000)	0	0	0
Mr Doug Halley	1,000,000	0	1,000,000	0	0	(1,000,000)	0		0
Mr Peter Wall	0	0	0	0	0	0	0	0	0
Mr Winton Willesee	0	0	0	0	0	0	0	0	0
Mr Jim Hallam	0	0	0	1,000,000	0	0	1,000,000	250000	750,000
	2,000,000	0	2,000,000	1,000,000	0	(2,000,000)	1,000,000	250,000	750,000

Note: The Other Changes during the period were expiry of options

Performance rights holding

The number of performance rights over Ordinary Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year Vested	Balance at the start of the year Unvested	Balance at the start of the year	Granted	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Mr Peter Wall	0	1,666,667	1,666,667				1,666,667	0	1,666,667
Mr Winton Willesee	0	1,000,000	1,000,000				1,000,000	0	1,000,000
Mr Doug Halley	0	1,000,000	1,000,000				1,000,000	0	1,000,000
Mr Michael Curtis	0	0	0				0	0	0
Mr Jim Hallam	0	2,083,333	2,083,333			(1,250,000)	833,333	0	833,333
	0	5,750,000	5,750,000	0	0	(1,250,000)	4,500,000	0	4,500,000

Other transactions with Key Management Personnel and their related parties:

During the reporting period, the consolidated entity engaged the services of the following related parties on arm's length and on normal commercial terms.

Steinepreis Paganin ("Steinepreis"), an entity associated with Mr Peter Wall, received payments totalling $12,374 (2021: $20,542) in relation to legal services provided to the consolidated entity. As at 30 June 2022 $nil (2021: $nil) was payable to Steinepreis by the consolidated entity.

Parallax Ventures, Inc. ("Parallax") an entity related to Mr Michael Curtis, received payments totalling $242,304 (2021: $338,985) in relation to investment management fees provided to the consolidated entity. As at 30 June 2022, $2,445 (30 June 2021: payable to Parallax $79,763) was payable by Parallax to the consolidated entity.

In the prior year the consolidated entity also entered into an agreement to grant 12,000,000 performance rights to Parallax, which were approved by Shareholders on 19 July 2019. The fair value of the performance rights has been determined using the share price at grant date of $0.29. For the year ended 30 June 2022 as the probability of the performance rights vesting is less than 50% it is considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period. The first tranche of the performance Rights (Class K) lapsed as the vesting hurdle under the Investment Management Agreement was not achieved.

At 30 June 2022, the consolidated entity also held investments in the following investees, which have Directors in common with the consolidated entity:

a) Parallax Ventures Inc. – Michael Curtis is a Partner of Parallax Ventures Inc.
b) The consolidated entity owns 4.8% of Parallax Ventures Inc. which was acquired for $75.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary Shares of Hygrovest Limited under option at the date of this report are as follows:

Issue date	Class	Expiry date	Exercise price	Number under option
29-Jul-21	N	29-Jul-24	$0.11	1,000,000
				1,000,000

No person entitled to exercise the Options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Date of Issue	Grant date	Class	Expiry date	Number under rights
18-Dec-19	28-Nov-19	O	18-Dec-22	2,250,000
18-Dec-19	28-Nov-19	P	18-Dec-22	2,250,000
				4,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no Ordinary Shares of Hygrovest Limited issued during the year ended 30 June 2022 and up to the date of this report arising from exercise of performance rights granted.

Indemnity and insurance of officers

The consolidated entity has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and executives of the consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the consolidated entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the consolidated entity, or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 13 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor (Please refer to note 13 Remuneration of auditors for details).
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants:

	2022 $	**2021** $
Other services - BDO Corporate Tax Pty Ltd taxation services	18,231	26,026

Officers of the Company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the Company who are former partners of BDO Audit (WA) Pty Ltd.

Rounding of amounts

The consolidated entity is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This Report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Peter Wall
Non-Executive Chairman

21 September 2022

Corporate Governance Statement

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council ("Recommendations").

The Board has adopted the suite of corporate governance policies and procedures which are contained with the Company's Corporate Governance Plan and the Company's Corporate Governance Statement, a copy of which is available on the Company's website at https://www.hygrovest.com.au/corporate-governance/.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out its compliance and departures from the Recommendations for the year ended 30 June 2022 in the Corporate Governance Statement is accurate and up to date as at 21 September 2022 and was approved by the Board of the Company.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

Hygrovest Limited

Consolidated statement of profit or loss and other comprehensive income

For the Financial Period

	Note	30-Jun-22	30-Jun-21
		$000	$000
Investment Income			
Interest income from financial assets at fair value through profit or loss		657	789
Net gains/(losses) on financial instruments at fair value through profit or loss		(13,932)	(4,771)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(3,062)	(1,132)
Total investment income/(loss)		(16,337)	(5,113)
Other Income/(Loss)			
Other operating income/(loss)		(0)	(70)
Total income/(loss)		(16,338)	(5,184)
Expenses			
Administration expenses		(622)	(705)
Asset management expenses		(242)	(339)
Employee and director related expenses		(564)	(543)
Operating expenses		(1,428)	(1,587)
Equity based payments reversal/(expense)	21	(30)	(29)
Total expenses		(1,457)	(1,615)
Profit/(Loss) before income tax		(17,795)	(6,798)
Income tax expense/(benefit)	5	(1,863)	(2,775)
Profit/(Loss) after income tax for the Financial Period		(15,932)	(4,024)
Other comprehensive income			
		0	0
Other comprehensive income for the Financial Period, net of tax		0	0
Total comprehensive profit/(loss) for the Financial Period		(15,932)	(4,024)
Profit/(Loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(15,932)	(4,024)
		(15,932)	(4,024)
Total comprehensive income/(loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(15,932)	(4,024)
		(15,932)	(4,024)
		Cents	Cents
Basic earnings/(loss) per share	20	(6.93)	(1.75)
Diluted earnings/(loss) per share	20	(6.93)	(1.75)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Hygrovest Limited

Consolidated statement of financial position

As at end of Financial Period

	Note	30-Jun-22 $'000	30-Jun-21 $'000
CURRENT ASSETS			
Cash and cash equivalents		6,319	3,445
Trade and other receivables	22	742	4,652
Financial assets at fair value through profit or loss	7	19,195	35,383
Total Current Assets		**26,256**	**43,480**
NON-CURRENT ASSETS			
Deferred tax assets	5	95	84
Total Non-Current Assets		**95**	**84**
TOTAL ASSETS		**26,351**	**43,564**
CURRENT LIABILITIES			
Trade and other payables		132	232
Total Current Liabilities		**132**	**232**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5	1,869	3,081
Total Non-Current Liabilities		**1,869**	**3,081**
TOTAL LIABILITIES		**2,001**	**3,313**
NET ASSETS		**24,350**	**40,252**
EQUITY			
Contributed equity	8	51,786	51,786
Reserves	9	27	349
Retained Earnings/(Accumulated Losses)		(27,463)	(11,882)
TOTAL EQUITY		**24,350**	**40,252**
Net Tangible Assets per share ($)		**0.1055**	**0.1747**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Hygrovest Limited

Consolidated statement of cash flows

For the Financial Period

	Note	30-Jun-22 $'000	30-Jun-21 $'000
Cash flows from operating activities			
Payments to employees & suppliers		(1,579)	(1,286)
Interest received		582	767
Payments for financial assets at FVPL		(4,973)	(449)
Proceeds from disposal of financial assets at FVPL		4,186	3,330
Company tax refund		4,628	0
Net cash/(used in) from operating activities	6	**2,844**	**2,363**
Cash flows from investing activities			
Other		0	0
Net cash used in investing activities		**0**	**0**
Cash flows from financing activities			
Other		0	0
Net cash/(used in) from financing activities		**0**	**0**
Net increase/(decrease) in cash & cash equivalents		**2,844**	**2,363**
Cash at the beginning of the Financial Period		3,445	1,042
Effects of exchange rate changes on cash and cash equivalents		29	41
Cash & cash equivalents at end of Financial Period		**6,319**	**3,445**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

The financial statements cover Hygrovest Limited as a consolidated entity consisting of Hygrovest Limited and the entity it controlled at the end of, or during, the year ended 30 June 2022 (the "Financial Period"). The financial statements are presented in Australian dollars, which is Hygrovest Limited's functional and presentation currency.

Hygrovest Limited is a listed public company limited by Shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

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

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a Resolution of Directors, on 21 September 2022. The Directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 17.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hygrovest Limited (the "Company" or "parent entity") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Hygrovest Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without acquiring or losing control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Hygrovest Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements and is exempt from accounting for associates in accordance with AASB 128 Investments in Associates and Joint Ventures.

Investments

The Company is classified as an Investment Entity (in accordance with AASB 10 Consolidated Financial Statements) being a business whose purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity and recognises its investments as 'held for trading', the portfolio investments have been accounted for at fair value through profit or loss and shown as financial assets in the statement of financial position.

Investments held at fair value through profit or loss are initially recognised at fair value. Transaction costs related to acquisitions are expensed to profit or loss immediately. Subsequent to initial recognition, all financial instruments held at fair value are accounted for at fair value, with changes to such values recognised in profit or loss.

Investments are recognised on a settlement date basis.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements and is exempt from accounting for associates in accordance with AASB 128 Investments in Associates and Joint Ventures.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity’s normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Share-based payment transactions of the Company

Equity - settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the Financial Period.

Goods and Services Tax (“GST”) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to “rounding-off”. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of Options is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Performance rights were valued using a hybrid up and in single share price barrier model or where applicable, value based on the share price on grant date.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgements and estimations, considering factors specific to the asset or liability.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker (“CODM”), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Hygrovest Limited. The Group has determined that it has one operating segment, being the investing operations, and results are analysed as a whole by the CODM, being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

6. Reconciliation of profit after income tax to net cash used in operating activities

	2022 $'000	2021 $'000
Profit/(loss) after income tax expense for the year	(15,932)	(4,024)
Adjustments for:		
Depreciation and amortisation	6	1
Write-off of fixed assets	3	2
Share-based payments	30	29
Interest income receivable	(45)	342
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	3,062	1,132
Changes in the fair value of equity investments at fair value through profit and loss	13,932	4,771
Proceeds from disposal of financial assets at fair value through profit or loss	4,186	3,330
Payments for financial assets at fair value through profit or loss	(4,973)	(449)
Change in operating assets and liabilities:		
Increase in other assets	(10)	(84)
Decrease/(increase) in trade and other receivable	3,911	(4,597)
Increase/(decrease) in trade and other payables	(100)	69
Increase in other liabilities	(1,225)	1,842
Net cash used in operating activities	2,844	2,363

7. Financial assets held at Fair Value through Profit or Loss

Financial assets held at Fair Value through Profit or Loss

	30-Jun-22 $000	30-Jun-21 $000
Financial assets at fair value through profit or loss		
Equity financial assets - current		
Investment in Bevcanna Enterprises Inc.	380	0
Investment in Embark Health Inc	0	2,627
Investment in Weed Me Inc	6,988	9,534
Investment in Southern Cannabis Holdings	1,128	4,265
Investment in Harvest One Cannabis Inc.	1,876	7,224
Investment in Martha Jane Medical Limited	0	0
Investment in Vitagenne Inc.	0	0
Investment in Medipharm LABS Inc.	0	17
Investment in Volero Inc.	0	0
Investment in Bespoke	2,088	3,179
Investment in J Supply	323	308
Investment in Brainworks	1,452	0
Investment in Sequoya	0	0
Investment in Parallax Ventures Inc.	0	0
Investment in Saturn Oil & Gas Inc.	114	0
Investment in Entourage Health Corp (Formerly known as WeedMD)	21	0
	14,369	27,153
Convertible and loan financial assets - current		
Investment in Sequoya	912	3,762
Investment in Weed Me Inc.	2,914	0
Investment in Valo	1,000	0
Investment in Entourage Health Corp (Formerly known as WeedMD)	0	4,468
	4,826	8,230
Financial assets at fair value through profit or loss - current	19,195	35,383
Financial assets at fair value through profit or loss - total	19,195	35,383

Note: The investment in Weed Me Inc. convertible notes includes the fair value of $0.701m assessed by the Company in respect of the conversion value of the convertible notes.

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous Financial Period are set out below:

	30-Jun-22 $000	30-Jun-21 $000
Opening fair value	35,383	44,486
Additions - financial assets at fair value through profit and loss	6,028	1,464
Changes in the fair value of equity investments at fair value through profit and loss	(13,932)	(4,771)
Net foreign exchange gain/(loss) on disposal of loan investments at fair value through profit and loss		(69)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	(3,062)	(1,202)
Accrued interest	45	(342)
Disposal of financial assets at fair value through profit and loss	(5,242)	(4,022)
Other movements	(25)	(161)
Closing fair value	19,195	35,383

The following table presents the changes in level 3 instruments for the Financial Period:

		Unlisted equity securities	Convertible debenture receivable	Total
		$000	$000	$000
Opening balance	**1-Jul-21**	**20,875**	**3,762**	**24,638**
Transfer to level 1		0	0	**0**
Disposals		(1,055)	0	**(1,055)**
Acquisitions		1,397	3,332	**4,729**
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(2,548)	0	**(2,548)**
Accrued interest		0	45	**45**
Net gains/(losses) on financial instruments at fair value through profit or loss		(6,684)	(2,291)	**(8,975)**
Other movements		(7)	(21)	**(28)**
Closing balance	**30-Jun-22**	**11,979**	**4,826**	**16,805**

Refer for further information on fair value measurement.

There were no transfers between the levels of the fair value hierarchy in the Financial Period. There were also no material changes made during the Financial Period to any of the valuation techniques applied as of 30 June 2022.

Fair Value Measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

There were no transfers between the levels of the fair value hierarchy in the Financial Period.

Level 3 financial assets at fair value through profit or loss unobservable inputs and sensitivity are as follows:

Description	Valuation Methodology	Fair Value of Instruments ($'000)	Input	Sensitivity	Sensitivity Impact ($'000)
Unlisted shares/stock	Issue price of shares from latest significant capital raising or at arm's length transaction of instruments held	2,088	Recent share price	10% (10%)	209 (209)
	and/or EV/Rev multiple: For the Financial Period, when utilising the Enterprise Value to Revenue Multiple, revenue for the last twelve months has been used with a multiple of 1.5x which has been determined from a peer list of Australian companiesand a multiple of 1.9x which has been determined from a peer list of Canadian companies	7,783	Revenue	10% (10%)	759 (759)
	and/or assessment against relevant market indices and/or	323	Market indices	5% (5%)	16 (16)
	Retention at acquisition where the investment was within twelve months of valuation date and there HGV assess that there has been no material change in the prospects of the investee	1,452	Acqusition cost	10% (10%)	145 (145)
Unlisted warrants/options	Unlisted warrants/ conversion options which are not actively traded are valued using a Black-Scholes valuation methodology.	948	Share Price	10% (10%)	99 (96)
			Volatility	5% (5%)	198 (2)
Unlisted convertible debentures and loan instruments	Convertible debentures and loan instruments are valued using an assessment of the capacity of the investee to repay principal and interest	4,212	Market interest rate	2% (2%)	(81) 84
	Total:	**16,805**			

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair value in active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in note 2 of the financial statements.

For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Company is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses midmarket prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of a recent share price from capital raising and option pricing models that provides a reliable estimate of prices obtained in actual market transactions.

For option pricing models, inputs are based on available market data other than underlying share price of unlisted equity investments, such as expected volatility and risk-free rates. Fair values for unquoted equity investments are estimated, using the latest share price from capital raising or arm's length transaction, or in the absence of a recent transaction, an enterprise value to revenue multiple or benchmarked to market movements indicated relevant market indices.

The COVID-19 pandemic continued to create significant social and economic upheaval in Financial Period, causing economic uncertainty across all industries globally, and resulting in extreme fluctuations in global share markets. The social, economic and financial impacts of COVID-19 are expected to continue in year ending 30 June 2023, and we expect further changes in government policy and regulations in order to address these impacts. All of these changes will impact the intention and/or ability of companies to generate returns and pay dividends, including those companies in which HGV invests. There has been no measurable impact of the COVID-19 on investee valuations.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

8. Equity – contributed equity

Movements in ordinary share capital	**30-Jun-22 Shares**	**30-Jun-21 Shares**	**30-Jun-22 $'000**	**30-Jun-21 $'000**
Ordinary Shares - fully paid	229,953,985	229,758,985	51,786	51,786

Details	**Date**	**Shares**	**$'000**
Balance	**30-Jun-20**	229,953,985	51,786
No changes		0	0
Balance	30-Jun-21	229,953,985	51,786
No changes		0	0
Balance	**30-Jun-22**	229,953,985	51,786

Issue of new performance rights or options issued to Key Management Personnel

Apart from the issue of Class N options during the Financial Period, there were no new Performance Rights or Options issued to Directors and other Key Management Personnel during the Financial Period. The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

Ordinary Shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the Shares held. The fully paid Ordinary Shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Preference Shares

Preference Shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the Shares held, with priority over ordinary Shareholders.

Preference Shares do not have any voting rights.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for Shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new Shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Accounting policy for contributed equity

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

9. Equity – reserves

	30-Jun-22 $'000	30-Jun-21 $'000
Options reserve	27	263
Performance rights reserve	-	85
	27	**349**

Options and performance rights reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Options reserve	Performance rights reserve	Total
	$'000	$'000	$'000
Balance at 30 June 2020	825	76	901
Reversal of option expense/reserve	(581)	0	(581)
Shared based payments	19	10	29
Balance at 30 June 2021	**263**	**86**	**349**
Lapse of options	(270)	0	(270)
Lapse of performance rights	0	(107)	(107)
Other transactions	7	19	26
Share-based payment	27	2	30
Balance at 30 June 2022	27	(0)	27

10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

11. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives (“finance”) under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a quarterly basis.

	30-Jun-22	30-Jun-21
	$'000	$'000
Financial Assets		
Cash and cash equivalents	6,319	3,445
Trade and other receivables	742	4,652
Financial assets at fair value through profit or loss	19,195	35,383
Total financial assets	26,256	43,481
Financial Liabilities		
Trade and other payables	132	232
Total financial liabilities	132	232

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency (and is exposed to foreign currency risk through foreign exchange rate fluctuations).

Interest rate risk

As the consolidated entity's major cash and financial loan assets are cash deposits which are held in fixed or variable interest rate deposits and fixed interest rate convertible notes and loans. The consolidated entity's income and operating cash flows are materially exposed to changes in market interest rates. The consolidated entity manages this risk by only investing cash in minimum Standard & Poor's credit rating of AA- (or equivalent) rated institutions and maintaining an appropriate mix between different terms.

At reporting date, the Group had the following exposure to variable interest rate risk:

	30-Jun-22 $'000	30-Jun-21 $'000
Financial assets		
Cash and cash equivalents		
Australia	1,458	228
Canada	4,860	3,218
	6,319	3,445
Convertible notes:		
Canada	4,826	8,204
Net exposure to cash flow interest rate risk	11,145	11,650

The consolidated entity's exposures to changes in interest rates are immaterial.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk arises from cash and cash equivalents, trade and other receivables, and investments in debt securities.

As of 30 June 2022, the consolidated entity does not have any material trade and other receivables. While cash and cash equivalents are also subject impairment requirements of AASB 9, the unidentified impairment loss was immaterial as only independently rated parties with a minimum Standard & Poor's credit rating of AA- (or equivalent) are accepted. With respect to credit risk arising from the financial assets of the consolidated entity, the consolidated entity's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the far value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date. As at 30 June 2022 the Company is exposed to credit risk on its unlisted loan receivables and debentures which total $4.8m. Debt investments at fair value through profit or loss include listed and unlisted debt securities. The loss allowance for debt investments at fair value through profit or loss is recognised in the profit or loss and is deemed immaterial for the year ended 30 June 2022. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates and credit risk of instruments are considered by the Company on a regular basis. Of the total loan receivables and debentures $0.9m is secured against the assets of the respective investment.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management is managed through:

- maintaining sufficient cash;
- prudent oversight of future funding requirements;
- maintaining ongoing contact to facilitators of further funding; and
- only investing surplus cash with major financial institutions.

It is the consolidated entity's policy to review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and maintain appropriate liquidity levels.

The consolidated entity funds its activities through capital raising in order to limit its liquidity risk. The consolidated entity does not have any unused credit facilities.

12. Key Management Personnel disclosures

Directors

The following persons were Directors of Hygrovest Limited during the financial year:

Mr Peter Wall	Non-Executive Chairman
Mr Winton Willesee	Non-Executive Director
Mr Doug Halley	Non-Executive Director
Mr Michael Curtis	Non-Executive Director

Other Key Management Personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Jim Hallam	Chief Financial Officer of the Group

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the consolidated entity is set out below:

	2022 $	2021 $
Short-term employee benefits	423,667	444,167
Long-term employee benefits	19,231	40,116
Share-based payments	29,536	28,577
	472,433	512,860

13. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company and its network firms:

	2022 $	2021 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	83,139	89,134
Other services - BDO Corporate Tax Pty Ltd		
taxation services	18,231	26,026
	101,370	115,160

14. Contingent assets and liabilities

The entity had no contingent assets and liabilities as at 30 June 2022 (2021:Nil).

15. Commitments

	2022 $'000	2021 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	86	79
One to five years	0	0
More than five years	0	0
	86	79

The Group has no other commitments for expenditure at 30 June 2022.

16. Related party transactions

(a) Key Management Personnel

The following persons were Directors of Hygrovest Limited during the period ended 30 June 2022:

Mr Peter Wall	Non-Executive Chairman
Mr Winton Willesee	Non-Executive Director
Mr Doug Halley	Non-Executive Director
Mr Michael Curtis	Non-Executive Director

Interests in subsidiaries are set out in note 18.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 12 and the Remuneration Report included in the Directors' Report.

(b) Transactions with related parties

The Board's policy in determining the nature and amount of compensation and discussion of the relationship between the Board's policy and the entity's performance are provided in the remuneration report section of the Directors' Report.

(c) Other transactions with Key Management Personnel and their related parties

During the reporting period, the consolidated entity engaged the services on the following related parties on normal commercial terms and conditions no more favourable than those available to other parties:

	2022 $	2021 $
Investment management fees paid to Parallax Ventures, an entity related to Mr Michael Curtis	242,304	338,985
Steinepreis Paganin, an entity associated with Mr Peter Wall, received payments in relation to legal services provided to the consolidated entity.	12,374	20,542

	2022 $	2021 $
Current Payables:		
Investment management fees payable to/(receivable from) Parallax Ventures, an entity related to Mr Michael Curtis	(2,445)	79,763

In the prior year the consolidated entity also entered into an agreement to grant 12,000,000 performance rights to Parallax, which were approved by Shareholders on 19 July 2019. The fair value of the performance rights has been determined using the share price at grant date of $0.29. For the year ended 30 June 2022 as the probability of the performance rights vesting is less than 50% it is considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period. The first tranche of the performance Rights (Class K, L and M) lapsed as the vesting hurdle under the Investment Management Agreement was not achieved.

At 30 June 2022, the consolidated entity also held investments in the following investees, which have Directors in common with the consolidated entity:

a) Parallax Ventures Inc. – Michael Curtis is a Partner of Parallax Ventures Inc.
b) The consolidated entity owns 4.8% of Parallax Ventures Inc. which was acquired for $75.

There were no loans made to Directors and other Key Management Personnel of the consolidated entity during the year.

17. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2022 $'000	**2021 $'000**
Profit/(loss) after income tax	(15,932)	(4,024)
Total comprehensive profit/(loss)	(15,932)	(4,024)

Statement of financial position

	30-Jun-22 $'000	**30-Jun-21 $'000**
Total current assets	23,665	34,114
Total assets	26,351	43,642
Total current liabilities	132	207
Total liabilities	2,001	3,389
Equity		
Contributed equity	51,786	51,786
Options reserve	27	263
Performance rights reserve	-	85
Retained Earnings	(27,463)	(11,882)
Total equity	24,350	40,252

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

18. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	30-Jun-22 %	30-Jun-21 %
PhytoTech Medical (UK) Pty Ltd	United Kingdom	100	100

19. Events after the reporting period

On 20 September 2022 HGV executed an Investment Management Agreement ("IMA") 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). The IMA is effectively on the same terms as the previous Investment Management Agreement, entered into with Parallax in 2019.

Subject to shareholder approval at the 2022 Annual General meeting, the Company will also issue 6,500,000 performance rights (**"Performance Rights"**) to Parallax, where 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 hurdles:

a) the first tranche of 4 million Performance Rights (**"First Tranche"**) will vest upon achieving a Net Asset Value per Share (NAVS)/Share Price (SP) Average(NAVS/SP Average) 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 a premium of at least 35% to the NAVS on 30 June 2022,

(together, the Milestones).

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.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

20. Earnings per share

	30-Jun-2022 $'000	30-Jun-2021 $'000
Profit/(loss) after income tax	(15,932)	(4,024)
Profit/(loss) after income tax attributable to the owners of Hygrovest Limited	(15,932)	(4,024)
	Number	**Number**
Weighted average number of ordinary Shares used in calculating basic earnings per share	229,953,985	229,953,985
Adjustments for calculation of diluted earnings per share:		
Options over ordinary Shares	0	0
Performance rights over ordinary Shares	0	0
Weighted average number of ordinary Shares used in calculating diluted earnings per share	229,953,985	229,953,985
	Cents	**Cents**
Basic earnings per share	(6.93)	(1.75)
Diluted earnings per share	(6.93)	(1.75)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Hygrovest Limited, excluding any costs of servicing equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential ordinary Shares.

21. Share-based payments

The Group provided the following in the form of share-based payment transactions:

	30-Jun-22	30-Jun-21
	$	$
Vesting of HGV Options issued in prior periods	27,210	18,628
Vesting of HGV Performance Rights	2,326	9,949
Total share-based payments/(reversal)	29,536	28,577

a) Performance Rights

Set out below are summaries of performance rights granted and expired during the Financial Period under the plan:

2022 Grant date	Class	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15-Jun-18	H	26-Feb-22	416,667			(416,667)	0
15-Jun-18	I	26-Feb-22	416,666			(416,666)	0
15-Jun-18	J	26-Feb-22	416,667			(416,667)	0
19-Jul-19	L	7-Aug-22	4,000,000				4,000,000
19-Jul-19	M	7-Aug-22	4,000,000				4,000,000
28-Nov-19	O	17-Dec-22	2,250,000				2,250,000
28-Nov-19	P	17-Dec-22	2,250,000				2,250,000
			13,750,000	0	0	(1,250,000)	12,500,000

For the Class L and M Performance Rights, grant date was taken as shareholder approval for accounting purposes, the vesting period started on 7 June 2019.

Vesting of performance rights granted in prior periods

There were no performance rights vested that were granted in prior periods.

b) Reconciliation of Options on Issue

1-Jul-20	**Opening balance**	**2,875,000**
19-Apr-21	Expiry of Class K options	(875,000)
30-Jun-21	**Closing balance**	**2,000,000**
1-Jul-21	**Opening balance**	**2,000,000**
29-Jul-21	Issue of Class N options	1,000,000
24-Oct-21	Expiry of Class L options	(1,000,000)
3-Apr-22	Expiry of Class M options	(1,000,000)
30-Jun-22	**Closing balance**	**1,000,000**

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of Shares, or Options over Shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

22. Trade and other receivables

	30-Jun-22 $'000	30-Jun-21 $'000
Company tax refund	689	4,628
Other receivables	53	24
	742	**4,652**

The Company is entitled to a company tax refund of $0.7m as at 30 June 2022 in respect of recovery of tax paid in the financial year ended 30 June 2019 and now recoverable under the tax loss carry back provisions announced on 6 October 2020 by the Federal Government. Companies which paid tax in respect of financial year ended 30 June 2019 (HGV paid tax of $5.893m in respect of financial year ended 30 June 2019) can offset the tax paid against tax losses in the 2019-20 and 2020-21 income years. The refund is expected to be received by December 2022 after lodgment of the Company tax return for the year ended 30 June 2022.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 25 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Hygrovest Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth

21 September 2022

Additional information required by ASX Listing Rules

The additional information required the ASX Listing Rules set out below was applicable as at 13 August 2022.

1. Quotation

Listed securities in Hygrovest Limited are quoted on the Australian Securities Exchange under ASX code "HGV" (fully paid Ordinary Shares).

2. Voting rights

The voting rights attached to the fully paid Ordinary Shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands every member present at a meeting (including virtual meetings through an online meeting platform) in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no voting rights attached to any options or performance rights on issue.

3. Twenty largest shareholders

The twenty largest Shareholders of the Company's quoted fully paid ordinary shares as at 13 August 2022 are as follows:

Position	Holder Name	Holding	% IC
1	J P MORGAN NOMINEES AUSTRALIA PTY LIM	13,605,376	5.92%
2	MR GEORGE CHIEN-HSUN LU	7,000,000	3.04%
3	MR PETER CHRISTOPHER WALL & MRS TANYA-LEE WALL <WALL FAMILY SUPER FUND A/C>	4,500,000	1.96%
4	PERPETUAL CORPORATE TRUST LTD <AFFLUENCE LIC FUND>	4,000,000	1.74%
4	PHEAKES PTY LTD <SENATE A/C>	4,000,000	1.74%
5	MR CARL GIANATTI & MRS MARGARET R GIANATTI <THE GIANATTI SUPER FUND A/C>	3,464,847	1.51%
6	MRS LILY MAH <MJ A/C>	3,398,240	1.48%
7	CITICORP NOMINEES PTY LIMITED	3,035,185	1.32%
8	WHILEY CLOSE INVESTMENTS PTY LTD <SIMS FAMILY SUPER A/C>	2,500,000	1.09%
9	LU'S INTERNATIONAL LIMITED	2,305,000	1.00%
10	UNITED TROLLEY COLLECTIONS P/L	2,169,899	0.94%
11	SILVERINCH PTY LIMITED <THE SILVERINCH S/F A/C>	2,000,000	0.87%
12	BNP PARIBAS NOMINEES PTY LTD ACF CLE	1,657,905	0.72%
13	MR WILLIAM PURCELL TAPPER & MRS SUSAN TAPPER <TAPPER FAMILY AUSSIE A/C>	1,500,000	0.65%
14	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	1,427,107	0.62%
15	MR WON JUN CHUNG	1,228,000	0.53%
16	BNP PARIBAS NOMS PTY LTD <DRP>	1,155,303	0.50%
17	EXPLORER CORPORATION PTY LTD	1,131,547	0.49%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIM	1,021,837	0.44%
19	ENIFILM PTY LIMITED <BLACKWELL ENG S/FUND A/C>	1,003,582	0.44%
20	MR RICHARD STONE	1,000,000	0.43%
20	CAP ROCK INVESTMENTS PTY LTD <GR & KM COX S/F A/C>	1,000,000	0.43%
	Total	**64,103,828**	**27.88%**
	Total issued capital - selected security class	**229,953,985**	**100.00%**

4. Distribution of shareholders

i) Fully paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,	1,097	767,745	0.33%
above 1,000 up to and includir	5,077	13,783,998	5.99%
above 5,000 up to and includir	1,985	15,858,770	6.90%
above 10,000 up to and includ	2,578	78,999,495	34.35%
above 100,000	248	120,543,977	52.42%
Totals	**10,985**	**229,953,985**	**100.00%**

Based on the price per security, number of holders with an unmarketable holding: 7113, with total 20,583,359, amounting to 8.95% of Issued Capital

ii) Class N options

Holding Ranges		Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000		-	-	-
above 1,000 up to and including 5,000		-	-	-
above 5,000 up to and including 10,000		-	-	-
above 10,000 up to and including 100,000		-	-	-
above 100,000		1	1,000,000	100.00%
Totals		**1**	**1,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

James Hallam – 1,000,000 options

iii) Class O Performance Rights

Holding Ranges		Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000		-	-	-
above 1,000 up to and including 5,000		-	-	-
above 5,000 up to and including 10,000		-	-	-
above 10,000 up to and including 100,000		-	-	-
above 100,000		4	2,250,000	100.00%
Totals		**4**	**2,250,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Position	Holder Name	Holding	% IC
1	PHEAKES PTY LTD <SENATE A/C>	833,333	37.04%
2	CHAVOO PTY LTD <MIDHURST SUPER FUND A/C>	500,000	22.22%
2	CHINCHERINCHEE NOMINEES PTY LTD	500,000	22.22%

iv) Class P Performance Rights

Holding Ranges		Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000		-	-	-
above 1,000 up to and including 5,000		-	-	-
above 5,000 up to and including 10,000		-	-	-
above 10,000 up to and including 100,000		-	-	-
above 100,000		4	2,250,000	100.00%
Totals		**4**	**2,250,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Position	Holder Name	Holding	% IC
1	PHEAKES PTY LTD <SENATE A/C>	833,334	37.04%
2	CHAVOO PTY LTD <MIDHURST SUPER FUND A/C>	500,000	22.22%
2	CHINCHERINCHEE NOMINEES PTY LTD	500,000	22.22%

5. Substantial shareholders

In a substantial holding notice dated 6 September 2022, Capital H Management Pty Ltd had an interest in 14,523,924 ordinary shares as of 6 September 2022, which represented 6.3% of HGV's ordinary shares at this time.

6. Restricted securities

There are no restricted securities listed on the Company's register as at 13 August 2022.

7. Current on market share buyback

The Company does not have a current on-market share buyback.

8. Investment transactions

The total number of contract notes that were issued for transactions in securities during the Financial Period was 10 (2021–15). Each contract note could involve multiple transactions. The total amount of brokerage paid on these contract notes was $2,956 (2021:$568).

9. Management Fees

The total management fees paid or accrued during the Financial Period were $242,304 (2021:$338,985).

10. Summary of Investment Management Agreement

On 20 September 2022, the Company executed an Investment Management Agreement ("IMA") with Parallax Ventures Inc. ("Parallax") and was effective from 1 July 2022. The Company provides a summary of the IMA with Parallax:

a) (Term): The appointment of Parallax shall be for an initial term of one (1) year commencing on 1 July 2022 (Term) (if not terminated earlier).

b) (Extension): The Company has the right to extend the IMA for up to two years subject to Parallax's agreement.

c) (Exclusivity): Parallax will provide the services to the Company on an exclusive basis during the Term. Parallax may not assign their obligations without the consent of the Company, however, Parallax is not precluded from providing services to another entity.

d) (Consideration): The Company must pay to Parallax annual fees in an amount equal to:

   i. 0.50% per annum of the book value of the Company's investments as at 1 June 2019; and

   ii. 1.5% per annum of the book value of the Company's investments that are added after 1 June 2019,

   (together, Management Fees). The Management Fees are capped annually at 1.0% per annum of the Company's year-end Net Asset Value.

e) (Expenses): The Company agrees to reimburse Parallax on request of all costs and out-of-pocket expenses incurred by Parallax in connection with its performance of the services.

f) (Termination): Either party may terminate the IMA by providing 3 months' written notice.

   i. The Company may immediately terminate the IMA at any time by notice to Parallax if any key professional person or Michael Curtis leaves the employ of Parallax's corporate group without the Company's consent.

   ii. (Variation): The IMA may only be varied or replaced by a document executed by the parties; all material variations will be subject to approval of the Shareholders as required by the ASX Listing Rules.

Subject to shareholder approval[5], the Company will issue 6,500,000 performance rights (**"Performance Rights"**) to Parallax, under the following terms:

1) Subject to applicable tax and securities law compliance and completion of an audit of the Company's Net Asset Value, by an external auditor appointed by the Company, within 60 days of the applicable month end, 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 hurdles:

   a) the first tranche of 4 million Performance Rights (**"First Tranche"**) will vest upon achieving a NAVS/SP Average of at least \$0.1147, (being a premium of at least 35% to the NAVS/SP Average on 30 June 2022 of \$0.0850); 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 at least \$0.1430 (being a premium of at least 35% to the NAVS on 30 June 2022 of \$0.1059),

   (together, the Milestones).

2) For the purpose of the Milestones, the NAVS/SP Average is calculated as the simple average of the audited Net Asset Value per Share (**"NAVS"**) and the 20-trading day VWAP for Shares (**"SP"**) at month-end. For the purpose of the Milestone calculation, the SP is required to be above the 20-trading day VWAP SP calculated as at 30 June 2022.

3) The Milestone NAVS/SP are calculated as at 30 June 2022.

4) In order to determine if the NAVS/SP Average and NAVS performance hurdles have been achieved:

   a) the month end NAVS will be determined (as at the close of business on the last day of every calendar month) and audited by an external auditor appointed by the Company; and
   b) the monthly VWAP of the Company's share price will be determined (as at the end close of trade on the last trading day of the calendar month),

   then these two numbers will be combined and divided by two to ascertain whether the hurdle for the First Tranche has been achieved.

5) Where a Performance Right vests, Parallax will have six months to convert the Performance Right into Shares or the applicable Performance Right will lapse.

6) The Performance Right shall have a period of 15 months from 30 June 2022 to achieve the relevant Milestones vesting hurdles and will lapse immediately if the hurdle is not achieved at 30 September 2023.

7) Subject to applicable tax and securities law compliance, the Company shall establish a trading program to settle Shares (upon conversion of the Performance Rights) for Parallax or any foreign citizens who would otherwise not be able to trade Shares directly.

8) Other terms of the Performance Rights are materially consistent with those set out in Schedule 4 of the existing IMA.

For example, the First Tranche would be issued if the hurdle of 11.47 cents is achieved within 15 months of Parallax's extension, which represents a NAVS of 14.30 cents and an HGV share price of 8.64 cents[6] if the HGV share price and NAVS both rise by 35%.

[5] Approval to be sought at the 2022 HGV Annual General Meeting.

[6] Assumes the HGV share price and NAV equally increase by 35%.

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.