Hygrovest Limited
Appendix 4E
Preliminary Final Report

1. Company details

Name of entity:	Hygrovest Limited ("the Company" or "consolidated entity")
ABN:	91 601 236 417
Reporting period:	For the year ended 30 June 2023 (the "Financial Period")
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			30-Jun-23	30-Jun-22
			$'000	$'000
Revenues from ordinary activities	up	84%	(2,592)	(16,338)
(Loss) from ordinary activities after tax attributable to the owners of Hygrovest Limited	down	75%	(3,984)	(15,932)
(Loss) for the year attributable to the owners of Hygrovest Limited	down	75%	(3,984)	(15,932)

3. Commentary on results for the period

The loss for the consolidated entity after providing for income tax amounted to $4.0m (30 June 2022: loss of $15.9m).

The loss for the period included the following material gains and losses on investments[1]:

	Gains/(losses) from material investments Year ended	Book value
	30-Jun-23 $000	30-Jun-23 $000
Investment in Delivra Health Brands (formerly Harvest One Cannabis)	(1,246)	629
Investment in Southern Cannabis Holdings	2,854	3,982
Investment in Weed Me Inc	247	10,249
Investment in Sequoya	(1,076)	0
Investment in Bespoke (Vintage Wine Estates)	(1,991)	97
Investment in Medio Labs (formerly Brainworks)	(478)	1,959
Investment in Valo	(500)	500

Operating overheads for the Financial Period were $1.5m[2] up from $1.4m from the previous Financial Period.

The net assets of the consolidated entity decreased from $24.3m as at 30 June 2022 to $19.4m as at 30 June 2023. The primary reason for the decrease in net assets was unrealised losses on the Company's investment portfolio during the period.

4. Net tangible assets

During the Financial Period, the net tangible asset backing per share decreased from 10.55 cents as at 30 June 2022 to 9.18 cents as at 30 June 2023. 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.

[1] Includes unrealised and realised gains and losses, interest and dividend income as applicable.
[2] Excludes non-cash share-based payments expense.

The audited net tangible asset backing per share of 9.18 cents as at 30 June 2023 reduced from the 9.78 cents reported in HGV's 14 July 2023 release to the ASX pursuant to listing rule 4.12. The reduction was due to a write down of HGV's investment in Sequoya Cannabis Inc. ("Sequoya") as at 30 June 2023 following a review of the prospects for the Sequoya business consequent upon HGV, in August 2023, receiving new information about those prospects. The restatement of the information reported to ASX on 14 July 2023 is provided in the below table:

	Lodged with ASX on 14 July 2023	**Audited**
	30-Jun-23	30-Jun-23
	Cents	Cents
Net asset value/share	9.82	9.21
Net tangible asset value (after tax)/share	9.78	9.18
Net tangible asset value (before tax)/share	10.89	10.28

5. Control gained over entities

Not applicable

6. Loss of control over entities

Not applicable

7. Dividends

Current period

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

Previous period

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

8. Dividend reinvestment plans

Not applicable

9. Details of associates and joint venture entities

Not applicable

10. Foreign entities

Not applicable

11. Audit qualification or review

Details of audit/review dispute or qualification (if any):

None

12. Attachments

Details of attachments (if any):

The Annual Report of the Company for the year ended 30 June 2023 is attached including audited financial statements.

This document provides all the disclosures required under listing rule 4.3A.

Hygrovest Limited

ABN 91 601 236 417

Annual Report – 30 June 2023

Contents

Corporate Directory

Directors	Mr Warwick Sauer (Non-Executive Chairman)
	Mr David Prescott (Non-Executive Director)
	Mr Jason Byrne (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr James 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 Automic Group Level 5, 126 Phillip Street Sydney NSW 2000
Time	12:30pm (AEST)
Date	22 November 2023
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 must be lodged at the registered office by 4 October 2023.

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 "Hygrovest" "HGV", the "Company" or "parent entity") and the entities it controlled (the "Group") at the end of, or during, the year ended 30 June 2023 ("the 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 Warwick Sauer (Non-Executive Chairman (appointed as a Non-Executive Director on 20 March 2023 and appointed Non-Executive Chairman on 1 August 2023))
Mr David Prescott (Non-Executive Director) (appointed 20 March 2023)
Mr Jason Byrne (Non-Executive Director) (appointed 1 August 2023)
Mr Peter Wall (Non-Executive Chairman) (resigned 1 August 2023)
Mr Winton Willesee (Non-Executive Director) (resigned 20 March 2023)
Mr Doug Halley (Non-Executive Director) (resigned 1 August 2023)
Mr Michael Curtis (Non-Executive Director) (resigned 20 March 2023)

Principal activities

Hygrovest (ASX: HGV) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in Hygrovest gain exposure to a globally diversified portfolio that seeks to produce capital growth over the medium term from investments in listed and unlisted equities and debt securities.

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 – including realised and unrealised gains/losses and interest income from investments.
b) Operating expenses – such as the investment management and administration expenses required to operate as an investment company listed on the Australian Securities 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 and non-controlling interest, amounted to $4.0m (an improvement on the prior corresponding period (pcp) to 30 June 2022: loss of $15.9m). The loss for the Financial Period included the following gains and losses from the following investments[1]:

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

	Gains/(losses) from material investments Year ended 30-Jun-23 $000	Book value 30-Jun-23 $000
Investment in Delivra Health Brands (formerly Harvest One Cannabis)	(1,246)	629
Investment in Southern Cannabis Holdings	2,854	3,982
Investment in Weed Me Inc	247	10,249
Investment in Sequoya	(1,076)	0
Investment in Bespoke (Vintage Wine Estates)	(1,991)	97
Investment in Medio Labs (formerly Brainworks)	(478)	1,959
Investment in Valo	(500)	500

The main drivers of financial performance in the Financial Period were:

a) $2.8m unrealised gain on HGV's investments in Southern Cannabis Holdings ("SCH") from the continued growth in its revenues and from the recovery in the listed Australian cannabis investment market;
b) unrealised losses on HGV's investments in Vintage Wine Estates ("VWE"), Delivra Health Brands Inc. ("Delivra") and Sequoya Cannabis Inc. ("Sequoya").

HGV has funds available to deploy in new investments and will seek to realise existing investments to recycle capital into opportunities that HGV considers will increase diversification and better potential for capital growth.

To the extent that divestments in aggregate generate a profit, available funds are also impacted by income tax and HGV's dividend policy.

Operating overheads for the Financial Period were $1.5m up from $1.4m in the previous Financial Period.

During the Financial Period, the net tangible asset backing per share decreased from 10.55 cents as at 30 June 2022 to 9.18 cents as at 30 June 2023 on which day HGV's share price closed at 4.2 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.

The Group's primary investment strategy is to provide Investors with exposure to a globally diversified portfolio that seeks to produce capital growth over the medium term from investments in listed and unlisted equities and debt securities, whilst managing risk through a portfolio approach to investing. Risks relating to the Group's investment portfolio include:

- The risk associated with the Company's early stage investments needing sufficient funding to implement their respective business plans.
- The risk of reliance upon the Canadian equities market to provide the opportunity for the Company's Canadian cannabis investments to raise new funds and move from private to listed status.
- Adverse movement in market prices and/or illiquid markets may result in financial loss to the Group and its shareholders.

Whilst the Group has limited direct exposure to climate change related risks due to the limited nature of its operations as a listed investment company, the Group's portfolio of investments may be exposed to significant climate change related risks in their respective businesses.

To enable HGV to effectively manage these risks, the Board has sought to identify the material risks, both financial and non-financial, to HGV's business operations, and suitable methods to aid in controlling those risks. The material risks, methods to control them, and ongoing monitoring procedures are outlined in the Company's risk management policy (RMP).

The RMP does not address every possible risk to HGV or necessarily set out full detail of the procedures and processes adopted to manage each risk. In particular, it does not identify and manage risks within the investee businesses in which HGV holds a minority investment. HGV's Board is responsible for an annual review of the appropriateness, effectiveness and adequacy of the RMP noting the ability and right of directors to rely on management information and assurances.

Significant Acquisitions

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

a) A follow-on investment of CAD1m in unlisted Weed Me Inc. ("Weed Me") by converting a CAD1m unsecured convertible notes into ordinary shares; and

b) A follow-on investment of USD0.75m in unlisted Medio Inc. ("Medio") in the form of a secured convertible note.

Financial position

The net tangible assets of the consolidated entity decreased by $5.0m during the Financial Period primarily as a result of unrealised losses on investments.

The Company also undertook an unmarketable share buyback at a cost of $1m to acquire and cancel 19.6m fully paid shares of the Company.

Significant changes in the state of affairs

The principal continuing activities of the consolidated entity consisted of those of an investment company with a portfolio of minority investments.

On 24 February 2023 HGV commenced an invitational tender to appoint an Investment Manager (the "Manager") from 1 July 2023, upon the Investment Management Agreement with Parallax Ventures Inc. ("Parallax") expiring.

Concurrently, the HGV Board reviewed the composition of its Board to ensure the continued growth of the Company and the continued diversification of its portfolio of investments. Based on that review, on 20 March 2023 the Company announced the following changes to the composition of its Directors.

a) The appointment of Messrs Warwick Sauer and David Prescott as Independent Non-Executive Directors; and

b) Messrs Winton Willesee and Michael Curtis retired.

At the same time, Messrs Peter Wall and Doug Halley advised of their intention to resign from the HGV Board upon a new Manager being appointed. Consequently the Company announced the following changes on 1 August 2023:

a) Messrs Peter Wall and Doug Halley retired;

b) Mr Jason Byrne was appointed as an Independent Non-Executive Director; and

c) Mr Warwick Sauer, who joined HGV's Board in March 2023, was appointed Independent Non-Executive Chairman of the Company.

Subsequently on 23 August 2023 the Company executed an Investment Management Agreement with HD Capital Partners Pty Ltd (the "Manager") for a term of five years commencing on 1 July 2023 to manage the investment portfolio of the Company.

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 Period

No other matter or circumstance has arisen since 30 June 2023 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

Following the appointment of the Manager, it is expected that the proportion of the Company's investment portfolio in non-cannabis securities should increase over the short to medium term as the Company is able to realise some of the cannabis securities. The performance of the Company's investment portfolio is materially dependent on overall performance of global equity markets.

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:	**Warwick Sauer**
Title:	Non-executive Chairman (appointed 20 March 2023)
Experience and expertise:	Mr Sauer is a corporate lawyer with 25 years' experience, focusing on commercial law, capital markets, M&A, and litigation. He spent 14 years with property services multinational JLL, including seven years as General Counsel for JLL's $4b APAC business, managing a team of 75. Mr Sauer is also a director of a privately held investment company which focuses primarily on investing in deep value and 'net/net' stocks, then assisting management in realising that value.
Qualifications:	Mr Sauer has a Bachelor of Commerce majoring in financial accounting and a Bachelor of Laws, both from the University of Queensland.
Other current ASX directorships:	Nil
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	1,000,010

Name:	**David Prescott**
Title:	Non-executive Director (appointed 20 March 2023)
Experience and expertise:	Mr Prescott is the founder and Managing Director of Lanyon Asset Management, a value-orientated equities fund manager. He has over 20 years investing and financial analysis experience working for firms in Australia and the UK. He was previously Head of Equities at institutional fund manager, CP2 (formerly Capital Partners).
Qualifications:	Mr Prescott has an Economics degree from the University of Adelaide, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA) and is a CFA charterholder.
Other current ASX directorships:	Director of BSA Limited (ASX: BSA)
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	Nil

Name:	**Jason Byrne**
Title:	Non-executive Director (appointed 1 August 2023)
Experience and expertise:	Mr Byrne has 30+ years' experience building businesses in a wide variety of industries - wagering technology, digital place based advertising, e-commerce, legal technology, apparel logistics, procurement technology, and offshore development. Jason also works with other companies assisting them to create, build, pivot, grow, acquire, or sell.
Other current ASX directorships:	Director of Motio Limited(ASX:MXO)
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	Nil

Name:	**Peter Wall**
Title:	Non-Executive Chairman (appointed 14 August 2014 and resigned on 1 August 2023) LLB Bcomm MappFin Ffin
Experience and expertise:	Mr Wall 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:	Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Master 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

Name:	**Doug Halley**
Title:	Non-Executive Director (appointed 16 March 2018 and resigned on 1 August 2023) Bcom (UNSW), MBA (UNSW), FAICD
Experience and expertise:	Mr Halley 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:	Mr Halley 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):	Nil
Interests in shares:	292,500 fully paid ordinary shares

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 James Hallam

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

Mr Hallam has 26 years of experience in the investment management industry with alternative asset fund managers in Australia and overseas including Hastings Funds Management and Annuity Australia. Mr Hallam'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 2023, 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	15	15	4	4
Winton Willesee	10	9	3	3
Doug Halley	15	15	4	4
Michael Curtis	10	10	n/a	n/a
David Prescott	5	5	n/a	n/a
Warwick Sauer	5	5	1	1

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 2023:

a) Non-Executive Directors

Mr Warwick Sauer (Non-Executive Chairman (appointed as a Non-Executive Director on 20 March 2023 and appointed Non-Executive Chairman on 1 August 2023))
Mr David Prescott (Non-Executive Director) (appointed 20 March 2023)
Mr Peter Wall (Non-Executive Chairman) (resigned 1 August 2023)
Mr Winton Willesee (Non-Executive Director) (resigned 20 March 2023)
Mr Doug Halley (Non-Executive Director) (resigned 1 August 2023)
Mr Michael Curtis (Non-Executive Director) (resigned 20 March 2023)

b) Key Management Personnel

Mr James 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 Executives' 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, is 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 (“KPIs”) being achieved. KPIs 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 may be 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 or 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 may be 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 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Total income	(2,592)	(16,338)	(5,184)	(41,258)	33,642
Profit/(loss) before income tax	(4,163)	(17,795)	(6,799)	(42,902)	30,914
Income tax (expense)/benefit	(179)	(1,863)	(2,775)	2,821	(9,294)
Profit/(loss) after income tax	(3,984)	(15,932)	(4,024)	(40,082)	21,620

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

	2023	2022	2021	2020	2019
Share price at start of financial year ($)	0.064	0.077	0.096	0.250	0.340
Share price at end of financial year ($)	0.042	0.064	0.077	0.096	0.250
Basic earnings per share (cents per share)	(1.74)	(6.93)	(1.75)	(17.61)	9.40
Diluted earnings per share (cents per share)	(1.74)	(6.93)	(1.75)	(17.61)	9.40

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 abstains from decisions relating to the determination of his own remuneration.

Voting and comments made at the Company’s 2022 Annual General Meeting (“AGM”)

At the 2022 AGM, 60.90% of the proxy votes cast at that meeting were against the adoption of the Remuneration Report for the year ended 30 June 2023. As more than 25% of the votes were cast against Resolution 1, this constitutes a first strike for the purposes of the Corporations Act 2001 (Cth).

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
2023	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Mr Peter Wall	72,000	-	-	-	-	-	-	72,000
Mr Winton Willesee	40,500	-	-	-	-	-	-	40,500
Mr Doug Halley	64,000	-	-	-	-	-	-	64,000
Mr Michael Curtis	27,000	-	-	-	-	-	-	27,000
Mr Warwick Sauer	16,290	-	-	1,710	-	-	-	18,000
Mr David Prescott	18,000	-	-	-	-	-	-	18,000
Other Key Management Personnel:								
Mr Jim Hallam	222,499	-	-	27,500	34,077	-	7,677	291,753
	460,289	0	0	29,210	34,077	0	7,677	531,253

	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	225,000	-	-	25,000	19,231	-	29,536	298,767
	415,000	0	0	25,000	19,231	0	29,536	488,767

Details of remuneration

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

Name	Fixed remuneration 30-Jun-23	Fixed remuneration 30-Jun-22	At risk - STI 30-Jun-23	At risk - STI 30-Jun-22	At risk - LTI 30-Jun-23	At risk - LTI 30-Jun-22	Total 30-Jun-23	Total 30-Jun-22
Non-Executive Directors:								
Mr Peter Wall	100%	100%	-	-	-	-	100%	100%
Mr Winton Willesee	100%	100%	-	-	-	-	100%	100%
Mr Doug Halley	100%	100%	-	-	-	-	100%	100%
Mr Michael Curtis	100%	-	-	-	-	-	100%	-
Mr Warwick Sauer	100%	-	-	-	-	-	100%	-
Mr David Prescott	100%	-	-	-	-	-	100%	-
Other Key Management Personnel:								
Mr Jim Hallam	97%	89%	-	-	3%	11%	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
Details:	- Base Salary - Hygrovest Limited: AUD250,000 - 1,000,000 Options. - Termination Benefit: 3 months - Notice Period (no fault): 3 months

Performance based remuneration granted and forfeited during the year

During the Financial Period:

a) There were no performance rights granted.

b) There were no options granted.

c) 500,000 options vested and became exercisable.

d) There were no options exercised.

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-23**
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:

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

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 2023 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	500,000	500,000

Performance rights

The table below details the performance rights which were forfeited during the Financial Period as the vesting hurdles were not achieved by the due date:

	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	0	0	(1,666,667)	0	0	0
Mr Winton Willesee	0	1,000,000	1,000,000	0	0	(1,000,000)	0	0	0
Mr Doug Halley	0	1,000,000	1,000,000	0	0	(1,000,000)	0	0	0
Mr Michael Curtis	0	0	0	0	0	0	0	0	0
Mr Warwick Sauer	0	0	0	0	0	0	0	0	0
Mr David Prescott	0	0	0	0	0	0	0	0	0
Mr Jim Hallam	0	833,333	833,333	0	0	(833,333)	0	0	0
	0	4,500,000	4,500,000	0	0	(4,500,000)	0	0	0

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	0	0	8,637,500
Mr Winton Willesee	2,000,000	0	0	2,000,000
Mr Doug Halley	292,500	0	0	292,500
Mr Michael Curtis	0	0	0	0
Mr Warwick Sauer	0	0	1,000,010	1,000,010
Mr David Prescott	0	0	0	0
Mr Jim Hallam	0	0	0	0
	10,930,000	0	1,000,010	11,930,010

Note: Warwick Sauer became a Director on 20 March 2023

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	0	0	0	0	0	0	0	0	0
Mr Doug Halley	0	0	0	0	0	0	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 Warwick Sauer	0	0	0	0	0	0	0	0	0
Mr David Prescott	0	0	0	0	0	0	0	0	0
Mr Jim Hallam	250,000	750,000	1,000,000	0	0	0	1,000,000	750,000	250,000
	250,000	750,000	1,000,000	0	0	0	1,000,000	750,000	250,000

Performance rights holding

The number of performance rights over Ordinary Shares in the Company held during the Financial Period 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	0	0	(1,666,667)	0	0	0
Mr Winton Willesee	0	1,000,000	1,000,000	0	0	(1,000,000)	0	0	0
Mr Doug Halley	0	1,000,000	1,000,000	0	0	(1,000,000)	0	0	0
Mr Michael Curtis	0	0	0	0	0	0	0	0	0
Mr Warwick Sauer	0	0	0	0	0	0	0	0	0
Mr David Prescott	0	0	0	0	0	0	0	0	0
Mr Jim Hallam	0	833,333	833,333	0	0	(833,333)	0	0	0
	0	4,500,000	4,500,000	0	0	(4,500,000)	0	0	0

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 $57,133 (2022: $12,374) in relation to legal services provided to the consolidated entity. As at 30 June 2023 $5,885 (2022: $nil) was payable to Steinepreis by the consolidated entity.

Parallax Ventures, Inc. ("Parallax") an entity related to Mr Michael Curtis who was a Director of the Company from 1 July 2022 to 20 March 2023, received payments totalling $188,606 (2022: $242,304) in relation to investment management services provided to the consolidated entity. As at 30 June 2023, $37,501 (30 June 2022: payable by Parallax $2,445) was payable to Parallax by the consolidated entity.

The consolidated entity also entered into an agreement to grant 6,500,000 performance rights to Parallax, ("Performance Rights") which were approved by shareholders on 24 November 2022. The first tranche of 4 million Performance Rights ("Class Q") will vest upon achieving a Net Asset value per ordinary share (NAVS)/HGV share price average (NAVS/SP Average) of at least $0.1147. If the Class Q rights do not vest due to the NAVS/SP Average threshold not being achieved, the second tranche of 2.5 million Performance Rights ("Class R") will vest upon achieving a NAVS of at least $0.1430. The fair values of the Performance Rights have been determined using the share price at grant date of $0.07. As the probability of the Performance Rights vesting is less than 50% they are considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary Shares of Hygrovest 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
29-Nov-22	24-Nov-22	Q	30-Sep-23	4,000,000
29-Nov-22	24-Nov-22	R	30-Sep-23	2,500,000
				6,500,000

The principal terms of the unlisted Class Q and R Performance Rights (that will lapse if achievement of relevant milestones are not achieved by corresponding milestone dates) are found in Schedule 3 of the notice of meeting for the meeting held on 24 November 2022.

The Performance Rights have until 30 September 2023 to achieve the relevant NAVS/SP Average and NAV/share performance vesting hurdle and will lapse immediately if the hurdle is not achieved.

No person entitled to exercise the performance rights had or has any right by virtue of the performance rights 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 issued during the year ended 30 June 2023 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 15 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 15 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:

	2023 **$**	**2022** **$**
Tax related services	19,431	18,231
	19,431	18,231

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

Warwick Sauer
Non-Executive Chairman

30 August 2023

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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF HYGROVEST LIMITED

As lead auditor of Hygrovest Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hygrovest Limited and the entity it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

30 August 2023

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 2023 in the Corporate Governance Statement, which is accurate and up to date as at 30 August 2023 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-23 $000	30-Jun-22 $000
Investment Income			
Interest income from financial assets at fair value through profit or loss		187	657
Dividend income from financial assets at fair value through profit or loss		138	0
Net gains/(losses) on financial instruments at fair value through profit or loss		(2,764)	(13,932)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(144)	(3,062)
Total investment income/(loss)		(2,583)	(16,337)
Other Income/(Loss)			
Other operating income/(loss)		(9)	(0)
Total income/(loss)		(2,592)	(16,338)
Expenses			
Administration expenses		(674)	(622)
Asset management expenses		(189)	(242)
Employee and director related expenses		(654)	(564)
Operating expenses		(1,516)	(1,428)
Equity based payments reversal/(expense)	22	(55)	(30)
Total expenses		(1,571)	(1,457)
Profit/(Loss) before income tax		(4,163)	(17,795)
Income tax expense/(benefit)	5	(179)	(1,863)
Profit/(Loss) after income tax for the Financial Period		(3,984)	(15,932)
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		(3,984)	(15,932)
Profit/(Loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(3,984)	(15,932)
		(3,984)	(15,932)
Total comprehensive income/(loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(3,984)	(15,932)
		(3,984)	(15,932)
		Cents	**Cents**
Basic earnings/(loss) per share	10	(1.74)	(6.93)
Diluted earnings/(loss) per share	10	(1.74)	(6.93)

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

		30-Jun-23	30-Jun-22
	Note	**$'000**	**$'000**
CURRENT ASSETS			
Cash and cash equivalents		3,715	6,319
Trade and other receivables	11	691	742
Financial assets at fair value through profit or loss	7	17,478	19,195
Total Current Assets		**21,884**	**26,255**
NON-CURRENT ASSETS			
Deferred tax assets	5	80	95
Total Non-Current Assets		**80**	**95**
TOTAL ASSETS		**21,964**	**26,350**
CURRENT LIABILITIES			
Trade and other payables		255	132
Total Current Liabilities		**255**	**132**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5	2,329	1,869
Total Non-Current Liabilities		**2,329**	**1,869**
TOTAL LIABILITIES		**2,584**	**2,001**
NET ASSETS		**19,380**	**24,350**
EQUITY			
Contributed equity	8	50,746	51,786
Reserves	9	82	27
Retained Earnings/(Accumulated Losses)		(31,447)	(27,463)
TOTAL EQUITY		**19,380**	**24,350**
Net Tangible Assets per share ($)		**0.0918**	**0.1055**

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

Hygrovest Limited

Consolidated Statement of Changes in Equity

For the Financial Period

		Contributed Equity	Other Reserves	(Accumulated Loss)/ Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000
Balance at	**1-Jul-22**	**51,786**	**27**	**(27,463)**	**24,350**
Loss after income tax expense for Financial Period		0	0	(3,984)	(3,984)
Total comprehensive income for the Financial Period		0	0	(3,984)	(3,984)
Transactions with owners in their capacity as owners:					
Share buyback		(1,040)	0	0	(1,040)
Share-based payment		0	55	0	55
		(1,040)	55	0	(985)
Balance at	**30-Jun-23**	**50,746**	**82**	**(31,447)**	**19,380**

		Contributed Equity	Other Reserves	(Accumulated Loss)/ Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000
Balance at	**1-Jul-21**	**51,786**	**349**	**(11,882)**	**40,252**
Loss after income tax expense for Financial Period		0	0	(15,932)	(15,932)
Total comprehensive income for the Financial Period		0	0	(15,932)	(15,932)
Transactions with owners in their capacity as owners:					
Lapse of options		0	(270)	270	0
Lapse of performance rights		0	(107)	107	0
Other transactions		0	26	(26)	0
Share-based payment		0	30	0	30
		0	(322)	351	30
Balance at	**30-Jun-22**	**51,786**	**27**	**(27,463)**	**24,350**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Hygrovest Limited

Consolidated Statement of Cash Flows

For the Financial Period

	Note	30-Jun-23 $'000	30-Jun-22 $'000
Cash flows from operating activities			
Payments to employees & suppliers		(1,347)	(1,579)
Interest received		191	582
Dividends received		138	0
Payments for financial assets at FVPL		(1,234)	(4,973)
Proceeds from disposal of financial assets at FVPL		35	4,186
Company tax refund		689	4,628
Net cash/(used in) from operating activities	**6**	**(1,528)**	**2,844**
Cash flows from investing activities			
Other		0	0
Net cash used in investing activities		**0**	**0**
Cash flows from financing activities			
Sharebuy back		(1,040)	0
Net cash/(used in) from financing activities		**(1,040)**	**0**
Net increase/(decrease) in cash & cash equivalents		**(2,568)**	**2,844**
Cash at the beginning of the Financial Period		6,319	3,445
Effects of exchange rate changes on cash and cash equivalents		(36)	29
Cash & cash equivalents at end of Financial Period		**3,715**	**6,319**

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 2023 (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 is included in the Directors' Report, which is not part of the financial statements.

In accordance with a Resolution of Directors, the financial statements were authorised for issue, on 30 August 2023. 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.

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, financial assets and liabilities at fair value through the profit or loss.

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 19.

Principles of consolidation

The Company meets the definition of an investment entity. The Company's wholly owned subsidiary, Phytotech Medical (UK) Pty Ltd, provides services to the Company. The consolidated financial statements incorporate the assets and liabilities of Phytotech Medical (UK) Pty Ltd as at 30 June 2023, and its results for the year then ended. Intercompany transactions and balances between the Company and Phytotech Medical (UK) Pty Ltd are eliminated on consolidation. The Company has determined that for any entities that it controls or has significant influence over, that do not provide services to the Company, consolidation is not required provided the Company measures its investments in these entities at fair value in its financial statements.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hygrovest Limited (the “Company” or “parent entity”) as at 30 June 2023 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.

Investment Entity

The Company has determined that it is an investment entity under the definition in AASB 10 Consolidated Financial Statements as it meets the following criteria:

(i) The Company has obtained funds from shareholders for the purpose of providing them with investment management services;
(ii) The Company’s business purpose, which it communicated directly to shareholders, is investing solely for returns from capital appreciation and investment income; and
(iii) The performance of investments made by the Company is measured and evaluated on a fair value basis.

The Company also holds all of the typical characteristics of an investment entity.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Hygrovest’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.

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 'fair value through profit or loss', 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 considered to have been sold when contractual rights to the investment expire or contractual rights to receive cash flows have been transferred and substantially all the risks and rewards of ownership have not been retained.

Realised gains and losses from the sale of trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of the trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise. Investments are recognised on a settlement date basis.

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.

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 22.

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.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and 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.

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 single share price barrier model or where applicable, valued 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.

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. 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.

Accounting policy for operating segments

Operating segments are presented using the “management approach”, where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

5. Income tax

	30-Jun-23	30-Jun-22
	$000	**$000**
a) Income tax Expense/(Benefit)		
Major components of income tax expense are:		
Current tax	(611)	(662)
Deferred tax	432	(1,201)
Income tax expense/(benefit) reported in the income statement	**(179)**	**(1,863)**
b) Numerical reconciliation		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense/(benefit) as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	(1,094)	(4,393)
- Non-deductible share based payments	(14)	(5)
- non-assessable income	228	(7)
- Accounting gain/(loss) on investment	36	1,761
- Net trading stock adjustment	(307)	765
- Difference in tax rates	0	121
- Revaluations	901	(150)
- Other permanent adjustments	136	23
- Prior period adjustment	(65)	21
	(179)	(1,863)
c) Deferred tax asset balances		
Temporary differences - Australia	80	95
	80	95
d) Deferred tax liabilities balances		
Revaluation on investments	2,329	1,869
Other timing differences	0	0
	2,329	1,869

The potential future income tax benefit will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefit.

The franking account balance at the end of the Financial Period was $0 (2022: $1,312,826).

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each operating jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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 amounts 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 will be 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

	2023 $'000	2022 $'000
Profit/(loss) after income tax expense for the year	(3,984)	(15,932)
Adjustments for:		
Depreciation and amortisation	0	6
Write-off of fixed assets	0	3
Share-based payments	55	30
Interest income receivable	55	(45)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	144	3,062
Changes in the fair value of equity investments at fair value through profit and loss	2,764	13,932
Proceeds from disposal of financial assets at fair value through profit or loss	35	4,186
Payments for financial assets at fair value through profit or loss	(1,234)	(4,973)
Change in operating assets and liabilities:		
Increase in other assets	0	(10)
Decrease/(increase) in trade and other receivable	51	3,911
Increase/(decrease) in trade and other payables	123	(100)
Increase in other liabilities	463	(1,225)
Net cash used in operating activities	(1,528)	2,844

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

	30-Jun-23 $000	30-Jun-22 $000
Financial assets at fair value through profit or loss Equity financial assets - current		
Investment in Bevcanna Enterprises Inc.	0	380
Investment in Weed Me Inc	8,841	6,988
Investment in Southern Cannabis Holdings	3,982	1,128
Investment in Delivra Health Brands (formerly Harvest One Cannabis)	629	1,876
Investment in Bespoke (Vintage Wine Estates)	97	2,088
Investment in J Supply	0	323
Investment in Medio Labs (formerly Brainworks)	832	1,452
Investment in other listed securities	62	114
Investment in Entourage Health Corp (Formerly known as WeedMD)	0	21
	14,443	14,369
Convertible and loan financial assets - current		
Investment in Sequoya	0	912
Investment in Weed Me Inc.	1,408	2,914
Investment in Medio Labs (formerly Brainworks)	1,127	0
Investment in Valo	500	1,000
	3,035	4,826
Financial assets at fair value through profit or loss - current	17,478	19,195
Financial assets at fair value through profit or loss - total	17,478	19,195

Financial assets held at Fair Value through Profit or Loss

Note: The investment in Weed Me Inc. convertible notes includes the fair value of $0.306m 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-23 $000	30-Jun-22 $000
Opening fair value	19,195	35,383
Additions - financial assets at fair value through profit and loss	2,311	6,028
Changes in the fair value of equity investments at fair value through profit and loss	(2,764)	(13,932)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	(153)	(3,062)
Accrued interest	(55)	45
Disposal of financial assets at fair value through profit and loss	(1,112)	(5,242)
Other movements	56	(25)
Closing fair value	17,478	19,195

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-22**	**11,979**	**4,826**	**16,805**
				0
				0
Transfer to level 1		0	0	**0**
Disposals		0	(1,077)	**(1,077)**
Acquisitions		1,077	1,281	**2,358**
Realised gains/(losses) on disposal of equity investments at fair value through				**0**
profit and loss		0	0	
Accrued interest		0	(55)	**(55)**
Net gains/(losses) on financial instruments at fair value through profit or loss		697	(1,940)	**(1,243)**
Other movements		0	0	**0**
Closing balance	**30-Jun-23**	**13,753**	**3,035**	**16,788**

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 2023.

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' 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	97	Recent share price	10% (10%)	10 (10)
	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 2.1x which has been determined from a peer list of Australian companies and a multiple of 1.43x which has been determined from a peer list of Canadian companies	12,538	Revenue	10% (10%)	1,466 (951)
	and/or assessment against relevant market indices	0	Market indices	5% (5%)	0 0
	and/or 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	0	Acqusition cost	10% (10%)	0 0
	and/or based on advice of Parallax Ventures Inc. (investment manager at 30 June 2023) based on their view of value of ordinary equity having regrad to current operating performance and future funding requirements	733	Other judgement	10% (10%)	73 (73)
Unlisted warrants/options	Unlisted warrants/ conversion options which are not actively traded are valued using a Black-Scholes valuation methodology.	647	Share Price	10% (10%)	116 (111)
			Volatility	5% (5%)	82 (83)
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	2,774	Market interest rate	2% (2%)	(54) 57
	Total:	**16,788**			

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 values 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.

In valuing the majority of its investments, the Company relies on information provided by independent pricing services.

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 raisings or arm's length transactions, or in the absence of a recent transaction, an enterprise value to revenue multiple or benchmarked to market movements indicated by relevant market indices.

8. Equity – contributed equity

Movements in ordinary share capital	**30-Jun-23 Shares**	**30-Jun-22 Shares**	**30-Jun-23 $'000**	**30-Jun-22 $'000**
Ordinary Shares - fully paid	210,310,602	229,953,985	50,746	51,786

Details	**Date**	**Shares**	**$'000**
Balance	**30-Jun-21**	229,953,985	51,786
No changes		0	0
Balance	30-Jun-22	229,953,985	51,786
Unmarketable parcel share buyback		(19,643,383)	(1,040)
Balance	**30-Jun-23**	210,310,602	50,746

On 28 April 2023, HGV announced details of an off-market share buy-back facility ("Buy-Back Facility") to buy-back all the shares held by shareholders who held unmarketable parcels of shares in HGV's register of members on 27 April 2023. A total of 19,643,383 HGV shares were acquired for 5.2 cents each under the Buy-Back Facility at the Buy-Back Price and have been cancelled for a total consideration of $1.02m (excluding associated share registry administration costs of $0.02m) in accordance with the Corporations Act 2001 (Cth). As a result, HGV now has 210,310,602 ordinary shares on issue. The total consideration including the costs associated with executing the buyback were deducted from contributed equity.

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

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

There is only one class of Ordinary Shares which entitles 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.

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 only if 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.

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-23 $'000	**30-Jun-22 $'000**
Options reserve	35	27
Performance rights reserve	47	0
	82	**27**

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
30-Jun-21	263	86	349
Lapse of options	(270)	0	(270)
Lapse of performance rights	0	(107)	(107)
Other transactions	7	19	26
Shared based payments	27	2	29
30-Jun-22	**27**	**0**	**27**
Share-based payment	8	47	55
30-Jun-23	35	47	82

10. Earnings per share

	30-Jun-2023 $'000	30-Jun-22 $'000
Profit/(loss) after income tax	(3,984)	(15,932)
Profit/(loss) after income tax attributable to the owners of Hygrovest Limited	(3,984)	(15,932)
	Number	**Number**
Weighted average number of ordinary Shares used in calculating basic earnings per share	229,468,297	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	229,468,297	229,953,985
	Cents	**Cents**
Basic earnings per share	(1.74)	(6.93)
Diluted earnings per share	(1.74)	(6.93)

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.

11. Trade and other receivables

	30-Jun-23 $'000	30-Jun-22 $'000
Company tax refund	627	689
Other receivables	64	53
	691	**742**

The Company is entitled to a company tax refund of $0.6m as at 30 June 2023 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 the financial year ended 30 June 2019 (HGV paid tax of $5.893m in respect of the financial year ended 30 June 2019) 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 2023 after lodgment of the Company tax return for the year ended 30 June 2023.

12. Equity - dividends

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

13. 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-23 $'000	30-Jun-22 $'000
Financial Assets		
Cash and cash equivalents	3,715	6,319
Trade and other receivables	691	742
Financial assets at fair value through profit or loss	17,478	19,195
Total financial assets	21,884	26,256
Financial Liabilities		
Trade and other payables	255	132
Total financial liabilities	255	132

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).

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity maintains a bank account and certain financial assets at fair value through profit or loss denominated in Canadian dollars (CAD) and United States dollars (USD), thus the consolidated entity is exposed to diminution of cash balances and investments through currency exchange risk.

The consolidated entity does not hedge its CAD and USD exposure. The following table shows the foreign currency risk on the financial assets and liabilities of the consolidated entity's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Sensitivity analysis

The following table illustrates sensitivities of the consolidated entity's exposures to changes in exchange rates in relation to its cash held in foreign currency and investments held in foreign currency. The table indicates how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

2023	% change	AUD strengthened Effect on profit before tax $'000	Effect on equity $'000	% change	AUD weakened Effect on profit before tax $'000	Effect on equity $'000
AUD / USD	(10%)	(196)	(147)	10%	196	147
AUD / CAD	(10%)	(1,104)	(828)	10%	1,104	828

2022	% change	AUD strengthened Effect on profit before tax $'000	Effect on equity $'000	% change	AUD weakened Effect on profit before tax $'000	Effect on equity $'000
AUD / USD	(10%)	(354)	(265)	10%	354	265
AUD / CAD	(10%)	(1,453)	(1,090)	10%	1,453	1,090

Price risk

For investments held by the consolidated entity at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

A 10% (30 June 2022:10%) movement in the fair value of each of the investments within the investment portfolio would have the following impact:

2023	fair value change %	Share price increase Effect on profit before tax $'000	Effect on equity $'000	Share price decrease %	Effect on profit before tax $'000	Share price decrease Effect on equity $'000
Fair value of investments	10%	1,748	1,311	10%	(1,748)	(1,311)

2022	fair value change %	Share price increase Effect on profit before tax $'000	Effect on equity $'000	Share price decrease %	Effect on profit before tax $'000	Share price decrease Effect on equity $'000
Fair value of investments	10%	1,920	1,440	10%	(1,920)	(1,440)

Interest rate risk

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

	30-Jun-23 $'000	**30-Jun-22 $'000**
Financial assets		
Cash and cash equivalents		
AUD	239	1,459
CAD	3,476	4,860
	3,715	6,319
Convertible notes:	3,035	4,826
Net exposure to cash flow interest rate risk	6,750	11,145

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 2023, the consolidated entity does not have any material trade and other receivables. While cash and cash equivalents are also subject to 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 fair 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 2023 the Company is exposed to credit risk on its unlisted loan receivables and debentures which total $3.0m (2022 - $4.8m). Debt investments at fair value through profit or loss include listed and unlisted debt securities. Of the total loan receivables and debentures $1.1m 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 regularly review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports 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.

14. Key Management Personnel disclosures

Directors

The following persons were Directors of Hygrovest during the Financial Period:

Mr Peter Wall	Non-Executive Chairman
Mr Winton Willesee	Non-Executive Director (resigned 20 March 2023)
Mr Doug Halley	Non-Executive Director
Mr Michael Curtis	Non-Executive Director (resigned 20 March 2023)
Mr David Prescott	Non-Executive Director (appointed 20 March 2023)
Mr Warwick Sauer	Non-Executive Director (appointed 20 March 2023)

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 James 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:

	2023 $	2022 $
Short-term employee benefits	460,289	423,667
Post employment benfits	29,210	0
Long-term employee benefits	34,077	19,231
Share-based payments	7,677	29,536
	531,253	472,433

15. 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:

	2023 $	2022 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	94,850	83,139
Other services - BDO Corporate Tax Pty Ltd		
taxation services	19,431	18,231
	114,281	101,370

16. Contingent assets and liabilities

The entity had no contingent assets and liabilities as at 30 June 2023 (2022:Nil).

17. Commitments

	2023 $'000	2022 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	56	86
One to five years	0	0
More than five years	0	0
	56	86

The Group has no other commitments for expenditure at 30 June 2023.

18. Related party transactions

(a) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 14 and the Remuneration Report included in the Directors' Report.

Interests in subsidiaries are set out in note 20.

(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:

	2023 $	2022 $
Investment management fees paid to Parallax Ventures, an entity related to Mr Michael Curtis	188,608	242,304
Steinepreis Paganin, an entity associated with Mr Peter Wall, received payments in relation to legal services provided to the consolidated entity.	57,133	12,374

	2023 $	2022 $
Current Payables:		
Investment management fees payable to/(receivable from) Parallax Ventures, an entity related to Mr Michael Curtis	37,501	(2,445)
Amount owing to Steinepreis Paganin, an entity associated with Mr Peter Wall	5,885	0

The consolidated entity also entered into an agreement to grant 6,500,000 performance rights to Parallax, ("Performance Rights") which were approved by shareholders on 24 November 2022. The first tranche of 4 million Performance Rights ("Class Q") will vest upon achieving a Net Asset value per ordinary share (NAVS)/HGV share price average (NAVS/SP Average) of at least $0.1147. If the Class Q rights do not vest due to the NAVS/SP Average not being achieved, the second tranche of 2.5 million Performance Rights ("Class R") will vest upon achieving a NAVS of at least $0.1430. The fair values of the performance rights have been determined using the share price at grant date of $0.07. As the probability of the performance rights vesting is less than 50% they are considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period.

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

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

19. Parent entity information

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

Statement of profit or loss and other comprehensive income	2023 $'000	2022 $'000
Profit/(loss) after income tax	(3,984)	(15,932)
Total comprehensive profit/(loss)	(3,984)	(15,932)

Statement of financial position	30-Jun-23 $'000	30-Jun-22 $'000
Total current assets	21,321	23,665
Total assets	21,965	26,351
Total current liabilities	255	132
Total liabilities	2,584	2,001
Equity		
Contributed equity	50,746	51,786
Options reserve	35	27
Performance rights reserve	47	0
Retained Earnings	(31,447)	(27,463)
Total equity	19,381	24,350

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

20. 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-23 %	30-Jun-22 %
PhytoTech Medical (UK) Pty Ltd	United Kingdom	100	100

21. Events after the reporting period

On 23 August 2023 HGV executed an Investment Management Agreement (“IMA”) with HD Capital Partners Pty Ltd with a term of five years commencing 1 July 2023.

No other matter or circumstance has arisen since 30 June 2023 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.

22. Share-based payments

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

	30-Jun-23 $	30-Jun-22 $
Vesting of HGV Options issued in prior periods	7,677	27,210
Vesting of HGV Performance Rights	47,103	2,326
Total share-based payments	54,780	29,536

a) Performance Rights

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

Grant date	Class	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19-Jul-19	L	7-Aug-22	4,000,000	0	0	(4,000,000)	0
19-Jul-19	M	7-Aug-22	4,000,000	0	0	(4,000,000)	0
28-Nov-19	O	17-Dec-22	2,250,000	0	0	(2,250,000)	0
28-Nov-19	P	17-Dec-22	2,250,000	0	0	(2,250,000)	0
24-Nov-22	Q	30-Sep-23	0	4,500,000	0	0	4,500,000
24-Nov-22	R	30-Sep-23	0	2,000,000	0	0	2,000,000
			12,500,000	6,500,000	0	(12,500,000)	6,500,000

The consolidated entity entered into an agreement to grant 6,500,000 performance rights (Class Q and R) to Parallax, which were approved by shareholders on 24 November 2022. The fair values of the performance rights have been determined using the share price at grant date of $0.07. As the probability of the performance rights vesting is less than 50% they are considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period.

For the Class Q and R Performance Rights, the grant date was taken as the date of HGV Board approval. For accounting purposes, the vesting period started on 24 November 2022.

Vesting of performance rights granted in prior periods
There were no performance rights vested that were granted in prior periods. The fair value of the Class Q and R performance rights issued to Parallax Ventures Inc during the Financial Period was determined after applying the inputs below:

	Class Q	Class R
Underlying share price	$0.07	$0.07
Exercise price	Nil	Nil
Milestones	$0.1147	$0.1430
Valuation date	24-Nov-22	24-Nov-22
Vesting period (years)	1.5	1.5
Probability	10%	10%
Number of rights	4,500,000	2,000,000
Value per right	$0.02	$0.02
Value per tranche	$75,150	$33,400
Value expense/(reversal) for the period	$0	$0

b) Reconciliation of Options on Issue

1-Jul-22	**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**
1-Jul-22	**Opening balance**	**1,000,000**
30-Jun-23	**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, at 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, they are treated as if they 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 awards are treated as if they were a modification.

Hygrovest Limited

Directors' Declaration

30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the Declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a Resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Warwick Sauer
Non-Executive Chairman

30 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Hygrovest Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hygrovest Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of financial assets at fair value through profit or loss

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 7, as at 30 June 2023, the carrying value of financial assets recognised at fair value through profit or loss represents a significant asset of the Group. The financial assets held include listed securities, unlisted securities, and derivative securities. This is a key audit matter due to the size of the balance and the judgements and estimates applied by Hygrovest Limited in determining the fair value of these assets.	Our procedures included, but were not limited to the following: • Agreeing a sample of financial assets held at 30 June 2023 to ownership documents; • Reviewing the assessment of fair value against the requirements of the relevant accounting standards, including agreeing acquisition costs and recalculating fair values at 30 June 2023; • Assessing the calculations of movements in fair value on its financial assets held at fair value through profit or loss; • Testing key valuation inputs by agreeing to supporting documentation including externally quoted market pricing; • Involving our internal valuation specialists in reviewing the appropriateness of the valuation methodology and valuation key inputs where required; and • Assessing the adequacy of the related disclosures in note 7 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 14 to 20 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hygrovest Limited, for the year ended 30 June 2023, 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

30 August 2023

Additional Information Required by ASX Listing Rules

The additional information set out below as required by the ASX Listing Rules was applicable as at 15 August 2023.

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 15 August 2023 are as follows:

Position	Holder Name	Holding	% IC
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,801,124	10.84%
2	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	12,123,267	5.76%
3	MR GEORGE CHIEN-HSUN LU	6,817,707	3.24%
4	MR PETER CHRISTOPHER WALL & MRS TANYA-LEE WALL <WALL FAMILY SUPER FUND A/C>	4,500,000	2.14%
5	JAINDI INVESTMENTS PTY LTD	4,137,500	1.97%
6	MR CARL GIANATTI & MRS MARGARET R GIANATTI <THE GIANATTI SUPER FUND A/C>	3,464,847	1.65%
7	MRS LILY MAH <MJ A/C>	3,398,240	1.62%
8	PERPETUAL CORPORATE TRUST LTD <AFFLUENCE LIC FUND>	3,316,872	1.58%
9	CITICORP NOMINEES PTY LIMITED	3,268,046	1.55%
10	WHILEY CLOSE INVESTMENTS PTY LTD <SIMS FAMILY SUPER A/C>	2,500,000	1.19%
11	UNITED TROLLEY COLLECTIONS P/L	2,169,899	1.03%
12	SILVERINCH PTY LIMITED <THE SILVERINCH S/F A/C>	2,000,000	0.95%
13	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	1,816,731	0.86%
14	MR WILLIAM PURCELL TAPPER & MRS SUSAN TAPPER <TAPPER FAMILY AUSSIE A/C>	1,500,000	0.71%
15	CAP ROCK INVESTMENTS PTY LTD <GR & KM COX S/F A/C>	1,300,000	0.62%
16	MR WON JUN CHUNG	1,238,000	0.59%
17	GREEN ACTIVIST RETIREMENT FUND PTY LTD <GREEN ACTIVIST RET FUND A/C>	1,030,000	0.49%
18	BNP PARIBAS NOMS PTY LTD <DRP>	1,021,764	0.49%
19	ENIFILM PTY LIMITED <BLACKWELL ENG S/FUND A/C>	1,003,582	0.48%
20	MR RICHARD STONE	1,000,000	0.48%
20	BAAUER PTY LTD <THE BAAUER FAMILY A/C>	1,000,000	0.48%
	Total	**81,407,579**	**38.71%**
	Total issued capital - selected security class(es)	**210,310,602**	**100.00%**

4. Distribution of shareholders

a) Fully paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	110	56,499	0.03%
above 1,000 up to and including 5,000	387	1,095,638	0.52%
above 5,000 up to and including 10,000	743	7,014,061	3.34%
above 10,000 up to and including 100,000	2,354	69,713,003	33.15%
above 100,000	226	132,431,401	62.97%
Totals	**3,820**	**210,310,602**	**100.00%**

Based on the price per security, number of holders with an unmarketable holding: 1303, with total 8,816,709, amounting to 4.19% of Issued Capital

b) 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

c) Class Q 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	1	4,500,000	100.00%
Totals	**1**	**4,500,000**	**100.00%**

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

Parallax Ventures Inc. – 4,500,000 performance rights

d) Class R 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	1	2,000,000	100.00%
Totals	**1**	**2,000,000**	**100.00%**

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

Parallax Ventures Inc. – 2,000,000 performance rights

5. Substantial shareholders

In a Substantial Holding Notice dated 21 March 2023, HD Capital Partners Pty Ltd had an interest in 22,741,239 ordinary shares as of 20 March 2023, which represented 10.8% of HGV’s ordinary shares at the time.

In a Substantial Holding Notice dated 18 July 2023, Bavaria Industries Group Ag had an interest in 11,499,947 ordinary shares as of 23 June 2023, which represented 5.5% of HGV’s ordinary shares at the time.

6. Restricted securities

There are no restricted securities listed on the Company's register as at 15 August 2023.

7. Current on market share buy-back

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

8. Investment transactions

The total number of contract notes issued for transactions in securities during the Financial Period was 32 (2022: 10). Each contract note could involve multiple transactions. The total amount of brokerage paid on these contract notes was $11,198 (2022: $2,956).

9. Management Fees

The management fees paid or accrued during the Financial Period were $188,608 (2022: $242,304).

10. Summary of Investment Management Agreement

The Company has an Investment Management Agreement ("IMA") with HD Capital Partners Pty Ltd (the "Manager") to manage the investment portfolio of the Company.

The Company and HD Capital Partners Pty Ltd signed the IMA on 23 August 2023 for a term of five year commencing on 1 July 2023.

The Company provides a summary of the IMA with the Manager:

a) (Term): The appointment of the Manager is for a term of five years commencing on 1 July 2023 (Term) (if not terminated earlier);

b) (Exclusivity): The Manager will provide the services to the Company during the Term. The Manager may not assign its obligations without the consent of the Company;

c) (Base Management Fee): the Company will pay to the Manager a fee of 1% per annum (plus GST) of the Company's Pre-tax Net Asset Value NAV, calculated on the Pre-tax Net Asset Value at the end of each calendar month (**Base Management Fees**);

d) (Performance Fees) The Manager is entitled to receive a performance fee being 20% (plus GST) of the increase in the value of the Pre-tax NAV[2] above the High Watermark from 1 July 2023 (Performance Fee).

   High Watermark means the highest value of all of the values of the Pre-Tax Net Asset Value calculated for:

   (a) each Financial Year during the Term; and

   (b) the Financial Year immediately preceding the commencement of the Term.

   The High Watermark is indexed by 6% per annum (the Hurdle Rate).

   The High Watermark is increased for issues of equity securities and decreased by distributions to holders of equity from the date of the High Watermark at the start of the Financial Year.

   If the calculation of the Performance Fee in a negative number then no Performance Fee will be payable for that Financial Year.

e) (Termination): Either party may terminate the IMA by providing six months' written notice. If the Agreement is terminated by the Company in accordance with this clause the Company will pay an amount equal to any outstanding Performance Fee accrued as at the date of termination becoming effective and a payment equal to the Management Fee accrued for the 30 days prior to the date of termination becoming effective, multiplied by the number of full calendar months from date of termination to expiry of the Term;

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

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[2] after deducting the Base management fees paid or payable for that Financial Year from the gain for the Financial Year

Glossary

ABBREVIATION	*Definition*
AUD	*means Australian dollars.*
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.*
CAD	*means Canadian dollars.*
Company or HGV	*means Hygrovest Limited (ACN 601 236 417).*
EBITDA	*means Earnings before Interest, Tax, Depreciation and Amortisation.*
IPO	*Initial public offering of securities on a recognised securities exchange.*
NAV	*means net asset value.*
Option	*means an option to acquire a Share usually at predetermined price.*
Share	*means a fully paid ordinary share in the capital of a company.*
Shareholder	*means a registered holder of a Share.*
USD	*means United States dollars.*