

26 February 2024

### **HGV Appendix 4D**

**Hygrovest Limited (ASX: HGV) ("HGV" or "the Company")** is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and debt securities.

### **HGV Appendix 4D**

Attached is the Company's Appendix 4D and financial statements in respect of the half year ended 31 December 2023 lodged in accordance with ASX LR4.2B.

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**Investor and Media Enquiries**

Announcement authorised for release to ASX by:  
Jim Hallam  
Chief Financial Officer and Company Secretary  
E: [Compsec@hygrovest.com.au](mailto:Compsec@hygrovest.com.au)

**About HGV**

Hygrovest Limited (ASX:HGV) ("HGV") ABN 91 601 236 417 is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and debt securities.

**Important Notice**

*This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of HGV. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of HGV may be influenced by a number of factors, many of which are outside the control of HGV. No representation or warranty, express or implied, is made by HGV, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause HGV's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. HGV does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in HGV. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). HGV's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.*

**Hygrovest Limited**  
**Appendix 4D**  
**Half-Year Report**

**1. Company details**

Name of entity: Hygrovest Limited  
 ABN: 91 601 236 417

Reporting period: For the half-year ended 31 December 2023 (the Current Financial Period) and 31 December 2022 (Previous Reporting Period).

**2. Results for announcement to the market**

			<b>31-Dec-23</b>	<b>31-Dec-22</b>
			\$'000	\$'000
Revenues from ordinary activities	down	109%	(167)	1,878
Income/(Loss) from ordinary activities after tax attributable to the owners of Hygrovest Limited	down	227%	(779)	616
Income/(Loss) for the half-year attributable to the owners of Hygrovest Limited	down	227%	(779)	616

The information in Appendix 4D is lodged in compliance with ASX Listing Rule 4.2B.

**3. Commentary on results for the period**

The loss for the consolidated entity, after providing for income tax and non-controlling interest, amounted to \$0.8m (compared to the prior corresponding period (pcp) to 31 December 2022: profit of \$0.6m). The loss for the Financial Period included the following gains and losses from the following investments<sup>1</sup>:

	<b>Gains/(losses) from material investments</b>	<b>Book value</b>
	<b>Year ended</b>	
	<b>31-Dec-23</b>	<b>31-Dec-23</b>
	<b>\$000</b>	<b>\$000</b>
Investment in Delivra Health Brands	639	1,230
Investment in Southern Cannabis Holdings	205	3,846
Investment in Weed Me Inc	503	9,575
Investment in Medio Labs	(1,959)	0

The main driver of financial performance in the Financial Period was the write-off of HGV's investment in Medio Labs. This write-off followed Medio informing HGV during the Financial Period that it was insolvent and was no longer operating.

Operating overheads for the Financial Period were \$0.6m down from \$0.8m in the previous Financial Period.

During the Financial Period, the net tangible asset backing per share decreased from 9.18 cents as at 30 June 2023 to 8.79 cents as at 31 December 2023 on which day HGV's share price closed at 5.1 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 information should be read in conjunction with the most recent Annual Financial Report.

<sup>1</sup> Includes unrealised and realised gains and losses, interest and dividend income as applicable.

#### 4. Net tangible assets

The net tangible assets per share are as follows:

	Reporting period	Reporting period	Reporting period
	31-Dec-23	30-Jun-23	31-Dec-22
	Cents	Cents	Cents
Net tangible assets per ordinary security	8.79	9.18	10.82

#### 5. Control over entities

There was no gain or loss of control over any entities during the current Financial Period.

#### 6. Dividends

##### a) Current period

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

##### b) Previous period

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

#### 7. Dividend reinvestment plans

Not applicable.

#### 8. Details of associates and joint venture entities

Not applicable.

#### 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

#### 10. Audit qualification or review

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

The financial statements were subject to a review by our auditors, BDO Audit (WA) Pty Ltd. Their Report forms part of the Half-Year Financial Report.

#### 11. Attachments

*Details of attachments (if any):*

The Half-Year Financial Report of Hygrovest Limited for the half year ended 31 December 2023 is attached.

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Date: 26 February 2024  
Jim Hallam  
Company Secretary

**Hygrovest Limited**

**ABN 91 601 236 417**

**Half-Year Financial Report - 31 December 2023**

## Corporate directory

Directors	Mr Warwick Sauer (Non-Executive Chair)
	Mr Jason Byrne (Non-Executive Director)
	Mr David Prescott (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr Jim Hallam
Registered office and principal place of business	Suite 5706, Level 57, 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	<a href="http://www.hygrovest.com.au">www.hygrovest.com.au</a>

## Hygrovest Limited

### Directors' Report

The Directors present their Report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Hygrovest Limited (referred to hereafter as HGV, the 'Company' or 'parent entity') and the entities it controlled (the 'Group') at the end of, or during, the half-year ended 31 December 2023 ("the Financial Period").

### Directors

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

Mr Warwick Sauer (Non-Executive Director to 1 August 2023; Non-Executive Chair from 1 August 2023)

Mr David Prescott (Non-Executive Director)

Mr Jason Byrne (Non-Executive Director) (appointed 1 August 2023)

Mr Peter Wall (Non-Executive Chair) (resigned 1 August 2023)

Mr Doug Halley (Non-Executive Director) (resigned 1 August 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 portfolio that primarily 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 \$0.8m (compared to the prior corresponding period (pcp) to 31 December 2022: profit of \$0.6m). The loss for the Financial Period included the following gains and losses from the following investments<sup>2</sup>:

	Gains/(losses) from material investments Year ended	Book value
	31-Dec-23	31-Dec-23
	\$000	\$000
Investment in Delivra Health Brands	639	1,230
Investment in Southern Cannabis Holdings	205	3,846
Investment in Weed Me Inc	503	9,575
Investment in Medio Labs	(1,959)	0

The main driver of financial performance in the Financial Period was the write-off of HGV's investment in Medio Labs. This write-off followed Medio informing HGV during the Financial Period that it was insolvent and was no longer operating.

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.

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<sup>2</sup> Includes unrealised and realised gains and losses, interest and dividend income as applicable.

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 \$0.6m down from \$0.8m in the previous Financial Period.

During the Financial Period, the net tangible asset backing per share decreased from 9.18 cents as at 30 June 2023 to 8.79 cents as at 31 December 2023 on which day HGV's share price closed at 5.1 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 portfolio that primarily 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.

HGV is focused on seeking to improve HGV's performance, via initiatives including:

- a) maximising the value of HGV's existing investments;
- b) revising HGV's investment approach so that it is more value focused than it has been historically; and
- c) reducing HGV's fixed cost structure.

Steps that have been taken on these fronts thus far include:

- a) appointing HD Capital Partners Pty Ltd ("HD") as Investment Manager of HGV's investment portfolio; and
- b) reducing operating costs (excluding base investment management fees), which are currently forecast to fall from more than \$1.3m in the year ended 30 June 2023 to around \$0.8m in the year ending 30 June 2025. Specific cost reduction measures taken to date have included:
  - i. termination of HGV's Sydney office lease, which will be effective in March 2024
  - ii. elimination of marketing spend and reduction in other investor communication costs
  - iii. rationalisation of employee headcount, which was facilitated via HGV's CFO / company secretary Jim Hallam taking on tasks that were previously performed by a second employee
  - iv. materially reducing insurance premiums paid without materially compromising appropriate coverage
  - v. reducing registry and ASX listing fees through the implementation of the unmarketable share buyback completed in June 2023
  - vi. reducing the size of HGV's Board from four to three directors

Notwithstanding the additional work that has been (and continues to be) required of HGV's Board and CFO through their seeking to identify and then implementing cost reduction measures, HGV's Board and CFO also all voluntarily reduced their annual remuneration by 10% from 1 December 2023.

### **Financial position**

The net tangible assets of the consolidated entity decreased by \$0.8m during the Financial Period primarily as a result of unrealised losses on investments.

### **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 1 August 2023 the Company announced the following changes to the Board:

- 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 Chair of the Company.

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. 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 matter or circumstance has arisen since 31 December 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**

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

### **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.

### **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.

### **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.

This Report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

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Warwick Sauer  
Non-executive Chair  
26 February 2024

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

As lead auditor for the review of Hygrovest Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

26 February 2024

**Hygrovest Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the Financial Period**

	Note	31-Dec-23 \$000	31-Dec-22 \$000
<b>Investment Income</b>			
Interest income from financial assets at fair value through profit or loss		75	30
Net gains/(losses) on financial instruments at fair value through profit or loss	4	(111)	1,976
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(225)	(119)
<b>Total investment income/(loss)</b>		<u>(261)</u>	<u>1,887</u>
<b>Other Income/(Loss)</b>			
Other operating income/(loss)		94	(9)
<b>Total income/(loss)</b>		<u>(167)</u>	<u>1,878</u>
<b>Expenses</b>			
Administration expenses		(288)	(327)
Asset management expenses		(52)	(105)
Employee and director related expenses		(241)	(336)
Operating expenses		(582)	(768)
Equity based payments reversal/(expense)		(0)	0
<b>Total expenses</b>		<u>(582)</u>	<u>(768)</u>
<b>Profit/(Loss) before income tax</b>		(749)	1,111
Income tax expense/(benefit)		30	495
<b>Profit/(Loss) after income tax for the Financial Period</b>		<u>(779)</u>	<u>616</u>
Other comprehensive income		0	0
Other comprehensive income for the Financial Period, net of tax		0	0
<b>Total comprehensive profit/(loss) for the Financial Period</b>		<u>(779)</u>	<u>616</u>
Profit/(Loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(779)	616
		<u>(779)</u>	<u>616</u>
Total comprehensive income/(loss) for the Financial Period is attributable to:			
Owners of Hygrovest Limited		(779)	616
		<u>(779)</u>	<u>616</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	10	(0.37)	0.27
Diluted earnings/(loss) per share	10	(0.37)	0.27

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 31 December 2023**

	31-Dec-23	30-Jun-23
Note	\$'000	\$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	328	3,715
Trade and other receivables	156	691
Financial assets at fair value through profit or loss	4    20,473	17,478
<b>Total Current Assets</b>	<b><u>20,956</u></b>	<b><u>21,884</u></b>
<b>NON-CURRENT ASSETS</b>		
Deferred tax assets	<u>73</u>	<u>80</u>
<b>Total Non-Current Assets</b>	<b><u>73</u></b>	<b><u>80</u></b>
<b>TOTAL ASSETS</b>	<b><u>21,030</u></b>	<b><u>21,964</u></b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>141</u>	<u>255</u>
<b>Total Current Liabilities</b>	<b><u>141</u></b>	<b><u>255</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>2,323</u>	<u>2,329</u>
<b>Total Non-Current Liabilities</b>	<b><u>2,323</u></b>	<b><u>2,329</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>2,463</u></b>	<b><u>2,584</u></b>
<b>NET ASSETS</b>	<b><u>18,566</u></b>	<b><u>19,380</u></b>
<b>EQUITY</b>		
Contributed equity	50,711	50,746
Reserves	35	82
Retained Earnings/(Accumulated Losses)	<u>(32,179)</u>	<u>(31,447)</u>
<b>TOTAL EQUITY</b>	<b><u>18,566</u></b>	<b><u>19,380</u></b>
Net Tangible Assets per share (\$)	<b>0.0879</b>	<b>0.0918</b>

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



**Hygrovest Limited**  
**Consolidated statement of cash flows**  
**For the Financial Period**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to employees & suppliers	(670)	(674)
Interest received	46	106
Payments for financial assets at FVPL	(4,826)	(1,632)
Proceeds from disposal of financial assets at FVPL	1,473	0
Company tax refund	627	689
<b>Net cash/(used in) from operating activities</b>	<b>(3,350)</b>	<b>(1,511)</b>
<b>Cash flows from investing activities</b>		
<b>Net cash used in investing activities</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>		
Sharebuy back	(35)	0
<b>Net cash/(used in) from financing activities</b>	<b>(35)</b>	<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(3,386)</b>	<b>(1,511)</b>
Cash at the beginning of the Financial Period	3,715	6,319
Effects of exchange rate changes on cash and cash equivalents	(1)	(101)
<b>Cash &amp; cash equivalents at end of Financial Period</b>	<b>328</b>	<b>4,706</b>

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

**Hygrovest Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Notes to financial statements**

**1. General information**

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2024. The Directors have the power to amend and reissue the financial statements.

**2. Basis of preparation of Half Year Report**

The Interim Financial Report for the half-year ended 31 December 2023 (the Financial Period) has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The Interim Financial Report does not include all the notes of the type normally included in annual financial statements. Accordingly, this Report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**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. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

**Changes in accounting policies**

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the Financial Period. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

**3. Operating segments**

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

#### 4. Financial assets held at Fair Value through Profit and Loss

	31-Dec-23 \$000	30-Jun-23 \$000
<b>Financial assets at fair value through profit or loss</b>		
<b>Equity financial assets - current</b>		
Investment in Weed Me Inc	9,575	8,841
Investment in Southern Cannabis Holdings	3,846	3,982
Investment in Delivra Health Brands	1,230	629
Investment in Bespoke (Vintage Wine Estates)	48	97
Investment in Medio Labs	0	832
Investment in other unlisted securities	504	0
Investment in other listed securities	4,770	62
	<u>19,973</u>	<u>14,443</u>
<b>Convertible and loan financial assets - current</b>		
Investment in Weed Me Inc.	0	1,408
Investment in Medio Labs	0	1,127
Investment in Valo	500	500
	<u>500</u>	<u>3,035</u>
<b>Financial assets at fair value through profit or loss - current</b>	<u>20,473</u>	<u>17,478</u>
<b>Financial assets at fair value through profit or loss - total</b>	<u>20,473</u>	<u>17,478</u>

Note: Investment in other listed securities included an investment of \$2.34m in higher yielding cash on call deposits via an investment in ASX:AAA.

#### Reconciliation

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

	31-Dec-23 \$000	31-Dec-22 \$000
<b>Opening fair value</b>	17,478	19,195
Additions - financial assets at fair value through profit and loss	4,826	1,632
Changes in the fair value of equity investments at fair value through profit and loss	(111)	1,976
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	(224)	(128)
Accrued interest	(15)	(41)
Disposal of financial assets at fair value through profit and loss	(1,473)	0
Other movements	(8)	(4)
<b>Closing fair value</b>	<u>20,473</u>	<u>22,630</u>

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

		Unlisted equity securities \$000	Convertible debenture receivable \$000	Total \$000
<b>Opening balance</b>	<b>1-Jul-23</b>	<b>13,752</b>	<b>3,035</b>	<b>16,788</b>
Transfers to level one		(97)	0	(97)
Disposals		(341)	(1,131)	(1,473)
Acquisitions		0	0	0
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		0	(262)	(262)
Accrued interest		0	(15)	(15)
Net gains/(losses) on financial instruments at fair value through profit or loss		107	(1,121)	(1,014)
Other movements		0	(7)	(7)
<b>Closing balance</b>	<b>31-Dec-23</b>	<u><b>13,421</b></u>	<u><b>500</b></u>	<u><b>13,921</b></u>

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	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets held at fair value through profit and loss</b>				
Listed investments	6,048	0	0	6,048
Unlisted investments	0	504	13,421	13,925
Convertible debenture receivable	0	0	500	500
Total assets	6,048	504	13,921	20,473
	<b>31-Dec-23</b>			

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Fair Value Measurement</b>				
<b>Financial assets held at fair value through profit and loss</b>				
Listed investments	691	0	0	691
Unlisted investments	0	0	13,752	13,752
Convertible debenture receivable	0	0	3,035	3,035
Total assets	691	0	16,788	17,478
	<b>30-Jun-23</b>			

### 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.

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	EV/Rev multiple: For the Financial Period, when utilising the Enterprise Value to Revenue Multiple, revenue for the last twelve months has been used with a multiple of 1.83x which has been determined from a peer list of Australian companies and a multiple of 1.55x which has been determined from a peer list of Canadian companies	13,154	Revenue	10%	712
				(10%)	(1,060)
	and/or Other judgement	500	Other judgement	10% (10%)	50 (50)
Unlisted warrants/options	Unlisted warrants/ conversion options which are not actively traded are valued using a Black-Scholes valuation methodology.	267	Share Price	10%	78
				(10%)	(74)
			Volatility	5% (5%)	32 (33)
<b>Total:</b>		<b>13,921</b>			

#### *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.

### **5. Equity - dividends**

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

### **6. Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2023.

### **7. Commitments for expenditure**

There have been no material changes in expenditure commitments as at 31 December 2023 since 30 June 2023.

## 8. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	31-Dec-23 %	30-Jun-23 %
PhytoTech Medical (UK) Pty Ltd	United Kingdom	100	100

## 9. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

## 10. Earnings per share

	31-Dec-2023 \$'000	31-Dec-22 \$'000
Profit/(loss) after income tax	(779)	616
Profit/(loss) after income tax attributable to the owners of Hygrovest Limited	(779)	616
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary Shares used in calculating basic earnings per share	210,310,602	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	210,310,602	229,953,985
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.37)	0.27
Diluted earnings per share	(0.37)	0.27

### *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.

**Hygrovest Limited**  
**Directors' Declaration**  
**31 December 2023**

In the Directors' opinion:

The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- a) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

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Warwick Sauer  
Non-executive Chair

26 February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hygrovest Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Hygrovest Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**



**Phillip Murdoch**

**Director**

Perth, 26 February 2024