



Release Date: 29 October 2021

Powerhouse Ventures Limited ("PVL" or the "Company")

**QUARTERLY UPDATE ON ACTIVITIES FOR THE 3 MONTH PERIOD ENDED  
30 SEPTEMBER 2021**

**KEY POINTS:**

- **During the Quarter PVL made changes to the Board and announced a review of the ongoing strategic direction of the Company.**
- **The Company lodged its Notice of Meeting for the November 2021 Annual General Meeting (AGM) on 22 October 2021.**
- **The Company lodged its Annual Report on 27 October 2021.**
- **James Kruger, Joseph Demase and Joshua Baker will seek election to the Board at the AGM with existing Directors Russell Yardley, Nitesh Patel and Geoff Gander retiring at the conclusion of the AGM.**
- **The incoming Directors have agreed to take no cash fees and details of their proposed terms of engagement are outlined in the Notice of Meeting.**
- **The Company continued to monitor new investment opportunities as well as manage its existing investment portfolio.**
- **During the 1H of Calendar Year 2021, the Company migrated its residency from New Zealand to Australia.**
- **The Company lodged its audited 30 June 2021 Accounts on 30 September 2021 and its investment portfolio valuation was set at ~\$NZ3.18m.**
- **On 21 October 2021, the Company decided to write down its investment in Objective Acuity to \$NZ NIL thereby reducing its investment portfolio valuation to ~\$NZ2.73m.**



The Board of Powerhouse Ventures Limited (**PVL or the Company**) presents the following update on activities for the 3 month period ending 30 September 2021 (**the Quarter**). Also included in this report are details of subsequent events that have occurred up to the date of this release.

### **BOARD CHANGES:**

On 23 August 2021 the following Board Changes were announced.

Non-Executive Directors Peter McGrath, Tim Hannon and Lachlan Armstrong resigned and Nitesh Patel was reappointed as an Non-Executive Director.

Russell Yardley resumed the role of Non-Executive Chairman and Geoff Gander was reappointed as Company Secretary.

### **REVIEW OF STRATEGIC DIRECTION/BOARD REFRESH:**

During the Quarter, and as a result of the recent Board instability, the Company set about reviewing its future direction as well as the necessary skills and background required to enable a Board and Strategy refresh.

This work has culminated in the decision by James Kruger, Joseph Demase and Joshua Baker to stand for election at the 24 November 2021 Annual General Meeting (AGM). Short backgrounders on Messrs Kruger, Demase and Baker are attached at the end of this announcement.

If Messrs Kruger, Demase and Baker are elected, the existing Directors - being Russell Yardley, Nitesh Patel and Geoff Gander - shall retire at the conclusion of the AGM.

If elected, the incoming board has foreshadowed that James Kruger will assume the role of Chairman.

All retiring Directors have agreed to make themselves available to the new Board, on a consulting basis, to assist in the transition and will be used and paid as deemed necessary by the new Board over the coming months.

The incoming Directors have agreed to take no cash fees and shareholders will be asked at the AGM to approve an allocation of 4.0m options each to Messrs Kruger, Demase and Baker. These options will have a strike price of \$A0.11, expire on 31 December 2023 and will only vest if the PVL share price trades above \$A0.20 over a 20-day VWAP and each of the individuals are still Directors of the Company at the time of vesting.



The Company believes that the new Board, with assistance from the existing Board, will be able to reposition PVL and all parties will work to maximise shareholder value in 2022 and beyond.

Ian Lothian has also advised the Board of his intention to retire from the Company at the conclusion of the November AGM. Ian served as a Director of PVL from April 2019 to December 2020 and remained as NZ Country Manager after stepping down from the Board.

The Board thanks Ian for his valuable contribution to PVL and wishes him well with his future endeavours.

### **EXISTING INVESTMENT PORTFOLIO:**

As part of the 2020/2021 Financial Year audit, the Board reviewed of its investment portfolio and, effective 30 June 2021, recorded a portfolio valuation of ~\$NZ3.18m.

This 30 June 2021 portfolio valuation reflected a reduction in the carrying value of one of the investee companies, an improved valuation in another and the sale, during the 2021 Financial Year, of stakes in two other investment companies.

On 20 October 2021, the Company was provided a shareholder update by the Board of one of its investee companies, Objective Acuity. Based on the information contained in that update, and after discussion by the PVL Board, the Company announced on 21 October 2021 that it had taken the decision to write down its investment in Objective Acuity to \$NZ NIL. The carrying value of Objective Acuity had been \$NZ450,000 meaning that the 30 June 2021 portfolio value of ~\$NZ3.18m has now been reduced to ~\$NZ2.73m.

The Company continues to work closely with several of its portfolio companies and regularly monitors many of the others. The Board will continue to look at opportunities to make follow on investments in the existing portfolio or alternatively sell its stake(s) if the appropriate offer is made.

### **MIGRATION OF RESIDENCY:**

As announced on 18 October 2021, during the 1H calendar year 2021, the Company transitioned its finance and administration functions from New Zealand to Australia and the members of the Board are now 100% based in Australia.



To facilitate a migration of residency from New Zealand to Australia, the relevant documentation will be lodged with the Australian Securities & Investment Commission (ASIC) with an effective registration date of 1 July 2021.

Relevant income tax and Goods and Services Tax (GST) registrations are required with the Australian Taxation Office (ATO) and these are also being finalised by the Company.

Shareholders should seek independent advice as to any taxation impact this may have on them in relation to the securities they hold in PVL.

### **CAPITAL STRUCTURE AND FINANCES:**

As at 30 September 2021, the Company had 94,743,176 Fully Paid Ordinary Shares (ASX ticker "PVL") on issue and 12,227,631 Listed Options (ASX ticker "PVLO") on issue.

All PVLO have an exercise price of \$A0.07 and all expire on 31 December 2023.

As at 30 September 2021, PVL had unaudited cash reserves of \$NZ4.89m.

The Company remains debt free. The attached Appendix 4C provides more detail on the Quarterly Cashflow.

If there are any questions regarding this Quarterly report, shareholders are welcome to contact the Company.

**Russell Yardley**  
**Non-Executive Chairman**

**ENDS**

*Authorised by the Board of Powerhouse Ventures Limited*

### **Forward Looking Statements:**

All statements other than statements of historical fact including, without limitation, statements regarding projections, future plans and objectives of PVL, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'in principle', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.



These statements are based on an assessment of present economic and operating conditions and assumptions regarding future events. Such forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and Management of PVL that could cause PVL's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by these forward-looking statements will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. PVL does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained above, except where required by applicable law and securities exchange listing requirements.

### **Short Backgrounders on Directors seeking election at the November AGM:**

#### **Mr James Kruger:**

Mr Kruger (B.Com, LLB, BA (Literature), MAppFin, GradDipAppCorGov, Fellow FGIA) has had extensive experience in technology investment, which he combines with significant corporate finance, governance, and regulatory expertise to high impact, transformational companies. His focus areas are:

1. Sovereign Technologies (quantum, cyber, space domain, AI): Notably, director and seed investor of Quantum Brilliance a world-leading developer of room temperature quantum processing units. Seed investor in several space domain, cyber, and engineering-focussed start-ups;
2. Critical Minerals: Director of Lava Blue (QLD company developing high purity alumina, silicon and other new energy materials). James has also been working with several ASX miners and US / Korea / international companies to establish alternative mid-stream processing hubs for Australian lithium, nickel, graphite, rare earths and to optimise for ESG and geo-political risks; and
3. IoT and enabling technologies: energy storage and track and trace technologies to validate ESG profile and security of renewables electricity and new energy supply chains.

Mr Kruger had a stellar 21 year career at Macquarie Group principally based in Hong Kong but with a global focus as Executive Director / Integrity Officer / Subsidiary Director / Management Committee member. His previous positions at Macquarie Group were as follows:



- (i) General Counsel:
- (ii) Corporate Finance Transaction Management and Prudential Risk:
- (iii) Sector banker for Transport and Lithium-Ion supply chains:

### **Mr Joseph Demase:**

Mr Demase is currently the Managing Director of 5G Networks Limited (5GN). 5GN is a licenced telecommunications carrier operating across Australia. Its mission is to be Australia's partner of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and data centre services, underpinned by expert managed services in the business to business market. 5GN currently owns and operates its own Nationwide highspeed Data Network with points of presence in all major Australian capital cities.

Mr Demase is also the Managing Director of ASX-listed Webcentral Limited (ASX:WCG) (Webcentral), which is Australia's largest full-service digital services partner for small and medium businesses - fuelling the growth of local businesses from inception to acceleration. Since its founding in 1996, Webcentral Group (previously Melbourne IT Group and Arq Group) has helped fuel the success of more than one million Australian small to medium businesses. With roots in domain name and hosting, Webcentral is the small and medium business digital marketing expert who catapult growth by helping businesses get online, improve and protect their online presence. Webcentral, Melbourne IT and Domainz are its main brands.

Mr Demase has previously held directorships in security consulting organisation Stark Corporation Pty Ltd and media organisation Same Page Media, and held a senior management role in video conferencing and communications company Ivision Pty Ltd.

In 2001, prior to his appointment as a company director, Mr Demase co-founded Clever Communications (ASX:CVA) previously Access Providers Ltd (ASX:APV), a business to business Wireless Broadband Carrier with coverage in all major cities across Australia. During that time, Mr Demase managed the listing of the business on the stock exchange and completed 3 complementary acquisitions. Revenue from the business grew from \$0 to over \$20m per annum in 5 years. Key to the success of the business was Mr Demase's ability to develop the necessary systems and operating protocols required to support a rapidly growing business environment. Mr Demase's success in spearheading the listing effort, ensured that funding was available to support business expansion. His focus on the ongoing management needs and business control processes also enabled smooth transitions for the business through times of rapid change and significant growth.

### **Mr Joshua Baker:**

Mr Baker (BBus, CIMA) holds a current role as Portfolio Manager with Capital H Management. Mr Baker oversees both the Inception Fund and the Active Fund, working alongside the CIO. Both funds focus on the small and microcap segments of the ASX and operate under a high conviction investment strategy which invest across all sectors of the ASX



Prior to joining Capital H Management , Mr Baker has over 10 years' experience across multiple sectors of the financial services industry from general wealth management through to hedge funds. Previous roles include Paragon Funds Management (hedge fund), Zenith Investment Partners (funds ratings and consulting) and Whittle & Skok Financial Services (wealth management).

**About Powerhouse Ventures Limited:**

Powerhouse Ventures Limited (PVL) is an ASX listed company that invests in ground-breaking intellectual property generated through scientific and technological research. PVL works closely with universities in Australasia to form, or assist in the formation of, spin-out companies based on world-leading innovation. Powerhouse successfully manages the process of identifying intellectual property with commercial potential, the establishment of commercialisation vehicles and subsequent generation of shareholder value. For more information go to: [www.powerhouse-ventures.co.nz](http://www.powerhouse-ventures.co.nz)



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 ARBN: 612 076 169  
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**Quarterly Cashflow Report (Appendix 4C)**  
**Quarter Ended 30 September 2021**

**Statement of cash flows**

<b>1 Cash flows from operating activities</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date \$NZD'000</b>
1.1 Receipts from customers	3	3
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(13)	(13)
(f) administration and corporate costs	(426)	(426)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(435)</b>	<b>(435)</b>

<b>2 Cash flows from investing activities</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date \$NZD'000</b>
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	360	360
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>360</b>	<b>360</b>

<b>3 Cash flows from financing activities</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$NZD'000</b>	<b>\$NZD'000</b>
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	149	149
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) (i)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>149</b>	<b>149</b>

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$NZD'000</b>	<b>\$NZD'000</b>
4.1	Cash and cash equivalents at beginning of period	4,813	4,813
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(435)	(435)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	360	360
4.4	Net cash from / (used in) financing activities (item 3.10 above)	149	149
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,887</b>	<b>4,887</b>

<b>5 Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>		<b>Current quarter</b>	<b>Previous Quarter</b>
		<b>\$NZD'000</b>	<b>\$NZD'000</b>
5.1	Bank balances	4,887	4,813
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,887</b>	<b>4,813</b>

<b>6 Payments to related parties of the entity and their associates</b>		<b>Current quarter</b>
		<b>\$NZD'000</b>
6.1	Aggregated amount of payments to related parties and their associates included in item 1	69
6.2	Aggregated amount of payments to related parties and their associates included in item 2	-

Includes all Directors fees and contractor costs paid to Non-Executive directors

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*



<b>7 Financing facilities available</b> Note: the term 'facility' includes all forms of financing arrangements available to the entity.	<b>Total facility at quarter end</b>	<b>Amount drawn at quarter end</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	-	-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8 Estimated cash available for future operating activities</b>	<b>\$NZD'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(435)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,887
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,887
8.5 <b>Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)</b>	11
8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions: N/A	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

#### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies that comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: The Board of Powerhouse Ventures Limited



#### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.