



PVL AGM 24 November 2017 - 2.30pm - Chairman's Speech

Thank you, ladies and gentlemen, for taking the time to attend this Annual General Meeting of PowerHouse Ventures Limited. This is my first AGM as Chairman of Powerhouse and I thank the board for the honour and the faith and confidence they have shown in me as Chairman. To my fellow Directors, our new Chief Executive, Paul Viney and our team I would like to say thank you for this opportunity.

Today I could talk about numbers, I could talk about portfolio companies, I could talk why you should invest more, but today I want to talk about what my heart tells me about investing in commercialising research not just what my head tells me I want to look deeper. This is all about capturing the hearts of minds of the world and being a power that is always for good. This is about a journey for investors to drive prosperity for New Zealand and Australian people.

Today I want to say thank you not for just being smart investors but for being those people that every community and that every company needs – the knowledgeable investor who wants to make a difference to the world we live in and not just make a difference to your bottom line.

The cultural beliefs of Australia and New Zealand align with what PowerHouse is all about; we've learnt over many generations how to take an idea often from the land and then turn it into something great, something needed, something wanted, something important for our communities. In NZ, they refer to number 8 wire used on remote farms inventively to solve mechanical or structural problems on the farm! In Australia we talk about the stump jump plough or the Hills Hoist. Powerhouse promotes the sheer brilliance of this approach to all our portfolio companies to apply their innovation and curiosity to build global companies.

And let me tell you, that every day, every single person within the PowerHouse extended family or as New Zealanders would say the Powerhouse whanau "Farnow" we will be taking a step maybe only a small step but sometimes a great big leap for each and every portfolio company and over time all of those steps will take us onto the global stage with a story to tell of how an idea thought up in a university on the other side of the world is now saving lives, protecting our environment, helping to feed the starving, helping the next generation learn – and above all else making a world of difference to the world of tomorrow.

PowerHouse Ventures has had a year that let's face it could only be called challenging but we are still here, and we keep taking determined steps every day just as we demand our portfolio companies to do the same, and we will be still here next year and the year after and the year after that. PowerHouse Ventures will be one of those companies that the next generations look back on and say they made the world of difference to the world.

You all know that PowerHouse invests in intellectual property generated through scientific and technological research. You also know that we take a systematic approach to developing outstanding businesses that compete on a national and international stage.

You all know that through our close relationships with universities we are able to access and understand the research presented to us. You all know that our investment team works closely

with newly formed portfolio companies to shape them from the inside out. PowerHouse is perfectly positioned to take advantage of breakthrough technologies as they emerge.

And thanks to some, at times, unkind and even undeserved media coverage, you also know that PowerHouse has had to dig deep into itself and show its power to keep going no matter what twists and turns are thrown up on a daily basis. But if it were easy everyone would be doing this but they're not.

PowerHouse is no different to any of our portfolio companies in that we are shaping ourselves from the inside out and have put real focus into this over the last 21 weeks since I took on the role of Chairman and particularly in the last 90 days since Paul Viney stepped up into the role of Chief Executive with the unanimous support of the Board and of our team.

PowerHouse was born in Christchurch, New Zealand and now Paul and others in our team have made Christchurch their home but the PowerHouse vision is the world.

At the heart of PowerHouse is a fundamental belief:

Finding great science, building global companies that will make a world of difference to the world of tomorrow – I'll say it again – finding great science, building global companies that will make a world of difference to the world of tomorrow.

And I'll keep saying it and saying it and saying it and we need you to keep saying it too. Together we will take this mantra and have it embraced by each and every company in our portfolio.

There is always an argument that in early venture capital you will lose most and yes there is merit to that. But we think there is a way to tip the odds in our favour.

PowerHouse is searching out great science, applying what we have learnt; finding where in the world this great science is needed and knowing how we can adapt that science to make a world of difference to the world of tomorrow.

We are patient capital investing in emerging technologies fast tracking these companies on their journey from IP to IPO. But we will do it with care and we will do it with integrity and we will do it knowing we might have to make some tough calls but we must always, absolutely always be thinking of the greater good of all our portfolio companies and those astute investors in PowerHouse Ventures Limited. So we do describe ours as patient capital but patient capital that verifies that our patience is justified.

PowerHouse is taking our secret recipes from New Zealand across the Tasman to our Australian neighbours to accelerate similar companies to grow big and strong so they can make their great impression on the world.

That systematic approach to developing outstanding companies that shine on the global stage is not all fairy dust, lights, glitz and glamor; it is bloody hard work and it is tiring work and it is often thankless work. But it is the work we are each choosing to do by coming onto this Board and into this company whether as a Director, member of the team, investor or strategic partner; we are coming together because we know that this model, this genius model of taking that great science from IP to IPO is another case of New Zealand and Australia taking on the world.

On one of my first visits to Christchurch as Chairman of PowerHouse, I was invited to a home cooked dinner by a group of city leaders, including Ta Mark Solomon, a great Maori man, a great mana who was happy to take a tea towel in his hand and get us all to wash our dishes after that great meal. But it is that humbleness that he showed that we see day in and day out at

PowerHouse. People who are developing great science in a humble way from a seed of an idea and now they need the soil turned, the right conditions and temperature, the right farmer to help that seed grow and flourish. There will be times when it feels like winter but we will always remember that spring is just around the corner.

Why am I so passionate about PowerHouse Ventures? Because in my mind it is the single biggest opportunity that we can co-create with our partners and take to the world knowing that this great science we have found often hidden away in a university will make a world of difference to the world of tomorrow, to the global economy, to the communities it touches and to the next generations.

But looking back now over the past 12 months; and what a 12-months it has been. We didn't fall over in the storm or the savage winds blown our way by some of the media, our home in Christchurch didn't topple with the rumbling of ground; what we did was survive and weather the storm, get the plan ready for the next storm knowing the sun is coming out soon.

PowerHouse is a young company, established in 2006 but only listed on the Australian Stock Exchange [ASX] in October 2016 after an IPO raising A\$10.2 million. There are now 22 companies within the PowerHouse portfolio; all of which have dreams and aspirations for great success. Those companies are each at different stages on their journey from a seed of an idea to a successful IPO listing.

Some would say that PowerHouse is an early incubator company; others would focus on it being an early venture capital company; and then others would talk of the purpose of IP to IPO. There are often references to 'patient capital' meaning that it will likely take some time and years for the portfolio companies to deliver returns and that there is risk in incubator style models where you win some and you lose some. There is some truth in all of these statements.

What made me want to take on this role at a time when PowerHouse was dealing with some challenging issues was my absolute belief in what needs to be the single-minded proposition of PowerHouse and I'll say it again; *Finding great science and building global companies that will make a world of difference to the world of tomorrow.*

The idea behind PowerHouse is simply brilliant in its simplicity; and that view takes in Australia where I live and I have already talked to many universities, financial markets people, government representatives and the like saying that Christchurch & New Zealand did a very smart thing when establishing PowerHouse's unique model for commercialising university sourced intellectual property.

It is my belief that PowerHouse is a reflection of many of the attributes underpinning the NZ Inc. brand. Given that the company is listed on the ASX, PowerHouse can be an 'ANZAC' brand and company.

We have seen the immense interest by Australian financial markets in the PowerHouse portfolio companies because the world knows that New Zealand is almost like an incubator company itself; where problems and challenges are grabbed with both hands and innovative and clever thinking and ideas are applied to get great results. The science behind the portfolio companies generally stems from a very smart person trying to solve a problem or create an opportunity.

PowerHouse can be a truly Australasian enterprise and our Board is determined to expand into Australia not just to raise capital but to find more of that great science that can be built into a global company.

The announcement of PowerHouse's first investment in UniSA sourced IP – Ferronova - is another step towards achieving that goal. Ferronova is an Adelaide based medical device company that brings together magnetic probe technology from Victoria University of Wellington. The Ferronova magnetic probe and tracer system is being developed to allow staging of complex cancers, initially targeting oral cavity and other head and neck cancers. Improved staging of these complex cancers is anticipated to allow better treatment, lower patient morbidity and reduced healthcare system costs. This is indeed a huge opportunity for PowerHouse, bridging the Tasman and reinforcing our ANZAC links.

There are of course also times when it might seem like a sideways step but let me state very clearly, that PowerHouse is strong and we will show courage and leadership to take decisive action and make changes when they need to be made. All of our shareholders have the right to expect that. It is important to thank our new shareholders who can clearly see the potential of the portfolio. And I can understand why.

I would say though that from a governance perspective, the ASX requirements for continuous and material disclosures mean a need for a regime of military-like discipline and as Chairman, that that is non-negotiable as we move forward. That level of discipline will be very apparent throughout the company under the executive leadership of new Chief Executive Paul Viney who moved his family to Christchurch to work for PowerHouse 3 years ago.

Paul comes from a financial markets background and is highly regarded by the Board which has seen him deliver a powerful performance in highly pressured situations dealing with a complex matrix of competing demands and issues, and maintaining his high standards of integrity.

The Board and Paul with his senior executives have developed a clear and decisive plan so that PowerHouse delivers a powerful performance. Those are two other words you will hear me say over and over – powerful performance, will this decision help PowerHouse deliver a powerful performance, will the use of that money in that way help that portfolio company deliver a powerful performance?

That means you may not hear from us every day, but we will be taking steps forward every single day in every single part of the business and within the portfolio companies so we are delivering those powerful performances. It is also the most effective way to silence one's critics. Powerful performance; powerful performance; powerful performance – and that will only come from – and yes, I will say it again – finding great science and building global companies that will make a world of difference to the world of tomorrow.

What PowerHouse will be doing to deliver a powerful performance to our investors and shareholders is building the capability and capacity within the business, building relationships that support the identification of potentially great science, partnering with the portfolio companies where appropriate to get them to that IPO listing but also knowing where there are other opportunities for them. That might be different applications of the science to respond to a market need. This needs to be a real area of strength within the business.

Before I finish I would like to acknowledge the founders of our company including Canterbury University, CDC and the recently departed CEO Stephen Hampson as well my predecessor and the chairman that lead the company through the IPO Kerry McDonald.

PowerHouse does not want to ever again be in the weak position it found itself with HydroWorks. There will be different views about what led to this. The decision to apply to the High Court to appoint interim liquidators to HydroWorks, in which PowerHouse was an 23% shareholder, was bitterly disappointing. This has had a consequential impact on the financial performance of the company which is all detailed in this Annual Report. Not how I had quite planned my 'first day on the job.' But in for a penny in for a pound. And in I am in, believe you me. And if I have any doubts, I hold close my pounamu gifted by Ta Mark Solomon and friends to me and it tells of the story of strength and leadership and the constant need to be courageous. One of the most touching honours in my life was that home cooked meal with a group of city leaders who have such a vision for the city of Christchurch, for New Zealand and Australia and for the world we will leave our children.

There will be some changes on the Board as well which have been signalled to the market. There will be a robust process followed so that we get the right people for the next evolution of PowerHouse.

Ladies and gentlemen, the house that is PowerHouse Ventures has strong foundations and we have a plan for the future. This is my first role as chairman of a New Zealand company, that is listed in Australia. Opportunities to be part of something great don't come along very often. And PowerHouse will be great, it will be strong, it will be an Australian and NZ story; and it absolutely will continue to find that truly great science that will make a world of difference to the world of tomorrow and we will find visionary investors who will provide 'knowledgeable capital' because they can see the potential and the opportunity to commercialise science from lab at a university.

Finding great science and building global companies that will make a world of difference to the world of tomorrow.

That is PowerHouse Ventures Limited.

Thank you, ladies and gentlemen, for your time and your belief in our company.

Russell Yardley

Chairman