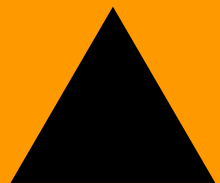


# Powerhouse Ventures Limited

QUARTERLY REPORT

FOR THE 3 MONTH PERIOD ENDED 30 JUNE 2019



**ASX Announcement**  
**Powerhouse Ventures Limited**  
**(ASX Code: PVL)**

**NZ Company Number: 1854396**

**ARBN: 612 076 169**

**29 July 2019**

**QUARTERLY ACTIVITIES REPORT  
FOR THE 3 MONTH PERIOD ENDED 30 JUNE 2019**



## Operations Update

- ▲ Continued focus of realigning cost structure to the new strategic business model – move to new premises and ongoing focus on headcount has seen normalised cash burn rate reduced to ~\$NZ90k per month.
- ▲ Opportunities to reinvest in some portfolio companies and exit others under constant review – current focus is to sell specific holdings to pay off all existing Convertible Notes and leave the Company debt free with a strengthened balance sheet.
- ▲ Investment rounds scheduled for a number of portfolio companies over the coming months. If successful at the valuations being sought, Powerhouse will show a significant improvement in the value of its investment portfolio.
- ▲ Ongoing discussions with potential strategic partners to assist in making the Company a true “end to end” IP commercialisation vehicle.

### **ASX: PVL**

#### **Issued Capital:**

**29.312m Fully Paid Shares**

#### **Key Personnel:**

**Mr Russell Yardley**

*Chairman and acting-CEO*

**Mr Geoff Gander**

*Non-Executive Director*

**Mr Ian Lothian**

*Non-Executive Director*

#### **Registered Office:**

**293 Durham Street**

**Christchurch NZ**

**T: +61 418 586364**

## Other Information

- New Zealand Government has released RFP covering the next round of its Tech Incubator Programme. Responses due in October 2019. Powerhouse is in discussions with potential partners to provide a comprehensive response to this opportunity.
- The Powerhouse Team has been strengthened by the appointment of Toni Rowell as Chief Financial Officer and Jessica Henderson as Accountant.



## Targeted Impending Liquidity Events for portfolio companies

Investee Company	Current Status	Portfolio Impact
Invert	The company continues to deliver on its strategic plan. Discussions are underway for the sale of our remaining holding to a third party.	As at 30 June 2019, Invert comprises 38% of PVL's portfolio.
Mars	A small stake has been sold and discussions continue with interested parties for sale of the remaining Powerhouse stake in Mars.	As at 30 June 2019, Mars comprises 13% of PVL's portfolio.

If these transactions proceed, cash proceeds will be used to repay all outstanding Convertible Notes (NZ\$2.1m) and remaining proceeds will be used to fund working capital and to continue investments in the appropriate portfolio companies. Powerhouse may record a material profit on sale of these investments.

## Summary Financial Position

- Further sales of portfolio investments will improve liquidity on completion. Powerhouse has identified which companies now form part of its strategic portfolio and will work with the Board and management of these companies to focus on developing significant investment returns for PVL shareholders.
- Stock price is trading significantly below published NTA.

## Outlook

Directors advise that the recent reduction in operating costs, combined with proposed asset realisations has resulted in a leaner and more targeted organisation and portfolio focus.

Careful management of cash resources continues to be an important objective for the Board. This will be achieved through continued cost control together with proceeds from realising value through the sale of investments.

The Board continues to review the ongoing operation of Powerhouse and how best to deliver shareholder value.

Discussions continue with potential strategic partners to assist in the ongoing growth and development of the Powerhouse Business Model.

## 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.

For further information, please visit the Company's website at **[www.powerhouse-ventures.co.nz](http://www.powerhouse-ventures.co.nz)**

**For more information please contact:**

**Russell Yardley**

Chairman and acting-CEO

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## Appendix

### Portfolio Companies Featured in this Announcement

For details of portfolio companies not included below, please refer to our Annual Report posted to the ASX Announcements Platform (Powerhouse's ASX Code: "PVL").

#### Invert Robotics



Within the food-processing industry, food-safety is driven by eliminating bacterial contamination which can be harboured by cracks in industrial vessels such as tanks, dryers and silos. Historically these vessels have been serviced by scaffold or rope-based inspections - a hazardous process which is prone to error.

Invert Robotics provides remote inspection services to global blue-chip customers using its proprietary robotics technology. The mobile climbing robot system allows identification, recording and reporting of cracks in mission critical infrastructure. Invert is currently expanding geographically into Europe, following success with inspection of milk silos and dryers in Australasia. A new and exciting world-wide business opportunity has also developed in aircraft fuselage inspection. A petro-chemical tank inspection business is also under consideration.



#### Mars Bioimaging

MARS Bioimaging is bringing 'colour' to medical x-ray imaging through its world-leading spectral x-ray computed tomography (CT) technology. This novel information enables exciting new opportunities for both clinicians and preclinical researchers to better understand health problems and develop new treatments.



**Powerhouse Ventures Limited**  
**NZ Company number: 1854396**  
**ARBN: 612 076 169**  
**ASX security code: PVL**  
**Quarterly Cashflow Report (Appendix 4C, Listing Rule 4.7B)**

**Date of release: 29 July 2019**

**Quarter Ended 30 June 2019**

**Statement of cash flows**

<b>1 Cash flows from operating activities</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date (12 months) \$NZD'000</b>
1.1 Receipts from customers	292	365
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(52)
(d) leased assets	-	-
(e) staff costs (i)	(80)	(1,027)
(f) administration and corporate costs	(599)	(1,913)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	(64)	(270)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	125	605
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(325)</b>	<b>(2,286)</b>

(i) Year to date figure includes \$200k one-off payments to terminated employees for holiday balances and settlements, and \$112k for a one-off tax arrears payment.

<b>2 Cash flows from investing activities</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date (12 months) \$NZD'000</b>
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(74)	(557)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	9	9
(b) businesses (see item 10)	-	-
(c) investments	248	2,178
(d) intellectual property	-	-
(e) 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>182</b>	<b>1,630</b>
<b>3 Cash flows from financing activities</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date (12 months) \$NZD'000</b>
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(35)	(171)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) (ii)	-	(104)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(35)</b>	<b>(275)</b>

(ii) Repayment of convertible notes.

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>Current quarter \$NZD'000</b>	<b>Year to date (12 months) \$NZD'000</b>
4.1 Cash and cash equivalents at beginning of quarter/year to date	300	1,053
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(325)	(2,286)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	182	1,630
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(35)	(275)
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter - calculated</b>	<b>123</b>	<b>123</b>
<b>5 Net increase / (decrease) in cash and cash equivalents for the period</b>		
	<b>Current quarter \$NZD'000</b>	<b>Previous quarter \$NZD'000</b>
5.1 Bank balances	123	300
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter</b>	<b>123</b>	<b>300</b>
<b>6 Payments to directors of the entity and their associates</b>		<b>Current quarter \$NZD'000</b>
6.1 Aggregated amount of payments to these parties included in item 1.2		63
6.2 Aggregated amount of cashflows from loans to these parties included in item 2.3		-
6.3 Include below and explanation necessary to understand the transactions included in items 6.1 and 6.2:		
Includes all fees paid to two Executive Directors		
<b>7 Payments to related entities of the entity and their associates</b>		<b>Current quarter \$NZD'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2		-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
7.3 Explanation necessary to understand the transactions included in items 7.1 and 7.2:		

<b>8 Financing facilities available</b>	<b>Total facility at quarter end \$NZD'000</b>	<b>Amount drawn at quarter end \$NZD'000</b>
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
<b>9 Estimated cash outflows for next quarter</b>		<b>\$NZD'000</b>
9.1 Research and development		-
9.2 Product manufacturing and operating costs		-
9.3 Advertising and marketing		-
9.4 Leased assets		-
9.5 Staff costs		80
9.6 Administration and corporate costs		330
9.7 Other (provide details if material)		
- Investments in portfolio companies		95
<b>9.8 Total estimated cash outflows *</b>		<b>505</b>
* Please note the above does not include forecast cash inflows from operations, government grants and planned sales of off-model portfolio companies.		
<b>10 Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions \$NZD'000</b>	<b>Disposals \$NZD'000</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

## Compliance statement

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

Signed:   
Chief Financial Officer

Date: 29 July 2019

Print  
name: Toni Rowell

### Notes:

- <sup>1</sup> The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- <sup>2</sup> If this quarterly 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 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.
- <sup>3</sup> 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.



## About Powerhouse

Powerhouse is a leading intellectual property commercialisation company which focuses on developing brilliant research from New Zealand and Australian universities into world changing businesses. It has developed a unique approach to develop these innovations and businesses by providing access to business building expertise, capital, networks, recruitment and ongoing business support. Powerhouse has a successful track record with an existing active portfolio of over 20 early stage to mature businesses across four main sectors: engineering and clean-tech, medical and healthcare, agritech and environmental, and digital and ICT.

## Contact Details

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