

Powerhouse Ventures Limited

QUARTERLY REPORT

FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2020



ASX Announcement

Powerhouse Ventures Limited

(ASX Code: PVL)

Level 1, Awly Building, 293 Durham Street, Christchurch 8013, New Zealand

NZ Company Number: 1854396

ARBN: 612 076 169

Release date: 29th April 2020

**QUARTERLY ACTIVITIES REPORT
FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2020**



Operations Update

- ▲ During the 3 month period ending 31 March 2020 (the Quarter), the Board of Powerhouse Ventures Limited (PVL or the Company) was primarily focussed on finalising its 3 year strategic plan. However this planning was impacted by the economic global turmoil created by the COVID-19 pandemic during March 2020 and the finalisation of the strategic plan has been delayed by about 6 weeks.
- ▲ The early stage commercialisation sector has been heavily impacted over the past month with economies shutting down and cash preservation has become the primary objective of almost all of PVL's portfolio companies.
- ▲ Many of the companies have effectively ceased operations and staff have been suspended, awaiting advice from Government in terms of when there might be a return to some normality in relation to both business and social life.
- ▲ PVL is working with its three major shareholders to ensure there is a cohesive and agreed way forward for PVL over the coming months.
- ▲ On 24 February 2020, the Company released its half year financial statements for the six months ending 31 December 2019, announcing a profit of \$NZ1.084m for the period. These results reflected both a pragmatic approach by the PVL Board to portfolio valuations as well as the fact that several of the portfolio companies had concluded successful capital raisings at significant uplifts to valuations, during the 4th Quarter of 2019.
- ▲ The PVL Board continues to discuss potential partnerships and alliances that will better position PVL as a commercialisation catalyst between Universities and the Corporate Sector. The impact of the COVID-19 pandemic has been significant across all the economy as a whole, not least the University sector, which is now focussed on how to develop new revenue streams to replace lines of business that have been significantly reduced in recent times.

ASX: PVL

Issued Capital:

32.312m Fully Paid Shares

Key Personnel:

Mr Russell Yardley

Executive Chairman

Mr Geoff Gander

Executive Director

Mr Ian Lothian

Executive Director

Mr Richard Symon

Non-Executive Director

Mr Shuyu Yang (Nick Young)

Non-Executive Director

- ▲ Toni Rowell, PVL's Chief Financial Officer and Company Secretary, has announced that she will be leaving the Company, effective 30 April 2020. The PVL Board thanks Toni for her important contribution to PVL and wishes her well with in her future endeavours. Toni's financial role will be taken on by Jessica Henderson in her role as Finance Manager and the role of Company Secretary will be taken on by PVL Executive Director, Geoff Gander.

- ▲ The PVL Board expects to complete its strategic review in the next few weeks and will release results of that work as soon as it is practical. It is expected that the focus on the commercialisation of Intellectual Property development in leading universities in Australia and New Zealand will continue but there will also be a new initiative to open up overseas markets, particularly in China and South East Asia, for the existing portfolio companies. There is also a desire to begin funding later stage start-up companies that have begun to achieve revenues and are beyond angel stage investors. This will require access to additional capital and PVL is in discussions with several groups regarding potential partnerships in this area.

Summary Financial Position

- As detailed in the attached Appendix 4C, as at 31 March 2020, PVL had 32,311,733 shares on issue and unaudited cash reserves of \$NZ1.67m. The Company remains debt free.
- The valuation review of the PVL portfolio was completed and signed off as part of the release of the Half Year Financial Accounts, resulting in a net uplift of ~\$NZ1.3M in the valuation of the portfolio.



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

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Quarterly Cashflow Report (Appendix 4C)
Quarter Ended 31 March 2020

Statement of cash flows

1	Cash flows from operating activities	Current quarter	Year to date(9 months)
		\$NZD'000	\$NZD'000
1.1	Receipts from customers	9	37
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(115)	(295)
	(f) administration and corporate costs	(104)	(522)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	(97)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	125	375
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(83)	(500)

2	Cash flows from investing activities	Current quarter	Year to date(9 months)
		\$NZD'000	\$NZD'000
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	(50)	(221)
	(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	-	4,093
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(50)	3,872

3	Cash flows from financing activities	Current quarter	Year to date (9 months)
		\$NZD'000	\$NZD'000
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	314
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(3)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(2,137)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) (i)	-	-
3.10	Net cash from / (used in) financing activities	0	(1,826)

4	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter	Year to date (9 months)
		\$NZD'000	\$NZD'000
4.1	Cash and cash equivalents at beginning of period	1,801	123
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(83)	(500)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	3,872
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	(1,826)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,668	1,668

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the	Current quarter	Previous Quarter
		\$NZD'000	\$NZD'000
5.1	Bank balances	1,668	1,801
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	1,668	1,801

6	Payments to related parties of the entity and their associates	Current quarter
		\$NZD'000
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 four Executive Directors and Directors fees to one Non-Executive Director
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.

7	Financing facilities available	Total facility at quarter end	Amount drawn at quarter end
	Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity	\$NZD'000	\$NZD'000
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.		

8	Estimated cash available for future operating activities	\$NZD'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(83)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,668
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,668
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	20
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 April 2020

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.

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 early stage to mature businesses across four main sectors: engineering and clean-tech, medical and healthcare, agritech and environmental, and digital and ICT.

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**Authorised by:
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