



Release Date: 30 October 2020

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

**QUARTERLY UPDATE ON ACTIVITIES FOR THE 3 MONTH PERIOD ENDED
30 SEPTEMBER 2020**

KEY POINTS:

- **PVL sells stake in Hapai Transfer Systems for \$NZ230,000 representing a return of 15% on funds invested.**
- **PVL signs a Science Collaboration Agreement with the University of Melbourne.**
- **PVL announced a proposed non-renounceable entitlement offer of 1 fully paid ordinary share in the capital of the Company for every 1 share held by eligible Shareholders together with 1 free-attaching unlisted option to acquire a share for each share subscribed for and issued. The offer closed on the 6th of October 2020 raising the full amount of \$A1,615,587, with PAC & Partners Securities raising \$A800,000 from its clients.**
- **PVL engaged PAC & Partners Securities in a broader market advisory role.**
- **PVL lodged its FY20 Financial Statements, recording a breakeven year and one that now positions the Company to deliver on its commitment to shareholders to continue to transform early stage companies into global leaders.**
- **Non Executive Directors Richard Symon and Nick Young to step down from the Board at the Annual General Meeting (AGM).**
- **AGM will now be held on Monday 30 November 2020.**

The Board of Powerhouse Ventures Limited (**PVL or the Company**) presents the following update on activities for the 3 month period ending 30 September 2020 (**the Quarter**). Also included in this report are details of subsequent events that have occurred up to the date of this release.



PORTFOLIO UPDATE:

On 8 July 2020, the Company announced the intention to sell its stake in portfolio investee company, Hapai Transfer Systems. The stake was valued at \$NZ200,000 as at 30 June 2020 and was sold for \$NZ230,000, representing a return of 15% on funds invested. The Company received the funds on 24 July 2020.

SCIENCE COLLABORATION AGREEMENT:

On 2 July 2020, PVL announced the signing of a Science Collaboration Agreement with the University of Melbourne. The non-legally binding agreement sets out the parameters under which PVL will work with the University of Melbourne to identify appropriate research, undertaken within the University, for further commercialisation and details the various science commercialisation management services that PVL can provide to assist in this process.

The Company is working towards signing other similar agreements with other Australian Universities over the coming months.

NON-RENOUCEABLE ENTITLEMENT OFFER:

On 6th October 2020, the Company closed its non-renounceable entitlement offer (**Offer**) of 1 fully paid ordinary share in the capital of the Company (**New Share**) for every 1 Share held by eligible Shareholders registered at the record date, being Thursday, 23 July 2020 (**Record Date**), together with 1 free-attaching unlisted option to acquire a Share (**Option**) for each Share subscribed for and issued. The New Shares were issued at \$A0.05 (\$NZ0.053 for New Zealand shareholders) and the Options have a strike price of \$A0.07 with an expiry date of 31 December 2023.

The full amount of \$A1,615,587 was raised and included an allocation of \$A100,000 of shortfall shares and attaching options to both Directors Russell Yardley and Geoff Gander. The issue of these securities was approved by shareholders at a General Meeting held on 27 August 2020.

The successful capital raise is a critical step in the Company moving towards establishing an Early Stage Commercialisation Fund that should enable the Company to develop a range of early stage Intellectual Property opportunities that it is expecting to access via its growing network of collaboration organisations, including some of Australia's leading universities.

The PVL Board believes that the early stage commercialisation sector in Australia offers many opportunities and that PVL is extremely well positioned to navigate its



way through this potential, supported by its decade of developing early stage companies in the New Zealand market as well as its more recent experience in Australia.

ENGAGEMENT OF PAC PARTNERS SECURITIES P/L:

On 2 September 2020, the Company announced that it had engaged PAC Partners Securities Pty Ltd (PAC Partners) to provide PVL with ongoing market advice, post the placement by PAC Partners of \$A800,000 of shortfall shares and attaching options from the Offer to its clients.

The engagement also provides PAC Partners with a first and last right of refusal to act as Sole Lead Manager in the event that PVL seeks to raise additional equity capital in the coming 12 months.

PVL agreed to pay PAC Partners (or their nominees) a fee of 8,000,000 options (Broker Options) for this role. The Broker Options have the same terms as the shortfall options issued under the Offer and, like the shortfall options, have since been listed on ASX and now trade under the ASX ticker "PVLO". PVLO have an exercise price of \$A0.07 and expire on 31 December 2023.

The Broker Options were issued under PVL's ASX Listing Rule 7.1 Placement Capacity.

2020 ANNUAL GENERAL MEETING:

The Company announced on 28 October 2020 that the Annual General Meeting will now be held on Monday 30 November 2020 at 12:00pm (AEDT) via Zoom. A Notice of Meeting was dispatched to shareholders on 29 October 2020.

BOARD CHANGES:

On 20 October 2020, the Company advised that Non Executive Directors Richard Symon and Shuyu Yang (Nick Young) had elected not to stand for re-election to the PVL Board and will resign at the time of the Company's Annual General Meeting, to be held on 30 November 2020.

Both Richard and Nick joined the PVL Board in October 2019 and represented shareholders United World Group Pty Limited and Jun Hong Sheng (Aust) Limited. Neither of these shareholders participated in the recent Rights Issue and both Richard and Nick have decided to step down from the PVL Board as the Company



focusses on developing its longer term strategy with the commercialisation of early stage and latter stage Intellectual Property.

The PVL Board thanks Richard and Nick for their contribution over the past 12 months and wish them well in their future endeavours.

CAPITAL STRUCTURE AND FINANCES:

Post the closure of the Entitlement Offer on 6 October 2020, the Company had 64,623,466 Fully Paid Ordinary Shares (ASX ticker "PVL") on issue and 40,311,733 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 2020, PVL had unaudited cash reserves of \$NZ2.906m. The Company remains debt free. The attached Appendix 4C provides more detail on the Quarterly Cashflow.

On 31 August 2020, the Company lodged its Financial Statements for the year ended 30 June 2020. The Company's Annual Report was lodged on 29 October 2020.

In summary, the Company went from a loss of ~\$NZ4m in the 2018/2019 Financial Year to a breakeven result in 2019/2020.

The 2019/2020 Financial Year saw PVL extinguish all debt, rationalise its investment portfolio, cut operating expenses and complete a successful Rights Issue – of all which now positions the Company to deliver on its commitment to shareholders to continue to transform early stage companies into global leaders through providing investment and corporate guidance - within a more focussed and appropriately resourced organisational structure.

SUMMARY:

The past Quarter was another busy one for the Executive Directors and saw a number of key outcomes achieved. The Company remains focussed on the commercialisation of Intellectual Property that has been developed in leading universities in Australia and New Zealand.

The Company will continue to make regular announcements, updating shareholders on progress with the signing of any additional Collaboration Agreements, the forming of any material new funding partnerships and all meaningful progress being made in relation to investments in early stage commercialisation opportunities.



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

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Executive Chairman

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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.

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

About PAC Partners Securities Pty Ltd

PAC Partners offers a broad suite of services across our advisory teams, including ECM, M&A, Institutional grade Research and equities trading & execution. PAC Partners focuses on leading emerging and mid-cap companies with Corporate Finance clients including some of Australia's highest potential growth companies. With corporate offices in Melbourne and Sydney and a team of highly experienced market specialists, PAC has been delivering market leading outcomes for its clients since 2013. For more information go to: www.pacpartners.com.au



Powerhouse Ventures Limited

ASX Code: PVL

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NZ Company number: 1854396

ARBN: 612 076 169

Date of release: 30 October 2020

Quarterly Cashflow Report (Appendix 4C)

Quarter Ended 30 September 2020

Statement of cash flows

1 Cash flows from operating activities	Current quarter \$NZD'000	Year to date \$NZD'000
1.1 Receipts from customers	(1)	(1)
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(34)	(34)
(f) administration and corporate costs	(176)	(176)
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)	-	-
1.9 Net cash from / (used in) operating activities	(211)	(211)

2 Cash flows from investing activities	Current quarter \$NZD'000	Year to date \$NZD'000
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	230	230
(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	230	230

3 Cash flows from financing activities	Current quarter \$NZD'000	Year to date \$NZD'000
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,625	1,625
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	- 107	- 107
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)	-	-
3.10 Net cash from / (used in) financing activities	1,518	1,518

4 Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$NZD'000	Year to date \$NZD'000
4.1 Cash and cash equivalents at beginning of period	1,370	1,370
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(211)	(211)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	230	230
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,518	1,518
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	2,906	2,906

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	Current quarter \$NZD'000	Previous Quarter \$NZD'000
5.1 Bank balances	2,906	1,370
5.2 Call deposits	-	
5.3 Bank overdrafts	-	
5.4 Other (provide details)	-	
5.5 Cash and cash equivalents at end of quarter	2,906	1,370

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 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	Total facility at quarter end	Amount drawn at quarter end
	\$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)	(211)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,906
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,906
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	14
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: 30 October 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.