

Annual Report

2022



This Powerhouse Ventures Limited Annual Report
is signed on behalf of the Board of Directors by:



James Kruger

Executive Chairman
Powerhouse Ventures Limited

Joseph Demase

Non-Executive Director
Powerhouse Ventures Limited

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Chairman's Report

Dear Fellow Shareholders,

We are pleased to present the 2022 Annual Report for Powerhouse Ventures Limited (ASX:PVL) ("the Company").

During the year ended 30 June 2022, the Company reported total income of \$NZ0.52m, an increase of NZ0.8m on prior year and a net loss after tax of NZ0.3m, a decrease of NZ\$1.3m on FY21. The NTA per share as 30 June 2022 was NZ\$0.09 (2021: NZ\$0.09).

FY2022 saw a complete refresh of the PVL Board supported by a new executive management. The incoming directors outlined their vision to reduce and stabilize the net cash burn of the Company. We have executed on this.

We also outlined a revised and more focussed investment strategy: Australian innovation solving global problems. To enable the sustained execution of this, we then undertook two mission-critical steps.

- In February we completed a private placement for \$2.6m (before costs) at an issue price of \$0.10 per share, with all three directors participating meaningfully in that capital raise.
- We then established an Advisory Board with acknowledged global experts in technology commercialisation to supplement the executive team.

As a result of these steps, an integrated, harmonious, and expert team has been established with the singular focus of making significant returns on our collective shareholder capital.

Your new team then got busy. We invested a total of A\$3.2m in eight companies with an additional follow-on investment in one legacy portfolio company.

We are at a remarkable inflexion point in global economies with major geo-political and environmental challenges ahead. This inflexion point represents a meaningful opportunity for globally experienced teams like PVL. We can invest in game-changing technologies that are going to shape a more resilient and decarbonised future and, in so doing, meaningfully reward the investment capital that helped commercialise the underlying, enabling IP. Accordingly, the critical common feature of all our new portfolio companies – they have significant intellectual property (IP) seeking to solve a global problem. Importantly, they also have a clear strategy and capability to move through multiple commercialisation pathways on their IP. Our expertise is critical in identifying and executing on this opportunity set.

I am pleased with the progress as reported herein and, while our true value is yet to manifest in the share price, I thank all our shareholders for their patience and support.



James Kruger
Executive Chairman
Powerhouse Ventures Limited

Sustainability Policy

In line with a firm belief in our values and corporate vision, Powerhouse is committed to ensuring it pursues sustainable development principles.

Through our focus on science, innovation, and brilliant ideas, we will:

- implement and maintain ethical business practices and sound systems of corporate governance.
- integrate sustainable development considerations within our corporate decision-making processes.
- uphold fundamental human rights and respect cultures, customs and values in dealings with employees and all those people who are affected by our corporate and investment activities.
- implement risk management strategies based on valid data and sound science.
- seek continual improvement of our health, safety and environmental performance.
- contribute to conservation of biodiversity and appropriate land use.
- facilitate and encourage responsible product design, use and re-use, encouraging recycling and sustainable disposal of products.
- through innovation, contribute to the social and economic development of the communities in which we operate.
- implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

Directors' Report

REVIEW OF OPERATIONS & ACTIVITIES

Principal Activities

Powerhouse Ventures Limited invest in deep-tech innovators solving global problems. PVL invests in and adds value to companies that produce sustainable IP moats in the electrification & decarbonization, next generation computing, space technologies and healthcare technologies sectors.

There have been no significant changes in the nature of the Company's principal activities during the financial year.

Operating Results

The consolidated loss for the year after income tax was \$NZ0.305m (2022:\$NZ1.574m), an improvement of \$NZ1.269m. The main drivers behind this significant improvement included a positive net change of \$116k in the fair value of investments held at year end, complemented by a realized gain on disposal of investments of \$353k and further enhanced by a reduction in expenses of \$500k. Further details can be found in the attached Financial Statements and notes to the accounts.

Review of Financial Condition

At the end of the 2022 financial year, cash resources were \$NZ4,450,911 (2021: \$NZ4,813,464). These accounts have been prepared on a going concern basis.

Assets increased to \$NZ11,122,713 (2021: \$NZ8,409,495) and equity increased to \$NZ10,882,473 (2021: \$NZ8,309,899).

Contributing to the \$2.7m increase in total assets was the equity investments made in portfolio companies combined with convertible and SAFE notes investments. In addition, the company's receivables and cash flow management continue to support overall strength in working capital.

The \$2.6m increase in equity was largely due to the NZ\$2.8m raised in a private placement to sophisticated investors.

Funding and Capital Management:

As at 30 June 2022, the Group had 120,743,176 listed shares trading under the ASX ticker "PVL". The Company also had 12,227,631 listed options, trading under the ASX ticker "PVLO".

As of the date of this Report, the number of listed shares and options remain unchanged. The listed options have an exercise price of \$A0.07 and expire on 31 December 2023.

In April 2022, the Company completed a private placement to sophisticated investors of 26,000,000 shares at A\$0.10 per share, raising NZ\$2.8m.

Demonstrating their confidence in the re-focused strategic direction and commitment to reducing cash burn, the Directors, senior management and advisory board of the Company have agreed to receiving a total of 18,000,000 unlisted options in lieu of fees. These unlisted options have a strike price of \$A0.11, expire on 31 December 2023 and will only vest if the VWAP PVL share price over a 20 consecutive trading day period is in excess of A\$0.20 per share and each of the individuals are still Directors, members of senior management or the advisory board of the Company (as the case may be) at the time of vesting.

OPERATING REVIEW

A New Board, a New Focus and New Investments

On 24 November 2021 a new Board of Directors comprising James Kruger, Joseph Demase and Joshua Baker was elected at the Annual General Meeting of the Company with the existing Board, made up of Russell Yardley, Nitesh Patel and Geoff Gander, retiring at the conclusion of the meeting.

The new Board has shared its strategic vision of facilitating Australian innovation solving global problems. In particular, PVL is focusing on companies with sustainable IP capability in four sectors, namely Electrification & Decarbonisation, Next Generation Computing, Space technologies, and Healthcare Technologies. These are areas where (a) there is significant global-scale demand for problem solving via commercially ready and scalable IP (b) the PVL team has broad-based and global insights.

To date, the new Board has approved total investment of A\$3.2m in eight companies with sustainable IP moats, plus a follow on investment in one legacy portfolio company. Each of these investments was heavily scrutinized to test whether the investee company was solving a global problem with a globally relevant and relatively unique IP stack and had the team and financial capability to execute on multiple commercialisation pathways.

Sale of Selected Portfolio Investments

The PVL Board continues to manage the legacy portfolio and will seek to maximise shareholder value as and when opportunities arise. During the 2021/2022 financial year, the sale of its stake in Ed Potential was completed.

The Company continues to work with a number of its other portfolio companies and made a follow-on investment in Cirrus Materials during the financial year.

Review of the Remaining Investment Portfolio

The Board continues to take a pragmatic view on the holding value of its various investee companies. As a result of the COVID-19 pandemic several portfolio companies had delayed their expansion plans. Pleasingly, with the easing of

international borders, a number of those companies have been able to re-ignite their expansion plans and PVL looks forward to working closely with these companies, leveraging the broad international commercialization networks developed by the Directors and advisory board. In particular, the initial investment in Cirrus Materials was revalued with an unrealized gain of \$NZ900k at 30 June 2022.

Overall, the 30 June 2022 audited valuation of the portfolio stood at \$NZ6.575m. (2021: \$NZ3.181m).

Widening Network

The incoming Board of Directors and advisory board has a broad international network, providing expertise in “looking around corners” and combining a deep understanding of the focus technologies and their commercialization pathways. The team provides PVL with access to, and insights on, investment opportunities with strong fundamentals and robust IP assets, which opportunities are not readily available to our shareholders individually.

Migration of Tax Residency from New Zealand to Australia

On 18 October 2021, the Company announced that during the 1H calendar year 2021, the Company transitioned its finance and administration functions from New Zealand to Australia and that all members of the Board are now resident in Australia.

This led to an application for the migration of residency from New Zealand to Australia. The relevant documentation has been lodged with the Australian Securities & Investment Commission (ASIC) with an effective registration date of 1 July 2021. Given the complexity of such a migration of residency, combined with the delays endured as a result of the ongoing impact of COVID-19 on the resourcing and processing times within ASIC, the application is still being assessed by ASIC.

2022 Annual General Meeting

The 2022 AGM will be held virtually on 25 November 2022. A Notice of Meeting outlining business to be covered at the 2022 AGM will be sent to shareholders during October 2022, including details on how to attend online.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Except as otherwise set out in this report, the Directors are unaware of any significant changes in the state of affairs or principal activities of the consolidated entity that occurred during the financial year.

SUBSEQUENT EVENTS

In July 2022 PVL announced a USD400,000 investment in Liquid Instruments, an innovator and market leader in software-defined instrumentation. Other than the investment in Liquid Instruments, no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Future Developments, Business Strategies and Prospects

The PVL investment portfolio is well positioned with a significant portion of the portfolio held in cash.

With global demand for electrification soaring (eg electric vehicles) a meaningful opportunity presents for globally experienced teams like PVL. We can invest in game-changing technologies that are going to shape a more resilient and decarbonised future and reward the investment capital that helped commercialise the underlying, enabling IP.

The following exposures to business risks may affect the Company's ability to deliver expected returns:

- Market risk – Investment returns are influenced by market factors such as economic conditions, investor sentiment, natural disasters, war and acts of terrorism. The investment portfolio has been structured so as to minimize market risks, but those risks cannot be eliminated.
- Liquidity risk – although the Company has significant cash holdings, future capital raises could be impacted by potential investors not having access to funds.
- Investee company risk – there are always inherent risk with early and growth stage companies such as business models or products becoming obsolete in fast changing markets, failing to reach milestones, failure to access funding and potentially failing to achieve timely exit strategies.

The Company uses a number of strategies to minimize these business risks, including contractual protections, regular touch points with investee companies and adherence to a clearly defined investment strategy.

Environmental Regulation

The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Summary

Following the refresh of the Board of Directors in November 2021, the Board has re-focused the strategic direction of the Company to invest in globally impactful businesses in the sectors of Electrification & Decarbonisation, Next Generation Computing, Space technologies, and Healthcare technologies.

The Company has successfully reduced its cash burn and achieved a significant improvement in Net Loss After Tax of NZ\$1.3m

Corporate Governance

Corporate Governance Statement

Powerhouse's Corporate Governance Statement can be found on its website at:

<https://phvl.com.au/investors/corporate-governance.pdf>

The Company's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition), which came into effect on 1 July 2020 (**ASX Corporate Governance Principles**), which are as follows:

Recommendation 1	Lay solid foundations for management and oversight
Recommendation 2	Structure the board to be effective and add value
Recommendation 3	Instil a culture of acting lawfully, ethically and responsibly
Recommendation 4	Safeguard the integrity of corporate reports
Recommendation 5	Make timely and balanced disclosure
Recommendation 6	Respect the rights of security holders
Recommendation 7	Recognise and manage risk
Recommendation 8	Remunerate fairly and responsibly

The ASX Corporate Governance Principles are guidelines, not prescriptions. As a listed entity, the Company is required to report against the ASX Corporate Governance Principles and disclose to stakeholders any divergence from the ASX Recommendations. Further, if the Company has not followed a particular recommendation, it must disclose the reason for not following it.

Powerhouse's Company policies were updated 30th April 2022 in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition), which came into effect on 1 July 2020. These policies can be found on Powerhouse's website at:

<https://phvl.com.au/investors/>

The Board

The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company.

In conducting business, the Board's objective is to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, officers, and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

At present, there are three Directors on the Board, two are Non-Executive Directors. The Executive Chairman of the Board is James Kruger.



James Kruger
Executive Director
Appointed 24 November 2021

Mr Kruger is a global consultant in cleantech and has been a long-time investor in quantum computing and other next frontier technologies. He also advises technology companies on commercialization, utilizing his legal and investment banking skills from a 20+ year career at Macquarie. He has a passion for improving the sovereign capability of Australia through the commercialization of its research and IP capabilities.



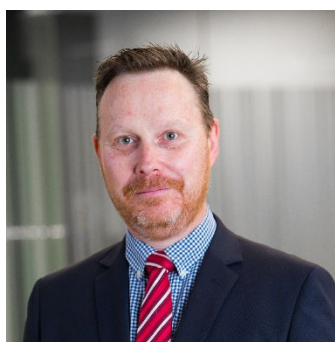
Joshua Baker
Non-Executive Director
Appointed 24 November 2021

Mr Baker is currently a Portfolio Manager at Capital H Management, a boutique investment firm focused on small and microcap companies. He has over 10 years' experience across multiple sectors of the financial services industry from general wealth management through to hedge funds.



Joe Demase
Non-Executive Director
Appointed 24 November 2021

Mr Demase is currently Managing Director of ASX listed Webcentral Limited (WCG). He has held this position for the last 4 years. Webcentral is Australia's leading domain and hosting provider with 350,000 customers. WCG has completed over 11 acquisitions.



Campbell Hedley
Company Secretary
Appointed 24 November 2021

Mr Hedley is a governance & corporate advisory professional and practising lawyer with over 20 years' experience across a range of industries including Banking & Finance, Corporate Agriculture and Manufacturing with a particular focus on start-ups and early-stage ventures.

Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee, Human Resources and Remuneration Committee, and Corporate Governance and Nomination Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Each committee typically consists of at least three members, where the Board consists of four or more members. Where the Board has fewer than four members the duties of the Committee are discharged by the full Board.

Membership of each committee is reviewed by the Board on an annual basis. All committees are comprised of at least three Directors appointed by the Board.

Committee	Overview	Members (at 30 Sept 2022)
Audit and Risk Committee	Responsible for monitoring and advising the Board on: <ul style="list-style-type: none">– the Company’s audit;– risk management; and– regulatory compliance policies and procedures.	James Kruger Joe Demase Joshua Baker
Human Resources and Remuneration	Provides assistance to the Board in relation to: <ul style="list-style-type: none">– Board and Executive Remuneration Policy; and– key human resources policies.	James Kruger Joe Demase Joshua Baker
Corporate Governance and Nomination	Provides assistance to the Board in relation to: <ul style="list-style-type: none">– nomination processes;– selected application of human resources policies as they relate to the Board; and– the corporate governance framework.	James Kruger Joe Demase Joshua Baker

Board Governance

The functions and responsibilities of the Board are set down in the Company's 'Role and Composition of the Board' Charter. Further details regarding the role and responsibilities of the Board and the Executive Chairman/Chief Executive Officer can be found in Powerhouse's corporate governance documents located on the Company's website at:

www.phvl.com.au/investors

The Board Charter provides for an annual performance evaluation that compares the performance of the Board with the requirements of this Charter, reviews the performance of the Board's committees and individual Directors, sets forth the goals and objectives of the Board for the upcoming year, and effects any amendments to this Charter considered necessary or desirable by the Board and its Committees.

The Board has adopted charters for all Board committees. The matters covered in the charters and the accompanying Board committee standing procedures include composition, quorum, attendees and access to information and review of rules, charter and performance. The charters are reviewed at least annually and are available on the Company's website.

Attendance by Directors at Board meetings during the year to 30 June 2022:

Board of Directors		Number Attended	Number Eligible
Russell Yardley	(appointed 28 February 2017, resigned 24 November 2021)	5	5
Geoff Gander	(appointed 15 September 2018, resigned 24 November 2021)	5	5
Nitesh Patel	(appointed 24 August 2021, Resigned 24 November 2021)	3	3
Lachlan Armstrong	(appointed 19 May 2020, resigned 24 August 2021)	2	2
Timothy Hannon	(appointed 19 May 2020, resigned 24 August 2021)	2	2
Peter McGrath	(appointed 19 May 2020, resigned 24 August 2021)	2	2
James Kruger	(appointed 24 November 2021)	10	10
Joseph Demase	(appointed 24 November 2021)	9	10
Joshua Baker	(appointed 24 November 2021)	10	10

Share Dealings by Directors

In accordance with Section 148(2) of the Companies Act 1993, the Directors are required to disclose to the Board acquisitions or disposals of relevant interests in the Company between 1 July 2021 and 30 June 2022, the details of those dealings to be entered in the Company's interests register. The particulars of such disclosures are:

Director	Nature of Interest	Shares Acquired	Consideration	Date
Joe Demase	Beneficial (J D MANAGEMENT GROUP PTY LTD <DUDLEY FAMILY A/C>)	2,500,000	A\$250,000	13 Aug 2020
James Kruger	Beneficial (MR JAMES RODERICK LOCKHART KRUGER + MISS MIRANDA KRUGER <KRUGER FAMILY A/C>)	1,000,000	A\$100,000	28 Aug 2020
Joshua Baker	Beneficial (Capital H Management Pty Ltd)	2,000,000	A\$100,000	28 Aug 2020
Joshua Baker	Beneficial (Capital H Management Pty Ltd)	557,187	\$55,496	23 & 24 Dec 2020

Directors Disclosures

There were no notices from Directors of the Company during the financial year requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

Directors Shareholdings

Number of fully paid shares held by Directors, including those held in trust:

Director	30 June 2022	30 June 2021
James Kruger	1,000,000	n/a
Joseph Demase (JD Management Group Pty Limited)	2,500,000	n/a
Joshua Baker (Capital H Active Fund)	20,075,544	8,130,352

Remuneration Report

This Remuneration Report has been prepared, noting in many instances, the Company is not required to comply with such disclosures, being a New Zealand entity. However, in the interests of full disclosure, the Company presents the following remuneration information with New Zealand specific disclosures in relation to remuneration of Directors, senior executives and the Board.

Details of Auditor remuneration is set out in the Financial Statements section of this Annual Report.

Principles Used To Determine The Nature And Amount Of Remuneration

The Company's Human Resources and Remuneration Committee considers the quantum and structure of Director and Executive remuneration. The Committee adopts a series of principles in determining remuneration related decisions. The principles used are:

Executive remuneration should be market competitive and generally account for market practice including recognition of level of responsibility;

- the remuneration structure should reward those employees who have the ability to influence the achievement of the Company's strategic objectives and business plans to enhance shareholder value for successful performance outcomes and their contribution to these;
- Executives, whose appointment and remuneration packages are considered and approved individually by the Company, are personnel who:
 - report directly to the Executive Chairman / Chief Executive Officer or the Board;
 - are designated as an Executive by the Board; and
 - have responsibility and authority for management of a significant profit or cost centre
- Executives' remuneration package should have:
 - a substantial portion of their total remuneration that is "at risk" and aligned with reward for creating shareholder value;
 - an appropriate balance between short and long-term performance focus and outcomes; and
 - a mix of cash and equity-based remuneration.

- The Executive Chairman / Chief Executive Officer should, relative to other Executives, have:

1. a greater proportion of total remuneration (at least 50%) that is "at risk", i.e. contingent upon the achievement of performance hurdles, and
2. a greater proportion of "at risk" remuneration weighted towards equity-based rewards rather than cash, because of the leadership role in establishing and delivering achievement of medium and long-term strategic objectives and business plans and increasing shareholder value over that period;
3. the opportunity to participate in equity-based rewards should be a component of remuneration for Executives both to align their reward with the creation of shareholder value and to encourage their ongoing participation in and retention by the Company;

- Non-Executive Directors' remuneration should enable the Company to attract and retain high quality Directors with the relevant experience. In order to maintain independence and impartiality, non-Executive Directors do not receive performance-based remuneration; and the Board uses discretion when setting remuneration levels, taking into account the current market environment and Company performance.

Remuneration Structure

The Company's objective is to provide a remuneration framework whereby every incentive payment over and above an employee's fixed pay, whether in the form of cash or equity, is appropriate for the results delivered by both the Company and the employee and is based on reward for their performance. The Board, through the Committee, undertakes its governance role

in establishing Executive remuneration including, where required, use of external independent remuneration consultants and/or available market information, with reference to both total remuneration and its various components.

Employee Remuneration

In accordance with Section 211 of the Companies Act 1993, the number of employees or former employees of the Company, who received remuneration and other benefits in their capacity as employees totalling NZD \$100,000 or more during the year have been disclosed as follows:

	30 June 2022 Number of employees	30 June 2021 Number of employees
Employee remuneration (\$NZD)		
100,000-110,000	-	-
120,000-130,000	-	1
130,000-140,000	-	-
150,000-160,000	-	-
170,000-180,000	-	-
200,000-210,000	-	-
240,000-250,000	-	-
270,000-280,000	-	-

Executive Remuneration

The Executive remuneration during the year ended 30 June 2022 comprised of base salary and benefits.

Base salary for Executives is reviewed annually to assess appropriateness to the position and competitiveness with the market.

Executive benefits made available are superannuation contributions made in accordance with the legislation specific to the country in which the employee is resident.

Directors' fees The remuneration of Executive Directors and non-Executive Directors is structured separately from that of Senior Executives.

Directors receive reimbursement of reasonable expenses.

Following the refresh of the Board in November 2021, the incoming Directors each acquired 4,000,000 unlisted options in lieu of Directors' fees. The options have a strike price of AUD\$0.11 and expire on 31 December 2023.

It remains the Board's intention that Directors' fees will be reviewed annually. There are no guaranteed annual increases in any Directors' fees.

Non-Executive Directors' fees

The current aggregate limit for non-Executive Directors' fees is NZ\$250,000 per annum (AUD\$226,115). Any fees paid to the Company's non-Executive Directors reflects the demands on and responsibilities of those Directors. The advice of independent remuneration consultants is taken as required to establish that the Directors' fees are in line with market standards.

Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in the Company's Employee Share Plan or any other incentive plan. They do not receive any retirement benefits.

Executive Directors' fees

Any fees paid to the Company's Executive Directors will reflect the demands on and responsibilities of those Directors. The advice of independent remuneration consultants is taken as required to establish that the Directors' fees are in line with market standards.

The following base Directors fees apply per annum as at 30 June 2022. Amounts reported in the tables within this report are specified in NZD, being the reporting currency of the Company, except where explicitly expressed in AUD as required for remuneration reporting applying to ASX listed companies.

	AUD\$	NZD\$
Chairman	45,223	50,000
Other non-Executive Directors	21,707	24,000
Chair of Audit and Risk Committee	45,223	50,000
Chair of Human Resources and Remuneration Committee	-	-
Chair of Corporate Governance and Nomination Committee	45,223	50,000

	NZD\$
Actual fees paid during the year ended 30 June 2022 (in reporting currency)	65,236
Chairman	16,732
Other Directors (total)	48,504

Directors remuneration and other benefits required to be disclosed pursuant to section 211 (1) of the Companies Act 1993 were as follows:

	2022 NZD\$	2021 NZD\$
Russell Yardley	16,732	80,600
Geoff Gander	16,667	80,530
Ian Lothian	-	40,000
Richard Symon	-	11,044
Shuyu Yang	-	5,700
Nitesh Patel	5,328	31,094
Lachlan Armstrong	8,559	6,425
Peter McGrath	8,497	6,425
Tim Hannon	9,444	6,425
James Kruger*	13,643	-
Joseph Demase*	13,643	-
Joshua Baker*	13,643	-
Total Directors remuneration and other benefits	106,164	268,243

*In November 2021 the existing Directors resigned and a new board was appointed. The incoming Directors were issued unlisted options in lieu of Directors' fees and the figures above represent the value of those unlisted option based benefits.

Subsidiary company directors

Section 211(2) of the Companies Act 1993 requires the Company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by Directors and former Directors and particulars of entries in the interests register made during the year ended 30 June 2022.

Director	Subsidiary	Appointed
James Kruger	Powerhouse Venture Managers Limited	21 Dec 2021
	Powerhouse Ventures Australia Pty Limited	29 Mar 2022

Powerhouse Ventures Limited

Financial Statements

For the year ended 30 June 2022

Powerhouse Ventures Limited
Financial Statements
For the year ended 30 June 2022

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**Powerhouse Ventures Limited
Company Directory
As at 30 June 2022**

Postal Address	The Exchange Tower, Level 1 530 Little Collins Street Melbourne 3000 Australia
Registered Offices	KPMG, Level 5 79 Cashel Street, Christchurch Central Christchurch 8011 New Zealand
	The Exchange Tower, Level 1 530 Little Collins Street Melbourne 3000 Australia
Business Location	The Exchange Tower, Level 1 530 Little Collins Street Melbourne 3000 Australia
Company Number	CH1854396
Australian Foreign Company Registration	ARBN 612076169
Solicitors	Cornwalls, Melbourne, Australia
Independent Auditor	Grant Thornton New Zealand Audit Limited, Christchurch

Powerhouse Ventures Limited
Financial Statements
For the year ended 30 June 2022

Directors' Responsibility Statement

The Directors of Powerhouse Ventures Limited ("the Company") hereby present to the shareholders the financial statements of the Company for the year ended 30 June 2022.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly the financial position of the Company as at 30 June 2022 and the results of its operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Company have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy the determination of the financial position of the Company and facilitate compliance of the financial statements with Part 7 of the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board by:



Chairman

Date: 05 October 2022



Director

Date: 05 October 2022

Powerhouse Ventures Limited
Statement of Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Income			
Net changes in fair value of investments at fair value through profit or loss	3	115,742	(938,030)
Realised gain/(loss) on investments at fair value through profit or loss	4	353,499	664,710
Revenue from contracts with customers		500	17,800
Finance income		48,823	1,646
Gain on sale of assets		-	504
		518,564	(253,370)
Expenses			
Employee benefits expense	6	125,228	399,469
Marketing and events		19	182
Legal and professional costs		291,390	241,492
Travel		2,654	1,146
Interest expense		-	505
Other expenses	7	404,487	697,035
Impairment of financial assets	5	-	(19,356)
		823,778	1,320,473
Loss before income tax		(305,214)	(1,573,843)
Income tax expense/(credit)	8	-	-
Loss after tax for the year		(305,214)	(1,573,843)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity holders of the Company		(305,214)	(1,573,843)
Loss per share:			
Basic (cents per share)	9	(0.3)	(2.3)
Diluted (cents per share)	9	(0.3)	(2.3)

The accompanying accounting policies and notes to the financial statements form an integral part of these financial statements.

Powerhouse Ventures Limited
Statement of Changes in Equity
For the year ended 30 June 2022

	Notes	Share capital	Share-based payment reserve	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 July 2021		34,891,462	320,395	(26,901,958)	8,309,899
Equity-settled share based payments	11	-	62,425	-	62,425
Exercise of options	10	72,527	(72,527)	-	-
Increase/(decrease) in share capital	10	2,815,363	-	-	2,815,363
Total comprehensive loss for the year		-	-	(305,214)	(305,214)
Balance at 30 June 2022		37,779,352	310,293	(27,207,172)	10,882,473
Balance at 1 July 2020		31,136,388	-	(25,328,115)	5,808,273
Increase in share capital - Restated (refer note 10)	10	3,724,786	-	-	3,724,786
Equity-settled share based payments - Restated (refer note 10)	11	30,288	320,395	-	350,683
Total comprehensive loss for the year		-	-	(1,573,843)	(1,573,843)
Balance at 30 June 2021 - Restated (refer note 10)		34,891,462	320,395	(26,901,958)	8,309,899

The accompanying accounting policies and notes to the financial statements form an integral part of these financial statements.



Powerhouse Ventures Limited
Statement of Financial Position
As at 30 June 2022

	Notes	2022 \$	2021 \$ Restated (Refer note 10)
ASSETS			
Current assets			
Cash and cash equivalents	12	4,450,911	4,813,464
Trade and other receivables and prepayments	13	96,489	414,679
Total current assets		4,547,400	5,228,143
Non-current assets			
Other Financial Assets	22	1,525,827	-
Investments in portfolio companies	23,24	5,049,486	3,181,352
Total non-current assets		6,575,313	3,181,352
Total assets		11,122,713	8,409,495
LIABILITIES			
Current liabilities			
Trade and other payables	14	122,640	99,596
Provisions	15	117,600	-
Total current liabilities		240,240	99,596
Total liabilities		240,240	99,596
Net assets		10,882,473	8,309,899
EQUITY			
Share capital	10	37,779,352	34,891,462
Share based payments reserve	10	310,293	320,395
Accumulated losses		(27,207,172)	(26,901,958)
Total equity		10,882,473	8,309,899

James Kruger, Executive Chairman

For and on behalf of the Board

Date: 05 October 2022

Joshua Baker

For and on behalf of the Board

Date: 05 October 2022

The accompanying accounting policies and notes to the financial statements form an integral part of these financial statements.



Powerhouse Ventures Limited
Statement of Cash Flows
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$ Restated (Refer note 16)
Cash flows from operating activities			
Receipts from customers		39,913	13,228
Payments to suppliers and employees		(729,987)	(953,996)
Finance income		12,459	1,646
Net cash inflow/(outflow) from operating activities	16	(677,615)	(939,122)
Cash flows from investing activities			
Purchase of investments and convertible notes		(3,203,232)	(131,056)
Sale of investments		713,499	788,638
Proceeds from sale of property plant and equipment		-	504
Facilitation Fees		(10,569)	-
Net cash inflow/(outflow) from investing activities		(2,500,302)	658,087
Cash flows from financing activities			
Proceeds from issuance of shares		2,810,200	1,766,206
Proceeds from conversion of options		148,531	2,082,668
Equity issuance costs		(143,367)	(124,089)
Net cash inflow/(outflow) from financing activities		2,815,364	3,724,786
Net increase/(decrease) in cash and cash equivalents		(362,553)	3,443,750
Cash and cash equivalents at the beginning of the year		4,813,464	1,369,714
Cash and cash equivalents at the end of the year	12	4,450,911	4,813,464

The accompanying accounting policies and notes to the financial statements form an integral part of these financial statements.



1 Summary of accounting policies

Statement of compliance

Powerhouse Ventures Limited (the 'Company') and its subsidiary, the dormant Powerhouse Venture Managers Limited, are profit-oriented companies incorporated and domiciled in New Zealand under the Companies Act 1993. Its Australian based subsidiary, the dormant Powerhouse Ventures Australia Pty Limited was incorporated in Australia under the Corporations Act 2001. The Company is an investment company whose targeted asset-class is research-backed intellectual property. The Company was formed in Christchurch in 2006 to commercialise scientific and technical innovation developed at New Zealand's universities and government-owned research institutes.

The Company is listed on the Australian Stock Exchange.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable reporting standards as appropriate for profit-oriented entities. For the purpose of applying NZ GAAP the Company is a for-profit entity and under the Financial Markets Conduct Act 2013 is considered to be an FMC Reporting Entity with a higher level of public accountability, hence it reports as a Tier 1 entity.

The financial statements comply with International Financial Reporting Standards ("IFRS") and the Financial Markets Conduct Act (FMCA). The financial statements were authorised for issue by the company on 05 October 2022.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial assets held at fair values as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2022 and the comparative information presented in these financial statements for the year ended 30 June 2021.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB and IFRIS IC. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

The financial statements are presented in New Zealand dollars, being the Company's functional and presentation currency, rounded to the nearest dollar.

Basis of consolidation

The company has considered preparing consolidated financial statements but given Powerhouse Ventures Australia Pty Ltd and Powerhouse Venture Managers Limited were dormant at 30 June 2022, and are shell companies, it was determined that no consolidation was required.

Critical judgements and estimation uncertainty in applying accounting policies

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

The following are the judgements or estimates made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Fair value measurement:

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 22-24).

Other significant judgments or estimates include the investment entity designation (Note 1 (a)), expected credit losses of financial assets (Note 5), recognition of deferred tax assets and liabilities (Note 8) and the going concern assumption (Note 2).



Summary of significant accounting policies

The following specific accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Basis of consolidated financial statements

NZ IFRS 10 provides an exemption to investment entities from consolidating subsidiaries. The Company qualifies for this exemption as it:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, there are four typical characteristics of an investment entity provided in NZ IFRS 10 being:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity or similar interests.

The Directors have assessed that the Company meets these requirements. The Company has applied this NZ IFRS 10 investment entity exemption since 1 July 2014.

Under NZ IFRS 10, investments in subsidiaries are measured at fair value through profit or loss in accordance with NZ IFRS 9 financial instruments, rather than being consolidated to form group accounts. As such, these separate financial statements are the Company's only financial statements.

Subsidiaries are those entities controlled directly or indirectly by the Company. Control is achieved where the Company has power over the entity, exposure to variable returns from its involvement in the entity and the ability to use its power to affect the amount of the returns.

In addition, a venture capital organisation may measure its investments in associated entities at fair value through profit or loss in accordance with NZ IFRS 9, or by applying the equity method as per NZ IAS 28 investments in associates and joint ventures. The Company has elected to account for investments in associates at fair value through profit or loss. Associate entities are those over which the Company has significant influence, but does not have control.

References to "portfolio companies" in this report include all companies in which the Company has invested for the purpose of commercialising technology from universities and other research institutions.

(b) Revenue recognition

Interest:

Interest is recognised as it accrues, using the effective interest method.

Dividend income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).



(c) Goods and service tax

With the exception of trade payables and receivables, all items are stated exclusive of goods and services tax.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Investments and convertible & SAFE notes (simple agreement for future equity)

The Company is an Investment Entity and accordingly values its financial assets comprising the investment portfolio at Fair Value. The current portfolio includes a limited number of investments and the Company does not exercise significant influence over any individual investment portfolio company.

During the period ended 30 June 2022 the Company executed a number of investments via convertible and SAFE notes and assesses the fair value of these assets in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV). A convertible note refers to a short-term debt instrument (security) that can be converted into equity (ownership portion in a company). SAFE notes are a simpler alternative to convertible notes.

The Company classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement. The fair value hierarchy has the following levels:

Level 1 — Quoted prices in active markets.

Level 2 — Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 — One or more inputs that are not based on observable market data.

The Company seeks to value its assets in a way that uses methods that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Accordingly, the Company assesses fair value of unlisted securities using International Private Equity and Venture Capital Valuation Guidelines (IPEV).

The valuation methodology used most commonly by the Company is the 'price of recent investment' supported by other Qualitative and Quantitative factors including 'milestone analysis'. Given the nature of the Company's investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment supported by other Qualitative and Quantitative factors including milestone analysis. The Company considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. The Company considers the sophistication of such third party investment when assessing fair value.

Where the Company considers that the price of recent investment no longer represents fair value, the Company carries out an enhanced assessment based on other Qualitative and Quantitative factors including milestone analysis and/or industry and sector analysis. In applying the milestone analysis approach to investments in companies in early or development stages the Company seeks to determine whether there is an indication of change in fair value based on a consideration of performance against any milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment. In this process the Company tests its assumptions supporting the fair value of its investments and assesses the sensitivity of the carrying amounts to these assumptions and the timeframes in which any uncertainty is resolved. When considered appropriate due to the size of the change or inherent uncertainty, the Company may use external valuers to assess the reasonableness of any change in fair value estimated by management.



(e) Investments and convertible & SAFE notes (simple agreement for future equity) (continued)

Where a fair value assessment indicates a deterioration in fair value has occurred, the Company will reduce the carrying value of the asset. Where an enhanced assessment of fair value has occurred and there is evidence of an increase in fair value of an asset, the Company may consider increasing the carrying value of the investment; however, in the absence of additional third party funding rounds or profit generation it can be difficult to determine the value that a purchaser may place on positive developments and accordingly caution is applied.

The above fair value hierarchy translates into the following considerations when calculating the fair value of unquoted securities:

- Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business;
- Where there has been any recent investment by third parties, the price of that investment will provide a good indication of fair value;
- If there is no readily ascertainable value from following the 'price of recent investment' methodology, the Company considers alternative methodologies in IPEV being:
 - o where investments are sufficiently mature, discounted cash flows and price-earnings multiples are used by management requiring assumptions over the timing and nature of future earnings and cash flows when calculating fair value. Multiples applied to such analysis to determine the investment's enterprise value are derived from the appropriate market sector. Due to the inherent risk to businesses in early stages of operations and lack of marketability, a discount of up to 60% is applied against the derived enterprise value;
 - o where investments are not sufficiently mature and the investment exceeds the period for which it remains appropriate to use the price of recent investment (which depends on the specific circumstances of the investment and the stability of the external environment, but 12 months is a default assumption) then the Company considers whether any changes or events subsequent to the transaction would imply a change in the fair value of the investment may be required. Where the Company considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment. Factors which the Company considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction. In the prior period there was one investment that was recorded in this manner, using a valuation model developed by management which was based solely on level 3 inputs.
- Where the equity structure of a portfolio company involves different class rights in a sale or liquidity event, the Company takes these different rights into account when forming a view of the value of its investment.

(f) Financial instruments

Recognition and derecognition:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or it expires.



(f) Financial instruments (continued)

Classification and initial measurement of financial assets:

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15 revenue from contracts with customers, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the financial years presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within interest or finance income, except for impairment of trade receivables which is presented within impairment of financial assets.

Subsequent measurement of financial assets:

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All investment and convertible notes in portfolio companies fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.



(f) Financial instruments (continued)

Impairment of financial assets:

NZ IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under NZ IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company applies the simplified approach in accounting for trade and other receivables and records the expected loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Any write off needs to be approved by the Company's Chief Financial Officer and is subject to a determination that there is no reasonable expectation of recovery of the debt and that even once the debt is written off, it is still subject to enforcement activity.

Classification and measurement of financial liabilities:

The Group's financial liabilities include trade and other payables and are measured at amortised cost using the effective interest method, if not held for trading and the fair value option has not been elected.

All interest-related charges that are reported in profit or loss are included within interest expense or finance income.



(g) Share capital

The Company's ordinary shares are classified as equity instruments. This includes the shares which have been issued to employees as part of their bonuses. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Costs incurred to list existing shares on a publicly-traded stock exchange are not attributable to the issue of new shares and therefore are expensed through profit or loss.

Shares and options granted under the Employee Stock Ownership scheme were accounted for by applying IFRS2.

Unlisted options to Directors, Senior Management and the advisory Board were accounted for under IFRS2, and was calculated by applying the "Black & Scholes" option model.

(h) Equity settled share based payments

As at 30 June 2022, the Company maintained one share-based payment scheme for Directors, senior management and the Company's advisory board. This programme will be settled in equity.

Unlisted options issued under this programme will vest if certain conditions, as defined in the programme, are met.

(i) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in accrued expenses in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis. Those benefits which are expected to settle greater than 12 months are held at present value.

The Company recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Obligations for contributions to defined contribution pension plans (including KiwiSaver) are recognised as an expense in profit or loss when they are due.

(j) Leases

The Company's did not have any leases as at 30 June 2022.



(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income as some income or expense items are taxable or deductible in other years or are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) Statement of cash flows

The statement of cash flows is prepared inclusive of GST.

Definitions of the terms used in the statement of cash flows are as follows:

- "Cash and cash equivalents" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash;
- "Operating activities" includes all transaction and other events that are not investing or financing activities;
- "Investing activities" are those activities relating to the acquisition and disposal of current and non-current investments and other similar activities; and
- "Financing activities" are those activities relating to changes in the equity and debt capital structure of the Company and those activities relating to the cost of servicing the Company's equity capital.

(n) Foreign Currency Translation

Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is New Zealand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss.

(o) Segment reporting

The Company's operating segments are identified on the basis of internal reports on components of the Company that are regularly reviewed by the executive and non-executive directors in order to allocate resources to the segment and to assess its performance. The Company's executive Chairman is the chief operating decision maker.



2 Going Concern

In considering the appropriateness of the going concern assumption used as the basis of preparation of these financial statements, the Directors have considered cashflow forecasts for 12 months from the date of signing these financial statements, which include the ongoing operational costs and revenues of the Company, the ongoing investment program and other cashflows.

As a listed company Powerhouse has the potential to raise capital at any time and at short notice. Cashflow contingency plans include the possibility of new capital being introduced which is consistent with the Company's operating model. Further funds can be generated from the disposal of off-model or other portfolio companies as recently demonstrated. Uncertainty exists in the timing and level of funding that investment disposals or potential new capital introductions will generate. The Covid-19 pandemic and its adverse affect on the economy has created a greater level of uncertainty around the ability to exit existing Investments.

Cashflow forecasts are uncertain by their very nature. However, the Directors consider plans in place are adequate to enable the Company to meet its financial obligations and continue as a going concern. This is demonstrated through the private placement capital raises of NZ\$2.8m (before costs) in February 2022. Therefore, the Directors consider these financial statements are appropriately prepared on a going concern basis.

3 Net changes in fair value of investments at fair value through profit or loss

	2022	2021
	\$	\$
Revaluation gains on investments at fair value through profit or loss	900,000	226,490
Revaluation losses on investments at fair value through profit or loss	<u>(784,258)</u>	<u>(1,164,520)</u>
Net gain/(loss) on investments at fair value through profit or loss	<u>115,742</u>	<u>(938,030)</u>

Revaluation gains in the current year include Cirrus Materials \$0.90m (2021: CertusBio \$0.21m, Ferronova \$0.004m, Deliveon \$0.018m)

Revaluation losses in the current year include Objective Acuity \$0.445m, CertusBio \$0.33m, Deliveon \$0.018m (2021: Objective Acuity \$1.16m).

4 Realised gain/(loss) on investments at fair value through profit or loss

	2022	2021
	\$	\$
Realised gain/(loss) on investments at fair value through profit or loss	353,499	664,710
Net Realised gain/(loss) on investments at fair value through profit or loss	<u>353,499</u>	<u>664,710</u>

Realised gains in the current year include EdPotential \$0.35m (2021: Hot Lime Labs \$0.30m, Orbis Diagnostics \$0.36m)

5 Expected credit loss provision on financial assets classified at amortised cost

	2022	2021
	\$	\$
Other	-	(19,356)
Total impairment of financial assets expense	<u>-</u>	<u>(19,356)</u>

The current year impairment charge is \$nil. (2021: \$0.02m).

6 Employee benefits expense

	2022	2021
	\$	\$
Salaries	5,180	127,626
Equity-settled share based payments	13,519	-
Bonuses	-	-
Kiwisaver defined contribution plans	365	3,600
Directors' fees - cash	65,236	207,666
Directors' fees - equity settled	40,928	60,577
Total employee benefits expense	<u>125,228</u>	<u>399,469</u>

In November 2021 the existing Directors resigned and a new board was appointed. Certain Directors and key management personnel were issued unlisted options in lieu of Directors' fees - refer to Note 11 for more information.



Powerhouse Ventures Limited
Notes to the Financial Statements
For the year ended 30 June 2022

7 Other Expenses

Other expenses in the Statement of Comprehensive Income include the following:

	2022	2021
	\$	\$
Audit and review Fees	112,552	76,217
Accounting and Tax Advisory	52,287	5,670
Insurance	53,073	48,284
Office costs and rent	18,441	27,504
Equity-settled share based remuneration	7,978	-
Provision expense - vendor warranties	117,600	-
Bad debt expense	8,122	19,353
Foreign exchange movements	(114,223)	32,241
Contractors	148,657	487,766
Total Other Expenses	404,487	697,035

Provision expense includes \$117,600 of potential vendor warranties arising from the sale of EdPotential (2021: \$nil)

In 2021, contractor fees amounting to \$290,107 were paid via the options to PAC partners, as per note 11(ii).

8 Income taxes

(a) Tax expense recognised in the statement of comprehensive income

	2022	2021
<i>Current tax expense/(credit):</i>		
Current year	-	-
Adjustment for prior years	-	-
<i>Total current tax expense/(credit)</i>	<u>-</u>	<u>-</u>
<i>Deferred tax expense/(credit):</i>		
(Increase)/decrease in deferred tax assets (Note 8(c))	-	-
Increase/(decrease) in deferred tax liabilities (Note 8(d))	-	-
Origination and reversal of temporary differences	-	-
Adjustment for prior years	-	-
<i>Total deferred tax expense/(credit)</i>	<u>-</u>	<u>-</u>
Total tax expense/(credit)	<u>-</u>	<u>-</u>

The prima facie tax expense on pre-tax accounting profit from operations reconciles to the tax expense in the financial statements as follows:

	2022	2021
	\$	\$
Profit/(loss) before tax expense	(305,214)	(1,573,843)
Expected tax charge using tax rate applicable for the year (28%)	(85,460)	(440,676)
Realised (gain)/loss on investments	(98,980)	(186,119)
Other Non-Assessable Income	(1,171,661)	(53,507)
Unrealised (gain)/loss on investments	(32,408)	262,648
Non-Deductible Feasibility Expenditure	209,457	185,013
Other Non-Deductible Expenditure	1,261,892	21,950
Unrecognised current year tax losses	-	210,691
Utilisation of tax losses previously unrecognised	(82,840)	-
Total tax expense/(credit)	(0)	0

(b) Current tax assets and liabilities

	2022	2021
	\$	\$
Current tax assets:		
Current tax refundable	<u>-</u>	<u>-</u>
Current tax liabilities:		
Current tax payable	<u>-</u>	<u>-</u>

8 Income taxes (continued)

(c) Deferred tax assets

Deferred tax assets comprise temporary differences attributable to:	2022	2021
	\$	\$
Employee benefits	-	-
Deferred tax assets	<u>-</u>	<u>-</u>
Movements in the deferred tax asset account:	2022	2021
	\$	\$
Opening balance	-	-
(Charged)/credited to profit or loss	-	-
Closing balance	<u>-</u>	<u>-</u>

The Company has unused tax losses and credits amounting to \$6,792,925 (2021: \$7,088,783) for which no deferred tax asset has been recognised in the statement of financial position. Deferred tax assets for losses have not been recognised as it is not considered probable that there will be sufficient taxable profits against which to utilise the benefits of the losses in the foreseeable future.

(d) Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:	2022	2021
	\$	\$
Net value of investments at fair value through profit or loss	-	-
Deferred tax liabilities	<u>-</u>	<u>-</u>
Movements in the deferred tax liability account	2022	2021
	\$	\$
Opening balance	-	-
Charged/(credited) to profit or loss	-	-
Closing balance	<u>-</u>	<u>-</u>

(e) Imputation credits

	2022	2021
	\$	\$
Imputation credits available for use	-	2,079

9 Earnings per share calculation

Basic loss per share (refer to Statement of Comprehensive Income and Note 10)

	2022	2021
Basic loss per share (cents)	(0.3)	(2.3)
Losses used in the calculation of total basic loss per share	\$(305,214)	\$(1,573,843)
Weighted average number of ordinary shares for the purposes of basic loss per share	103,411,669	68,466,301

Diluted loss per share (refer to Statement of Comprehensive Income and Note 10)

	2022	2021
Diluted loss per share (cents)	(0.3)	(2.3)
Losses used in the calculation of total diluted loss per share	\$(305,214)	\$(1,573,843)
Weighted average number of ordinary shares for the purposes of diluted loss per share	103,411,669	68,466,301

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10 Share capital and reserves

At 30 June 2022, share capital comprised 120,743,176 authorised and issued ordinary shares (2021: 92,743,176). All issued shares are fully paid and have no par value.

(i) Share capital comprises:

	2022	2021
	\$	\$
Authorised, issued and fully paid in capital	39,567,984	36,536,725
Treasury stock	(2,136)	(2,136)
Issuance costs	(1,786,496)	(1,643,127)
Total share capital	37,779,352	34,891,462

Movements in share capital

	2022	2021
	\$	\$
Opening balance	34,891,462	31,136,388
Shares issued during the period for cash	2,810,200	1,766,207
Shares issued during the period in respect of non-cash transactions	-	30,288
Issuance costs incurred	(143,369)	(124,089)
Options converted to shares	148,532	2,082,668
Transfer from share based payments reserve for options converted to shares	72,527	-
Closing balance	37,779,352	34,891,462

Shares issued during the period for cash relate to a private placement of 26,000,000 shares to institutional and sophisticated investors. 2,000,000 shares were issued throughout the year by conversion of options.

(ii) Share based payments reserve comprises:

	2022	2021
	\$	\$
Share based payments reserve	310,293	320,395

Movements in share based payments reserve

	2022	2021
	\$	\$
Opening balance	320,395	-
Options for services	62,425	320,395
Options converted to shares	(72,527)	-
Closing balance	310,293	320,395

Number of ordinary shares authorised, issued and fully paid

	2022	2021
	Shares	Shares
Opening balance	92,743,176	32,311,733
Shares issued during the period for cash	26,000,000	32,311,733
Shares issued to directors during in current year	-	479,314
Options converted to shares	2,000,000	27,640,396
Closing balance	120,743,176	92,743,176

Number of listed options (PVLO)

Share based payments:

	2022	2021
	Options	Options
Opening balance	9,566,294	-
Options issued to key management during in current year	-	1,566,294
Options issued to contractors during in current year	-	8,000,000
Options converted to shares	(2,000,000)	-
Closing balance	7,566,294	9,566,294

Free-attaching options:

	2022	2021
	Options	Options
Opening balance	4,661,337	-
Options issued in current year	-	32,301,733
Options converted to shares	-	(27,640,396)
Closing balance	4,661,337	4,661,337

Number of unlisted options

	2022	2021
	Options	Options
Opening balance	-	-
Options issued to Directors, senior management and advisory board in current year	18,000,000	-
Options converted to shares	-	-
Closing balance	18,000,000	-

Reclassification

During the period ended 30 June 2021, the Company issued 8,000,000 options to PAC Partners Securities Pty Ltd in lieu of services provided. The value of these options granted in the 2021 financial year was \$290,107. Similarly, in the financial year ended 30 June 2021, the Company entered into an equity for fees payment structure for the directors including the grant of 1,566,294 options, valued at \$30,288. During the period ended 30 June 2022, these were reclassified from share capital to the share based payment reserve in the statement of financial position and statement of changes in equity as this better represents the classification.

As a result of this reclassification notes 6, 10, 11(i), 11(ii) and 19(c) were also adjusted to account for this reclassification.



11 Equity-settled share based payments

(i) Equity for Fees

During 2021 the Company entered into an equity for fees payment structure for the directors.

Under the plan, the individuals were granted shares and options, in lieu of fees received on a quarterly basis. The options granted under this scheme are exercisable at A\$0.07 each on or before 31 December 2023. Options to the value of \$30,288 and shares to the value of \$30,289 were granted in lieu of fees in the 2021 financial year and were included in the Directors' fees expense line (Note 6). The amount relating to the options was included in the share based payment reserve.

The options issued to Directors 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 Equity for fees plan was discontinued on 19th May 2021.

Reconciliation of Equity for Fees

	2022	2021
	number	number
Opening balance	2,045,610	-
Shares granted during the reporting period	-	479,316
Options granted during the reporting period	-	1,566,294
Closing balance	2,045,610	2,045,610

Valuation date	19-Mar-21
Market price of shares	12.5 cents
Exercise price	7.0 cents
Expiry date	31 December 2023
Risk free interest rate	0.85%
Dividend yield	0%
Expected life	2.8 years
Volatility (discount)	84%

(ii) Options issued to PAC Partners

During 2021, the Company engaged PAC Partners Securities Pty Ltd (PAC Partners) as a contractor.

As part of the engagement, PVL Agreed to pay PAC Partners 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.

At 30 June 2021, PVL valued these broker options using the Black & Scholes option model. The value of these options as at 30 June 2021 are \$A0.03. The value of the options granted in the 2021 financial year was \$290,107 and was included in Contractors expenses (Note 7) and was included in the share based payment reserve.

Reconciliation of options granted to PAC Partners

	2022	2021
	number	number
Opening balance	8,000,000	-
Options granted during the reporting period	-	8,000,000
Options converted to shares	(2,000,000)	-
Closing balance	6,000,000	8,000,000

Valuation date	2-Sep-20
Market price of shares	6.5 cents
Exercise price	7.0 cents
Expiry date	31 December 2023
Risk free interest rate	0.15%
Dividend yield	0%
Expected life	3.3 years
Volatility (discount)	80%

Share-based payments, measurement and recognition

The fair value of equity-settled share based payments at the grant date is recognised as an expense, together with a corresponding increase to the share based payments reserve within equity, over the vesting period in which the performance and service conditions are fulfilled. The total amount to be expensed is based on the initial fair value of each Performance Right along with the best estimate of the number of equity instruments that will ultimately vest which includes an assessment of the likelihood that service conditions will be met.

Total expenses arising from share-based payment transactions were recognised during the period as part of contractor expense.

11 Equity-settled share based payments (continued)

(iii) Unlisted Options Granted in Lieu of Director Fees

During 2022 the Company issued 18,000,000 unlisted options to the directors, senior executives and advisory board members in lieu of fees.

These unlisted options will have a strike price of \$A0.11, expire on 31 December 2023 and will only vest if the VWAP PVL share price over a 20 consecutive trading day period is in excess of A\$0.20 per share and each of the individuals are still Directors, members of senior management or the Advisory Board of the Company at the time of vesting.

PVL have valued these unlisted options using the Black & Scholes option model based on the assumptions in the table below. The dividend yield is zero as the Company has not paid a dividend for the previous five reporting periods. The expected volatility was determined using the Company's average five-year share price. The risk-free rate is derived from the yield on Australian Government Bonds of an appropriate term. Historical share price volatility has been the basis for determining expected share price volatility.

The value of the unlisted options granted in the 2022 financial year was \$62,425, with \$54,447 (Directors and senior management) included in employee benefits expense (Note 6) and \$7,978 (advisory board) included in other expenses (Note 7).

Valuation date	24-Nov-21	3-Dec-21	3-May-22
Market price of shares	11 cents	9.5 cents	6.5 cents
Exercise price	11 cents	11 cents	11 cents
Expiry date	31 December 2023	31 December 2023	31 December 2023
Risk free interest rate	0.54%	0.6%	2.8%
Dividend yield	0%	0%	0%
Expected life	2.1 years	1.8 years	1.5 years
Volatility (discount)	104%	101%	102%

Reconciliation of unlisted options

	Opening Balance 01 July 2021	Grant Date	Granted	Vested	Lapsed	Closing Balance 30 June 2022	Fair Value	P/L Expense
	Qty		Qty	Qty	Qty	Qty	\$	\$
Directors								
James Kruger	-	24-Nov-21	4,000,000	-	-	4,000,000	48,000	13,643
Joseph Demase	-	24-Nov-21	4,000,000	-	-	4,000,000	48,000	13,643
Joshua Baker	-	24-Nov-21	4,000,000	-	-	4,000,000	48,000	13,643
Other Key Management Personnel								
Campbell Hedley	-	03-Dec-21	2,000,000	-	-	2,000,000	24,000	6,759
Geoffrey Nicholas	-	03-Dec-21	2,000,000	-	-	2,000,000	24,000	6,759
Other Recipients								
Shaun Wilson	-	03-May-22	1,000,000	-	-	1,000,000	12,000	3,989
Ross Gregory	-	03-May-22	1,000,000	-	-	1,000,000	12,000	3,989
KMP Total	-		18,000,000	-	-	18,000,000	216,000	62,425



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12 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank available on demand	4,450,911	4,813,464
Total cash and cash equivalents	4,450,911	4,813,464

13 Trade and other receivables and prepayments

	2022	2021
	\$	\$
Trade debtors	-	516,835
Provision for expected credit losses	-	(153,787)
Prepayments	56,043	49,314
GST receivable	40,446	2,317
Total trade and other receivables and prepayments	96,489	414,679

2022 Trade Debtors

	0 days	1 - 30 days	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

2021 Trade Debtors

	0 days	1 - 30 days	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	-	362,473	0	575	153,787	516,835
Expected credit loss	-	-	-	-	153,787	153,787

14 Trade and other payables

	2022	2021
	\$	\$
Trade payables	21,160	39,420
Employee entitlements	-	7,176
Other accruals	101,480	53,000
Total trade and other payables	122,640	99,596

15 Provisions

	2022	2021
	\$	\$
Provisions - Vendor Warranties	117,600	-
Total Provisions	117,600	-

Provision expense includes \$117,600 of potential vendor warranties arising from the sale of EdPotential (2021: \$nil). The vendor warranty period is expected to expire in December 2022.



16 Reconciliation of profit/(loss) after taxation to net cash inflows/(outflows) from operating activities

	2022	2021
	\$	\$
Loss for the year	(305,214)	Restated (1,573,843)
(Less)/plus non cash items		
Depreciation	-	14,168
Lease Liability	-	(15,993)
FX translation	-	(4,355)
Net changes in fair value of investments at fair value through profit or loss	(507,864)	938,030
Unpaid interest receivable	(36,364)	-
Director fees paid in shares	-	30,288
Equity-settled payment expense	62,425	320,395
Provisions	117,600	-
Gain/Loss on sale of Fixed Asset	-	(504)
Other debtors	-	(5,197)
(Less)/plus changes in working capital		
Decrease/(increase) in trade and other receivables	(41,809)	(668,961)
Decrease/(increase) in accrued income	-	-
Decrease/(increase) in current tax receivable	-	-
(Decrease)/increase in trade and other payables	33,611	26,849
(Decrease)/increase in deferred revenue	-	-
Net cash inflow/(outflow) from operating activities	(677,615)	(939,122)

Restatement of 2021 Cash Flows:

During the period ended 30 June 2022, the company determined that certain equity-settled share based payments of \$320,395 in the period ended 30 June 2021 had been accounted for in error as proceeds from issuance of shares as part of net cash inflow/(outflow) from financing activities and payments to suppliers and employees as part of net cash inflow/(outflow) from operating activities was similarly overstated by this amount.

Additionally, it was determined that proceeds from sale of investments totalling \$304,771 was incorrectly classified as receipts from customers under net cash inflow/(outflow) from operating activities rather than being properly recorded as proceeds from sale of investments under net cash inflow/(outflow) from investing activities.

The 30 June 2021 cash flow statement has been reclassified to correctly record the above.

17 Remuneration of Auditors

	2022	2021
	\$	\$
Audit of the financial statements	82,365	54,217
Review of interim financial statements	30,188	22,000
Total remuneration paid to auditors	112,552	76,217



18 Segment Information

Reportable segments

Under NZ IFRS 8 operating segments, as at 30 June 2022, the Company has operated one operating segment: investment in early stage companies using IP developed in emerging technologies such as electrification & decarbonisation, next generation computing, space technologies, and healthcare and wellness. The Chief operating decision maker is James Kruger.

19 Related party transactions

(a) Subsidiaries

The results of portfolio companies, including subsidiaries and associates, have not been consolidated due to the Company's Investment Entity exemption. Refer to accounting policies for further details.

As at the reporting date the Company did not own over 50% of ordinary share capital in any of the portfolio companies. All such companies have independent Boards.

Transactions with portfolio companies include accounting services, business advisory services and capital raising management services, though these services ceased during the reporting period.

(b) Transactions with related parties:

For the year ended 30 June 2022

Name	Revenues	Expenses	Trade and other receivables	Trade and other payables
	\$	\$	\$	\$
Subsidiary and associate portfolio companies	500	-	-	-
Directors fees	-	106,164	-	-

For the year ended 30 June 2021

Name	Revenues	Expenses	Trade and other receivables	Trade and other payables
	\$	\$	\$	\$
Subsidiary and associate portfolio companies	17,800	-	363,048	-
Directors Fees	-	268,243	-	-

At the reporting date \$nil (2021: \$nil) of related party receivables had been provided for in full and are not included in the figures in the table above.

(c) Key management personnel compensation

The key management personnel of the Company consists of the executive and non executive management team.

	2022	2021
	\$	\$
Short-term employee benefits	118,894	207,666
Equity-settled share based payments - share options	54,447	30,288
Equity-settled share based payments - shares	-	30,289
Total key management personnel compensation	173,341	268,243

(d) Disclosure of Directors' Interests

On the 16th December 2021, the Directors each acquired 4,000,000 unlisted option shares in lieu of directors' fees. The options have a strike price of AUD\$0.11 expiring on the 31 December 2023.

As at 30 June 2022 PVL's directors and senior management had the following direct and indirect shareholdings in the company:

KMP	Ordinary Shares	Unlisted Options
James Kruger	1,000,000	4,000,000
Joseph Demase	2,500,000	4,000,000
Joshua Baker	20,075,544	4,000,000
Campbell Hedley	-	2,000,000
Geoffrey Nicholas	1,602,180	2,000,000
Ben Hodge	750,000	-

20 Commitments

Investments

The Company had no commitments to investing into new and existing investee companies as at 30 June 2022 based on uncertain events. (2021: nil)

21 Contingencies

There were no contingent assets as at 30 June 2022 (2021: nil).

Contingent liabilities

There were no contingent liabilities as at 30 June 2022 (2021: nil).

22 Convertible & SAFE (simple agreement for future equity) notes in other entities

	2022	2021
	\$	\$
CourseLoop Pty Ltd	474,091	-
Firmus Grid Pty Ltd	280,305	-
Flomatrix Pty Ltd	214,850	-
Quantum Brilliance Pty Ltd	556,581	-
Total convertible & SAFE notes	1,525,827	-

During the period the Company announced that it had executed the following four investments:

1. \$NZ459,732 (A\$435,000) in CourseLoop Pty Ltd - CourseLoop is a provider of course management software (CMS) platform to universities across Australia, the UK and the US with customers including Monash University, University of New South Wales and UCLA
2. \$NZ264,214 (A\$250,000) in Firmus Grid Pty Ltd - Firmus is an emerging ultra-efficient, low PUE data centre developer and operator that utilises unique intellectual property (IP) relating to immersion cooling.
3. \$NZ214,850 (A\$200,000) in Flomatrix Pty Ltd - Flomatrix develops novel peripheral IV cannula (PIVC) solutions designed to overcome issues and challenges of existing products
4. \$N550,667 (A\$500,000) in Quantum Brilliance Pty Ltd - Quantum Brilliance is a quantum computing hardware company, developing quantum accelerators supported by a full stack of software and application tools



23 Investments in other entities held at fair value through profit or loss

Name of other entity	2022 ownership interest	2021 ownership interest	Nature of operations
Veritide Limited	7.8%	30.4%	Uses optical fluorescent techniques for detection and identification of hazardous organisms.
Deliveon Health Limited	11.3%	16.7%	Develops personalised nutritional solutions based on high quality nutritional science and technology.
CertusBio Limited	19.1%	23.0%	Development of biosensor solutions for dairy and other industries.
Photonic Innovations Limited	30.6%	30.6%	Develops a laser spectroscopy-based gas detection system to identify gas leaks.
Inhibit Coatings Limited	17.5%	17.5%	Uses nanotechnology for environmentally friendly marine antifouling and antimicrobial coatings.
Ferronova Pty Limited	12.6%	12.6%	Develops a medical device that helps in easier detection of cancers using magnetic tracers.
EdPotential Limited	0.0%	11.8%	Provides software for schools to inquire into assessment data and improve achievement.
Fluent Scientific Limited	15.4%	15.4%	Uses facial and verbal micro-expression analysis to enhance verbal and visual communication.
Objective Acuity Limited	10.1%	10.1%	Developed a vision testing system to accurately and reliably detect visual function.
Modlar Limited	10.0%	9.9%	Creator and distributor of Building Information Models (BIM) for use by architects and designers.
Hi-Aspect Limited	8.9%	8.9%	Develops protein-based materials and products for the medical and lifesciences markets.
Avalia Immunotherapies Limited	9.5%	9.5%	Develops vaccine and adjuvant technologies for the treatment of cancer, allergy and disease.
Cirrus Materials Science Limited	6.7%	5.9%	Develops and licenses chemistry technologies and IP for novel coatings and surface finishing solutions.
Olympio Metals Ltd	0.1%	1.2%	(Previously Croplogica) West Australian exploration company focussed on discovery of gold and other commodities including lithium
Skykraft Pty Ltd	1.7%	0.0%	Specialises in the design, manufacture and operation of small satellites in Low Earth Orbit constellations for the delivery of global services
Saccade Analytics (Neuroflex)	1.0%	0.0%	Delivers real-time brain health assessments using VR technology and its proprietary algorithms developed through leading medical research
Urbix Resources	0.3%	0.0%	Supplies a "drop-in" graphite product for lithium-ion batteries for electric vehicles.

All investments in other entities have been valued using price of recent investment methodology with the exception of Olympio Metals Ltd which has been valued using mark to market methodology as its shares are actively traded.

In the interests of transparency the Company is not reporting legacy investments in portfolio companies or other entities where the company or entity in question has been placed in liquidation. All investments in liquidated portfolio companies and other entities have been fully provided for in prior years. The exception is Objective Acuity which was placed in liquidation in the current year and incurred a write down of \$445k in the current period.



24 Financial Instruments

(a) Financial risk management objectives

The Company has approved detailed capital and liquidity management policies. In accordance with the policies, when capital and liquidity balances dictate, the orderly and efficient management of working capital and cash will enable the Company to:

- meet its operating expenses;
- invest in existing portfolio companies and new investment opportunities as they arise and are recommended for approval;
- avoid forced asset sale situations;
- avoid stressed negotiations for debt limits and pricing;
- take full advantage of favourable market conditions for equity capital raising; and
- avoid the need to raise capital under subdued market conditions.

The Company's working capital management includes equity capital management, as this is the primary means for funding the Company's operations during the investment cycle of balance sheet utilisation. The Company has altered its business model to include the recycling of capital from liquidity events.

As the Company is unlikely to be able to fund its operations to a significant degree through borrowings, access to recycled capital from liquidity events and strict operational cost control are central to the Company's capital and liquidity management policy. The Company has adopted an integrated planning capability to ensure that the routine finance tasks come together to establish a strategic view. This integrated approach to capital and liquidity management includes processes that seek to address:

- alignment of strategy and risk (understand risk versus returns);
- considered and strategic allocation of capital;
- increased stakeholder confidence;
- management and board collaboration;
- strategic analysis of new opportunities;
- alignment of management actions and rewards; and
- timely reporting.

The Company has set the following balance sheet composition limits which are designed to maximise the financial returns whilst preserving investment flexibility and the ability to meet business critical objectives. The limits apply where cash balances exceed those required to prudently meet the ongoing operations of the business. The limits are as follows:

Asset pool type	Financial asset type	Percentage holding
A1	Cash	At least 30%
A2	Term deposits <= 180 days	At least 30% until financial assets fall to below \$5 million
B1	Term deposits > 180 days	Maximum of 20% but reducing to nil when financial assets fall to below \$5 million
B2	Investments in other long-dated bank investment products	Maximum of 20% but reducing to nil when financial assets fall to below \$5 million

The Company ensures that whenever possible (whilst preserving scale efficiencies), staggered maturity/roll-over dates are employed within the liquid asset portfolio.

To minimise counterparty risk, where practicable, no more than 50% of any category of the liquid asset pool can be invested with any one institution.



24 Financial Instruments (continued)

(b) Market Liquidity Risk

Market liquidity risk is the risk that insufficient liquidity in the market for a security will limit the ability of the security to be sold, resulting in the Company suffering a financial loss. The Company is subject to market liquidity risk if investments are made in relatively illiquid securities. This exposure to market liquidity risk is an unavoidable feature of the Company's operating model. The objective of the Company's market liquidity risk management is to ensure that other assets can be readily liquidated without incurring excessive cost, to enable asset allocation decisions to be implemented or to meet cash flow requirements.

(c) Interest rate risk

Interest rate risk is the risk that the Company could suffer either a capital loss or additional exposure to liquidity risk through adverse movements in interest rates. The objective of the Company's interest rate risk management is to ensure that the Company is not exposed to a level of interest rate risk, outside those limits anticipated through the structured approach envisaged within the Company's risk management policy. The Company manages interest rate risk by ensuring tactical asset allocation which provides for the effective management of interest rate and associated liquidity risk. The approach to managing the investment of funds ensures that there is adequate matching of the duration of assets with the likely cash needs of the business. The Company monitors the effect upon yield and liquidity of probable movements in interest rates and manages its liquid asset holdings accordingly.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates and assumes that the financial instruments held at balance date were in place for the entire year. A positive number below represents an increase to profit and equity and a negative number below represents a decrease in profit and equity.

	2022	2021
	\$	\$
100 basis points increase in interest rates		
Impact on profit for the year	26,391	68
Impact on equity for the year	19,001	49
100 basis points decrease in interest rates		
Impact on profit for the year	(26,391)	(68)
Impact on equity for the year	(19,001)	(49)

(d) Equity price risk

Equity price risk is the risk that the Company's investments in equities are exposed to movements that are not correlated to the general or targeted market. The objective of equity price risk management is to achieve a return equal to or better than the set performance benchmarks for that asset class. The Company manages equity price risk by monitoring and through management of its investments. This risk is limited to the investment portfolio.

Ratings

All B1 and B2 investments must have a S&P (or equivalent) credit rating of A or higher.

Any A1 or A2 investments must be with institutions that have a short term S&P (or equivalent) credit rating of A-2 or higher.

(e) Foreign currency risk management

The Company undertakes certain transactions denominated in Australian dollars, and as such has exposure to exchange rate fluctuations. The Company does not use any derivative financial instruments to manage this foreign currency risk due to the minimal and short-term nature of this exposure.

(f) Credit risk

Credit risk is the risk that a counter party will default on its contractual obligations, resulting in financial loss to the Company. The Company only deals with credit worthy counter-parties and as such does not require collateral to be held. The carrying value of the financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk. The Company does not have any significant exposure to any single counter party.

24 Financial Instruments (continued)

(g) Classification of financial assets and liabilities

	Amortised cost	Fair value through profit or loss	Total
	\$	\$	\$
As at 30 June 2022			
Financial assets			
Cash and cash equivalents	4,450,911	-	4,450,911
Trade and other receivables	-	-	-
Convertible & SAFE notes in portfolio companies	-	1,525,827	1,525,827
Investments	-	5,049,486	5,049,486
Total financial assets	4,450,911	6,575,313	11,026,224
Financial liabilities			
Trade and other payables	21,161	-	21,161
Total financial liabilities	21,161	-	21,161
As at 30 June 2021			
Financial assets			
Cash and cash equivalents	4,813,464	-	4,813,464
Trade and other receivables	365,365	-	365,365
Investments	-	3,181,352	3,181,352
Total financial assets	5,178,829	3,181,352	8,360,181
Financial liabilities			
Trade and other payables	46,596	-	46,596
Total financial liabilities	46,596	-	46,596

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables have been determined to be their carrying value. This is due to these items being short term in nature.

Fair value of investments held at fair value through profit or loss

NZ IFRS 13 provides for a three-level fair value hierarchy that requires inputs to valuation techniques used to measure fair value, to be categorised as follows:

- Level 1 Inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs - either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1.
- Level 3 Inputs - inputs for the asset or liability where one or more significant inputs are not observable (unobservable inputs).

The following table analyses, within the fair value hierarchy, the Company's financial assets measured at fair value:

As at 30 June 2022

Financial assets designated at fair value through profit or loss

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investments at fair value through profit and loss valued at last capital raise, supplemented by milestone analysis	-	-	5,041,470	5,041,470
Convertible & SAFE Notes at fair value through profit or loss valued at recent market transactions	-	-	1,525,827	1,525,827
Investments at fair value through profit or loss valued using observable quoted prices	8,016	-	-	8,016
Total financial assets measured at fair value through profit or loss	8,016	-	6,567,297	6,575,313

24 Financial Instruments (continued)

As at 30 June 2021

Financial assets designated at fair value through profit or loss

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investments at fair value through profit or loss valued as at last capital raise supplemented by milestone analysis	-	-	3,181,352	3,181,352
Investments at fair value through profit or loss valued using observable quoted prices	-	-	-	-
Total financial assets measured at fair value through profit or loss	-	-	3,181,352	3,181,352

Fair values of financial assets valued using level one inputs are determined by reference to quoted prices in an active market.

The below table summarises how the fair values of financial assets valued using level three inputs have been determined and should be read in conjunction with notes 1e and 1f which provide a more detailed disclosure around the quantitative and qualitative management assessments of the investments and convertible and SAFE notes.

Valuation methodology	Total value at 30 June 2022 \$	Key inputs	Unobservable inputs	Sensitivity analysis
Price of recent investment supported by other qualitative and quantitative factors including milestone analysis and other valuation techniques	5,041,470	Price of recent investment, milestone achievement, qualitative factors	Management's assessment of performance against milestones and market and qualitative factors.	Any interrelationships between unobservable inputs will be analysed to the extent that they may effect the fair value measurement. Fair value is highly influenced by price of recent investment, with portfolio companies completing capital raises during 2019-2022. There is a risk that if a more up-to-date capital raise was completed, this may result in a material change to the fair value.
Price of recent market transaction	1,525,827	Price of recent market transaction, qualitative factors	Management's assessment of performance against milestones and qualitative factors.	Limited review of qualitative factors given frequency of recent market transaction

24 Financial Instruments (continued)

Qualitative factors include, inter alia, performance against milestones, management skills, quality of IP.

The table below shows a reconciliation of fair value movements in Level 3 financial instruments.

Investments at fair value - Level 3

	2022	2021
	\$	\$
Opening balance	3,181,353	4,467,900
Total unrealised fair value gains recognised in profit or loss	900,000	226,490
Total unrealised fair value losses recognised in profit or loss	(784,258)	(1,164,520)
Total unrealised foreign exchange recognised in profit or loss	30,607	4,354
Total fair value of investments purchased	1,713,769	131,056
Total fair value of convertible & SAFE notes executed	1,525,826	-
Total fair value of investments disposed	-	(483,927)
Closing value	<u>6,567,297</u>	<u>3,181,353</u>

(h) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. As the Company's major cash outflows are the purchase of investments, the level of this is managed by the Board. The Company also manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to operating, investing and financing activities;
- managing credit risk related to financial assets;
- maintaining a clear exit strategy on financial assets; and
- investing surplus cash only with major financial institutions.

The following table sets out the contractual, undiscounted cash flows for non-derivative financial assets and liabilities.

	On Demand	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year	Total
	\$	\$	\$	\$	\$	\$
As at 30 June 2022						
Financial assets						
Cash and cash equivalents	4,450,911	-	-	-	-	4,450,911
Trade and other receivables	-	40,446	-	-	-	40,446
Convertible notes in portfolio companies	-	-	-	-	1,525,827	1,525,827
Investments	-	-	-	-	5,049,486	5,049,486
Total financial assets	<u>4,450,911</u>	<u>40,446</u>	<u>-</u>	<u>-</u>	<u>6,575,313</u>	<u>11,066,670</u>
Financial liabilities						
Trade and other payables	-	21,160	-	-	-	21,160
Total financial liabilities	<u>-</u>	<u>21,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,160</u>
	\$	\$	\$	\$	\$	\$
As at 30 June 2021						
Financial assets						
Cash and cash equivalents	4,813,464	-	-	-	-	4,813,464
Trade and other receivables	-	365,365	-	-	-	365,365
Investments	-	-	-	-	3,181,352	3,181,352
Total financial assets	<u>4,813,464</u>	<u>365,365</u>	<u>-</u>	<u>-</u>	<u>3,181,352</u>	<u>8,360,181</u>
Financial liabilities						
Trade and other payables	-	39,420	-	7,176	-	46,596
Total financial liabilities	<u>-</u>	<u>39,420</u>	<u>-</u>	<u>7,176</u>	<u>-</u>	<u>46,596</u>

25 Covid-19

Initially declared as a pandemic on March 11, 2020 by the World Health Organisation; COVID-19 has resulted in economic uncertainty and significantly increased volatility in capital markets continuing into the 2022 financial year. In February 2022 the Company successfully completed a private placement to institutional and sophisticated investors, made up of both new and existing shareholders, demonstrating its ability to raise capital in uncertain times.

26 Subsequent Events

As noted in the recent announcements to the ASX:

On 11 July 2022, the Company invested USD400,000 (NZD655,587) in Liquid Instruments. Liquid Instruments is an innovator and market leader in software-defined instrumentation. Test & Measurement instrumentation is a \$20B market across legacy and rapidly growing industries like Aerospace & Defence, Automotive, Connectivity and Semiconductor



Independent Auditor's Report

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To the Shareholders of Powerhouse Ventures Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Powerhouse Ventures Limited on pages 5 to 34 which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Powerhouse Ventures Limited as at 30 June 2022 and of its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

The Company's investments in portfolio companies are carried at fair value of \$5,049,486 in the Statement of Financial Position as at 30 June 2022 and the associated net changes in fair value of investments at fair value through profit or loss of \$115,742 is included in the Statement of Comprehensive Income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying value of certain investments as at 30 June 2022 and consequently the net changes in fair value of investments at fair value through profit and loss. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor and the provision of accounting services for one investment entity, we have no relationship with, or interests in, the Company.

Key Audit Matters

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the Annual Report which will include information other than the financial statements and auditor's report.

Our qualified opinion on the financial statements does not cover any of the other information that has been provided and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have received, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Directors' responsibilities for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/>

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



M Stewart

Partner

Christchurch

5 October 2022

Statutory Information

Twenty Largest Shareholders PVL As at 28 September 2022

Shareholder	Fully paid shares held	Percentage of capital
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	35,380,150	29.30
PARMELIA PTY LTD <REILLY FAMILY SUPER FUND A/C>	6,636,484	5.50
UNITED WORLD GROUP PTY LTD <UNITED WORLD GROUP PTY LTD>	5,858,576	4.85
YARDLEY FAMILY SUPER FUND P/L <YARDLEY FAMILY S/F A/C>	4,749,913	3.93
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	3,981,408	3.30
SAMADA STREET NOMINEES PTY LTD <GILES FAMILY NO 2 A/C>	3,000,000	2.48
MR GEOFFREY ANTHONY GANDER	2,966,079	2.46
J D MANAGEMENT GROUP PTY LTD <DUDLEY FAMILY A/C>	2,500,000	2.07
MLCCMM PTY LTD	2,500,000	2.07
MR PAUL COHN	2,465,000	2.04
BRINDABELLA PENSION MANAGEMENT PTY LTD <THE BRINDABELLA SUPERFUND>	2,000,000	1.66
BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	2,000,000	1.66
GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	2,000,000	1.66
PAC PARTNERS SECURITIES PTY LTD	2,000,000	1.66
MAXLEK PTY LTD <JIMS AND JOELS SUPER FUND>	1,800,000	1.49
NICHOLAS MANAGEMENT SERVICES PTY LTD <NICHOLAS SUPER FUND A/C>	1,602,180	1.33
DEMASIADO PTY LTD <DEMASIADO FAMILY A/C>	1,259,740	1.04
JACANA GLEN PTY LTD <LARKING SUPER FUND NO 2 A/C>	1,010,255	0.84
MR JAMES RODERICK LOCKHART KRUGER + MISS MIRANDA KRUGER <KRUGER FAMILY A/C>	1,000,000	0.83
MAGENTACITY PTY LTD <EMERY SUPER FUND A/C>	1,000,000	0.83
TDF PROPERTIES PTY LTD <THE TDF PROPERTY A/C>	1,000,000	0.83
Top 20 holders of Ordinary Fully Paid (TOTAL)	86,709,785	71.81

Powerhouse Venture Managers Limited holds shares in trust for certain individuals. Voting rights are attached to shares held in trust as though they were held outright by the beneficiaries. Therefore, Powerhouse Venture Managers Limited as an entity does not have any voting rights and therefore does not have any control over Powerhouse Ventures Limited.

Limitations on the acquisition of securities

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Australia) dealing with the acquisition of shares including substantial holdings and takeovers.

Limitations on the acquisition of the securities imposed by the jurisdiction in which the Company is incorporated (New Zealand) are:

1. In general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
2. The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares of the Company.
3. The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an "overseas person" acquires shares in the Company that amount to 25% or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding.
4. The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

Substantial shareholders as at 28 September 2022

As at 28 September 2022, Powerhouse had received notice that the following were substantial shareholders in accordance with s671B of the Corporations Act (Australia).

Date of last disclosure notice before 28 September 2022	Name of substantial holder	Relevant interest in number of shares	% held as at the date of notice
7 June 2022	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	35,380,150	29.30%
12 May 2021	PARMELIA PTY LTD	6,636,484	5.50%

Distribution of ordinary shares and shareholders as at 28 September 2022

Range	Number of holders	Number of ordinary shares	% of issued capital
1 – 1,000	22	8,134	0.01
1,001 – 5,000	141	492,614	0.41
5,001 – 10,000	105	841,573	0.70
10,001 – 100,000	249	10,140,351	8.40
100,001 and over	103	109,260,504	90.49
Total	620	120,743,176	100.00

As at 28 September 2022, the total number of shares on issue was 120,743,176.

A total of 110,739,296 ordinary shares were held by 325 shareholders resident in Australia. One shareholder who held a total of 26,317 shares is a resident of the United Kingdom, one shareholder who held 42,050 shares is a resident of the Netherlands, one shareholder who held a total of 11,905 shares is a resident of the United States of America, and one shareholder who held a total of 87,739 shares is a resident of Spain. All other shareholders were residents of New Zealand.

There were 204 shareholders holding less than a marketable parcel of shares as defined in the ASX Listing Rules (based on the closing price of A\$0.063 per share on 28 September 2022). The ASX Listing Rules define a marketable parcel of shares as a "parcel of not less than AU\$500".

As at 28 September 2022 the Company had two classes of securities being fully paid ordinary shares and listed options as outlined below.

Equity Class	Number of Holders	Total on issue
Fully paid ordinary shares	620	120,743,176
Listed options	86	12,227,631

All ordinary shares carry one vote per share. Each Shareholder is entitled to receive notice of and attend and vote at general meetings of the Group. At a general meeting, every Shareholder present in person or by proxy, will have one vote on a show of hands and on a poll, one vote for each share held.

**Twenty Largest Listed Option Holders PVLO
As at 28 September 2022**

Option holder	Listed options held	Percentage of options
PAC PARTNERS SECURITIES PTY LTD	2,900,000	23.72
MR DAVID ARITI	2,422,956	19.82
MAXLEK PTY LTD <JIMS AND JOELS SUPER FUND>	700,000	5.72
MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>	498,000	4.07
SRP FUNDS PTY LTD	300,000	2.45
GANA CAPITAL PTY LTD <GANA FAMILY A/C>	214,826	1.76
MR PAUL COHN	210,000	1.72
AUKERA CAPITAL PTY LTD <AUKERA DISCRETIONARY A/C>	200,000	1.64
MR LINDSAY DOUGLAS FLETCHER + MRS ANNETTE MARIE FLETCHER	200,000	1.64
FOLIUM CAPITAL PTY LTD <J W YE INVESTMENT A/C>	200,000	1.64
MR BIN LIU	200,000	1.64
OCEANA CAPITAL PTY LTD <OCEANA A/C>	200,000	1.64
QUID CAPITAL PTY LTD	200,000	1.64
MS VANESSA RUBEN	200,000	1.64
SICILIAN KAN PTY LTD <SICILIAN KAN A/C>	200,000	1.64
MR MARCUS WARD	200,000	1.64
WHITE FUTURE PTY LTD <WHITE FUTURE FUND A/C>	200,000	1.64
MR RICHARD ANTHONY LECKEY + MRS CAROLINE VICTORIA LECKEY <LECKEY SUPER FUND A/C>	199,629	1.63
MISS THI HUONG VANG	182,030	1.49
MR IAN JAMES LOVE LOTHIAN	171,861	1.41
Top 20 holders of Listed Options (TOTAL)	9,799,302	80.14

Distribution of listed options and option holders as at 28 September 2022

Range	Number of holders	Number of listed options	% of options
1 – 1,000	7	3,168	0.03
1,001 – 5,000	9	26,800	0.22
5,001 – 10,000	11	83,574	0.68
10,001 – 100,000	34	1,688,303	13.81
100,001 and over	25	10,425,786	85.26
Total	86	12,227,631	100.00

As at 28 September 2022, the total number of listed options on issue was 12,227,631.

A total of 11,530,218 issued option were held by 67 shareholders resident in Australia. And the balance of 697,413 listed option holders were residents of New Zealand.

Interests Register

Pursuant to section 140(2) of the Companies Act 1993, the Directors named below have disclosed the following current entries in the interest register during the accounting period as at 30 June 2022. Where changes in the interests register were notified during the year, or subsequently, they have been indicated below.

Director	Company name	Position held
James Kruger	Lava Blue Limited	Director
James Kruger	Quantum Brilliance Limited	Director
Joe Demase	Webcentral Limited	Managing Director
Joshua Baker	Nil	Nil

Powerhouse Directory

As at 30 June 2022

Registered Office of the Company**Address:**

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New Zealand

Website: www.phvl.com.au

Email: info@phvl.com.au

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