

ASX Release

Powerhouse Ventures Limited ("PVL" or the "Company")
Suite 201, 117-119 McLachlan Street, Fortitude Valley QLD 4006
(ASX Code: "PVL")
ABN: 64 612 076 169

Release Date: 23 October 2024

QUARTERLY UPDATE ON ACTIVITIES FOR THE 3 MONTH PERIOD ENDED 30 SEPTEMBER 2024

The Board of Powerhouse Ventures Limited (**PVL or the Company**) presents the following update on activities for the 3-month period ending 30 September 2024 (**the Quarter**). Also included in this report are details of any subsequent events that have occurred up to the date of this release.

FINANCIAL POSITION:

The Company's cash position at 30 September 2024 was \$1.82m with no debt. Adding our listed positions, PVL holds \$2.76m (unaudited) of listed and cash assets.

Subsequent to the quarter we announced a portfolio company sale on the 9th October (cash expected November 2024) that will release approximately \$790,000 in proceeds equating to a net asset improvement overall of 0.2 cents (the sale of the portfolio was at a 66% premium to book value).

On the shorter duration assets, PVL continued to selectively trade its Level 1 investments in the quarter by recycling almost \$400k of invested capital and generating cash profits of over \$265k.

The duration mix of the asset portfolio is improving and the Board remains confident in the medium-longer term prospects of the broader portfolio. The Board will continue to explore opportunities to realise short term gains and recycle capital invested. Net cash from operating activities for the quarter was (\$163k) compared to (\$174k) for the previous quarter.

STRATEGIC ACQUISITION:

On 18 September 2024, we announced a funds management acquisition proposal. In this quarterly report, we summarise the initial steps that we have already activated in our efforts to "expand horizons". It is important to bear in mind, as we specify some initial transactional achievements below, that the structural changes and business synergies enabled by the transaction proposal do indeed go well beyond an initial list of activity. The Board is now able to restructure and reposition the

Company into a “high conviction, specialist investment house” with these new equity value characteristics:

- A mix of **annuity style income** from funds management with the increasing, accumulating potential for **market-based additional profits** from outperformance fees and adjacent “merchant banking” activities (sponsored deals, advisory revenue, and warehousing new funds management positions).
- A **tight register** – we think most of the “tired hands” on our share register have now transferred out and we believe we now have a tighter, more unified shareholder base with a more complete understanding of the vision and opportunity ahead for PVL.
- An **aligned executive team** eager to demonstrate conviction by adding to stock exposure through their own exertion and / or money.

The proposed acquisition is subject to shareholder approval, which will be sought at our Annual General Meeting in November via the detailed Notice of Meeting and Explanatory Material lodged with ASX on 21 October 2024.

As we hope to have communicated, the Board is motivated to improve NTA per share, reduce the NTA valuation gap on the share price, and to create shareholder value beyond the confines of its balance sheet. We therefore look forward to engaging with shareholders on our proposal in the AGM.

In summary, we regard the Aliwa acquisition (with a talented funds management team, extended network of financial participants, reliable infrastructure, and exposure to micro-cap risk/reward opportunities at the right time in the market cycle) as a key enabler of a phase shift in the Company’s equity story.

POWERHOUSE CORPORATE ADVISORY:

There are opportunities to earn investor relations & corporate advisory type income from our network of investee companies. Our broadening investment strategies (which will be significantly broadened with a funds management platform) is unlocking more of these opportunities. We are now at a point where we believe a niche style corporate advisory business unit is sustainable and scalable. Accordingly, we have taken steps to structure for these opportunities.

In the September Quarter, we commenced a corporate advisory function as a dedicated Business Unit with appropriate structures. The following initial revenue profile has been developed:

1. **Site International Group (ASX:SIT):** As announced on 25 September 2024, PVL corner-stoned a capital raising for this ASX micro-cap company Site Group. In addition to a A\$300,000 investment on our balance sheet, we earned an upfront arrangement fee in SIT scrip and executed an ongoing 2-year mandate to better engage with capital markets and unlock value for all the shareholders.

2. **Australian Carbon Credit Investments Pty Ltd (ACCI):** As announced on 9 July 2024 we structured and arranged the establishment of an Australian carbon project developer with the ability to scale with a broad base of shareholders. In addition to a A\$500,000 investment on our balance sheet, we earned an additional “founder equity” shareholding and in September 2024, and in the quarter we agreed in principle terms for a separate, and ongoing advisory mandate to support operational platform build out and strategy execution.

3. **Pipeline Opportunities:** In September 2024 we have qualified and entered into final negotiation on terms for two more advisory mandate opportunities.

In our advisory business unit development, we will not be seeking to compete with established, stand-alone corporate advisory firms operating in the “bigger end of town”. In the Board’s experience, those corporate advisory businesses are costly and risky to build and maintain, particularly as they require highly paid corporate personnel allocated to the following, separately-resourced, functions¹:

1. **Origination** (and marketing).
2. **Execution** (and strategy expertise).
3. **Distribution** (and after-market support).

Our approach will be to keep an agile, low cost base and deliver niche service offerings which focus on our collective edge and expertise from our investment experience. We are confident in our understanding of how technology scales, we believe we have a good playbook to synchronise corporate finance strategy with technology roadmaps and commercial go-to-market plans. And, with the Aliwa transaction proposal, we will also be good at understanding the micro-cap space and the short-term catalysts and longer-term approach such companies need to undertake in order to graduate into higher and deeper segments of the capital markets.

In terms of business structuring for this advisory business unit, we executed two essential building blocks in the quarter (refer 20 September 2024 Announcement), namely:

1. Purchase of Informed Investor website from Sequoia Financial Group & strategic partnership.
2. Purchase of a AFSL Licenced Vehicle so that our AFSL activities are immediately internalised.

¹ A firm has to find the deals, structure the deals, and then bank the deals. No easy task. Traditionally, no small cost base. For example, the Origination and Marketing function in legacy investment banks is serviced via independent research, high-touch brokerage and large office beachheads and heavy compliance footprints. Further, the service offering must be a boastful “best in class” with large fee revenues in order to defray the staff and office costs.

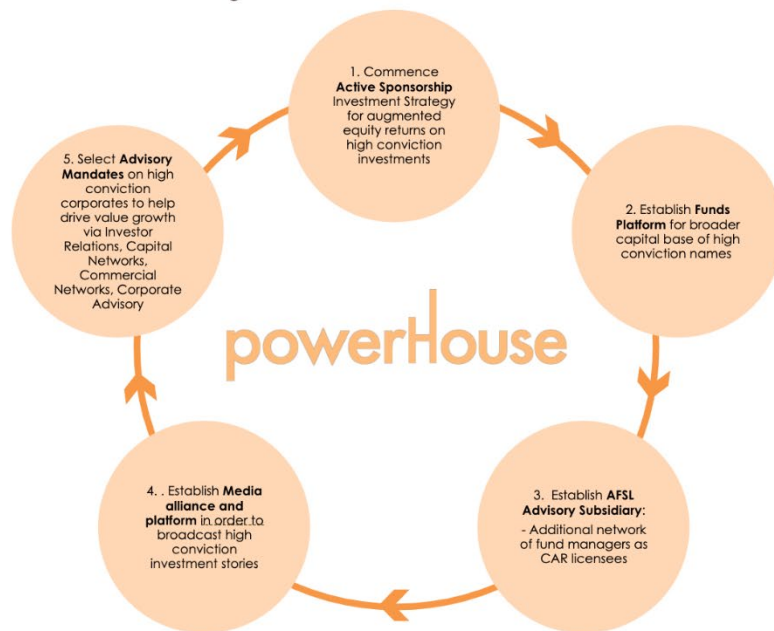
How do these small transactions fit in to the overall strategy?

These acquisitions will provide a new and agile approach to the origination/marketing function as well as the distribution/after market functions of an advisory business unit without significant cash drain or staff build-out. We will be able to leverage network effects and we be able stay lean and focussed in our specific tech and micro-cap segments:

- **Informed Investor:** PVL will pivot the content of the informed investor website to significantly advance investor engagement in high conviction investment opportunities. The specialised and in-depth content of Informed Investor will also be distributed to Sequoia's Share Cafe and Finance News Network platforms, further strengthening the network of investors and corporate clientele. Importantly for the PVL cost base, Informed Investor will still be able to utilise Sequoia's existing comprehensive media infrastructure and investor relation solutions under a shared services arrangement on discounted terms.
- **AFSL entity:** this is a profitable entity with experienced compliance operatives. It currently has a number of existing CAR agreements with existing fund management businesses. We will simply plug in our funds management entities into its remit.

In summary (and we set this out in our Strategy Update presentation of 16 September 2024, to which we refer again) these structural features will enable us to reposition the Company as a "high conviction, specialist investment house":

PVL 2.0 Value Flywheel – Broader strategy and steps



Source: Slide 16 ASX Strategy Update presentation (16 September 2024).

With an agile approach and with such network effects and value flywheels, we anticipate being able to maintain a capital self-sufficiency in the PVL equity story (the Board's intention will be to only ever dilute the equity base where there is a clear opportunity to create long term value and alignment to that specific value creation).

PVL 2.0: SCALABLE STRUCTURE

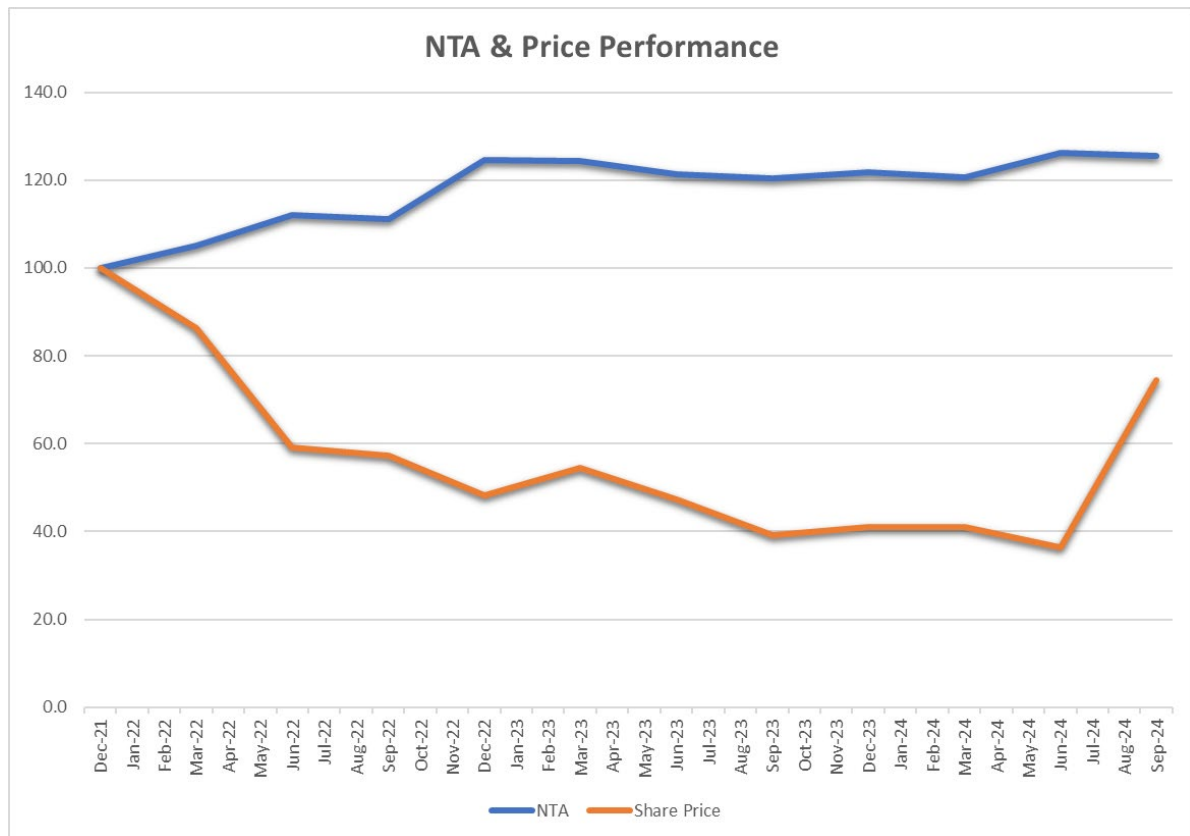
The Aliwa transaction proposal (if approved by shareholders) will enable the establishment of a funds management business unit with the initial marquee listed microcap fund. We also outlined in our ASX Strategy Update presentation that PVL will seek to broaden the fund product range within that newly formed business unit, via:

- **Organic Growth:** over the next 12 months, the PVL team will be developing an exciting Venture Capital division to be run by Doron Eldar called "Burleigh Ventures". Doron is a seasoned entrepreneur and venture capitalist with over ten years of senior leadership experience in deploying new business models and formulating corporate strategies.
- **Potential Acquisitions:** We believe that, given where we are in the cycle, we are well placed to build on the initial infrastructure to be gained through the Aliwa acquisition and identify, acquire, and grow sub-scale fund managers. Through the PVL back-office infrastructure and broader network, it is our view that there are significant synergies to finding and working with talented managers to help grow FUM and capabilities under the Powerhouse Ventures brand.

On the assumption that shareholder approval is obtained at our AGM in late November, we anticipate being able to provide a meaningful update on the funds management business development in first quarter of calendar year 2025.

NTA PER SHARE UPDATE:

We continued to accumulate NTA per share value for our shareholders to underpin our equity story and strategic growth plans, outlined above. The Board is motivated to work within the confines of the new market conditions, improve NTA per share, reduce the NTA valuation gap on the share price, and to create shareholder value beyond the confines of its balance sheet. There is more work to go, and market conditions are not yet providing tailwinds, but the activities in the quarter have been key to laying the foundations for continued improvement on NTA and price performance.



On the private portfolio assets within our NTA base, the relevant news flow is as follows:

Australian Carbon Credit Investments Pty Ltd (ACCI): This business (active shareholding established per ASX Announcement on 9 July 2024) has a share of 7 million ACCUs from 10 registered projects. It recently changed its name to Revaia Pty Ltd and is preparing for an external capital raise at a premium to our entry

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level. Supporting the capital raise is a pipeline of IFLM projects in Northern Queensland totalling 7 million gross ACCUs, which are under contract review with landholder solicitors and / or have signed letters of intent. In addition, the business is actively engaged with an extensive pipeline of other project targets where feasibility studies and negotiations are underway.

Quantum Brilliance

Quantum Brilliance was awarded a landmark contract win with a A\$20M European Cybersecurity contract. The Company believes this significant contract validates their leadership in quantum computing miniaturization and opens doors to global defence, security, and civilian applications. Additionally, the Company announced a partnership with significant US agency, Oak Ridge National Labs, which is a world-leading supercomputing centre.

Urbix

In the quarter, Urbix announced that it has been selected by the U.S. Department of Energy's Office of Manufacturing and Energy Supply Chains for final negotiations for an award of up to \$125 million towards the construction of a commercial- scale graphite processing facility utilizing its proprietary methods and technologies. The Company's technology uses a cost-effective, efficient and environmentally friendly approach to producing high-quality Coated Spherical Purified Graphite ("CSPG"), the predominant anode material used in lithium-ion batteries and will be a key enabler for western supply chains in the anode supply chains.

SkyKraft

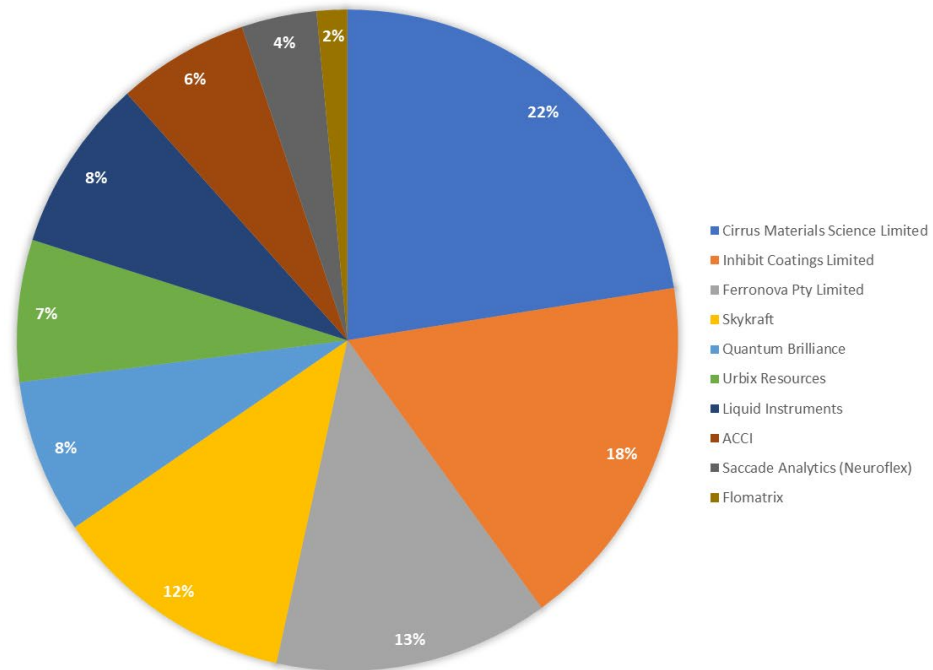
SkyKraft is close to finalising key long-form air traffic management contracts while also finishing their next-gen satellite design, development and testing which is scheduled for launch by SpaceX in April 2025. These new satellites include all subsystems for full operational mission profile including deployment, orbit transfer, station keeping, real-time communication and surveillance capability. These steps position SkyKraft for the roll out the commercial constellation at scale in 2025.

Neuroflex

The underlying technology was the subject of peer-reviewed journal studies for each of concussion, ageing, falls risk and driver fatigue. Each of these four separate markets individually represents a significant opportunity for the company and demonstrates the reliability and utility of the underlying technology. NeuroFlex has now conducted over 12,000 tests around the globe on healthy brains and over 4,500 tests on people with concussion. Through this, the company now has over 1,000,000 individual data points on brain health (collected worldwide). Commercially, the Company signed a resource and service sharing agreement with Pharmacies in Aus/NZ/UK and South Africa for mass distributed (i.e. within pharmacies) brain health assessments.

Overall, the long duration portfolio remains in a well diversified, reliable state. We anticipate being able to provide positive milestone updates over the coming quarters on the above and other material positions in the portfolio.

INVESTEE COMPANY % PORTFOLIO AT 30 SEPTEMBER 2024



If there are any questions regarding this Quarterly report, shareholders are welcome to contact the Company at info@phvl.com.au. As always, we are grateful for our shareholder support.

James Kruger
Executive Chairman

ENDS

Authorised by the Board of Powerhouse Ventures Limited

Forward Looking Statements:

All statements other than statements of historical fact including, without limitation, statements regarding projections, future plans and objectives of PVL, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'in principle', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.

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These statements are based on an assessment of present economic and operating conditions and assumptions regarding future events. Such forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and Management of PVL that could cause PVL's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by these forward-looking statements will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. PVL does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained above, except where required by applicable law and securities exchange listing requirements.

About Powerhouse Ventures Limited:

Powerhouse is a high conviction, speciality investment house seeking to advance micro-caps and emerging technology companies into large-scale, impactful businesses. Our technology specialties are Electrification & Decarbonisation, Next Generation Computing, Space technologies, and AI-based Healthcare.

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Powerhouse Ventures Limited
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 ABN: 64 612 076 169
 Date of release: 23/10/2024

Quarterly Cashflow Report (Appendix 4C)
 Quarter Ended: 30 September 2024

Statement of cash flows

1 Cash flows from operating activities	Current quarter \$AUD'000	Year to date \$AUD'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(182)	(182)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(163)	(163)

2 Cash flows from investing activities	Current quarter \$AUD'000	Year to date \$AUD'000
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(1,179)	(1,179)
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	660	660
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	60	60
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(460)	(460)

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

4 Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$AUD'000	Year to date \$AUD'000
4.1 Cash and cash equivalents at beginning of period	2,440	2,440
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(163)	(163)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(460)	(460)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,817	1,817

5 Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$AUD'000	Previous Quarter \$AUD'000
5.1 Bank balances	1,817	2,440
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	1,817	2,440

6 Payments to related parties of the entity and their associates	Current quarter \$AUD'000
6.1 Aggregated amount of payments to related parties and their associates included in item 1	34
6.2 Aggregated amount of payments to related parties and their associates included in item 2	-

Includes contractor costs and Director Fees paid to Executive and Non-Executive directors or their associates

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7 Financing facilities available Note: the term 'facility' includes all forms of financing arrangements available to the entity.	Total facility at quarter end	Amount drawn at quarter end
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	-	-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8 Estimated cash available for future operating activities	\$AUD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(163)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,817
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,817
8.5 Estimated quarters of funding available (Item 8.4 dividend by Item 8.1)	11
8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions: N/A	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? Answer:	

Compliance statement

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

Date: 23/10/2024

Authorised by: The Board of Powerhouse Ventures Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.