powerHouse

ASX Release
Powerhouse Ventures Limited
Level 1, Exchange Tower, 530 Little Collins St, Melbourne VIC 3000, Australia
(ASX Code: "PVL")
NZ Company No. 1854396 / ARBN 612 076 169

FULL YEAR FINANCIAL RESULTS (UNAUDITED)

Melbourne, Australia: 30 August 2022

Powerhouse Ventures Limited (**PVL or the Company**) is pleased to release its unaudited Financial Statements for the year ended 30 June 2022.

Summary of Financial Results (Unaudited)

Note: all currency figures are expressed in NZD unless otherwise stated.

Statutory loss after tax of NZ$0.31 million (2021: NZ$1.57 million), an improvement of NZ$1.26 million compared with the prior period.

Income including fair value changes of a gain of NZ$0.12 million and a gain of NZ$0.35 million on the sale of investment in a portfolio company increased by NZ$0.77 million to NZ$0.52 million.

Post revaluations, Net Tangible Asset (NTA) backing equated to 9.0 cents per share (2021: 9.0 cents).

Results summary for the full year	FY22 (Unaudited)	FY21 (Restated)	Change
Fair value changes in portfolio (statutory) ($m)	$0.16	($0.94)	$1.10
Total revenues (statutory) ($m)	$0.52	($0.25)	$0.77
Net profit / (loss) after tax (statutory) ($m)	($0.31)	($1.57)	$1.26
Earnings per share (statutory) (cents)	(0.3)	(2.3)	2.0
Final dividend per share ($m)	Nil	Nil	Nil
Net tangible asset backing per ordinary security ($cents)	0.09	0.09	Nil

Fair Value Changes in the Period (Unaudited)

The key portfolio unaudited value changes in the period were as follows:

Portfolio Company	Fair Value Change Recorded $ million	Powerhouse Carrying Value at 30 June 2022 $million	Powerhouse Ownership Interest
Ferronova [2]	0.03	0.85	12.6%
Objective Acuity	(0.45)	Nil	N/A
Inhibit Coatings	Nil	0.72	17.5%
CertusBio	(0.33)	0.25	19.1%
Cirrus Materials[4]	0.90	1.9	6.8%
Olympio Metals (previously Croplogic) [1][5]	0.01	0.01	N/A
Deliveon Health	(0.02)	Nil	11.3%
Skykraft[2][3][5]	0.01	0.28	N/A
Neuroflex[2][3][5]	0.01	0.26	N/A
Urbix Resources[3][5]	Nil	0.79	N/A
CourseLoop[3][5]	Nil	0.47	N/A
Firmus Grid[3][5]	Nil	0.28	N/A
Flomatrix[3][5]	Nil	0.21	N/A
Quantum Brilliance[3][5]	Nil	0.56	N/A
Total fair value changes	**0.16**	**6.58**	

(1) Croplogic was re-listed on the ASX as Olympio Metals (ASX:OLY)
(2) Changes in carrying values are attributable to FX fluctuations
(3) Investments made in the period ended 30 June 2022
(4) The increase in the carrying value of Cirrus Materials is attributable to a $0.4m additional investment and a $0.9m fair value change being recorded
(5) N/A Powerhouse ownership interest where % owned is less than 5% or held as a convertible or SAFE note

As a result of these changes in value, the overall unaudited carrying value of the Powerhouse portfolio of technology companies stands at $NZ6.58 million as at 30 June 2022 (2021: $NZ3.18 million).

powerHouse

Dividend
No dividend was declared or paid by the Company in the period.

Sincerely,

James Kruger
Executive Chairman

---ENDS---

Authorised by the Board of Powerhouse Ventures Limited

About Powerhouse Ventures Limited:

Powerhouse is an investment company seeking to advance emerging intellectual property (principally originating from Australian scientists, engineers and institutions) into globally impactful businesses. The focus sectors are Electrification & Decarbonisation, Next Generation Computing, Space technologies, and Healthcare and Wellness.

Powerhouse has an existing active portfolio and strong pipeline of early stage to mature businesses across its focus segments. It has developed a unique network and broad base of skillsets to help its portfolio businesses expand and commercialise.

powerHouse

Powerhouse Ventures Limited
NZ Company number: 1854396
ARBN 612 076 169
ASX security code: PVL
Date of release: 30 August 2022
Full Year Report (Appendix 4E)

1. Details of the reporting period and the previous corresponding period

Reporting period	Year Ended	30 June 2022
Previous Corresponding period	Year Ended	30 June 2021

2. Results for announcement to the market

NZ$'000	**Change on previous period**	**NZ$'000**
2.1 Revenue and fair value changes from ordinary activities	Up $0.8m to	519
2.2 Profit (loss) from Ordinary activities after tax	Down $1.3m to	(305)
2.3 Net profit (loss) for the period attributable to members	Down $1.3m to	(305)

2.4 It is not proposed to pay dividends.
2.5 Date for determining entitlements to the dividends - not applicable refer 2.4 above
2.6 A brief explanation of the figures in 2.1 to 2.4 For the profit commentary and any other significant information needed by an investor to make an informed assessment of Powerhouse's results please refer to the accompanying unaudited Financial Statements for the Year Ended 30 June 2022 and the accompanying Media release.
3. Income Statement - refer attached unaudited Financial Statements (Statement of Comprehensive Income)
4. Balance Sheet - refer attached unaudited Financial Statements (Statement of Financial Position)
5. Statement of Cashflows - refer attached unaudited Financial Statements
6. Statement of changes in equity - refer attached unaudited Financial Statements.
7. Details of individual dividends and payment dates - not applicable refer 2.4 above
8. Details of any dividend or distribution reinvestment plans in operation - not applicable refer 2.4 above.

	Current period	Previous period
	NZ$	NZ$
9. Net tangible asset backing per ordinary security	0.09	0.09

10. Details of material entities over which control has been gained or lost - nil

11.1 & 11.2 Details of associates and joint venture entities - refer attached unaudited Financial Statements (Notes 22 and 23)

11.3 Profits and losses of portfolio subsidiaries, associates and other investment entities are not consolidated into aggregate results as investee companies are measured at fair value through profit and loss in accordance with NZ IFRS 9. This is described in detail in Notes 1(a) and 1(f) of the attached unaudited Financial Statements.

12. Any other significant information - refer attached Media release

13. 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 International Financial Reporting Standards (“IFRS”).

14. A commentary on the results for the period - refer attached Media release which includes discussion of the following:

14.1 The earnings per security and the nature of any dilution aspects
14.2 Returns to shareholders including distributions and buy backs
14.3 Significant features of operating performance
14.4 The results of segments
14.5 A discussion of trends in performance
14.6 Any other factors

15. This report is based on financial statements which have not been audited but are in the process of being audited.

16. The attached unaudited financial statements are likely to include an audit report that has not been qualified or modified and does not include an emphasis of matter.

17. Description of the modified opinion or emphasis of matter - not applicable.

3. Annual General Meeting

Powerhouse Ventures Limited advises that its Annual General Meeting will be held on Friday 25 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after despatch.

In accordance with ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5.00pm (AEST) 5 October 2022.

James Kruger
Executive Chairman
Date: 30 August 2022

For more information, please contact the Company

About Powerhouse Ventures Limited

Powerhouse is an investment company seeking to advance emerging intellectual property (principally originating from Australian scientists, engineers and institutions) into globally impactful businesses. The focus sectors are: Electrification & Decarbonisation, Next Generation Computing, Space Technologies and Healthcare & Wellness.

Powerhouse has an existing active portfolio and strong pipeline of early stage to mature businesses across its focus segments. It has developed a unique network and broad base of skillsets to help its portfolio businesses expand and commercialise.

Powerhouse Ventures Limited

Unaudited Financial Statements

For the year ended 30 June 2022

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

Contents	**Page**

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
Unaudited 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: 30 August 2022	Director Date: 30 August 2022

Powerhouse Ventures Limited
Unaudited 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	4	115,742	(938,030)
Realised gain/(loss) on investments at fair value through profit or loss		353,499	664,710
Revenue from contracts with customers	3	500	17,800
Finance income		48,823	1,646
Gain on sale of assets		-	504
		518,564	**(253,370)**
Expenses			
Employee benefits expense	6	70,781	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	458,934	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
Unaudited 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		**35,211,857**	-	**(26,901,958)**	**8,309,899**
Increase/(decrease) in share capital	**10**	2,815,363	-	-	2,815,363
Share-based payments reserve	**11**	62,425	-	-	62,425
Total comprehensive loss for the year		-	-	(305,214)	(305,214)
Balance at 30 June 2022		**38,089,645**	**-**	**(27,207,172)**	**10,882,473**
Balance at 1 July 2020		**31,136,388**	**-**	**(25,328,115)**	**5,808,273**
Increase in share capital	**10**	4,045,181	-	-	4,045,181
Equity-settled share-based payments	**10**	30,288	-	-	30,288
Total comprehensive loss for the year		-	-	(1,573,843)	(1,573,843)
Balance at 30 June 2021		**35,211,857**	**-**	**(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
Unaudited Statement of Financial Position
As at 30 June 2022

	Notes	2022 $	2021 $
ASSETS			
Cash and cash equivalents	**12**	4,450,911	4,813,464
Trade and other receivables and prepayments	**13**	96,489	414,679
Convertible notes in portfolio companies	**22**	1,525,827	-
Investments in portfolio companies	**23,24**	5,049,486	3,181,352
Total assets		**11,122,713**	**8,409,495**
LIABILITIES			
Trade and other payables	**14**	122,640	99,596
Provisions	**15**	117,600	-
Total liabilities		**240,240**	**99,596**
Net assets		**10,882,473**	**8,309,899**
EQUITY			
Share capital	**10**	38,089,645	35,211,857
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: 30 August 2022

Joshua Baker
For and on behalf of the Board
Date: 30 August 2022

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

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

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		753,412	317,938
Payments to suppliers and employees		(1,083,486)	(1,274,390)
Finance income		12,459	1,646
Net cash inflow/(outflow) from operating activities	**16**	**(317,615)**	**(954,807)**
Cash flows from investing activities			
Purchase of investments and convertible notes		(3,203,232)	(131,056)
Sale of investments		353,499	483,927
Proceeds from sale of property plant and equipment		-	504
Net cash inflow/(outflow) from investing activities		**(2,849,733)**	**353,376**
Cash flows from financing activities			
Proceeds from issuance of shares		2,810,200	4,169,270
Proceeds from conversion of options		148,531	-
Equity issuance costs		(143,367)	(124,089)
Financing Costs		(10,569)	-
Net cash inflow/(outflow) from financing activities		**2,804,795**	**4,045,181**
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.

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

1 Summary of accounting policies

Statement of compliance

Powerhouse Ventures Limited (the 'Company') and its subsidiaries are profit-oriented companies incorporated and domiciled in New Zealand under the Companies Act 1993, except for its dormant subsidiary Powerhouse Ventures Australia Pty Limited which 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 unaudited 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 30 August 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.

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

Critical judgements in applying accounting policies

In preparing these financial statements, the Company has made estimates and assumptions concerning the future in order to determine certain balances at reporting date. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates and assumptions in the preparation of these financial statements are the assessment of investment fair values (Notes 1 (e) and notes 22-24), 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

Government grant funding:

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions are likely to be met. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Revenue is otherwise deferred until the conditions of the grant have been met. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company with no future related costs, are recognised in profit or loss in the period in which they become receivable.

Revenue from contracts with customers:

Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax. Service revenue is recognised as income when the performance obligations outlined within the contractual terms have been met. All of the Company's revenue is from contracts with customers and is earned over time.

Variable consideration:

The entity considers the effects of variable consideration, the existence of significant financing components, and the consideration payable to the customer (if any) in determining the transaction price.

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

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 all individual investment portfolio Companies.

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. 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 (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 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) 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 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. One investment in the current period 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.

Short term loan receivables
The Company applies the three stage general approach in accounting for short term loan receivables and records the expected credit losses where there is an indicator of an increase in credit risk. 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.

(f) Financial instruments (continued)

Classification and measurement of financial liabilities:

The Group's financial liabilities include convertible note liabilities and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expense or finance income.

(g) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. 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) 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 vale.

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.

(i) Leases

The Company's accounting for leases is explained in Note 25.

(j) 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.

(j) Taxation (continued)

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(k) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets with a finite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of value in use and fair value less costs of disposal.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or contractual) 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 exclusive of GST, which is consistent with the method used in the profit or loss.

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 directors are the chief operating decision makers.

(p) Treasury stock

Treasury stock held consists of the following:

(i) shares which have been distributed to the Company as part of the restructuring undertaken in prior years. These shares were distributed to the Company to ensure that the Company received a return of the equivalent value in shares to the carried interest return it would have received if the counter-parties in the restructurings had received cash for the sale of their assets rather than shares. These distributed shares are held in trust for the benefit of certain employees who the Board of the Company may determine from time to time are entitled to a portion of such shares pursuant to the Company's remuneration policy. An expense is recorded for the fair value of the shares in the profit or loss in the period in which the shares are distributed.

(ii) shares held in trust for certain employees of the Company in anticipation of allocation under the employee Long Term Incentive Plan. An expense will be recorded for the fair value of the shares in the profit or loss in the period in which the shares are distributed.

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 AUD $2.6m (before costs) in February 2022. Therefore, the Directors consider these financial statements are appropriately prepared on a going concern basis.

3 Revenue from contracts with customers

	2022 $	2021 $
Services provided within New Zealand	500	17,800
Total Revenue from contracts with customers	**500**	**17,800**

Revenue from contracts with customers in both the current and prior year is earned over time and is largely derived from incubation services provided to investee companies such as accounting, business support & directorships. The provision of these services was discontinued in the current reporting period.

4 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	(784,258)	(1,164,520)
Net gain/(loss) on investments at fair value through profit or loss	**115,742**	**(938,030)**

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 $0.45m, CertusBio $0.33m, Deliveon $0.018m, Olympio Metals (Croplogic) ($0.008) (2021: Objective Acuity $1.16m).

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

	2022 $	2021 $
Other	-	(19,356)
Total impairment of financial assets expense	**-**	**(19,356)**

The current year impairment charge is $nil. (2020: $0.02m).

6 Employee benefits expense

	2022 $	2021 $
Salaries	5,180	127,626
Kiwisaver defined contribution plans	365	3,600
Directors' fees	65,236	268,243
Total employee benefits expense	**70,781**	**399,469**

7 Other Expenses

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

	2022 $	2021 $
Audit Fees	112,552	76,217
Accounting and Tax Advisory	52,287	5,670
Insurance	53,073	48,284
Office costs and rent	18,441	27,503
Share based remuneration	62,425	-
Provision expense	124,971	-
Miscellaneous expenses	751	19,353
Foreign exchange movements	(114,223)	32,241
Contractors	148,657	487,766
Total Other Expenses	**458,934**	**697,034**

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

8 Income taxes

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

	2022	2021
Current tax expense/(credit):		
Current year	-	-
Adjustment for prior years	-	-
Total current tax expense/(credit)	-	-
Deferred tax expense/(credit):		
(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	-	-
Total deferred tax expense/(credit)	-	-
Total tax expense/(credit)	**-**	**-**

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
Utilisation of tax losses previously unrecognised	(82,840)	210,691
Total tax expense/(credit)	**(0)**	**0**

(b) Current tax assets and liabilities

	2022 $	2021 $
Current tax assets:		
Current tax refundable	-	-
Current tax liabilities:		
Current tax payable	-	-

8 Income taxes (continued)

(c) Deferred tax assets

Deferred tax assets comprise temporary differences attributable to:	2022 $	2021 $
Employee benefits	-	-
Deferred tax assets	-	-

Movements in the deferred tax asset account:	2022 $	2021 $
Opening balance	-	-
(Charged)/credited to profit or loss	-	-
Closing balance	-	-

The Company has unused tax losses and credits amounting to $6,537,124 (2021: $6,832,982) for which no deferred tax asset has been recognised in the statement of financial position. Deferred tax assets for losses or for other temporary differences 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 and temporary differences 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	-	-

Movements in the deferred tax liability account	2022 $	2021 $
Opening balance	-	-
Charged/(credited) to profit or loss	-	-
Closing balance	-	-

(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

10 Share capital

At 30 June 2022, share capital comprised 120,743,176 authorised and issued ordinary shares (2021: 92,473,176). All issued shares are fully paid and have no par value.

Share capital comprises:	**2022**	**2021**
	$	**$**
Authorised, issued and fully paid in capital	39,878,277	36,857,120
Treasury stock	(2,136)	(2,136)
Issuance costs	(1,786,496)	(1,643,127)
Total share capital	**38,089,645**	**35,211,857**

Movements in share capital

	2022	**2021**
	$	**$**
Opening balance	35,211,857	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 for cash	148,532	2,403,063
Options for services	62,425	-
Closing balance	**38,089,645**	**35,211,857**

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.

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	-	479,316
Options converted to shares for cash	2,000,000	27,640,394
Closing balance	**120,743,176**	**92,743,176**

10 Share capital (continued)

Treasury stock

In the current and prior year the Company dealt in treasury shares as detailed below:

	2022 Number of shares	2022 Value of shares ($)	2021 Number of shares	2021 Value of shares ($)
Opening balance	9,832	2,136	9,832	2,136
Distributed to Executives as ESOP	-	-	-	-
Distributed to Executives in lieu of salaries	-	-	-	-
Distributed to Directors for Director fees	-	-	-	-
Distributed to employees as STI	-	-	-	-
Closing balance	**9,832**	**2,136**	**9,832**	**2,136**

Components of treasury stock as at reporting date:

	2022 Number of shares	2022 Value of shares ($)	2021 Number of shares	2021 Value of shares ($)
Acquired for the employee ESOP	9,832	2,136	9,832	2,136
Balance of shares acquired during restructuring	-	-	-	-
	9,832	**2,136**	**9,832**	**2,136**

During the year to 30 June 2022, no shares were distributed to Directors or Executives under the STI Scheme.

The Company owns nil (2021: nil) shares directly with the balance of 9,832 (2021: 9,832) shares held in trust for the Company by Powerhouse Ventures Managers Limited as custodian.

11 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.

The unlisted options are exercisable at A$0.11 each on or before 31 December 2023, and will only vest where the volume weighted average price of the Company's shares over a 20 consecutive trading day period is in excess of A$0.20.

PVL have valued these unlisted options using the Black & Scholes option model baased on the assumptions in the table below. The weighted average adjusted value of each unlisted options as at 30 June 2022 is $A0.012. The value of the unlisted options granted in the 2022 financial year was $62,425 and is included in other expenses (Note 7).

Valuation date	30-Jun-22
Market price of shares	6.5 cents
Exercise price	11 cents
Expiry date	31 December 2023
Risk free interest rate	0.54%
Volatility (discount)	104%
Indicative fair value per option	**AUD$0.06**

Reconciliation of unlisted options

	2022 number	2021 number
Opening balance	-	-
Options granted during the reporting period	18,000,000	-
Closing balance	**18,000,000**	**-**

Share-based payments, measurement and recognition

The fair value of unlisted options are recognised as an expense, together with a corresponding increase to the share based payment reserve within equity, over the vesting period in which the performance and/or service conditions are fulfilled. The total amount to be expensed is based on the initial fair value of each unlisted option 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 other expenses.

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	101,479	53,000
Short term loans	-	-
Other short-term creditors	-	-
GST payable	-	-
Total trade and other payables	**122,639**	**99,596**

15 Provisions

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

Provision Liability includes $117,600 (2021: $nil) of potential vendor warranties arising from the sale of EdPotential in the current period

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

	2022 $	2021 $
Loss for the year	(305,214)	(1,573,843)
(Less)/plus non cash items		
Depreciation	-	14,168
Lease Liability	-	(15,993)
FX translation	-	(4,354)
Net changes in fair value of investments at fair value through profit or loss	(507,864)	938,030
Share-based payment expense/(credit)	62,425	0
Unpaid interest receivable	(36,364)	-
Director fees paid in shares	-	30,288
Provisions	117,600	-
Gain/Loss on sale of Fixed Asset	-	(504)
Suspense	-	(5,197)
(Less)/plus changes in working capital		
Decrease/(increase) in trade and other receivables	318,190	(364,249)
(Decrease)/increase in trade and other payables	33,611	26,848
Net cash inflow/(outflow) from operating activities	**(317,616)**	**(954,806)**

17 Remuneration of Auditors

	2022 $	2021 $
Audit of the financial statements	82,362	54,217
Review of interim financial statements	30,188	22,000
Other assurance services	1,641	-
Total remuneration paid to auditors	**114,190**	**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	-	-	-

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 excutive management team.

	2022	2021
	$	$
Short-term employee benefits	-	180,405
Share based remuneration	62,425	-
Equity-settled share-based payments	-	30,288
Total key management personnel compensation	**62,425**	**210,693**

(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 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

20 Commitments

Investments

The Company had no committments 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 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 Other Expenses	**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	6.8%	5.9%	Develops and licenses chemistry technologies and IP for novel coatings and surface finishing solutions.
Olympio Metals Ltd	0.1%	1.2%	(Previously Croplogic) 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, cash and near cash assets 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	40,446	-	40,446
Convertible & SAFE notes in portfolio companies	-	1,525,827	1,525,827
Investments	-	5,049,486	5,049,486
Total financial assets	**4,491,357**	**6,575,313**	**11,066,670**
Financial liabilities			
Trade and other payables	122,640	-	122,640
Total financial liabilities	**122,640**	**-**	**122,640**
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, short-term loan receivables, trade and other payables and convertible notes 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 provides information about how the fair values of financial assets valued using level three inputs have been determined.

Valuation methodology	Total value	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, impairment assessment, qualitative factors	Management's assessment of performance against milestones, impairment assessment where there are indicators of impairment 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, impairment assessment, qualitative factors	Management's assessment of performance against milestones, impairment assessment where there are indicators of impairment and market and qualitative factors.	The greater the assessment of impairment, the lower the fair value.

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 through profit and loss

	2022 $	2021 $
Opening balance	3,181,353	4,467,900
Total unrealised fair value gains recognised in profit or loss	974,986	230,844
Total unrealised fair value losses recognised in profit or loss	(784,258)	(1,164,520)
Total fair value of investments purchased	1,713,769	131,056
Total fair value of convertible notes executed	1,489,463	-
Total fair value of investments disposed	-	(483,927)
Closing value	**6,575,313**	**3,181,353**

24 Financial Instruments (continued)

(h) Liquidity risk

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	**4,450,911**	**40,446**	**-**	**-**	**6,575,313**	**11,066,670**
Financial liabilities						
Trade and other payables	-	21,160	101,479	-	-	122,639
Total financial liabilities	**-**	**21,160**	**101,479**	**-**	**-**	**122,639**
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	**4,813,464**	**365,365**	**-**	**-**	**3,181,352**	**8,360,181**
Financial liabilities						
Trade and other payables	-	39,420	53,000	7,176	-	99,596
Total financial liabilities	**-**	**39,420**	**53,000**	**7,176**	**-**	**99,596**

25 Leases

This Note provides information for leases where the Company is a lessee.

The Company does not have any current leases, with the all leases having expired and being fully depreciated in the previous financial year.

(a) Amounts recognised in the Statement of Financial Position.

The Statement of Financial Position shows the following amounts relating to leases:

	2022 $	2021 $
Right of use assets		
Office space	-	-
	-	**-**

	2022 $	2021 $
Lease liabilities		
Office space	-	-
	-	**-**

(b) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2022 $	2021 $
Depreciation charge of right of use assets	-	14,168
Interest expense	-	505
	-	**14,673**

26 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.

27 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