



Powerhouse Ventures Limited
NZ Company number: 1854396
ARBN 612 076 169
ASX security code: PVL
Date of release: 24 February 2023
Consolidated Half Year Report (Appendix 4D)

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

Reporting period	For the six months ended	31 December 2022
Previous Corresponding period	For the six months ended	31 December 2021

2. Results for announcement to the market

AUD\$'000	Change on previous period	AUD\$'000
2.1 Revenue and fair value changes from ordinary activities	Up \$1.5m to	1,298
2.2 Profit from Ordinary activities after tax	Up \$1.8m to	1,003
2.3 Net profit (loss) for the period attributable to members	Up \$1.8m to	1,003

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 Consolidated Half Year Financial Report and the accompanying ASX and Media release.

	Current period	Previous period
	AUD\$	AUD\$
3. Net tangible asset backing per ordinary security	0.091	0.073

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

5. Details of individual dividends and payment dates - not applicable see 2.4 above.

6. Details of any dividend or distribution reinvestment plans in operation - not applicable see 2.4 above.

7. Details of associates and joint venture entities - please refer to Note 9 of the accompanying Consolidated Half Year Financial Report.

8. 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").

9.1 This report is based on a financial report which has been reviewed by the Group's auditors.

9.2 The attached interim consolidated financial report includes an independent review report that is not subject to a modified review report, but does include an Emphasis of Matter paragraph in relation to the change in presentation currency and its impact on Net Assets and an Other Matter paragraph in relation to the timing of the write down of Objective Acuity in the prior period.



Authorised By:
The Board of Powerhouse Ventures Limited

For more information, please contact:

James Kruger
Executive Chairman
jk@phvl.com.au

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.

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Powerhouse Ventures Limited
Consolidated Half Year Financial Statements
For the six months ended 31 December 2022

Powerhouse Ventures Limited
Half Year Financial Statements
For the six months ended 31 December 2022

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**Powerhouse Ventures Limited
Company Directory
As at 31 December 2022**

Postal Address	The Exchange Tower, Level 1 530 Little Collins Street Melbourne 3000 Australia
Registered Offices	C/- KPMG New Zealand Level 5, 79 Cashel Street Christchurch Central 8011 New Zealand
	The Exchange Tower, Level 1 530 Little Collins Street Melbourne 3000 Australia
Business Locations	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	William Buck Audit (NZ) Limited
Date of Formation	17 August 2006

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Powerhouse Ventures Limited
Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31 December 2022

	Notes	6 months to 31 Dec 2022 \$AUS	6 months to 31 Dec 2021 \$AUS
Revenue			
Net changes in fair value of investments at fair value through profit or loss	3	994,243	(478,530)
Realised gain/(loss) on investments at fair value through profit or loss	3	-	319,443
Revenue from contracts with customers	2	222,980	452
Interest revenue		80,331	1,915
Total revenue		1,297,554	(156,720)
Expenses			
Employee benefits expense		(98,581)	(88,899)
Contractors		(243,011)	(60,520)
Legal and professional costs		(64,591)	(229,278)
Travel		(56,645)	-
Foreign currency movements		191,353	(31,423)
Other expenses	5	(22,628)	(211,852)
Total expenses		(294,103)	(621,972)
Profit/(Loss) before income tax		1,003,451	(778,692)
Income tax expense/(credit)		-	-
Profit/(Loss) after tax for the period		1,003,451	(778,692)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period attributable to equity holders of the Company		1,003,451	(778,692)
Earnings per share:			
		Cents	Cents
Basic (cents per share)		0.8	(0.9)
Diluted (cents per share)		0.8	(0.9)

The accompanying notes form part of these interim financial statements.

Powerhouse Ventures Limited
Interim Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	31 Dec 2022 \$AUS	30 Jun 2022 \$AUS
ASSETS			
Cash and cash equivalents		3,246,995	4,022,110
Trade and other receivables and prepayments		153,645	87,194
Investments in portfolio companies	9,10	7,729,846	5,941,846
Total assets		11,130,486	10,051,150
LIABILITIES			
Trade and other payables		194,399	110,824
Provisions		-	106,270
Total liabilities		194,399	217,094
Net assets		10,936,087	9,834,056
EQUITY			
Share capital	6	34,139,689	34,139,689
Equity-settled share-based payments reserve		378,980	280,399
Accumulated losses		(23,582,582)	(24,586,033)
Total equity		10,936,087	9,834,056

For and on behalf of the Board who approved and authorised these interim consolidated financial statements for issue on 24 February 2023.



James Kruger, Executive Chairman

The accompanying notes form part of these interim financial statements.

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Powerhouse Ventures Limited
Interim Consolidated Statement of Cash Flows
For the six months ended 31 December 2022

	Notes	6 months to 31 Dec 2022 \$AUS	6 months to 31 Dec 2021 \$AUS
Cash flows from operating activities			
Receipts from customers		201,950	2,426
Payments to suppliers and employees		(430,530)	(534,077)
Finance income		49,486	1,915
Net cash inflow / (outflow) from operating activities		(179,094)	(529,735)
Cash flows from investing activities			
Purchase of investments and convertible notes		(596,021)	(892,539)
Sale of investments		-	644,761
Deferred payment of investments		-	249,621
Net cash inflow / (outflow) from investing activities		(596,021)	1,843
Cash flows from financing activities			
Proceeds from issuance of shares		-	134,221
Financing Costs		-	(9,551)
Net cash inflow / (outflow) from financing activities		-	124,670
Net increase/(decrease) in cash and cash equivalents		(775,115)	(403,223)
Cash and cash equivalents at the beginning of the period		4,022,110	4,349,735
Cash and cash equivalents at the end of the period		3,246,995	3,946,512

The accompanying notes form part of these interim financial statements.

Powerhouse Ventures Limited
Interim Consolidated Statement of Changes in Equity
For the six months ended 31 December 2022

	Share capital	Share-based payment reserve	Accumulated Losses	Total equity
Notes	\$AUS	\$AUS	\$AUS	\$AUS
Balance at 1 July 2022	34,139,689	280,399	(24,586,033)	9,834,056
Increase in share capital	-	-	-	-
Equity-settled share-based payments	-	98,581	-	98,581
Total comprehensive profit for the period	-	-	1,003,451	1,003,451
Balance at 31 December 2022	34,139,689	378,980	(23,582,582)	10,936,087
Balance at 1 July 2021	31,530,019	289,528	(24,310,223)	7,509,324
Increase in share capital	134,222	-	-	134,222
Exercise of options	65,540	(65,540)	-	-
Equity-settled share-based payments	-	24,937	-	24,937
Total comprehensive loss for the period	-	-	(778,694)	(778,694)
Balance at 31 December 2021	31,729,781	248,925	(25,088,917)	6,889,789

The accompanying notes form part of these interim financial statements.

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

1 General Disclosures

Reporting Entity

Powerhouse Ventures Limited (the 'Company') and its subsidiaries (the 'Group') are profit-oriented companies incorporated and domiciled in New Zealand under the Companies Act 1993, with the exception of its Australian subsidiary, Powerhouse Ventures Australia Pty Ltd, which was incorporated in Australia under the Corporations Act 2001. The Company is an investment company providing venture capital to deep-tech innovators solving problems of global scale and is listed on the Australian Securities Exchange (ASX).

Basis of preparation

These interim consolidated financial statements are for the six months ended 31 December 2022.

The interim consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with NZ IAS 34 *Interim Financial Reporting* issued by the New Zealand Accounting Standards Board. They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable reporting standards as appropriate for profit-oriented entities. Consequently they do not include all notes of the type normally included within the annual financial statements and, therefore, cannot be expected to provide as full an understanding of the financial position and investing activities of the Group as the full financial statements.

It is recommended that these interim consolidated financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2022.

Basis of interim 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.

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

1 General Disclosures (continued)

On 01 July 2022 the Company activated its previously dormant 100% owned Australian subsidiary Powerhouse Ventures Australia Pty Ltd. This subsidiary provides financial services and advice to a range of entities, most notable in the critical minerals sector and it is consolidated in to the Group's Consolidated Financial Statements.

As previously advised to the ASX on 12 October 2022 and consistent with IFRS 21 The Effects of Changes in Foreign Exchange Rates Powerhouse Ventures Limited changed its functional currency from New Zealand dollars to Australian dollars and the Group also changed its presentation currency to Australian dollars effective 1 July 2022. The change in reporting currency is to most transparently represent the economic effects of the underlying transactions, and in particular the Investments, that are relevant to the Group. Prior to 1 July 2022 the Group reported its financial information in New Zealand dollars. In making this change the Group has applied the requirements of IFRS 21. The financial information for the comparative period has been translated into the new presentation currency. Under this method, the statement of financial position has been presented at the exchange rate ruling at 30 June 2022, and the statements of comprehensive income and cashflows has been presented at the average exchange rates prevailing for that period.

Accounting Policies

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those adopted by the Group in its audited financial statements for the year ended 30 June 2022, other than the consolidation basis and presentation currency as advised above.

Critical judgements in applying accounting policies

As previously advised to the ASX on 12 October 2022 and consistent with IFRS 21 The Effects of Changes in Foreign Exchange Rates Powerhouse Ventures Limited changed its functional currency from New Zealand dollars to Australian dollars and the Group also changed its presentation currency to Australian dollars effective 1 July 2022. The change in reporting currency is to most transparently represent the economic effects of the underlying transactions, and in particular the Investments, that are relevant to the Group. Prior to 1 July 2022 the Group reported its financial information in New Zealand dollars. In making this change the Group has applied the requirements of IFRS 21. The financial information for the comparative period has been translated into the new presentation currency. Under this method, the statement of financial position has been presented at the exchange rate ruling at 30 June 2022, and the statements of comprehensive income and cashflows has been presented at the average exchange rates prevailing for that period.

Significant events since 30 June 2022

On 11 July 2022 the Group announced it taken a minor stake in Australian-American next generation test and measurement company Liquid Instruments Inc for USD400,000.

2 Revenue from contracts with customers

	6 months to 31 Dec 2022	6 months to 31 Dec 2021
	\$	\$
Services provided within New Zealand	-	452
Retainer fees provided in Australia	222,980	-
Total Revenue from contracts with customers	222,980	452

Revenue from contracts with customers in the current period is earned over time and largely derived from the provision of advisory services.

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

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

	6 months to 31 Dec 2022	6 months to 31 Dec 2021
	\$	\$
Revaluation gains on investments at fair value through profit or loss	994,243	319,443
Revaluation losses on investments at fair value through profit or loss	-	(478,530)
Net gains/(losses) on investments at fair value through profit or loss	994,243	(159,087)

Revaluation gains in the current period include Skykraft of \$680,600, Ferronova of \$278,230, Certus Bio of \$23,940, Inhibit Coatings of \$4,836 and Olympio Metals of \$1,281. (Dec 2021: Realised gain on sale of EdPotential of \$319,443.

Revaluation losses for the period were Nil. (Dec 2021: Objective Acuity \$402,129 and Certus Bio \$76,401).

4 Income taxes

The Group holds all of its investments on capital account for taxation purposes and accordingly, the Directors have deemed that it is not necessary to maintain a deferred tax liability relating to investments held at fair value through profit and loss. At 30 June 2022 the Company has unused tax losses and credits amounting to NZ\$6,792,925 (2021: NZ\$7,088,783) for which no deferred tax asset has been recognised in the statement of financial position. Deferred tax assets for losses have not been recognised as it is not considered probable that there will be sufficient taxable profits against which to utilise the benefits of the losses in the foreseeable future.

5 Other expenses

	6 months to 31 Dec 2022	6 months to 31 Dec 2021
	\$	\$
Vendor warranties	(102,145)	112,932
Accounting, assurance and tax advisory	50,480	62,809
Insurance	58,430	24,997
Office costs and short-term rent	9,091	10,834
Miscellaneous expenses	6,772	280
Total other expenses	22,628	211,852

Vendor warranty expense for the current period was \$4,125 offset by the write back of potential vendor warranties provided for in 2022 (\$106,270). (2021: \$106,270 of potential vendor warranties arising from the sale of EdPotential and \$6,499 provision for bad debts).

6 Share capital and reserves

At 31 December 2022, share capital comprised 120,743,176 authorised and issued ordinary shares (30 June 2022: 120,743,176). All issued shares are fully paid and have no par value.

(i) Share capital comprises:

	\$	\$
Authorised, issued and fully paid in capital	31,999,468	35,756,004
Treasury stock	(1,930)	(1,930)
Issuance costs	(1,614,385)	(1,614,385)
Total share capital	30,383,153	34,139,689

Movements in share capital:

	6 months to	6 months to
	\$	\$
Opening balance as at 1 July	34,139,689	31,530,019
Shares issued during the period for cash	-	-
Issuance costs incurred during the period	-	-
Treasury stock movement	-	-
Options converted to shares for cash	-	65,540
Transfer from share based payments reserve for options converted to shares	-	134,222
Closing balance	34,139,689	31,729,781

No options were converted to shares for cash during the current period (2021: 2,000,000)

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

6 Share capital and reserves (continued)

Number of ordinary shares authorised, issued and fully paid:

	6 months to 31 Dec 2022	6 months to 31 Dec 2021
	Shares	Shares
Opening balance	120,743,176	92,743,176
Shares issued during the period for cash	-	-
Shares issued to directors during the period	-	-
Options converted to shares for cash	-	2,000,000
Closing balance	120,743,176	94,743,176

(ii) Share based payments reserve comprises:

	31 Dec 2022	30 Jun 2022
	\$	\$
Share based payments reserve	378,980	280,399
	31 Dec 2022 to	31 Dec 2021
	\$	\$
Opening balance	280,399	289,528
Options for services	98,581	24,937
Options converted to shares for cash	-	(65,540)
	378,980	248,925

Reclassification

During the period ended 31 December 2021, the Group issued 8,000,000 options to PAC Partners Securities Pty Ltd in lieu of services provided. The value of these options granted in the 2021 financial year was \$262,158. Similarly, in the financial year ended 30 June 2021, the Group entered into an equity for fees payment structure for the then directors including the grant of 1,566,294 options, valued at \$27,370. During the period ended 30 June 2022, these were reclassified from share capital to the share based payment reserve in the statement of financial position and statement of changes in equity as this better represents the classification.

7 Segment information

Reportable segments

Under NZ IFRS 8 operating segments, for the 6 months ended 31 December 2022, the Group 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.

8 Subsequent Events

On 01 January 2023, the Board resolved to exit from the provision of advisory services to a number of clients served by the Group's wholly owned subsidiary, Powerhouse Ventures Australia Pty Ltd. The net impact of this decision is expected to be cash flow neutral for the Group.

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Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

9 Investments in unlisted instruments held at fair value through profit or loss

(i) Investments in equity instruments

The Group has investments in a portfolio of early, pre-revenue or expansion stage unlisted companies recognised at \$7,729,846 (2021: \$5,941,846). These investments are accounted for as financial assets at fair value through profit or loss. During the period, a net gain of \$994,243 (2021: net loss of \$176,048) was recognised through profit or loss for these assets. The following tables give information about the Group's holdings and how the fair values of these investments are determined (in particular, the valuation technique(s) and inputs used). All of the following investments are Level 3 in the fair value hierarchy, with the exception of Olympio Metals Limited. This means the valuation techniques include inputs for which market observable data is not available (unobservable inputs).

Ownership Summary	31 December 2022 ¹			30 June 2022 ¹		
	Shares held	Total Shares	% Ownership	Shares held	Total Shares	% Ownership
Photonix Innovations Limited	1,498,246	4,903,375	30.6%	1,498,246	4,903,375	30.6%
Veritide Limited ⁴	266,900	3,411,831	7.8%	26,689,948	341,183,174	7.8%
Deliveon Health Limited	17,500	155,001	11.3%	17,500	155,001	11.3%
CertusBio Limited	366,010	1,916,703	19.1%	366,010	1,916,703	19.1%
Inhibit Coatings Limited	150,000	1,001,372	15.0%	150,000	859,701	17.4%
Ferronova Pty Limited	139,115	2,295,755	6.1%	139,115	1,106,446	12.6%
Fluent Scientific Limited	1,060,094	6,886,252	15.4%	1,060,094	6,886,252	15.4%
Hi-Aspect Limited	150,000	1,677,087	8.9%	150,000	1,677,087	8.9%
Avalia Immunotherapies Limited	417,906	4,395,759	9.5%	417,906	4,395,759	9.5%
Cirrus Materials Science Limited	190,000	2,887,180	6.6%	190,000	2,816,180	6.7%
Olympio Metals Limited (ex-Croplogix)	63,143	54,425,434	0.1%	63,143	5,064,547	1.2%
Modlar Limited	261,728	2,631,079	9.9%	261,728	2,631,079	9.9%
Skykraft	282	18,277	1.5%	282	16,694	1.7%
Saccade Analytics (Neuroflex)	192,588	19,532,693	1.0%	192,588	19,532,693	1.0%
Urbix Resources	5,556	2,281,525	0.2%	5,556	1,883,387	0.3%
CourseLoop ³	46,192	2,531,098	1.8%	-	-	-
Firmus Grid ²	-	-	-	-	-	-
Flomatrix ²	-	-	-	-	-	-
Quantum Brilliance ²	-	-	-	-	-	-
Liquid Instruments	68,073	22,195,305	0.3%	-	-	-

¹ Total Shares and shareholding percentages are based on issued shares. Effective shareholdings maybe be lower due to the dilutionary impact of any employee options of financial instruments such as convertible notes.

² The Group retains an interest in debt instruments issued by the investee company.

³ The Group held an interest in debt instruments issued by the investee company and this interest was converted in to shares on 31 December 2022.

⁴ Veritide Limited completed a 100:1 share consolidation on 05 December 2022

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

	6 months to 31 Dec 2022	6 months to 30 Jun 2022
	\$AUD	\$AUD
CourseLoop	-	428,417
Firmus Grid Pty Ltd	281,377	253,300
Flomatrix SAFE Notes	200,000	194,152
Quantum Brilliance Convertible Notes	525,370	502,960
Total Convertible & SAFE Notes	1,006,747	1,378,829

During the 6 months ended 31 December 2022, no new convertible or SAFE notes investments were made.

On 31 December 2022 the convertible note in CourseLoop was converted in to 46,192 shares.

The convertible & SAFE notes are included in the Level 3 fair value hierarchy (refer note 11)

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

11 Investments in unlisted instruments held at fair value through profit or loss (continued)

(ii) Fair value, valuation technique(s) and unobservable inputs used in measuring investments

Fair value as at 31 December 2022

Investment Type	Valuation technique(s) and unobservable input(s)	Fair Value (\$)
1) Expansion - CourseLoop - Firmus Grid - Liquid Instruments	Milestone adjusted scorecard, discounted cash flow, probability weighted expected return method	\$1,337,548
2) Early Stage - Veritide - CertusBio - Cirrus - Ferronova - Inhibit Coatings - Skykraft - Neuroflex - Quantum Brilliance - Urbix Resources	Milestone adjusted scorecard, discounted cash flow, probability weighted expected return method	\$6,183,773
3) Pre-revenue - Deliveon Health - Fluent Scientific - Avalia Immunotherapies - Hi-Aspect - Photonic Innovations - Modlar Limited - Flomatrix	Milestone adjusted scorecard	\$200,000
4) Listed - Olympio Metals (Croplogic)	Market Price	\$8,525
Total Investment at fair value		\$7,729,846

In accordance with International Private Equity and Venture Capital Valuation Guidelines, December 2022 the Group has recognised that price of recent investment is no longer a standalone valuation technique. Instead, price of recent investment may provide a basis for recalibrating inputs to the valuation model for estimating fair value.

Fair value as at 31 December 2021

Investment Type	Valuation technique(s) and unobservable input(s)	Fair Value (\$)
1) Expansion - CourseLoop - Firmus Grid	Price of recent investment, revenue multiple, EBITDA multiple or independent valuation	\$654,200
2) Early Stage - Veritide - CertusBio - Cirrus - Skykraft	Price of recent investment, revenue multiple	\$1,238,531
3) Pre-revenue - Deliveon Health - Fluent Scientific - Avalia Immunotherapies - Hi-Aspect - Photonic Innovations - Modlar Limited - Ferronova - Inhibit Coatings	Price of recent investment, revenue multiples or fully impaired	\$1,402,142
4) Listed - Olympio Metals (Croplogic)	Market Price	-
Total Investment at fair value		\$3,294,873

Powerhouse Ventures Limited
Notes to the Interim Consolidated Financial Statements
For the six months ended 31 December 2022

11 Investments in unlisted instruments held at fair value through profit or loss (continued)

(iii) Fair value hierarchy

	Notes	Level 1	Level 2	Level 3	Total
As at 31 December 2022					
Investments	9	\$8,525	-	\$7,721,321	\$7,729,846
Total		\$8,525	-	\$7,721,321	\$7,729,846
As at 31 December 2021					
Investments	9	-	-	\$3,294,873	\$3,294,873
Total		-	-	\$3,294,873	\$3,294,873

(iv) Unobservable inputs used in fair value of measuring investments

Valuation methodology	Total value \$	Key inputs	Unobservable inputs
Discounted cashflow supported by other qualitative and quantitative factors	936,371	Probability weighted expected return method, 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.
Milestone adjusted scorecard incorporating price of recent investment supported by other qualitative and quantitative factors including milestone analysis	6,793,475	Price of recent market transaction, probability weighted expected return method, impairment assessment, qualitative factors	Management's assessment of performance against milestones, impairment assessment where there are indicators of impairment and market and qualitative factors.

Significant unobservable inputs are developed as follows:

- *Weighted average cost of capital: a number of inputs are considered in determining the discount rates including risk free rate, premium equity rate, premium size rate and premium company specific rate.*
- *Long-term revenue growth rates: inputs include the past performance of each investee company, its managements forward looking projections, and any comparable rates where appropriate*
- *Long-term operating cost growth rates: inputs include the past performance of each investee company, its managements forward looking projections, and any comparable rates where appropriate*

Discounts relating to illiquidity and size are then applied to the observed multiples to derive the adjusted multiples that are applied to the valuation of the Group's unlisted

(v) Sensitivity of fair value measurement to changes in unobservable inputs

The relationships between the significant unobservable inputs and the fair value are as follows:

Unobservable Inputs	Impact on fair value from increase in input	Impact on fair value from decrease in input
Weighted average cost of capital	Decrease	Increase
Long-term revenue growth rate	Increase	Decrease
Long-term operating costs growth rate	Decrease	Increase
Long-term CAPEX growth rate	Decrease	Increase

There were no significant interrelationships between unobservable inputs except as indicated above.

The table below shows a reconciliation of fair value measurements amounts (Level 3)

<i>Investments at fair value through profit or loss</i>	6 months ended 31 Dec 2022 \$AUD	6 months ended 31 Dec 2021 \$AUD
Opening balance as at 1 July	5,934,603	2,874,861
Total unrealised fair value gains recognised in profit or loss	1,190,697	6,004
Total unrealised fair value losses recognised in profit or loss	-	(478,530)
Total fair value of investments purchased	596,021	-
Total fair value of convertible notes at recent market transactions	-	238,338
Total fair value of investments disposed	-	654,201
Closing balance as at 31 December	7,721,321	3,294,873

Powerhouse Ventures Limited

Independent auditor's review report to the Shareholders

Report on the Interim Consolidated Financial Statements

Conclusion

We have reviewed the accompanying interim consolidated financial statements of Powerhouse Ventures Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these interim consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the six months then ended, in accordance with the New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued by the New Zealand Accounting Standards Board.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (New Zealand) 2410 (Revised), *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, Powerhouse Ventures Limited or any of its subsidiaries.

Emphasis of Matter – Change in Presentation Currency

We draw attention to Note 1 of the financial statements, which states that the Group has changed the presentation currency from New Zealand dollars to Australian dollars. Our conclusion is not modified in respect of this matter.

Other Matter

The interim financial statements of the Group for the six months ended 31 December 2021 were reviewed by another independent accountant who issued a qualified review report on those interim financial statements dated 25 February 2022. Those independent accountants reported that they were unable to obtain sufficient appropriate audit evidence around the opening balance carrying value at 30 June 2021 of one particular investment with a carrying value of \$445,000. That investment was reduced to a fair value of \$Nil by the Group in the six-month period ended 31 December 2021. The information in those interim financial statements forms part of the financial statements for the six months ended 31 December 2022.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that gives a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standard 34: *Interim Financial Reporting* issued by the New Zealand Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with NZ SRE 2410 which requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the Group, as appropriate, and applying analytical procedures, and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Restriction on Distribution or use

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



William Buck Audit (NZ) Limited
Auckland

24 February 2023