



Powerhouse Ventures Limited (PVL)

INVESTMENT POLICY

A. Purpose

The purpose of this policy is to provide a framework for the governance of Powerhouse investment capital and managed third party co-investment funds to ensure that Powerhouse is able to:

- make investment decisions that fit with the approved investment criteria;
- allocate investment capital to investments that fit with the investment strategy; and
- effectively manage investments and divestments to achieve strategic objectives.

B. Investment Strategy Framework

Powerhouse is an intellectual property commercialisation company that harnesses private and public investment to solve global problems.

Powerhouse's investment thesis is centred around democratising access to Australian innovation, leveraging deep networks for insights and connectivity and effective investments of time or capital in a problem-specific, stage-agnostic manner.

Powerhouse takes a portfolio-wide view on investment performance, actively managing the portfolio to generate attractive returns for our shareholders and other stakeholders.

The Investment Strategy documents the core five-year investment objectives of Powerhouse. The Strategy is then reviewed annually by the Board and the strategic initiatives and investment capital allocation plan for the following financial year are generated and then approved.

C. Investment Criteria

Investment and divestment decisions are made with reference to portfolio-wide balance across four technology sectors and three stages of venture development.

Target investments are those which include deep, complex intellectual property, with preference for opportunities founded on public research funding.

The four technology sectors in which Powerhouse invests are:

- Decarbonisation and electrification
- Next generation computing;
- Space technology; and
- Healthcare technology.

The three venture stages in which Powerhouse invests are:

- Pre-seed;
- Seed; and
- Post-seed.

D. Investment Process

The Powerhouse Board is responsible for:

- approving this policy;
- approving the Investment Strategy and Capital Allocation Plan;
- approving non-delegated investments;
- monitoring Investment Policy and portfolio construction and performance targets and compliance; and
- approving divestments.

The Executive Team is responsible for:

- recommending amendments to this policy
- reporting portfolio performance to the Board;
- preparing the Investment Strategy and Capital Allocation Plan;
- approving delegated investments; and
- preparing recommendations to the Board for non-delegated investment decisions.

The Investment Team is responsible for:

- identifying investment opportunities that fit with the Powerhouse investment criteria;
- shaping investment opportunities for investment; and
- processing investment transactions in accordance with the 'How We Invest' Procedure.

E. References

- Powerhouse policies Strategic Plan Budget
- Investment Strategy Capital Allocation Plan
- Procedure Manual: How We Invest Procedure Investment Advisory Committee Terms of Reference
- Procedure Manual: Venture Development - the Powerhouse Way

F. Valuation of Investments - Equity

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G. Valuation of Investments – Convertible and SAFE Notes

- PVL's convertible and SAFE notes typically convert into equity at a discount to a future valuation based a number of uncertain and variable criteria and timeframes, which dictates that the valuation should be in line with the third-party investment cost until such time as PVL has certainty around the conversion event and quantum. At this point, the investment should be revalued, but until this point in time, PVL will not ascribe any value to an embedded option.
- Credit impairment – we will determine carrying value is appropriate if in doubt through assesment