



**Punakaiki
Fund**

Punakaiki Fund Limited

Financial Statements

For the 6 months ended 30 September 2024

13 November 2024

Punakaiki Fund Limited

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For the 6 months ended 30 September 2024

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Punakaiki Fund Limited

Directors

For the 6 months ended 30 September 2024

Bennetts, Michael John
Betty, Teressa Rachelle
Wiggs, Graeme Lance Turner
Scott, Nigel David

Appointed

30 September 2015
02 September 2020
10 April 2013
01 January 2022

Punakaiki Fund Limited

Directors' responsibility statement

For the 6 months ended 30 September 2024

The directors are pleased to present the interim financial statements of Punakaiki Fund Limited for the 6 months ended 30 September 2024.

The Board of Directors of Punakaiki Fund Limited authorised the financial statements set out on pages 5 to 16 for issue on 13 November 2024.

For and on behalf of the Board

Signed by:

Mike Bennetts

BFA5808F71F4418...

Director

Signed by:



7A3E33A02CB64F5...

Director

Punakaiki Fund Limited

Statement of comprehensive income

For the 6 months ended 30 September 2024

		6 months ended 30/09/2024	6 months ended 30/09/2023
	Notes	(Unaudited) \$'000	(Unaudited) \$'000
Interest income		25	44
Other income		-	2
Change in fair value of investments	3.6	5,036	3,741
Accrued contingent performance fees	6.4	(112)	510
Management fees	6.1	(808)	(838)
Administration fees	6.2	(318)	(284)
Insurance		(50)	(46)
Consulting and accounting expenses		(106)	(75)
Audit fees		-	(29)
Legal expenses		-	2
Subscription fees		(14)	(18)
Other		(87)	(106)
Profit before tax		3,566	2,903
Income tax expense		-	-
Profit and total comprehensive income		3,566	2,903

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited

Statement of financial position

At 30 September 2024

	Notes	30/09/2024 (Unaudited) \$'000	31/03/2024 (Audited) \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,609	2,331
Prepayments		21	71
Trade and other receivables		11	34
Total current assets		1,641	2,436
Non-current assets			
Investments	3	92,230	86,910
Total non-current assets		92,230	86,910
Total assets		93,871	89,346
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable		21	145
Performance fee payable	6.4	905	832
Total current liabilities		926	977
Total liabilities		926	977
Capital and reserves			
Issued capital	4	53,716	52,746
Share based payment reserve	4.1	745	705
Retained earnings	4.2	38,484	34,918
Total equity		92,945	88,369
Total equity and liabilities		93,871	89,346

These financial statements are to be read in conjunction with the accompanying Notes.

Punakaiki Fund Limited

Statement of changes in equity

For the 6 months ended 30 September 2024

	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 April 2023 (Audited)	50,696	2,117	41,050	93,863
Total comprehensive loss for the period	-	-	2,903	2,903
Contributed capital	28	-	-	28
Transaction costs	-	-	-	-
Share based payments in relation to performance fee	-	(294)	-	(294)
Balance at 30 September 2023 (Unaudited)	50,724	1,823	43,953	96,500
Balance at 1 April 2024 (Audited)	52,746	705	34,918	88,369
Total comprehensive loss for the period	-	-	3,566	3,566
Contributed capital	1,000	-	-	1,000
Transaction costs	(30)	-	-	(30)
Share based payments in relation to performance fee	-	40	-	40
Balance at 30 September 2024 (Unaudited)	53,716	745	38,484	92,945

These financial statements are to be read in conjunction with the accompanying Notes.

Punakaiki Fund Limited

Statement of cash flows

For the 6 months ended 30 September 2024

	Notes	6 months ended 30/09/2024 (Unaudited) \$'000	6 months ended 30/09/2023 (Unaudited) \$'000
Cash flows from operating activities			
Interest received		25	44
Payments to suppliers		(307)	(595)
Administration fees		(318)	(284)
Management fees		(808)	(554)
Net cash used in operating activities		(1,408)	(1,389)
Cash flows from investing activities			
Proceeds from sale of investments		116	684
Payments to acquire investments		(400)	(2,133)
Net cash used in investing activities		(284)	(1,449)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		1,000	28
Payment of transaction costs on issue of equity instruments		(30)	(125)
Net cash received/(used) from financing activities		970	(97)
Net decrease in cash and cash equivalents		(722)	(2,935)
Cash and cash equivalents at the beginning of the period		2,331	4,980
Cash and cash equivalents at the end of the period		1,609	2,045

These financial statements are to be read in conjunction with the accompanying Notes

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

1 General information

Punakaiki Fund Limited ('Fund' or 'Company') is a company incorporated in New Zealand and registered under the Companies Act 1993. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company was incorporated on 10 April 2013. The Company is an investor in fast growing businesses. These interim financial statements are for the 6 months ended 30 September 2024.

2 Significant accounting policies

2.1 Statement of compliance and reporting framework

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent to International Accounting Standard 34 ("NZ IAS 34") *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the Company's annual financial report for the year ended 31 March 2024.

Consistent accounting policies with the audited full financial statements for the year ended 31 March 2024 have been applied in preparation of these interim financial statements.

2.2 Basis of preparation

The Company is an investment entity as defined in NZ IFRS 10 and the method used for determining the fair value of the investments is consistent with the audited full financial statements for the year ended 31 March 2024.

3 Fair values of financial instruments

3.1 Investments in Equity Instruments

The Company has equity investments in a portfolio of early stage unlisted companies recognised at \$92.23 million (As at 31 March 2024: \$86.91 million). These investments are accounted for as financial assets at fair value through profit or loss. During the period, a net gain of \$5.036 million (6 months ended 30 September 2023: net gain \$3.741 million) was recognised through profit or loss for these assets. The following tables provide information about the Company's holdings and how the fair values of these investments are determined (in particular, the valuation technique(s) and inputs used). All of the Company's 10 largest investments as listed in the table below are Level 3 in the fair value hierarchy. This means the valuation techniques include inputs for which market observable data is not available (unobservable inputs).

Ownership Summary	2024 September ¹			2024 March ¹		
	Shares Held	Total Shares	Fund %	Shares Held	Total Shares	Fund %
Devoli Limited ^{2, 4}	3,083,460	5,717,985	53.9%	2,965,000	5,501,000	53.9%
Couchdrop Limited ³	277	1,271	21.8%	277	1,271	21.8%
Spiderworks Limited (Projectworks) ⁵	4,154,375	36,324,932	11.4%	4,000,000	31,398,880	12.7%
Quantifi Photonics Limited ^{3, 6}	120,400	732,001	16.4%	120,400	732,001	16.4%
RedSeed Limited ³	54,774	114,686	48.5%	54,774	114,686	47.8%
Boardingware International Limited ⁵	469,870	1,623,095	28.9%	469,870	1,623,095	28.9%
Onceit Limited ³	25,625	100,000	25.6%	25,625	100,000	25.6%
Mobi HQ Limited ⁷	769,595	4,355,351	17.7%	769,595	4,355,351	17.7%
QA Tech Limited (Conqa) ³	31,669	154,315	20.5%	31,669	154,315	20.5%
Whip Around (NZ) Limited	27,559	905,609	3.0%	27,559	905,609	3.0%

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

² Rohan MacMahon, an employee of 2040 Ventures was a director of this company during the period.

³ Lance Wiggs, a director of 2040 Ventures and the Company was also a director of these companies during the period.

⁴ Chris Humphreys, a director of 2040 Ventures and a manager of the Company was also a director of this company during the period. He resigned from the board on 26 June 2024.

⁵ Nadine Hill, an employee of 2040 Ventures was also a director of these companies during the period.

⁶ Lance Wiggs resigned from this board on 3 September 2024.

⁷ Mobi HQ Limited shareholding includes shares recently acquired by the Company that the Company only has a minor economic interest in.

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

3.2 Fair value, valuation technique and unobservable inputs used in measuring investments

Fair value as at 30 September 2024 (unaudited)

Investment Type	Valuation technique(s) and unobservable input(s) used	Fair value (\$)
1) Substantial - Devoli - Onceit	EBITDA multiples or Independent Valuation	\$26.15 million
2) Emerging - Projectworks - Whip Around - Quantifi Photonics - Conqa - Mobi - Raygun - Couchdrop	Revenue multiples	\$41.78 million
2) Sustainable - RedSeed - Core Schedule - Orah - Get Home Safe - QUBEdocs - Frello	Revenue multiples	\$21.36 million
3) Early Stage - Formus Labs - Astute Access	Revenue multiples	\$1.21 million
4) Listed & Exited - Vend - EverEdge - New Zealand Artesian Water - Moxion - Weirdly	Revenue multiples, discounted cash receivables, impaired or nil	\$1.73 million
Total Investment at fair value		\$92.23 million

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

3.2 Fair value, valuation technique and unobservable inputs used in measuring investments (continued)

Fair value as at 31 March 2024 (audited)

Investment Type	Valuation technique(s) and unobservable input(s) used	Fair value (\$)
1) Substantial - Devoli - Onceit	EBITDA multiples or Independent Valuation	\$26.73 million
2) Emerging - Projectworks - Whip Around - Quantifi Photonics - Conqa - Mobi - Raygun	Revenue multiples	\$26.07 million
2) Sustainable - RedSeed - Couchdrop - Core Schedule - Orah - Get Home Safe - QUBEdocs - Frello	Revenue multiples	\$31.61 million
3) Early Stage - Formus Labs - Astute Access	Revenue multiples	\$1.21 million
4) Listed & Exiting - Vend - EverEdge - New Zealand Artesian Water - Moxion - Weirdly	Discounted cash receivables, impaired or nil	\$1.29 million
Total Investment at fair value		\$86.91 million

*As at March 2024, the reallocation of Investment Types reflects the Statement of Investment Policies and Objectives between the Company and the Manager.

3.3 Fair value hierarchy

	Notes	Level 1	Level 2	Level 3	Total
As at 30 September 2024					
Investments	3.6	-	-	92,230	92,230
Total		-	-	92,230	92,230
As at 31 March 2024					
Investments		-	110	86,800	86,910
Total		-	110	86,800	86,910

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

3.4 Unobservable inputs used in fair value of measuring investments

Unobservable inputs	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
EBITDA multiple	8.0 - 11.3 (8.4) (March 2024: 8.0 - 11.3 (8.5))	The estimated fair value would increase if the EBITDA multiples were higher. The estimated fair value would decrease if EBITDA multiples were lower.
Revenue Multiple	1.6 - 16.8 (7.1) (March 2024: 1.7 - 15.6 (6.5))	The estimated fair value would increase if the revenue multiples were higher. The estimated fair value would decrease if revenue multiples were lower.

Significant unobservable inputs are developed as follows:

- *EBITDA/Revenue multiples:* Represents amounts that market participants would use when pricing the investments. EBITDA/Revenue multiples are selected from comparable public companies based on geographic location, industry size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the Company by its EBITDA or revenue. 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 Company's unlisted investments.

3.5 Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level three, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

	Favourable	(Unfavourable)
	\$'000	\$'000
2024 September		
Investments	97,600	82,460
2024 March		
Investments	95,910	73,540

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of the investments have been calculated by recalibrating the model values using unobservable inputs based on the Company's estimate of reasonably high (favourable) and low (unfavourable) estimates of EBITDA/revenue multiples. The most significant unobservable inputs are earnings/revenue multiples.

The Company notes that it holds shares with liquidation preferences for many investments, which provides a measure of protection from falls in the value of its investments.

	Reasonably possible		
	Actual	Favourable	(Unfavourable)
Revenue multiples used in valuations at:			
30 September 2024	1.6-16.8	1.9-20.2	1.3-13.4
31 March 2024	1.7 - 15.6	2.0 - 15.6	1.4 - 15.6
EBITDA multiples used in valuations at:			
30 September 2024	8.0-11.3	9.6-13.5	6.4-9.0
31 March 2024	8.0 - 11.3	9.6 - 13.6	6.4 - 9.0

The application of favourable and unfavourable estimates of Revenue and EBITDA multiples, as set out in ranges in the table above, does not necessarily result in valuation changes for individual portfolio companies if such a change is below 1% of the Company's total asset value for those investments that do not have their primary annual revaluation on the balance date.

Ranges of Revenue and EBITDA multiples will vary from year to year depending on which investments are valued in this manner (compared to being valued using the market value on acquisition or transaction evidence-based valuation approaches). Some multiples are calibrated to recent investment rounds and may not change in favourable and/or unfavourable scenarios.

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

3.6 Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening to closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	As at 30/09/2024 (Unaudited) \$'000	As at 31/03/2024 (Audited) \$'000
Equity investments		89,220
Balance at beginning of period	86,800	2,833
Purchases - cash	400	(182)
Disposals - cash	-	-
Transfer to level 2 investments	-	-
Change in fair value of investments	5,030	(5,072)
Balance at end of period	92,230	86,800

Included within the change in the fair value of investments in the table above is \$5.030 million (year ended 31 March 2024: loss of \$5,072 million) of net unrealised gains (losses) in relation to investments still held at reporting date.

4 Issued capital

	As at 30/09/2024 (Unaudited) \$'000	As at 31/03/2024 (Audited) \$'000
Issued capital comprises:		
2,997,686 fully paid ordinary shares (31 March 2024: 2,964,352)	53,716	52,746
	53,716	52,746

The issued capital set out above is net of transaction costs associated with raising new capital. Transaction costs of \$0.03 million were incurred for the 6 months ended 30 September 2024 (6 months ended 30 September 2023: \$0.001 million).

4.1 Share based payment reserve

	As at 30/09/2024 (Unaudited) \$'000	As at 31/03/2024 (Audited) \$'000
Balance at beginning of period	705	2,117
Arising on share-based payments (performance fee)	40	(1,412)
Balance at end of period	745	705

The share based payment reserve relates to the portion of the Manager's performance fee that is settled through the issue of shares rather than cash. More detail on performance fees is provided in note 6.4.

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

4.2 Retained earnings	As at 30/09/2024 (Unaudited) \$'000	As at 31/03/2024 (Audited) \$'000
Balance at beginning of period	34,918	41,050
Profit (Loss) attributable to owners of the Company	3,566	(6,132)
Balance at end of period	38,484	34,918

5 Financial instruments

5.1 Categories of financial instruments	As at 30/09/2024 (Unaudited) \$'000	As at 31/03/2024 (Audited) \$'000
Financial assets		
<i>Financial assets at Fair Value Through Profit or Loss</i>		
Investments	92,230	86,910
<i>At amortised cost</i>		
Cash and bank balances	1,609	2,331
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Performance fee (cash component)	905	832
Accounts payable	21	145

6 Related party transactions - Remuneration of the Manager

2040 Ventures Limited is the Manager of the Fund. Details of the remuneration of the Manager are provided below:

6.1 Management fees

During the year ended 31 March 2024, the Manager was entitled to an annual management fee of 2% of the Net Asset Value (NAV) of the Fund up to \$50 million and 1.5% thereafter. The management fee was calculated and paid quarterly in advance. Following the Company and Manager entering into a new Management Agreement on 22 March 2024, a revised annual management fee was agreed between the parties as \$0.25 million (plus GST) + 1.5% of the Gross Assets of the Fund (to be paid quarterly in advance). During the 6 months ended 30 September 2024 the management fee paid was \$0.808 million (6 months ended 30 September 2023: \$0.838 million).

6.2 Administration fees

The administration fee is fixed annually by the Board and paid quarterly in advance. Total administration fees expensed during the 6 month period ended 30 September 2024 were \$0.318 million (6 months ended 30 September 2023: \$0.284 million).

6.3 Equity raising fee

The Manager receives an equity raising fee of 3% of the total capital raised. During the 6 months ended 30 September 2024, an equity raising fee of \$0.03 million was recognised (6 months ended 30 September 2023: \$0.001 million). \$0.03 million was outstanding at 30 September 2024 (6 months ended 30 September 2023: \$0.001 million).

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

6.4 Performance fee

On the occurrence of a liquidity event (as defined in the Management Agreement), the Manager receives a performance fee. During the 6 months ended 30 September 2024, a total expense of \$0.112 million (6 months ended 30 September 2023: expense reversal of \$0.510 million) has been recognised in profit or loss. Of this expense, \$0.073 million was recognised as a performance fee payable liability in relation to the cash settled portion of the performance fee and \$0.040 million was recognised as part of the share based payment reserve in relation to the equity settled element of the performance fee.

Consistent with the 2023 financial period, the liability has been reflected as current, as termination of the Management Agreement by the Manager (which requires a 12 months notice, previously 90 days) or the Company (immediately with cause) would trigger payment of the performance fee within a 12 month period.

6.5 Directors beneficial interests in the Company

At 30 September 2024, Directors of the Company or 2040 Ventures holding a beneficial interest in shares are as follows:

	As at 30/09/2024	As at 31/03/2024
Lance Wiggs ¹	66,000	66,000
Michael Bennetts	61,500	61,500
Teressa Betty	770	770
Nigel Scott	2,860	2,860
Chris Humphreys ^{1,2}	1,000	1,000
2040 Ventures	7,835	7,835

¹ Lance Wiggs and Chris Humphreys both have a beneficial interest in 7,835 Punakaiki Fund Limited Shares held in the legal name of 2040 Ventures Limited.

² Chris Humphreys is a manager, but not a director of the Company.

7 Financial risks

This note presents information about the Company's exposure to each financial risk and how those risks are managed.

7.1 Market risk

The Company is exposed to the risk of fluctuations in the fair value of its investments.

All equity investments and particularly those in early stage companies present a risk of loss of capital, often due to factors beyond the Company's control such as competition and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful investment selection and diversification, and regular reporting to the Board.

All investments made by the Manager must comply with the criteria in the Management Agreement and certain Company policies such as the Company's Statement of Investment Policies and Objectives and the Company's Socially Responsible Investment Policy. The maximum market risk resulting from investments is their fair value as reported in the statement of financial position.

The investments in Devoli Limited, RedSeed Limited, Couchdrop Limited, and Spiderworks Limited (Projectworks) are individually more than 10% but individually less than 30% of total investments at balance date.

The Company has no significant interest risk. As at 31 March 2024, the Company was exposed to currency risk in respect of its interest in escrowed amounts relating to the sale of its holdings in Vend Limited (denominated in US dollars). The final escrow amount from Vend Limited was received in full on 29 April 2024.

Punakaiki Fund Limited

Notes to the financial statements

For the 6 months ended 30 September 2024

7.2 Credit risk

Credit risk arises principally from cash and cash equivalents.

The Company's cash and cash equivalents are all held with Bank of New Zealand, which is rated AA- based on rating agency Standard & Poor's. The maximum exposure to credit risk is the carrying value at balance date.

7.3 Liquidity risk

At balance date, the Company had no significant liquidity risk.

7.4 Capital Risk Management

The Company's objective when managing capital (share capital and reserves) is to safeguard the Company's ability to continue as a going concern.

The Company is fully equity funded at this time. The Board's current expectation is additional investments will be funded through cash reserves or further equity raising.

The Company was not subject to any externally imposed capital requirements during the period.

8 Subsequent Events

- The asset value for the Company increased to \$96.9 million as at 31 October 2024 (as disclosed in the monthly NAV report released during early November 2024).
- The Company's investment in RedSeed Limited fell below 10% of the total investments as at 31 October 2024 (refer to note 7.1).
- Another portfolio company (undisclosed), whose valuation materially increased, is now individually valued at more than 10% of the total investments as at 31 October 2024.

Punakaiki Fund is managed by 2040 Ventures Limited
Level 6, 2 Kitchener Street
Auckland 1010



info@punakaikifund.co.nz



+64 021 526 239



**Punakaiki
Fund**