

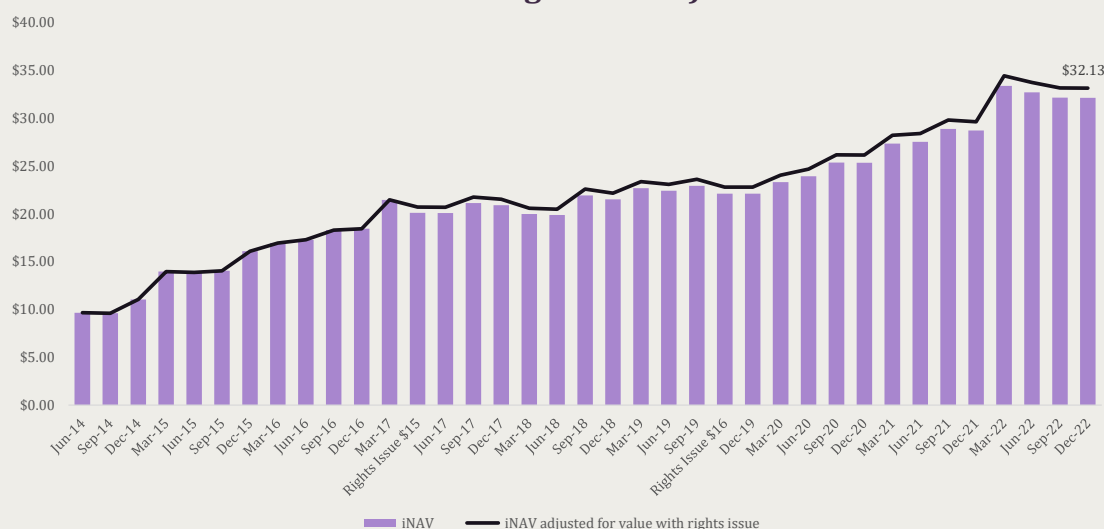
Punakaiki Fund Limited

December 2022 Quarterly Report

Key Statistics	
Total Asset Value	\$95.7 million
Investor Net Asset Value (iNAV)	\$86.1 million
Shares on issue	2,679,333
November 2023 \$30 Options	51,961
Total Asset Value / share	\$35.71
iNAV/share	\$32.13

Performance	
Annualised Share price Return – last 12 Months ¹	12.0%
Annualised Share price Return – Since Inception ¹	15.0%
Annualised Internal Investment Returns ² – All Investments	20.6%
Internal Total Value to Paid-in Capital (TVPI) ² – All Investments	2.0x

Punakaiki Fund iNAV/Share (Including Adjustments for Rights Issues)



Assumes full participation in option and rights issues.

² Internal performance measures are exclusive of all fund costs.

Dear Shareholders,

Flooding and More

Our best wishes to you and your whānau.

The March 2022 Quarterly Report started with the impact of Omicron. In June and September it was the crash of the value of technology stocks. Now we have upper North Island floods and a cyclone with far wider consequences, some of which has hit close to home. Parents of a founder and of a director out of contact in Hawkes Bay. A friend passing away. Flooding displacing a staff member and their family, including a 6-month old baby, out of their new home - probably for months. Flooding washing through an office and factory, with staff scrambling during the weekend to manage and clean up. Digging out drains, clearing the street, clearing out flooded garages, and seeing street after street of people's possessions standing on the footpath. Houses lost. And once again being locked down – schools closed, working from home and everyone working together.

We are a resilient nation. It would be nice not to have to keep proving it, but we get through.

31 December 2023 Valuation

The results for the quarter reflect, once again, the resilience of our portfolio. The Asset Value per share was essentially static, at \$35.71 versus \$35.82 in September 2022. Whilst the valuation was negatively impacted by over \$1 million in revaluations driven by changes in comparable valuation multiples derived from listed technology stocks, continued company revenue growth resulted an overall neutral result.

February 10th Valuation, and Pricing for the Retail Rights Issue and Offer

The directors also completed a valuation, as at 10 February, which was used for pricing the upcoming Rights Issue and Offer. The asset value increased by \$1.3 million to **\$97.0 million**, and the Asset Value per share rose to **\$36.20**. The investor net asset value per share was up by \$0.40 to \$32.53.

The directors have determined that the Rights Issue will be 1 for 10 at \$19.00 per share, with a simultaneous Offer for new shares at \$31.00. The Rights will be tradable, in early March, on the Catalist platform (so if you have not already, please prepare by signing up to Catalist).

Everything you need to know about the Rights Issue and the Offer will be in the product disclosure statement, which we are aiming to lodge this week. Please see below for more information about the Offer and our roadshows.

Completing the Timely Exit

We were very happy to receive our final payment of \$0.55 million from the 2021 sale of **Timely** in January 2023. We still have another \$1.08 million in escrowed amounts from the sale of Moxion and Vend, which we should receive most of over the next year.

Devoli Founders' Exit

We are delighted for Devoli founders Davey Goode and Barry Murphy, as Takutai Limited has acquired their remaining shares, with the deal closed in January.

Davey and Barry showed a 39% annualised rate of return (17 times) versus the share price used for Punakaiki Fund's first investment in the company. Our thanks to each of them, and their partners, for founding and growing the business, enabling us to invest and passing the company on to new co-owners.

The family behind Takutai are also behind the Vulcan Steel success story, and they are committed long-term investors with very similar investment and business philosophies to Punakaiki Fund. Takutai also acquired shares from staff and former staff, and now own 40.4% of the company, with Punakaiki Fund holding 53.9% and the next largest investor my brother John Wiggs, who controls just over 4%. With such concentrated shareholders we are well positioned to align on and enact long-term focused strategic initiatives.

Over the last 15 years many investors have thought they were highly skilled – only to find that when the tide goes out on constantly rising prices of assets, that some assets are better than others, and some are not really assets at all. While the same is true with our own investments, we have from the start marked down and written off investments that have not performed, and are well positioned even as the storms rage.

Long Term Focus

As investors, our role for companies and shareholders is to keep our eyes on the horizon, even while helping manage through short-term issues. We deeply respect the work that founders and staff at companies engage in, and accept that, even as directors, we are not the ones in control of day-to-day activities. We do bring experience, patience and that longer perspective, and founders share our values of doing the right thing by their own staff and customers.

Sometimes times are tough, and companies need to reduce staff. We are seeing an industry-wide trend to lower costs, and this includes a handful of our own investments.

I generally have three questions when advising on these decisions.

Firstly, what is the sustainable size of the business? We should see enough revenue and gross profit to pay the minimum amount of expenses to keep the business operating. To help mitigate investment losses we have a deliberate strategy of investing in business with strong recurring revenue, and SaaS businesses in particular can reduce costs substantially and still provide their customers with a top-quality service.

Secondly, are the proposed cuts early enough and deep enough? Making changes early lowers the chance of needing to make deeper cuts later, and making the right level of cuts means that the company can lower or avoid the stress of potentially running out of funds. We sometimes step in to help companies who make the right changes and need small amounts of funds to get through.

Thirdly, does cutting the costs still leave a path to value? We see that most companies go through tough trading patches, and we advise them to minimise the burn of cash while they get “through the fire” and learn. Eventually the company can work itself back into a strong position. But if there is not a viable path forward, then we can work with the founders to find an alternative path to value.

To be fair, almost all of our investments are trading well, and these sorts of conversations have happened in every year during our existence. Generally when these sorts of conversations are serious, the value of the company on our books has been written down sharply.

The more fun conversations are ones about managing extreme growth, and at the moment I’m most enjoying the conversations with Couchdrop and with Nadine about Projectworks. These companies ended the calendar year with revenues 2 to 3+ times that of the year before, while the smaller Core Schedule and Get Home Safe eased past the \$1 million recurring revenue milestone, and Whip Around went through 10 times that earlier in the year.

Devoli has also kept growing strongly, on-boarding residential broadband customers from Nova Energy, and now exceeds 100,000 broadband connections.

Read on to get up to date with company news, and a deep dive into Noah Hickey and the Whip Around journey.

2023 Rights Issue and Retail Offer

We are finalising our documentation for the March 2023 Rights Issue and Offer. The price is compelling, and the Rights will be tradable. The Rights are valuable, and whether you want to simply subscribe to your Rights, or to buy more Rights or sell the Rights you have then you will need to be signed up to the Catalyst platform. Please [sign up to Catalyst](#) so that you are ready for the Rights Issue and the Offer.

Quarterly Report and Rights Trading Webinar

We are holding an online session reviewing the Quarterly Report, and walking through how the Rights Trading will work on Friday 3 March at 12 noon.

[Register Now](#)

Investor Roadshow

We will also be presenting a Roadshow across the country during the week that the Rights Trading is happening. The locations and dates are below, and please check you emails for venues and how to register.

Auckland | 4:30 – 6:30 pm, Tuesday, 7 March

Craigs Investment Partners, 48 Shortland Street, Auckland CBD, Auckland

Hamilton | 3:30 – 5 pm, Wednesday, 8 March

Craigs Investment Partners, Level 4, PwC Centre corner Anglesea St and Ward St, Hamilton

Tauranga | 10:30 am – 12 pm, Thursday, 9 March

Craigs Investment Partners, 158 Cameron Road, Tauranga

Wellington | 3:30 – 5 pm, Wednesday, 8 March

Craigs Investment Partners, Level 4/20 Customhouse Quay, Wellington Central, Wellington

Christchurch | 10:30 am – 12 pm, Thursday, 9 March

Craigs Investment Partners, Level 3/76 Victoria Street, Christchurch Central City, Christchurch

Refreshments will be provided and we look forward to seeing as much of our community in person as possible.

If you plan on trading your Rights then we encourage you to join the online session, as the Roadshows will happen during the Rights Trading process.

Lance

021 526239

Portfolio Company Update

Key highlights for the December quarter for each company are below:



Shareholding: **53.9%**

First Investment: **Jun 2014**

[Devoli](#) is an Internet Service Provider that provides wholesale and corporate telecommunication and software services.

- Devoli has reached a milestone event of 100,000 broadband connection.
- They show continued success in winning wholesale customers, including Cover Communications, Mace IT and TelNet.
- Their voice business has also seen strong growth with a major customer growing at over 85% year-on-year.
- Contact Energy (a Devoli customer) won the Best Bundled Plan at the NZ Compare Awards.



Shareholding: **25.6%**

First Investment: **Feb 2015**

[Onceit](#) is an online daily deal site selling mid-to high-end fashion, beauty and homewares, predominantly in New Zealand.

- Onceit have implemented a combination of shipping initiatives which has enhanced their delivery options available to their customers, and in turn has led to an improved profit margin from shipping revenue.
- Tighter direct labour costs during the quarter has meant a reduction of labour cost per order despite an increase in average cost per hour.
- They experienced negligible Covid impacts during the holiday period with all orders dispatched on time with no disruptions in courier network. This being a great outcome for our customers, as they met guaranteed same day dispatch and overnight service expectations.



Shareholding: **26.5%**

First Investment: **Dec 2015**

[QUBEdocs](#) is a software as a service business that automates documentation for IBM TM1 on-premise and Planning & Analytics in the cloud.

- In October QUBEdocs displayed their software solution at a three day event in Germany, where Audi presented a case study that included QUBEdocs' solution.
- QUBEdocs announced the delivery of their much requested new product feature to enhance data protection and increase safety.



Shareholding: **17.0%**

First Investment: **Nov 2017**

[Quantifi Photonics](#) develops and manufactures advanced optical photonics test equipment for the global fibre optic communications market.

- Technology Investment Network (TIN) has recently recognised Quantifi Photonics in the Absolute IT Supreme Scale-Ups 2022 as the 10th highest dollar value increase in revenue in the past year.



Shareholding: **19.6%**

First Investment: **Oct 2015**

[MOBI](#) is a digital ordering and engagement platform for the hospitality sector.

- MOBI has progressed well with further onboarding to Auto upsell, seeing a reasonable increase in Average Order Value, although this feature is still relatively new.
- 'Last mile delivery' continues to grow in popularity, with benefits from cost savings and improving user experiences.



Shareholding: **20.5%**

First Investment: **Feb 2017**

CONQA provides software allowing the construction industry to do their quality assurance planning and execution online.

- Natalie Benzing has been welcomed to the team as CONQA's new Board Chair. Based in Singapore with more than 20 years' experience transforming global tech start-ups in North America, Europe and Asia, her expertise will help CONQA on the next phase of their journey.
- CONQA kickstarted their partnership with the National Precast Concrete Association Australia, presenting at their annual conference in November.
- Their Four Day Working Week trial was successfully completed and is now part of their ongoing operating rhythm, with continuous monitoring to ensure performance is maintained.



Shareholding: **6.3%**

First Investment: **Apr 2014**

[Raygun](#) provides a software intelligence platform including crash and error reporting, real user monitoring, and deployment tracking.

- Raygun have announced and welcomed Lana Vaughan as Co-Founder, a partnership that has grown from strength to strength in her role as Chief Operating Officer.
- The company continues on its journey towards being delivering a world-class API (application programming interface) experience to its customers. Recently, the company has release two new API updates, which was followed in December by an announcement regarding their Public API launch.



Shareholding: **17.9%**

First Investment: **Mar 2022**

[Couchdrop](#) changes the way SFTP works on the cloud, allowing clients to move files automatically, securely, and efficiently between platforms.

- Movebot achieved a new milestone with their largest single partner migration of over 1.2 petabyte (PB) of data transferred in just over a month.
- During the quarter Couchdrop and Movebot have continued to grow steadily with the average Couchdrop deal size value increasing as they obtain larger enterprise leads.



Shareholding: **48.1%**

First Investment: **Mar 2015**

[RedSeed](#) helps large retailers increase their sales through proprietary and customised modules in a SaaS Learning Management System.

- RedSeed acquired two new customers, Christchurch Casino and Wholesale Distributors Limited, during the quarter.



Shareholding: **28.9%**

First Investment: **Feb 2015**

[Orah](#) is a student engagement platform that helps schools and families better understand and support student needs.

- Orah released the first version of their family app.
- They also released several market-demanded updates to Nurture.



Shareholding: **29.6%**

First Investment: **Dec 2014**

[Melon Health](#) gives chronic disease patients online platforms with the tools, support and information to help manage their condition.

- Melon is progressing a partnership with the largest children's hospital in California to provide access to 'Bubble' for families in the greater San Diego area.
- Additional relationships are also being formed with YMCA's across California. The 'Strengthening Families' and 'Youth Development' programs will offer Bubble to their members.



Shareholding: **49.6%***

First Investment: **Feb 2015**

[Weirdly](#) is a Human Resources technology SaaS platform, helping companies filter the best candidates from thousands of applicants.

- Weirdly have successfully developed and rolled out an interview scheduling feature to their four largest customers, replacing third-party tool Calendly. This provides an improved user experience and a material reduction in costs to the company.
- They have reduced their burn by \$960k per annum following a restructure and removal of subscription and contractor costs.

** Shareholding prior to dilution by a material amount of founder options on issue.*



Shareholding: **17.5%**

First Investment: **Jun 2020**

[Core Schedule](#) is SaaS-based scheduling software that allows hospitals and other medical service providers to develop and administer staffing rosters.

- Core Schedule has surpassed the \$1 million annualised recurring revenue milestone.
- Their focus during the December quarter was on live events and conferences, attending events in the USA (ACEP-SFC), Australia (SA Health – Adelaide) and in New Zealand (ACEM - Christchurch & Digital Health - Rotorua).



Shareholding: **16.7%**

First Investment: **Dec 2020**

[GetHomeSafe](#) delivers personal safety, lone worker, and journey management software solutions to everyone from individuals to small-medium businesses, to large corporations, government departments and multi-national enterprises.

- GetHomeSafe's Fatigue Management Solution for the National Livestock Transport Group has recently won them an Innovation Award.
- They also entered the Excellence in Technology category at the Great Business South Awards (held in Dunedin), where they also became a finalist.



Shareholding: **3.0%**

First Investment: **Aug 2021**

Whip Around is a digital Driver Vehicle Inspections Reports and Maintenance platform that primarily services customers in the USA.

- Whip Around's new product release (Whip Around Wallet) was a success, and contributed to its continued growth. It registered record equalling quarter-on-quarter growth in annualised recurring revenue terms for the December 2022 quarter.
- It has made two key hires in sales and marketing in the US, both whom come with rich SaaS industry experience and proven track records. This will allow the consolidation of the marketing team and sales team in the US and help improve the company's customer acquisition efforts.
- A rationalisation of employee headcount was completed during the quarter, with a 20% reduction in FTE (full time equivalent) staff and a streamlining of roles for better cost efficiency. The company has continued to grow revenues at recent growth rates with this simplified structure.



Shareholding: **3.0%**

First Investment: **Dec 2021**

Formus Labs' platform employs cutting-edge biomechanics and machine learning to empower surgeons and improve the lives of patients worldwide.

- Formus Labs have successfully completed and been recommended for MDSAP (Medical Device Single Audit Program) certification. This recommendation will streamline entry of Formus Labs products into the USA, Canada, Japan and Australia, reducing the level of review required for each product clearance in each of those countries.
- They have gained the support of four new US key opinion leaders at the American Association of Hip and Knee Surgeons with the public announcement from these surgeons soon to be released.
- Dr Atul Kamath (Cleveland Clinic) has called Formus' soft tissue modelling technology the next frontier in joint replacement surgery and will guide the development of this technology into Formus' platform as well as their adoption into the US market.
- Formus reached a new monthly high for the number of surgical plans produced. Twelve months after full availability, Formus Hip is planning 42% of the surgeries in its serviceable segment in Australia, this is ahead of industry average for a new orthopaedic technology.



Shareholding: **12.9%**

First Investment: **Mar 2022**

Projectworks is a whole company optimisation platform that utilises intelligent business management software to improve a company's performance and bottom line.

- Mark Orttung has been appointed as a new director to the Projectworks board.
- Projectworks held an entire company conference in Marlborough Sounds, including bringing the US team down to New Zealand.
- They held a successful in-person event for the first time, inviting a number of prospective customers.



Shareholding: **3.7%**

First Investment: **Oct 2022**

Friendly Manager enables clubs to focus on the game by providing time saving club management and administration automation.

- The merger between Friendly Manager and Hello Club is progressing, but not yet finalised.

Truck and trace: the Whip Around story

With a \$US55 billion industry in front and a track-record of success behind, Whip Around is the US-based Kiwi start-up we all dream of. Vincent Heeringa met with CEO Noah Hickey to get the full story



It's 3am, sometime in 2017. Somewhere in Auckland, a developer is asleep. But Noah Hickey is not. The CEO of Whip Around is desperately trying to find someone, anyone, but especially the developer, to fix the Whip Around app which has gone down.

"I drove to the developer's house and was knocking on the door, knocking around the house, and ringing everything. I got some people out of bed and it turned out he was away. It was pretty awkward! But they found him and he was like 'can't we do this tomorrow?' and I'm like 'no!'"

The developer did his magic and the app was soon back online. Reputation saved.

It's a telling story from a Kiwi start-up eager to prove its worth in the world's biggest market. "Those moments matter," says Noah. "You have to be absolutely focused on delivering because we'd signed up some big customers. It's critical for them and, also, I had to set the tone internally. I had to say: we don't do that, we don't have our platform down."

Burning the early midnight oil is part of the job when your business is spread over multiple time zones. As CEO, he's based in San Diego, California. The company headquarters is in Charlotte, North Carolina. The development team is back in New Zealand.

And then there are the customers, operating 24-7 in all parts of the US, Canada, Australia, the UK and New Zealand. Like rust, the freight industry never sleeps. Late last year, Whip Around recorded its 26th million vehicle inspection, providing digital records for well over 150,000 'assets' across all parts of the globe.

The fleet management business alone is expected to reach \$US55 billion by 2030. With so much at stake, it's no wonder Whip Around is up all night.



Which is just how they like it.

Going paperless

Whip Around started in 2016 by digitising the paper-based, walk-around inspections truckers must make before and after a delivery. The compliance regime creates a mountain of paperwork and suffers from its reliance on human box-ticking. By digitising the process, Whip Around improves the reliability of record-taking and introduces a wealth of data previously not available to managers.

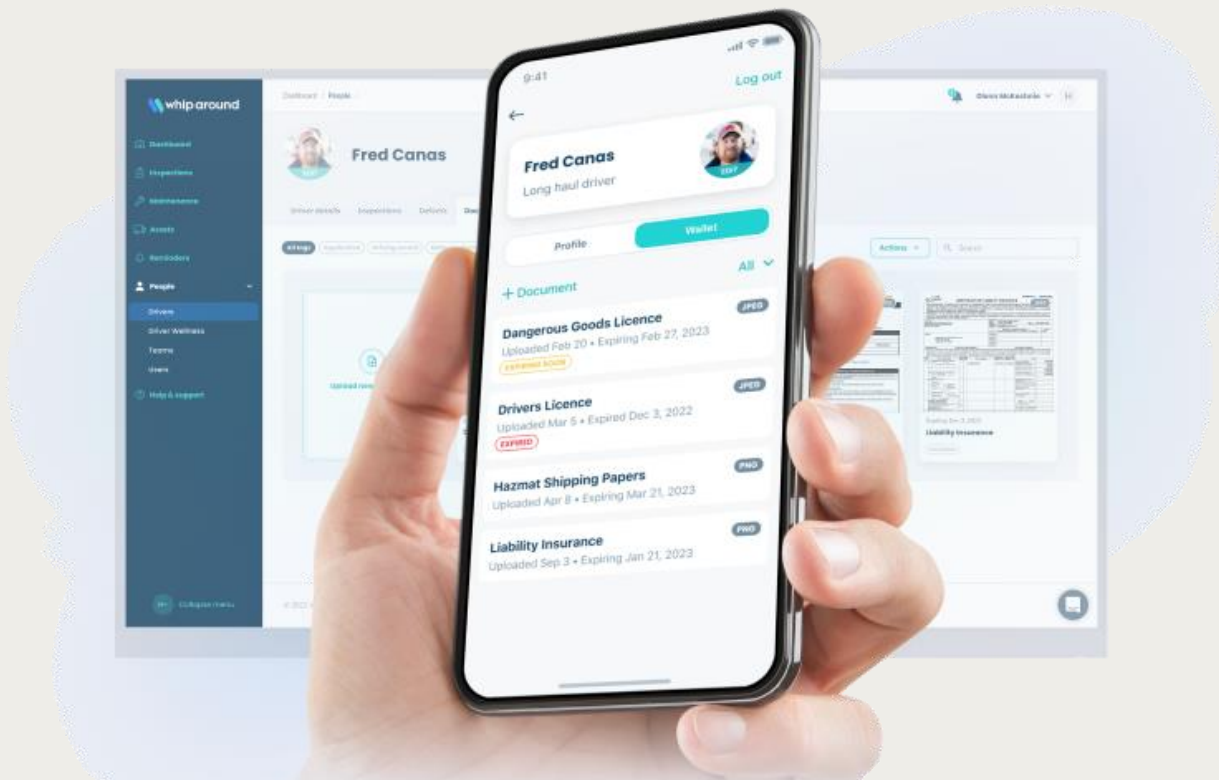
The company now manages well over 150,000 assets that include trucks, pick-ups, trailers, forklifts and other machinery. And that base is growing not just in number but in scope. Noah says that once companies see the benefits of managing the vehicles, they start asking what else Whip Around could manage. "In fact, one company just realised they could manage their inventory of road cones."

Looked at this way, there's no limit to what could be included in the Whip Around solution. All assets need managing and without measuring there can be no management. But Noah says sticking to the fleets

provides Whip Around with more than enough runway. “There are circa 140 million commercial vehicles on the road in the US alone. When you add trailers, forklifts, or generators or other things that they want to measure, then you can see it’s a really, really big opportunity.”

As if to prove the point, during our interview Noah was getting texts from co-founder James Colley about a partner they integrate with who has 3.2 million assets under management. “If it works for their trucks then why not their trailers and their other things.”

Ah, SaaS, you’re a beautiful thing.



Whip Around Digital Wallet

No brainer

It’s this potential for growth that caught the imaginations of the Whip Around founders in 2016. Back then, James Colley and Tim Boyle were friends. James was working for Toll and later DHL and saw the clunky inspection system first-hand.

In the cab of a vehicle, he asked the driver about the booklet used for the inspections. ‘What, do you do this every day?’ he asked. The driver replied: ‘yep. There are three copies: this one stays here, this goes into the office, this one goes to the fleet manager.’

Surely it should be on an app.

“James has an extremely curious mind and he’ll go and breakdown anything to make it happen,” says Noah. “With Tim he created an app and managed to get about six customers in the US along with NZ customers by the time I met them in 2017.”



Noah Hickey
Chief Executive Officer



Tim Boyle
Co-Founder & Chief Communications
Officer



James Colley
Co-Founder & VP Strategic
Partnerships

Noah, a one-time professional footballer with 33-caps with the All Whites, had just finished working with Pushpay, the donations app, and was looking for opportunities in tech as an investor and executive. “I knew James and Tim already. They came down to see me and poor James was really sick and coughed most of the way through the presentation. I’d already seen lots of pitch decks, but this was special. I was meant to go surfing the next day and I stopped everything and just did due diligence.”

Like James, Noah was amazed to see a sector so ripe for digitisation.

“The boys had done a really good job and one of the key things was that it was really simple. The app is incredibly simple to use and the information and how it could be used was incredibly valuable. So, you know, simple and valuable – you put those two together...”

To the US, now

If Pushpay has taught Kiwi software developers anything (and SaaS developers especially) it’s that the sooner the USA is engaged, the faster you get to the finish line.

But did Americans want it?

In late 2017 the team sent James stateside with a simple challenge: get 20 customers to prove its worth. That would be pretty impressive for any company but for a pioneer with no connections, no history and a funny accent it was a real test of the product. Within a month he returned with 24. Proof of concept: nailed.

The success emboldened investment. They convinced Peter Drummond – founding Watercare CEO and infrastructure specialist – to come in as an investor and chair. And they headed back to the US to cold call on prospects.

So how did this cold calling work: Hi I’m James from New Zealand. Wanna see my app?

“Pretty much!” Noah laughs. “James has an absolute tenacity and resilience to go and go and go and go. He’d been in sales before and there’s something about salespeople when they can do a hundred calls, get nothing, get up the next day and go again. That’s what he did.”

The response continued to be positive. An early win was being invited to the annual expo for 1-800-GOT-JUNK, the largest junk transporter in North America. Another was securing [Don Evans](#) as investor and board member. Evans had held senior roles in CH2M Hill, a large US engineering firm that, among other things, managed the expansion of the Panama Canal in 2007. Evans runs a nationwide consulting company and his appointment opened more doors.



James Colley and Tim Boyle

The shift to North Carolina occurred in 2018 when Whip Around employed SaaS sales specialist [Mike Flournoy](#), who built a professional sales team in Charlotte, NC. From 2018 to Flournoy's departure in September last year (to set up his own consultancy) the company grew to 92 staff and 4000% in revenue. The company has just replaced him with San Diego-based [Jason Lazarski](#).



Whip Around Team

Hard yakka

The accolades built. The company won multiple awards including 2019 Startup of the Year and 2021 Emerging Company of the Year at the Hi-Tech Awards. Its products receive five-star ratings on Apple App Store and in software reviews.

But the explosive growth was demanding on capital and personnel. "I was getting up at about one a.m. every day, after about three hours of sleep because I was still working the East Coast. And then when nine o'clock clicked in, I'd start to do capital raising in New Zealand and you'd work all the way through till about nine o'clock, go to bed and just be on repeat. It was pretty tough for a while."

It held a Series A, followed in December 2021 with Series B when Punakaiki Fund led a \$US14.5 million (\$21 million) round, alongside US venture capital firm [Amplo](#), whose investment include well known software businesses such as Intercom, Robinhood and Sharesies.

The demands of the job means Noah's not playing a lot of football. He had to give up his involvement with the Phoenix but instead coaches his son's team in San Diego. The family of two kids and Noah's wife Susie spent time there in 2018 and returned for a wedding on the eve of the 2020 lockdowns. In 2022 they moved to San Diego as a family where they have set up a new office.

"There certainly is a lot of travel," he laughs. "It's already pretty busy. You could work 80 hours a week if you wanted to. There's always more work to be done and always something to worry about. But I was away so much when we first got back to America. I realised I needed to make it to soccer practice, being there for what's actually important. That's been a big part of San Diego as well. And, we now have some leaders around that can help make that happen."

Big year ahead

The year ahead looks rosier than ever for Whip Around.

"The next 12 months are really exciting for us. I think we've probably got the strongest leadership team in America for some time. And then back in New Zealand, we are focused on the development of a suite of features that will provide customers an understanding of the total cost of ownership of their fleet and the ability to customise the system to work within their own processes and workflows. The share volume of inspection, maintenance and parts data we are collecting each minute is enabling our teams to start looking into what's never been possible in fleet maintenance before."



Whip Around Team

Has the competition also got stronger?

"It's a bit weird - because we're so early we haven't had crazy competition up until now. But even if we do, it's welcome because it simply educates the market."

Beyond the direct sales one of the most exciting areas of growth is through partnerships with established players.

“We were recently awarded as a premier partner of [Geotab](#). They’re the largest telematics player in the world and recently announced 3.2 million connected assets on their platform and we’ve got a smidge of their customer’s assets integrated, comparatively but it’s growing quickly. So we can go in there and get alongside the biggest players in the market who we already integrate with. That puts us in a place that we’ve never been and we’ve had good growth up until this stage already.”

Whip Around was already impressive but post-Covid, with the world opening up, the road ahead looks broad and long.

Awards

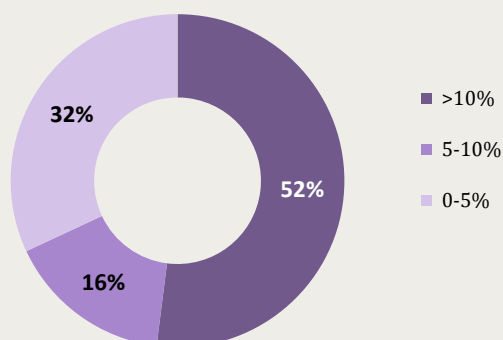


Portfolio Valuation Splits

(as at 31 December 2022)

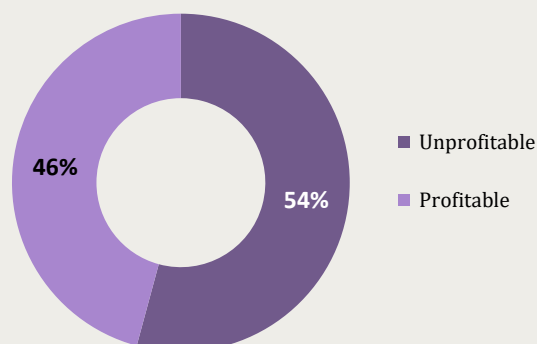
The diagrams below show various splits of the valuation of our 18 core portfolio companies.

Valuation Split By Concentration



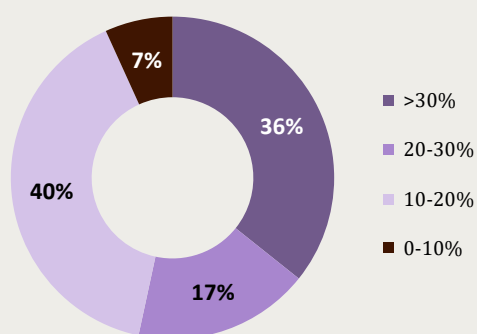
Investments in three companies that each have a greater than 10% share of the portfolio's total value, together represent 52% of the total value of Punakaiki Fund's portfolio.

Valuation Split By Profitability



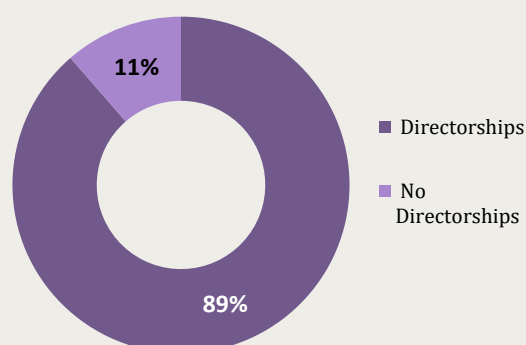
There is a good mix of profitable and unprofitable (investing for growth) companies. We are comfortable with the sustainability of the companies for now, given each's cash reserves.

Valuation Split By Ownership %



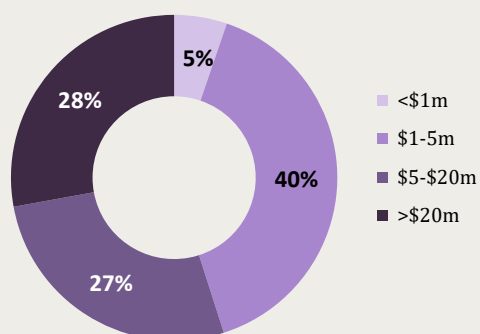
Unusually for a venture capital firm, we have large shareholdings in a number of companies – and that is where the value is increasingly concentrated.

Valuation Split By Directorship



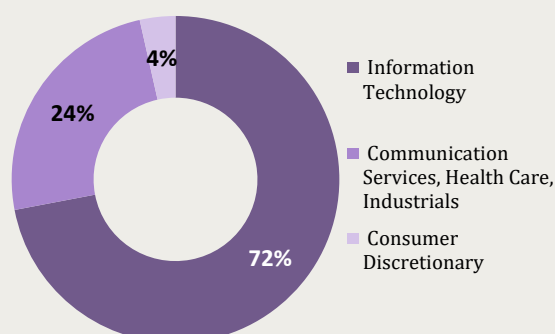
Directorships reflect that we are able to contribute where we have larger shareholdings, and thus have more visibility of and influence on company performance.

Valuation Split By Revenues



As companies grow in revenue, so, in general, does their value and the amount we can invest. We expect that over time the portfolio value held by medium and large companies will increase, unless those investments are sold.

Valuation Split By Industry



We have a deliberate strategy of diversifying across industries, and that provides resilience to external shocks, such as the COVID-19 pandemic.

In the News

CONQA

[Construction tech company appoints new chair to drive global growth](#)
[Construction tech company Conqa appoints new chair](#)
[Making the four-day week work: 'You've got to move to the future'](#)
[Sansom unlocks success for their team with the right tools](#)
[Hudson Civil Products swap overtime for family time](#)

Quantifi Photonics

[Quantifi Photonics to release the Laser 2000 Series swept tunable laser at Photonics West 2023](#)

Raygun

[Redundant Facebook and Twitter workers could 'help plug NZ skills gap'](#)
[Raygun names Lana Vaughan as co-founder](#)

Devoli

[ComCom's levy list power ranks our telcos](#)
[Contact Energy Award for best Bundled Plan 2022](#)

Orah

[Kiwi startup Orah signs Mark Zuckerberg's school, raises millions](#)

GetHomeSafe

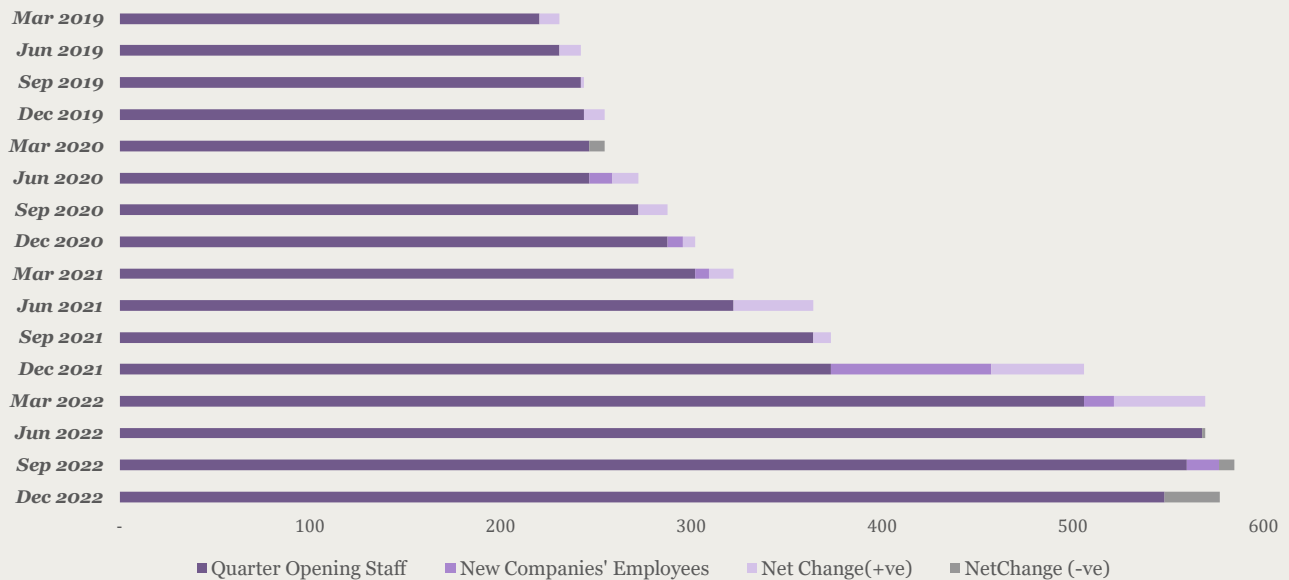
[Journey Management App GetHomeSafe Wins Innovation Category At The Grand Business South Awards.](#)

Employment Monitor

(December 2022 Quarter)

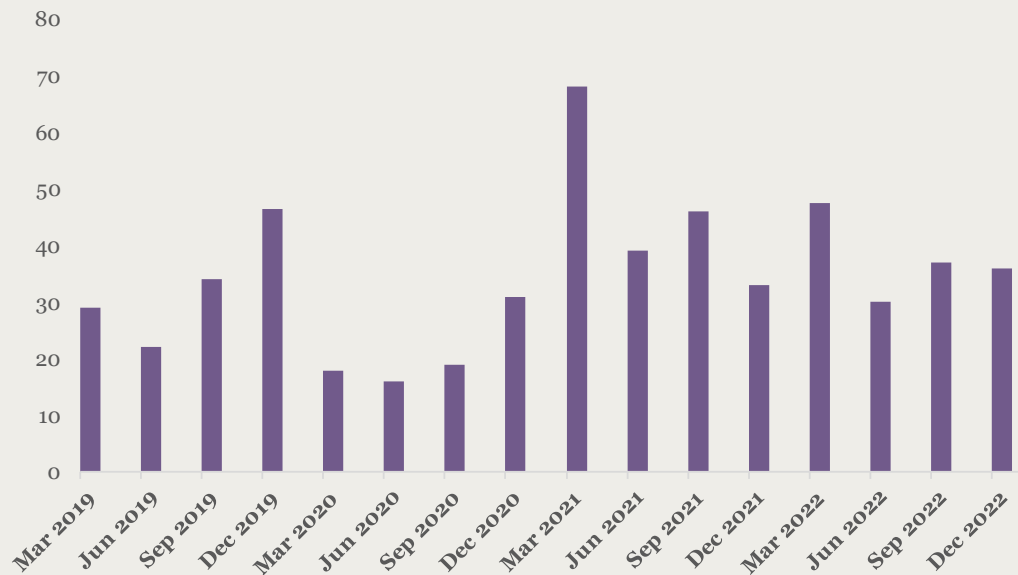
Here is a snapshot of our portfolio companies' employment situation at the end of December 2022:*

Net Change in Employment



Our employment monitor shows a total of 548 jobs at the end of December 2022 quarter, a net 29 job decrease on last quarter.

Hiring Intentions



Hiring intentions since last quarter are relatively stable, with 36 job hiring intentions across all portfolio companies at the end of December quarter.

**Employment figures are not included for companies that are sold or inactive (non-core portfolio companies).*

Corporate Update

Governance

The Board convened on 20 February 2022 for the quarterly Board meeting to consider, among other matters:

- A review of Punakaiki Fund's investment portfolio;
- The value of Punakaiki Fund's investment portfolio as at 31 December 2022;
- Punakaiki Fund's risk management suite;
- The setting of the FY2024 Administration Fee;
- The setting of Punakaiki Fund FY2024 budget;
- Punakaiki Fund's priorities and Objectives and Key Results for FY2024;
- The renegotiation of the Management Agreement between Punakaiki Fund and 2040 Ventures;
- The indicative approach to the FY2023 year-end valuation;
- Punakaiki Fund's retail offer plan;
- Punakaiki Fund's Path to IPO;
- This quarterly report.

The Board's next meeting is planned to be held in May 2023.

Progress on the renegotiation of the Management Agreement between Punakaiki Fund and 2040 Ventures is progressing and is expected to be completed prior to the May 2023 Board meeting. As the Management Agreement is not considered to be a major transaction for Punakaiki Fund under both Punakaiki Fund's constitution and the Companies Act 1993, the decision to enter into any new agreement will be a matter for the Punakaiki Fund board of directors, rather than being put to a vote of Punakaiki Fund shareholders.

Financial Reporting

The Investor Net Asset Value ("iNAV") of the fund after all contingent performance fees at 31 December 2022 were accounted for was \$86,090,051 (or \$32.13 per share), compared to an iNAV of \$85,407,364 (or \$32.16 per share) as at 30 September 2022, a minimal change. The Accounting Net Asset Value (which includes only the cash component of the performance fee and is used to calculate the management fee) was \$92,949,980 at the end of the quarter, compared to \$92,273,746 at the end of the September quarter.

Punakaiki Fund's unaudited financial summary metrics are set out in the tables below. Financial highlights from the quarter include (all including GST where applicable):

- An opening cash balance on 1 October 2022 of \$1,134,059;
- \$100,000 was invested in Weirdly;
- \$718,530 was received from the issue of 23,951 new shares and attached \$30 November 2023 options in the wholesale capital raising round;
- Management fees of \$418,286 were paid to 2040 Ventures;
- Administration fees of \$117,875 were paid to 2040 Ventures in relation to the December quarter administration services provided to Punakaiki Fund;
- Annual insurance costs of \$103,682 were paid;
- Subscription fees of \$23,041 were reimbursed to 2040 Ventures;
- \$1,587 was paid for accounting services;
- Monthly share register fees of \$2,547 were paid;
- Branding and design expenses of \$1,875 were paid;

- Directors' Fees of \$191,025 were paid;
- GST refunds of \$13,060 were received;
- Interest of 3,344 was received; and
- A closing cash balance of \$908,242 as at 31 December 2022.

Punakaiki Fund Limited - Unaudited Financial Position		Punakaiki Fund Limited - Cash Flow Summary	
as at 31 December 2022	NZ\$	for the Quarter Ending 31 December 2022	NZ\$
Current Assets		Operating Cash Flows	
Cash on Deposit	908,242	Gross Interest Received	2,829
Accounts Receivable	46,393	Bank Fees	(26)
Prepayments	81,186	Payments to External Advisors	(3,462)
Non-current Assets		Management Fees	(418,286)
Investments	94,635,000	Administration Fee	(117,875)
Total Assets	95,670,821	Other Net Expenses	(320,588)
		GST Refunds	13,060
Current Liabilities		Total Operating Cash Flows	(844,347)
Accounts Payable	53,090		
Non-current Liabilities		Investing Cash Flows	
Accrued Performance Fee	2,667,750	Investments Made	(100,000)
Equity		Investments Realised & Dividends Received	-
Retained Earnings - Operations	(8,461,274)	Dividends Received from Investments	-
Retained Earnings - Accrued Performance Fee	(9,527,680)	Total Investing Cash Flows	(100,000)
Share-based Payment Reserve	6,859,930		
Asset Revaluation	57,411,093	Financing Cash Flows	
Share Capital	47,979,109	New Capital Received	718,530
Capital Raising Costs	(1,311,197)	Brokerage Fees	-
Total Equity and Liabilities	95,670,821	Dividends Paid	-
		Total Financing Cash Flows	718,530
Accounting NAV	92,949,980	Total Cash Movements	(225,817)
iNAV (after deduction of the performance fee)	86,090,051	Opening Cash Balance	1,134,059
iNAV per Share	32.13	Closing Cash Balance	908,242

Cash Flows for the March 2023 Quarter

Since the December 2022 quarter-end, an interim quarterly management payment of \$414,130 (including GST) has been made to 2040 Ventures. The Administration Fees for the March 2023 quarter (totalling \$141,594 including GST) and brokerage fees of \$46,765 relating to the August 2022 wholesale capital raising offer have also been paid to 2040 Ventures. 2040 Ventures has paid \$3,609 to Punakaiki Fund as a refund of the December 2022 management fees following the Punakaiki Fund Board fixing the 30 September 2022 valuation of Punakaiki Fund's assets at the November 2022 Punakaiki Fund Board meeting. Accounting fees of \$6,325 (relating to the interim accounts) and share register fees of \$1,698 have also been paid. GST refunds of \$42,132 have been received.

No new investments have been made to date during the quarter. \$551,068 was received from the Timely escrow account in January 2023 as full and final settlement of the sale of Punakaiki Fund's shareholding in Timely in 2021.

Capital Raising Plans

Punakaiki Fund is planning a retail offer and discounted renounceable right issue in the March 2023 quarter. The Product Disclosure Statement is expected to be lodged in late February, with the offer and rights issue opening in early March. Applications to subscribe for shares and options in the rights issue will be administered via [Catalist](#). All Punakaiki Fund shareholders will need to be registered with Catalist in order to be able to participate in the offer and/or rights issue.

Additional Disclosures / Conflicts

With the exception of the conflicts which have been previously disclosed, the directors of Punakaiki Fund or the managers of 2040 Ventures do not have any other additional disclosures or conflicts of interest to declare.

Contact

If you require any further information regarding Punakaiki Fund, please contact Lance or Chris at 2040 Ventures in the first instance:

Lance Wiggs

2040 Ventures Limited

lance@2040ventures.com

+64 21 526 239

Chris Humphreys

2040 Ventures Limited

chris@2040ventures.com

+64 27 622 7803

For Governance queries, please contact:

Mike Bennetts

chair@punakaikifund.co.nz