Punakaiki Fund

# Annual Report

## For the year ended 31 March 2025

July 2025

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# 2025 Snapshot

## Financial Highlights

### QUANTIFI PHOTONICS EXIT

Punakaiki Fund Limited (PFL) announced the exit of Quantifi Photonics (QP) with PFL receiving over $25 million as at the date of this report.

### CAPITAL ALLOCATION POLICY

An updated Capital Allocation Policy (CAP), introduced a framework for distributions to shareholders, allocating 100% of dividends and 35% of net exit proceeds (after funding the Operating Reserve) from investing cash flows, and extending the Operating Reserve to cover 18 months of operating costs.

### SHARE BUYBACK AND CANCELATION PLANNED

With the funds received from Quantifi Photonics, the Board is proposing to initiate the company's first-ever return of capital to shareholders through a 10% share buyback at the Investor Net Asset Value per Share (iNAV per Share).

This share buyback is targeted for September and will exceed the CAP's parameters.

### AIP VISA INVESTOR APPROVAL

We are an 'Acceptable Managed Fund' for the Active Investor Plus (AIP) programme, with existing investor migrants as shareholders and a substantial pipeline.

**$105.4m**
Asset Value

**$101.2m**
Investor Net Asset Value

**$11.7m**
Profit/(Loss) after tax

**$2.9m**
Net cash used in operating activities (2.7% of year-end gross assets)

**$0.1m**
Proceeds received from investments

**15.6%**
Gross IRR from investments since inception

**$1.9m**
Capital raised

**$0.6m**
Capital invested ($0.4m into equity)[1]

**1,070**
# of Investors

*[1]$0.2 million was used to acquire derivatives to protect against currency movements for the Quantifi Photonics exit.*

# 2025 Snapshot
## Portfolio Highlights

**17**
Active investments at YE (including Quantifi Photonics)

**>500**
Employees across portfolio companies

**$38 m**
Aggregate revenue growth, up 20%

**$225m**
Trailing-twelve-months' revenue – all companies (up from $187m)

**$78m**
Total equity-weighted revenue (up 18%)

**286%**
Mark-up in Quantifi Photonics valuation due to exit.

**12**
Companies increased revenue (4 decreased revenue, 1 flat)

**9 exits**
Since 2014, excludes 4 with $0 return.

**$50.1m**
Cumulative total cash received from exits and dividends as at 9 July 2025.[2]

**>70%**
of Asset value is from companies with over $5m in annual revenue as at May 2025[1]

### EXIT
Quantifi Photonics (QP), was sold to Teradyne Inc., our largest ever exit. Mobi merged with HungryHungry to form HHM Group Pty.

### GROWTH STARS
Quantifi Photonics, Projectworks and Couchdrop increased revenue by over 50%, with strong valuation lifts.

### FOLLOW ON INVESTMENTS
We made a follow-on investment into Projectworks—one of PFL's top performing companies.

### LEADERSHIP CHANGES
There were CEO and founder changes at four portfolio companies.

[1] *as at May 2025 and excluding Quantifi Photonics.*
[2] *as at 9 July 2025. Excludes escrowed amounts.*

# 02

# Chair’s Report

# Chair's Report

My opening comments this year could easily be a cut and paste from last year's report – tough economic conditions, low GDP growth, declining consumer demand and low levels of business confidence. This is a very similar story for each of the years since COVID-19 arrived in 2020.

In reviewing performance against the targets for the last year, where we had high levels of control, we did a good job. For example, our compliance targets and milestones were met. However, there are three core areas that need improvement – the scale of our capital raising, our returns, and shareholder satisfaction, which we measure through net promoter scores from the surveys you complete for us twice a year. With the exit of Quantifi Photonics, a planned return of capital to shareholders, and successful fund raising so far this year we expect a better year ahead.

Earlier in the financial year, we updated our Capital Allocation Policy (CAP) to enable capital returns to shareholders following exits. The Quantifi Photonics transaction is expected to result in our first-ever return of capital and your feedback greatly informed our discussions. Feedback was divided between cash retention, dividend or share buyback, indicating that we have a group of long-term shareholders who prefer cash for other things and newer shareholders who want the cash retained for investments.

After analysis and thorough debate, the Board, with the Manager concurring, is proposing to return a larger amount than the CAP allows through a 10% share buyback and cancellation, subject to understanding and agreement on tax considerations. This would be the most efficient option, and fair to all shareholders given that you can choose to participate or not. The allocation from those that do not participate will be offered to those who wish to sell more than their initial 10% allocation. Post this return, we will still have funds for new investments, so the Board believes we have struck the right balance for investors.

*Punakaiki Fund Chair — Mike Bennetts*

We never intended to provide capital returns from exits, however, the ongoing delay to an IPO due to our scale and market conditions meant that we put a CAP in place, and the cash from the Quantifi Photonics exit is our first chance to return funds to shareholders. We stand behind our net asset values and will be conducting the return at our investor net asset value (iNAV) per share. We will also take this opportunity to pay the performance fee due to the Manager. We expect the scale of this capital return, and our intent to establish a market support program that allows the Manager to buy back shares under a treasury stock program, to significantly narrow the discount between iNAV and the auction prices on the Catalist platform each quarter. We anticipate the treasury stock program would be a reasonably small percentage of our cash at any particular time, but see that it should have a strong supporting element to the share trading based on our analysis of recent trading windows.

The two impediments to the scale we target for a potential IPO are capital raising and growth of the company valuations in the portfolio. Valuations are largely beyond our control, as they rely in part on global market prices. However, our influence comes from investing well in the first place, ensuring any follow-on money is well spent, and contributing to the portfolio companies' performance through directorships or other forms of input. The Manager has a continual learn and review process around portfolio management, so we are getting better at that all of the time. Quantifi Photonics is our biggest exit ever, at a deal value that was materially above our pre-deal holding valuation, having marked it down in recent periods prior to receiving the initial offer. We have a maturing portfolio, having owned some companies for 7-10 years.

We are encouraged by the early success from the Active Investor Plus (AIP) programme. We receive consistent feedback that Punakaiki Fund is a distinctive choice for migrant investors as there may be further exits over the next few years and our ability to provide liquidity to investors through capital returns and market support.

The changes to the AIP programme that came into effect on 1 April 2025 have already resulted in $4.9m being invested through our ongoing wholesale offer in the first quarter of FY26 compared to $1.9m for all of FY2025. We are not planning to conduct a retail offer, although we have not done one for some time, so are open to your feedback on that. We are also encouraging the Manager to be proactive in looking more broadly for investors.

Our focus for FY26 is straightforward – to maintain the standards in our compliance activities, raise more capital than any prior year, improve returns towards our target of 20% over a rolling five-year period, leading to an increase in shareholder satisfaction. We have specific targets in FY26 for each of these, and they are a feature of every Board meeting. We are not targeting an IPO during FY26 and see delivering on these targets as a direct enabler of the scale required for an IPO.

Whether you have been a shareholder since the early years (as I have been) or a more recent investor, we thank you for your ongoing support and assure you that it is never taken for granted. We truly appreciate the feedback we receive from you, whether in the structured form of a survey or through the numerous informal interactions that take place.

As we formally close out FY2025, I would like to extend my thanks to the Manager and my fellow directors. We welcomed Jayshree Das to the Board and her experience provides coverage in our skills matrix around financial services, accounting and our regulatory space. We are all committed to doing our best to make FY26 a distinctive year in our history. I look forward to reporting back on that in a year's time.

**Mike Bennetts**

# 03 Manager's Report

# A Year of Strategic Progress

The financial year commenced with the fall, then rise and rise again of our value for Quantifi Photonics and culminated in our largest exit to date, which is triggering a major capital return.

Quantifi Photonics was acquired by Teradyne Inc. (NASDAQ:TER), with the deal closing at the end of May 2025, and the majority of the sale proceeds received in early June. We received US$13.6 million in cash, using some to invest into Projectworks, and converting the remainder into NZ$21.6 million.

In July we received an additional NZ$2.4 million and expect to receive further funds over the next 24 months as various escrowed payments are settled and released.

We are also excited by the prospect of delivering a capital return, through a substantial and fully priced share buy-back, which we are targeting for September 2025.

*Please see section 5: Exits and Capital Returns for more information.*

**FINANCIAL PERFORMANCE AND PORTFOLIO OVERVIEW**

We are happy to report a $11.7 million profit for the year, with our total assets at $105.4 million as of 31 March 2025. The asset value per share rose from $30.14 to $34.81, and the investor net asset value per share rose from $29.57 to $33.42 in that period.

At year-end we had an active portfolio of 17 companies. When weighted by holding value, their year-on-year revenue grew by 26%. When excluding Devoli (where revenue was over $110 million and grew 23%) the weighted revenue grew by 35%.

We expect surprises in venture capital. Sometimes those surprises are negative, as we experienced a year ago when we marked down Quantifi Photonics, and other times those surprises can be positive, as we saw with the exit of the same company. With that exit we now have 16 active portfolio companies, and several of the remaining investments are large enough to have the potential to deliver material surprises at any stage over the next few years.

*Lance Wiggs and Chris Humphreys from 2040 Ventures*

We also have some compelling internal and external investment opportunities that we see will help drive the future value of the fund. Inside our portfolio we had twelve companies rise above the economic headwinds, adding $38 million of revenue, with Devoli contributing $17 million of that. However, five companies collectively had revenue fall by $3 million. These companies were generally more exposed to New Zealand and Australian markets, and in sectors that are under strain. We largely expect these to rebound as conditions improve.

Some of those market conditions have been due to the economy, while others have been due to trade uncertainty and associated customer uncertainty and reticence. We've also seen uncertainty created through the rise of artificial intelligence. We see that AI is an important tool for companies, most of whom have been using it to good effect. AI is a tool, much like computers, the internet, and software, that can help cause disruption when used well. Couchdrop founder Michael Lawson put it best when he said that it helps good people perform better and great, creative people perform at an outstanding level.

Our fund structure is built for lasting success. While the share price in the last three years was reasonably flat, we are looking forward to more sustained growth over the next three years. In our world, it is foolhardy to provide prospective financial information. Instead we focus on our investment portfolio to help companies, as much as we can, to grow their revenue and performance. We increasingly focus on the largest companies in our portfolio because they produce such dramatic changes in our value.

At exit, Quantifi Photonics represented 30% of our holding value, while Devoli is between 20% and 30%. Changes in the performance of Devoli, Projectworks, and Couchdrop will drive tremendous medium and long-term benefits for PFL. Our thesis has always been to invest into growth and to hold onto our investments for as long as we can while those companies grow.

> When companies become a material part of the portfolio, as expressed in the valuation, and they continue to grow aggressively, then we can expect material results for our investors.

That has always been our thesis. That is how we have delivered our results over the years through the growth in companies like Timely, Vend, Devoli and even Quantifi Photonics, and it is how we see the next two to three years playing out. Some of the funds that we're reinvesting will go into supporting our later-stage investments, while other funds will go into new, earlier-stage companies on a strong growth journey. We look forward to sharing more details with investors as we are able to.

### CAPITAL ALLOCATION AND NEW INVESTMENTS

With the funds received from the Quantifi Photonics exit, we anticipate that the capital return will be for a total over $13 million, inclusive of cash paid to the Manager. The Board and Manager have agreed that we may, depending upon the numbers, elect to pay out any additional outstanding performance fee (with cash to pay any tax owing). This would align 2040 Ventures more with investors through holding a substantial number of shares, and make it easier to show the underlying value of the fund to existing and new investors alike.

After allocating funds to our Operating Reserve (to meet the operating costs of the fund) and the capital return, the investments team had approximately $10 million to invest. We've made a small follow-on investment into Projectworks, with that amount paid shortly after funds were received from Teradyne. There's a potential investment into a new company being worked on, and we are currently investigating two or three other opportunities.

### INVESTMENT PHILOSOPHY AND HIGH-CONVICTION STRATEGY

We are inquisitive investors and, when we are directors, extremely active. We have strong insider knowledge about the performance of our portfolio companies and are unafraid to use that knowledge to make early follow-on and secondary investments. We have lifted the bar for making those follow-on investments over the years.

We know we can make outsized returns when we invest into the highest quality companies. We are, of course, expected to fail sometimes. But we expect that our successes should continue to dramatically outweigh those that do less well, and that those that do less well will occasionally surprise us with growth, exits, and more in the future. We're also receiving strong and increasing support from new investors, and we welcome you to PFL.

### PORTFOLIO COMPANY HIGHLIGHTS

Our three largest holdings, after the sale of Quantifi Photonics, are Devoli, Projectworks and Couchdrop.

*Michael Lawson — CEO and Co-founder, Couchdrop*

*Projectworks wins 'Emerging Company of the Year' - 2025 NZ Hi-Tech Awards*


*Devoli placed 1st in Deloitte's Masters of Growth Awards 2024, with a remarkable 478% revenue growth over the last five years*

Couchdrop is growing rapidly again this year and there are some highly promising developments to look forward to over the next few months. It's remarkable what Michael Lawson, who no doubt is a highly creative technology leader, has achieved with two companies, both Linewize and Couchdrop. Michael and his team have created products that are able to perform remarkable feats by categorising and moving large volumes of data and have clients ranging from individuals to global corporations with household names.

Projectworks also had a big year, with a new CEO, growth continuing and, in May 2025, Projectworks adding an additional US$12 million to the Series A round, led by a US venture capital firm. Projectworks has been another standout performer, and while not as capital efficient as Couchdrop, which has not needed further funding, Projectworks exudes many of the attributes that we saw in Vend and Timely.

Broadband provider Devoli delivered again in FY2025, increasing their revenue by 24% and their EBITDA by 29%. The company has strong relationships with its major clients and increasingly strong relationships with a larger number of managed service providers. Devoli specialises in helping other businesses serve their broadband and mobile clients, and does not offer retail services itself. That allows them to focus on being technical leaders, and delivering cost efficiency to lower the cost to serve for their customers. We are proud to have been supporting Devoli for 11 years. We've seen their revenue increase by over 25 times in that period, now exceeding $125 million in annualised revenue.

As our four biggest companies – Quantifi Photonics, Projectworks, Couchdrop, and Devoli – received an unusually high amount of our attention over the last two years.

We have some rising stars as well, and we're very excited that Get Home Safe has now entered the top 10 companies in our portfolio, and we'll be disclosing a bit more about it than we have in the past. Get Home Safe helps their major clients, including government departments, healthcare workers, security companies, and many others, get their workers home safely. The application has rather quietly developed to be a dominant solution in the New Zealand market and is gaining traction offshore.

## PATH TO LIQUIDITY

We continue to believe that PFL has a natural future as a listed entity, and are working to bridge the gap between where we are today and a company substantial enough to attract the interest of all New Zealand public market investors.

We know there is a large overhang of demand for high quality stocks on the New Zealand Stock Exchange and we would like to see that change, with more high quality new entrants into the market. The market does tend to trade at multiples that are lower, sometimes substantially so, compared to other markets overseas and that makes companies very nervous to list in New Zealand, but a succession of high quality company listings that show strong performance over years will help change the narrative.

*Please see section 4: Corporate Updates "Path to Liquidity" section for more information.*

**TEAM AND OPERATIONAL CHANGES**

We made a few changes at 2040 Ventures, the most notable being the departure of Ben Kay, our CFO, who left for the much brighter lights of New Zealand Cricket. We learned a lot from Ben's work, especially feedback from larger investors about our path to IPO.

Tom Culley now leads Investor Relations. Tom has grown into the role well, and that includes international travel to the US to meet with potential investors, along with our advisors and partners. He is reaching out to our largest investors, old and new, as well as continuing to run the robust communication program that he established last year with our monthly NAV reports, our revamped annual report, and more.

We are also seeing more of Chris Humphreys in the field, reaching out to existing and new investors alongside Tom. As co-founder of 2040 Ventures and PFL, Chris has generally stood in the background quite deliberately, but he has been a decision maker and closely tracked every investment in our fund since inception. Chris' engagement with investors signals a slight shift in our roles, but make no mistake, I absolutely enjoy meeting with investors, large and small, and welcome your calls as an opportunity to get feedback and to learn. I always come away from those calls encouraged, informed about where we stand, even with investors who are not happy.

Please reach out to Tom, Chris or me if you ever want to know more about our current progress or about how we can think about future investments. We are particularly interested in activating our AIP investor program, as well as speaking to increasingly large domestic institutional and family office investors. As we have said for years, we have never had a problem with deal flow. We have always seen compelling investments, and we have made our best decisions when we have had the most funds available to us. Conversely, our poorest decisions have come about when we have only had a small amount of funds and when we have looked to keep companies alive rather than make strong investments. We now have a portfolio where, by and large, we do not need funds to keep companies alive and we have a very high bar to hurdle before making follow-on and new investments.

We've been very impressed with the work performed by Cormac McCullogh on our investments team this year and promoted him during the year to Investment Manager. Coincidentally, we've also appointed him as a director of two of our portfolio companies, to great feedback.

Nadine continues to work hard as a director too, helping Mobi with their post-merger management and Projectworks with funding and growth.

We are delighted to welcome Rebecca to the Te Anau team, who comes with an environmental science background and supports the operations team, reporting to our recently promoted Operations Manager, Angela James.

We are lucky to have contracted Matthew White across to our team for the preparation of the year-end accounts and this report. Matt is able to do that because he not only has experience as a CFO before, but also experience in helping other venture capital funds and companies.

During the year, we tightened the Devoli's board of directors, where Chris Humphreys and Rohan McMahon were members of a five-person board, committing with our co-shareholders to reducing it to just three people. Rohan McMahon has now been appointed as Chair of Devoli, supported by the other two investors in order of size, one of whom is my brother, John Wiggs. Due to that conflict, I am unable to be a director of Devoli, but am keeping a very close eye, along with the rest of the 2040 Ventures team, on its performance. Rohan brings experience after a just-completed tenure of five years as the chair of Lifewise, a substantial not for profit organisation in Auckland looking after thousands of people on the margins.

I resigned as a director of Quantifi Photonics in September 2024 but stayed on as an observer and continued to assist in the exit process to completion.

2040 Ventures moved into a new Auckland office in the Ferry Building, a delightful space with views of the busy port and has led to a marked increase in the number of investors, founders, and others in the community visiting us. We welcome your visit, so please do let us know if you're in town and come and see us.

**OUR BELIEFS AND FUTURE OUTLOOK**

Chris and I started a conversation in December 2012 about our investment opportunities, our existing portfolio and the future. That conversation continues, and we and the team at 2040 Ventures still see vast opportunities ahead, backed by a compelling portfolio.

We believe in New Zealand. We believe in technology companies’ ability to generate very high margin products and services and grow high-quality businesses from New Zealand.

We believe in our ability to export our products and services to the world, using New Zealand as a headquarters and providing unique advantages that other countries cannot match. We believe in our founders’ approach, which is much more capital-efficient and humble than we see offshore, allowing us to weather tough times as well as take advantage of the great times. We believe in our portfolio and in particular, we believe in the stronger performing companies and their ability to drive higher returns in the future.

And we believe in you, our investors, and your ability to make good returns from your investment, for which we are very grateful. We treasure the funds that have been provided to us, act very frugally ourselves, and look to deliver value, as we will do later this year, through a capital return. We thank you for your enduring commitment to PFL and look forward to many future years of success.

Thanks for your ongoing support.

**Lance Wiggs**

*2040 Ventures is now located on level 2 of the Ferry Building in the Auckland CBD*

# 04 Corporate Update

# Capital Allocation Policy

## Capital Returns

In July 2024, PFL updated its Capital Allocation Policy (CAP). Under the previous version of the CAP (pre-July 2024), there was no provision for distributions to shareholders. The rationale was to retain all exit proceeds and dividends from portfolio companies to reinvest and grow PFL's overall size, consistent with its early-stage development and ambition to grow towards an IPO.

The new policy recognises investors' preference for "real" (cash) returns and demonstrates capital allocation discipline. Distributions will now be tied to investing cash flows received from portfolio companies, specifically from exit proceeds and dividends paid to PFL.

**EXIT PROCEEDS**

After the Operating Reserve is fully funded, 35% of the remaining net proceeds from the sale of a portfolio company will be allocated to distribute to PFL shareholders and partially settle any accrued performance fees owing to 2040 Ventures. The balance will be retained for investment purposes. The upcoming 10% share buy-back exceeds this policy. It was approved by PFL's Board after reviewing shareholder feedback, and agreed to by the Manager under the terms of the Management Agreement.

**DIVIDEND PROCEEDS**

100% of any dividends received by PFL from its portfolio companies will be distributed to PFL shareholders.

**2040 VENTURES PERFORMANCE FEE**

For every $4 of cash distributed to PFL shareholders from exit proceeds, $1 will be paid to 2040 Ventures as a partial settlement of their accrued performance fee. 2040 Ventures has the option to receive this payment in cash or PFL shares. No performance fee will be paid to 2040 Ventures when PFL distributes dividends received from portfolio companies.

**SHAREHOLDER OPTIONALITY**

The Board will maintain a strong bias towards ensuring capital returns are optional for investors.

**MATERIALITY**

Any distribution will be subject to the PFL Board being satisfied that the amount is material.

**TAX CONSIDERATIONS**

As PFL has minimal imputation credits available (the maximum fully imputed dividend that PFL could currently pay would be approximately $0.8 million, or $0.27 per share), we anticipate, subject to tax considerations, that distributions will generally be made via share buy-backs and cancellations, or treasury stock purchases. These types of distributions typically can be made (subject to certain conditions) up to the value of PFL's paid-up capital (currently $54 million). The PFL Board will retain discretion regarding the specific mechanism or structure used on a case-by-case basis to optimise for various factors, including tax impacts for shareholders.

## Operating Reserve

Previously, the Operating Reserve was provisioned to cover 12 months of PFL's operating costs. Funding for this reserve primarily came from new capital raises.

Under the new policy, the size of the Operating Reserve has been increased to cover 18 months of PFL's operating costs, and is replenished following significant capital raising or, if they arise, exit or liquidity events. This expansion aims to reduce pressure for frequent fundraising and mitigate the risk of discounted equity offers. The Operating Reserve and (as appropriate) investment needs will also continue to receive priority funding from liquidity events before any capital return and/or distribution is considered. However, unlike previously, dividends received by PFL from portfolio companies will no longer be retained to fund the Operating Reserve and can now be distributed directly to shareholders.

# Capital Raising

## ACTIVE INVESTOR PLUS

The Active Investor Plus (AIP) Visa programme is a New Zealand government initiative designed to attract high-net-worth individuals who are willing to invest significantly in New Zealand businesses and managed funds. This programme offers a pathway to residency for investors committing a substantial investment, with a focus on driving economic growth and supporting innovative enterprises.

The New Zealand government revamped the AIP visa in 2025, with two new, simplified investment categories, replacing the previous weighting system. PFL is an approved managed fund for the Growth Category.

**Growth Category**

- Minimum investment of NZ$5 million over a three-year period.
- Focuses on growth-oriented investments, including direct investments and approved managed funds.
- Requires a minimum of 21 days of physical presence in New Zealand over the three-year investment term.

**Balanced Category**

- Larger minimum investment of NZ$10 million over a longer, five-year period, with a broader range of acceptable investments.
- Extended minimum of 105 days of physical presence in New Zealand over five years.
- The residency requirement can be reduced by investing into Growth Category investments.

Since becoming an acceptable managed fund in May 2023, PFL has actively engaged with potential investors, welcoming our first AIP investor in December 2023 and several more since.

PFL continues to be an acceptable managed fund under the updated Growth Category, aligning with the Government's objective to drive economic growth and support innovative enterprises through high-value investments.

## PFL'S UNIQUE APPEAL FOR AIP INVESTORS UNDER THE NEW PROGRAM

PFL remains a distinctly appealing and financially savvy vehicle for visa applicants for several reasons, particularly with the recent AIP Visa changes:

**1. Aligned with the more Accessible 'Growth' Category**

As an 'Acceptable Managed Fund' primarily focused on venture capital, PFL sits within the 'Growth' category of the updated AIP visa programme. Under the 'Growth' category, visa applicants only need to invest NZ$5 million into approved New Zealand businesses or managed funds (compared with the NZ$10 million investment required under the 'Balanced' category).

**2. Existing Portfolio Base**

Investors' funds are underpinned by a substantial existing portfolio of investments into high-growth New Zealand technology companies, rather than being placed into a black box of future, or early stage, investments like most limited partnership funds. This established base provides better protection of principal and a more appealing risk profile than other funds in the Growth category.

**3. Path to Liquidity**

With the maturing portfolio, new capital returns policy, and on-going market support program for quarterly share trading, investors are entering a fund with liquidity options over a three or five year term. We also continue to explore the potential for a future IPO, which we believe is executable over the next three to five years if we achieve certain goals. See pg 19 for more details.

**4. Open for Investment**

Our evergreen model allows us to rapidly accept investments and issue shares on-demand, offering unmatched response times for investors to demonstrate their full investment to Immigration NZ. This provides investors with the agility needed to meet the new requirement of completing their investments within six months of visa approval.

**5. Transparency**

Our publicly disclosed monthly (previously quarterly) and annual reports are highly regarded and public, with annual financial reporting to an IFRS Tier 1 standard audited by a 'Big 4' firm. We are experts at high-growth private company valuation, providing clear oversight for investors.

## AIP MARKET OUTREACH

Since November 2023, we have worked with NZTE and a high quality group of immigration advisors, wealth managers, private bankers, lawyers, and others, to collectively guide investors through the updated visa process.

We are actively engaging with a large number of AIP visa prospects across the globe, especially from the USA, Germany, the UK and Asia, often meeting people in their own country.

We have received strong interest from a highly sophisticated and experienced cohort of prospective investors – including successful entrepreneurs, senior executives, and industry leaders from around the world. These individuals bring not only significant capital, but also deep expertise, global networks, and a genuine desire to contribute to New Zealand's technology sector. Many are seeking to engage well beyond the requirements of the visa – offering their time, energy, and experience to support and help scale New Zealand's most promising high-growth companies.

PFL is positioning itself as the fund of choice for AIP investors who are drawn to New Zealand's innovation ecosystem and who want their investment to have lasting impact. We are proud to offer investors a unique opportunity to back, and become actively involved with, some of the country's most dynamic and globally ambitious technology companies – directly contributing to New Zealand's economic growth and the success of its next generation of innovators.

*A panel discussing the AIP Visa program in San Francisco — March 2025*

# Path to Liquidity

Since its inception, PFL has strategically aimed to list the fund on a recognised stock exchange. We continue to see that a good IPO will benefit shareholders, and recognise the attractiveness of an IPO or enhanced liquidity for some of our longer term and AIP investors. We developed our corporate structure as an evergreen, permanent capital vehicle with an external investment manager, and our foundational constitution, all with a future listing firmly in mind.

PFL's share register is hosted on Catalist, a platform that also enables us to hold periodic share trading events. Since FY2018 we have averaged three trading windows per year, with an average of 2% of shares being traded each year over the last four years.

These trading windows have acted as a safety valve, giving the ability for those who must sell to sell, albeit at a discount. We do not hold trading events when we are in possession of unreleased material information, or when there is a major fundraising effort underway.

We are doing three things to help increase the volume of trade, aiming to provide better liquidity to shareholders and trading prices closer to the fund's intrinsic value:

- The 10% share buyback and cancellation triggered by the sale of Quantifi Photonics will be conducted through the Catalist platform, where over 92% (almost all) shareholders are already registered. We will also encourage participation in a share trading window on Catalist intended to follow shortly after the share buyback.
- We are establishing a new Market Support share trading policy for PFL (see page 25 of this report). This gives PFL the ability to acquire (and sell) our own shares, up to a maximum of 5% of our shares at any given time. Any shares purchased will generally be held as treasury stock, to be reissued to new investors as we raise capital.
- We will endeavour to do a better job in promoting the share trading beyond PFL shareholders, and will help Catalist to make the on-line auction process easier to understand.

We still have a focus on an eventual listing. Our goal of an IPO offers a compelling strategic rationale that aligns strongly with the objectives of both general investors and AIP visa holders under the program's revised framework.

PFL's key motivations for an IPO include:

**1. Providing Liquidity**
A listing would offer essential liquidity to both current and prospective investors through the listed market. For AIP visa holders, a clear path to liquidity within their three to five-year visa investment terms is a significant value proposition, allowing for potential exits or portfolio rebalancing.

**2. Access to New Zealand Technology Companies**
An IPO would allow a broader range of investors, including retail investors, funds investing in listed shares, and AIP participants focusing on the Growth Category, to easily access New Zealand's high-growth technology companies and increase the local allocation of investment capital to venture capital as a distinct asset class.

**3. Raising Permanent Capital**
Attracting a broader and deeper pool of equity investors would enable PFL to raise additional capital, funding future growth and investment.

We intend to replicate the precedent set by successful listed venture capital funds in Australia, the United Kingdom, Europe, and North America.

While the Board currently considers a listing unlikely during the remainder of FY2026 or in FY2027, our long-term vision remains. Our immediate goal is to achieve substantially greater scale, driven by portfolio revaluations, and by raising substantial funds at or around Net Asset Value. We will continue to monitor external market conditions for improvement and work to obtain robust investor support, as PFL's success as a listed company will depend on achieving scale, ongoing institutional investor support, and greater market liquidity.

We continue to engage actively with investors, brokers, and advisors regarding our future listing intentions. Encouragingly, there remains strong interest and preparedness to invest in or support a listed venture capital fund, particularly given several successful global precedents over the past decade. This ongoing market engagement is a critical part of our strategy, leading up to and beyond any future IPO.

# 05 Exits and Capital Returns

# Quantifi Photonics — A Landmark Exit

In early June, PFL received the equivalent of NZ$22.8 million from the main settlement payment from its exit of Quantifi Photonics. Our reported holding value includes an additional amount reflecting the balance of the deal value retained in several escrow accounts. These amounts are now reported in the "Investments Held For Exit" category within our monthly NAV reports and are expected to be paid to PFL during FY2026 and FY2027. The sale of Quantifi Photonics was denominated in US dollars, and while the exchange rate at the time of conversion wasn't as favourable as other times since contracting, we are nonetheless delighted with the end result for PFL.

PFL first invested into Quantifi Photonics in 2017, investing just over $2 million into the company and acquiring shares from founders. In 2021, PFL led a $15 million round by investing a further $5 million into the company, with some of the funds being allocated to allow founders to sell a small amount of their shares as the company grew. PFL also acquired a small number of shares from an earlier founder of a predecessor company in the following year. PFL chose not to, and didn't have material funds to be able to invest in the 2022 $25 million investment round that was led by Intel Capital, but Lance temporarily acted as Chair of the Quantifi Photonics Board to help navigate the deal.

In FY2024, the company's major customers saw a downturn in their businesses, an issue which affected many of their suppliers, including Quantifi Photonics. So Quantifi Photonics' own results were well beneath those that were expected, which precipitated an investment round proposal in March-April 2024 that was at a value per share substantially below PFL's then carrying value. As a result, PFL immediately chose to write down the value of the company as of March 2024, taking a substantial hit to PFL's net asset value. The discounted round eventually closed in September 2024. Within a few weeks of that event, PFL had strong evidence an exit would occur at a price close to what was ultimately achieved. Without disclosing the evidence that PFL had, in September 2024 PFL was able to recover some of the holding value previously lost, and once PFL had confidence of the exit occurring, marked up the value again. From knowing about the deal to closing the process took eight months. The process was smooth and the result was never really in doubt.

Overall, PFL expects to receive a return equal to 3.6 times its total investment. Our initial investments in 2017 and 2018 will return over 4.8x, which is good and reflects the higher, earlier risk, while later ones are closer to 3.2x, which is decent and reflects later, lower risk investments. These are acceptable returns for venture capital given that they are larger investments versus the size of PFL, and especially in the context of the markdown a year earlier.

The bump in valuation caused by the exit reiterates that while PFL values companies based on largely revenue multiples and recent investment rounds, trade acquirers are able to look beyond the immediate numbers and understand their value when combined with their own businesses. PFL has seen this work in practice with its previous exits of Linewize and Moxion, in particular.

The Quantifi Photonics story is one that PFL is proud to share with six other major New Zealand investors, including three government owned or backed funds: UniServices, Nuance Connected Capital, and Pacific Channel.

It's worth mentioning K1W1, the investment vehicle of Stephen Tindall, which has been in operation for over 30 years. K1W1 is everyone's friendliest investor. They make decisions quickly, invest a small but reasonably consistent amount, are unafraid to be bold at times, and are good friends to founders and other investors. While K1W1 were strong supporters alongside PFL in two previous investments that did not succeed, that's more than made up with through this excellent result. Our thanks to K1W1, and to all of the other investors who supported Quantifi Photonics.

Most of all we give our thanks to the founders and team at Quantifi Photonics. Andy Stevens and Iannick Monfils did exceptionally well in building the company to where it is today, and deserve all of our praise. Iannick is staying with the business as CEO, and Andy stepped aside a year ago. Special thanks also to Peter McDonald, the no longer unsung CFO hero of the last 18 months. Pete worked tirelessly and exceptionally well across a wide range of unusual and intensive events, cumulating in the exit transaction. And our thanks to the directors of the company, from 2017 until the conclusion of the transaction.

# QUANTIFI PHOTONICS™

In Q2 2025, Quantifi Photonics was acquired by Teradyne Inc (Nasdaq: TER). The sale of the industry-leading photonics test and measurement company marks PFL's fourth and largest major exit in four years. PFL was the lead investor for the first two rounds, and was the largest local investor, second overall behind US-based Intel Capital.

# Conviction-Based Investing and Returns

PFL invested a substantial amount into Quantifi Photonics with high conviction. This mirrors some of PFL's earlier investments. Our investment into Vend was with even higher conviction that the returns would be strong because the company was at a much later stage in its journey. Our investment into Timely was high conviction because of the extremely high quality of the product and team.

Our investment into Moxion was with reasonable to high conviction, and we were pleasantly shocked when, within weeks, PFL got notice that the company was in play for exit, which it subsequently delivered. PFL's investment in Linewize was one of its earlier investments, and PFL had high conviction in its team. The results of the exit were less than we expected because we sold down the acquirer's shares following a substantial drop in the acquirer's share price, a lesson we learned and subsequently successfully applied to the sale of the acquirer of Vend's shares. With all five of these companies, we invested with conviction, and with, what were at the time, substantial funds.

In most, or arguably all, cases we were unable to follow on when we wanted to due to lack of funds, and would have made even higher returns if we had done so. PFL's returns were all multiples of our investment, and further investment would have been relatively lower risk while still providing strong returns.

We know that we invest well when we invest with high conviction into companies that are more developed. We are very comfortable in making investments that are reasonably small in the context of the fund into companies at earlier stages, but we've learned from mistakes in the past where we made larger investments into companies that were not yet demonstrating stability and sustainability.

It's worth reiterating that in the companies above, we missed out on larger returns because we were unable to meet the requirements of the companies in later and larger rounds. So the more funds we can raise and have on hand, the more that we are able to deliver returns to its investors.

PFL has made other investments which are held on its books at substantially higher multiples versus the original investment.

PFL looks forward at some stage in the future to sharing more details of some of those other investments too, perhaps when those companies exit as well.

The last time PFL received a substantial amount of money from exits was in FY2022, when PFL received $20 million. Coincidentally, PFL invested the same amount of money in FY2022 and has achieved, according to its book values, internal rates of return of well over 30%. Those returns include $21.2 million in cash returned to the fund from the exits of Moxion and the FY2022 investments in Quantifi Photonics.

| NOTABLE EXITS | TVPI | IRR |
|---|---|---|
| timely | 7.9x | 33% |
| vend | 3.6x | 25% |
| MOXION | 3.4x | >3,500% |
| Linewize by Family Zone | 1.4x | 19% |
| QUANTIFI PHOTONICS | ~3.6x* | >25% |

*The sale of Quantifi Photonics to Teradyne Inc was announced in March 2025 for a confidential amount*

# Return of Capital to Shareholders

The sale of Quantifi Photonics has presented PFL with the opportunity to make its first ever return of funds back to shareholders.

A year ago, we announced our updated Capital Allocation Policy whereby 35% of the returns from any exit would be returned to shareholders and used to make a performance fee payment to the Manager, after provisioning for our operating reserve.

The Board, with 2040 Ventures support (subject to certain conditions), has agreed to make a more substantial return than required under the Capital Allocation Policy. We intend to conduct a buyback of at least 10% of the shares on issue at a price that reflects the value of the company — the investor net asset value per share prevailing at the time of the capital return. We expect many shareholders to participate in this buyback.

Part of the reason for the Board's decision to choose this approach is to send a very strong and clear message that the Board and the Manager back our valuations.

We hope that one impact of this capital return will be to reactivate the share trading market, encourage people to participate, particularly when shares trade at large discounts to the shares' fundamental value.

The return of capital will be made by buying shareholders' shares through the Catalist website. You will receive emails and you may also receive phone calls (if required) to inform you about the buyback process.

Please make sure that you are signed up to Catalist and that they have your bank account details. When the buyback happens, we will then be able to get your authorisation, buy back and cancel some of your shares, and send the funds directly to your nominated bank account. This process is something that PFL could not have contemplated undertaking without using Catalist as its share register, and we are grateful for this ability.

## How to Create your Catalist Account

CATALIST

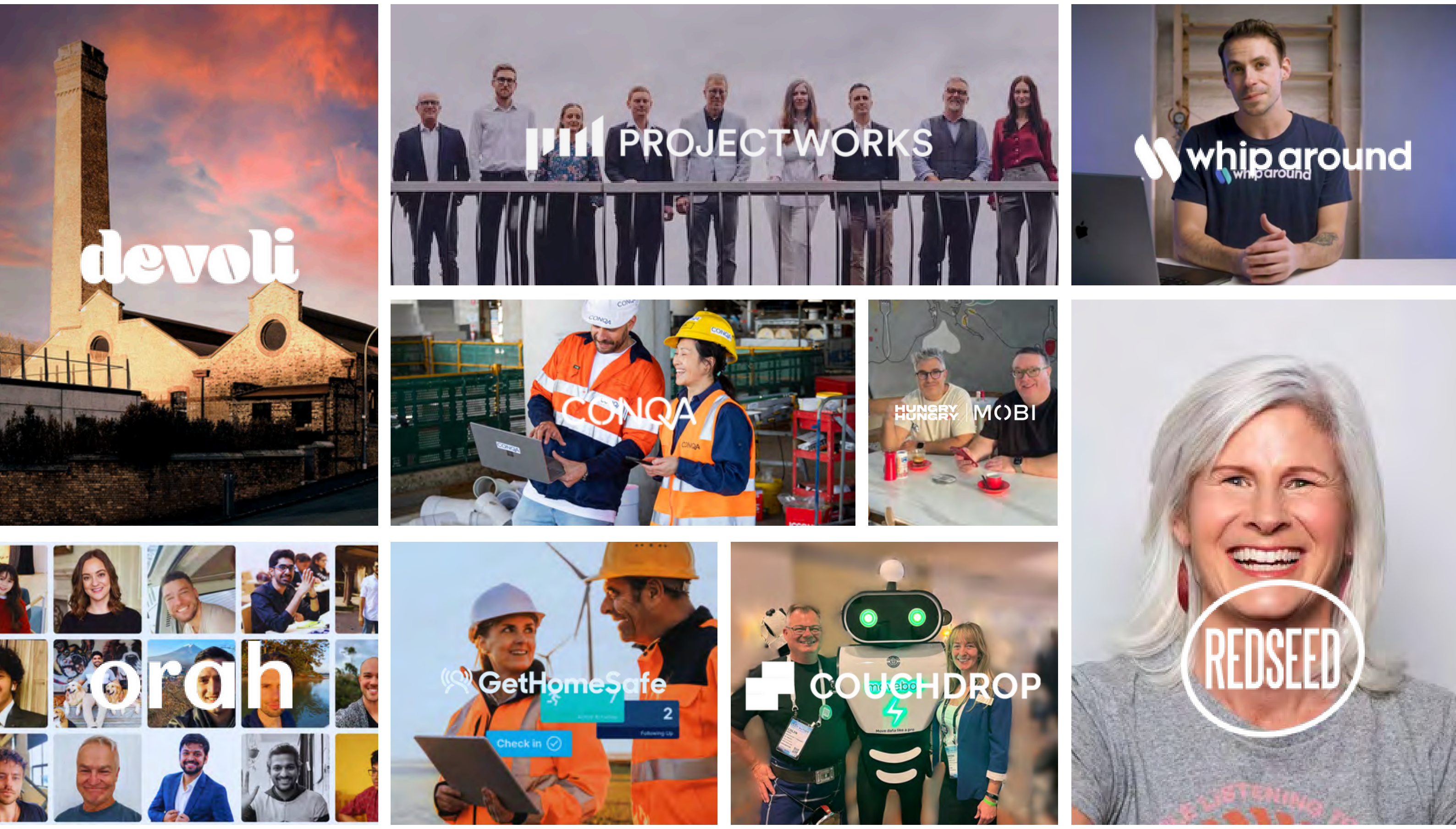
Punakaiki Fund's share register, share trading rounds and capital returns are facilitated via the Catalist Markets platform.

1. Go to: pfl.vc/catalist or click here
2. Follow the prompts to create and verify your account
3. Your existing Punakaiki Fund investments will be added to your account within one business day after you have completed the signup process
4. If you do not see your existing investments after this time, please submit the code **mC1MBwQ3D** at the bottom of your dashboard, or contact Catalist at hello@catalist.co.nz

# Market Support Program

The Board has elected to commence a market support program, where 2040 Ventures will have the authority to participate in share trading windows on PFL's behalf using this mechanism. PFL will authorise itself to buy back up to 5% of its shares and place them into treasury stock, with funds being reintroduced into PFL as those shares be reissued. Depending on market activity, this may assist with PFL having a more efficient share trading market. PFL will also endeavour to do a better job of promoting its share trading windows to other Catalist users and beyond.

Your shares are valuable. By conducting any share buyback at iNAV per share, PFL is telling you that it stands behind its valuations and PFL hopes you are encouraged to hold on to your shares for the longer term.



# 06

# Portfolio Review

# Top 10 Investments

## Portfolio Net Asset Value - As at 31 March 2025

| | Company | Company description | Shareholding | ROI | Holding Value |
|---|---|---|---|---|---|
| SUBSTANTIAL $20m+ | devoli | Wholesale internet service provider powering Contact Energy & Nova | 53.9% | 3.5x | $27.0m TTM Revenue $147m |
| | ONCE·IT | New Zealand discount ecommerce site for fashion, furniture and more | 25.6% | 5.2x | |
| | whip around | Digital fleet maintenance solution serving USA trucking market | 3.0% | 0.7x | |
| EMERGING $5-$20m | PROJECTWORKS | Professional services automation software | 11.4% | 4.6x | $59.1m TTM Revenue $47m |
| | QUANTIFI PHOTONICS | Optical photonics test & measurement equipment & software | 13.1%[1] | 3.6x* | |
| | HUNGRY HUNGRY \| MOBI | On and off-premises hospitality digital ordering and engagement platform | 15.1%[2] | 0.5x | |
| | CONQA | Quality assurance and productivity software for the construction sector | 20.5% | 1.2x | |
| | COUCHDROP | Software for moving vast amounts of data between platforms | 21.8% | 4.0x | |
| SUSTAINABLE $1-$5M | REDSEED | Coach-led off-the-shelf and customised learning for frontline staff | 48.5% | 4.8x | $11.3m TTM Revenue $7m |
| | orah | Duty of care platform for schools enabling students safety and support | 28.9% | 3.6x | |

| ASSET VALUE | |
|---|---|
| **Total Holding Value for top 10 investments** | **$97.4m** |
| Holding Value for other active investments | **$6.0m** |
| Investments Held For Exit (Escrow cash & companies) | **$1.2m** |
| Cash (net) | **$0.7m** |
| **Portfolio Net Asset Value[3]** | **$105.3m** |

***Notes:***
*We perform or obtain an audited valuation for each investment at least once per year. All valuations are reviewed monthly and quarterly, checking for major changes in company and market performance, as well as other valuation inputs.*
*[1]Subsequent to balance date Quantifi Photonics was acquired by Teradyne Inc. (Nasdaq: TER).*
*[2]Includes an interest in some shares with a minor economic value.*
*[3]Portfolio Net Asset Value is the value of PFL's investment portfolio, cash and net working capital, but excludes any performance fee liabilities.*
**The sale of Quantifi Photonics to Teradyne Inc was announced in March 2025 for a confidential amount.*

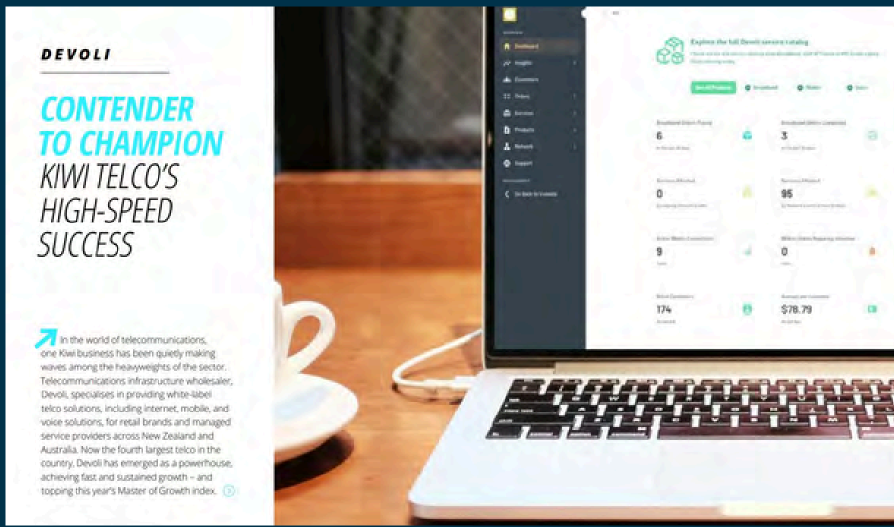
# devoli

Devoli is a wholesale telecommunications company that empowers customers to launch, innovate and scale connectivity services for residential and business end users.

SHAREHOLDING:
**53.9%**

FIRST INVESTMENT:
**June 2014**

DEVOLI.COM




**Devoli continues to grow, with year-end results showing revenues up 24%, much faster than industry growth of 2.6%, with Devoli continuing to win market share. The company recorded an EBITDA increase of 29%. At the end of FY2025, Punakaiki updated its carrying value for a slight decline in Devoli's valuation arising from an independent valuation. The main contributing factor of the decline in valuation was lower multiples for listed telecommunications companies.**

## COMPANY OVERVIEW

Based in Auckland, Devoli is now the fourth largest residential broadband provider in New Zealand, with annualised revenue now over $125 million at the end of May 2025.

The company uses its own software to help clients provide telecommunications services to their end users. Devoli's platform and products allows customer to avoid high-cost capital investment and reduces the cost to acquire and services telecommunication services that can be on-sold or bundled with the customers other products.

Devoli's platform is currently servicing over 150,000 broadband connections to their customers across Australia and New Zealand. These customers include long-time partners Contact Energy and Nova Energy, joined in 2024 by Pulse Energy. All three clients are delivering sustained connection growth. Devoli is the largest provider of bundled broadband services to energy companies in New Zealand by a substantial margin.

The Devoli platform also enables Managed Service Providers (MSPs) to scope, quote, and provide tailored telecommunications products that generate recurring revenue for their business clients.

Devoli does not provide products directly to end users that compete with those of its customers. It remains focused on innovating and scaling connectivity solutions for its partners.

## BUSINESS UPDATE

In December 2024, Devoli placed first in the Deloitte Masters of Growth, indicating it has the highest growth over a five-year period of any New Zealand business of material size.
With its very large telecommunications network, Devoli has the ability to provide products to business customers at compelling price points and enabling a low cost of service for its customers. And as it does so, we expect to see improved profitability over the next few years.

During 2024, Devoli's Board was refreshed with Chris Humphreys, (2040 Ventures Principal) and Martyn Levy (former shareholder representative and independent director) resigning from the Devoli Board, and John Wiggs, Lance Wiggs's brother and former CEO of the company joining the Board as a shareholder representative.

PFL continues to be optimistic about Devoli's future, seeing continued growth in both revenue and profitability as the company continues to win market share in NZ and Australia.

# ONCE·IT

Onceit is an e-commerce business providing access to premium high-end New Zealand designer fashion.

SHAREHOLDING:
**25.6%**

FIRST INVESTMENT:
**Feb 2015**

ONCEIT.CO.NZ

Onceit has seen challenges in the current economic environment in FY2025, but revenue has stayed strong, as buyers look for well-priced fashion and other goods.

## COMPANY OVERVIEW

Onceit is an e-commerce online retailer offering top brands in fashion, beauty, and homewares at great prices, predominantly in New Zealand but also ships to Australia. Launched in May 2010 and founded by Jay Goodey, Onceit has become a one-stop destination for more than 500 local and international brands, serving over 200,000 members.


## BUSINESS UPDATE

Current economic conditions and the cost of living have had an impact on Onceit's non-recurring revenues, however the company took pro-active steps to cut costs and go back to basics in some areas. That meant scaling back the marketplace offering to ensure that products were aligned with Onceit and providing value and fashion to customers.

The company completed the relocation of its distribution centre, impacting trading performance from May to July, but improving warehouse efficiency.

The e-commerce sector is exposed to general economic conditions, and remains a challenging environment, marked by three years of recession in GDP per capita.

Onceit has benefited from the efforts of investor, director and highly regarded ecommerce leader Simon West spending time working in the business. We thank him for his efforts.

# PROJECTWORKS

Projectworks is a project intelligence platform that engineering, architecture, software, and management consulting firms use to run and scale their business profitability.

**SHAREHOLDING:**
11.4%

**FIRST INVESTMENT:**
March 2022

PROJECTWORKS.COM

Projectworks continued its strong growth trajectory, continuing as one of the fastest-growing companies in the portfolio and one of the most promising tech companies in New Zealand.

## COMPANY OVERVIEW

Projectworks' cloud-based software automates consulting firms' project processes, getting them out of the resourcing, forecasting, and reporting weeds so they can focus on delivering outcomes for their clients.

Launched from Wellington in 2019, the company has grown quickly, serving over 600 (March 2025) customers across more than 50 countries.

## Business Update

Projectworks became a US domiciled company in 2024, and in May 2025 closed a USD $12.0m raise led by New York Venture Capital firm Ten Coves. The round was also supported by existing investors, including Bridgewest Group and Punakaiki Fund.

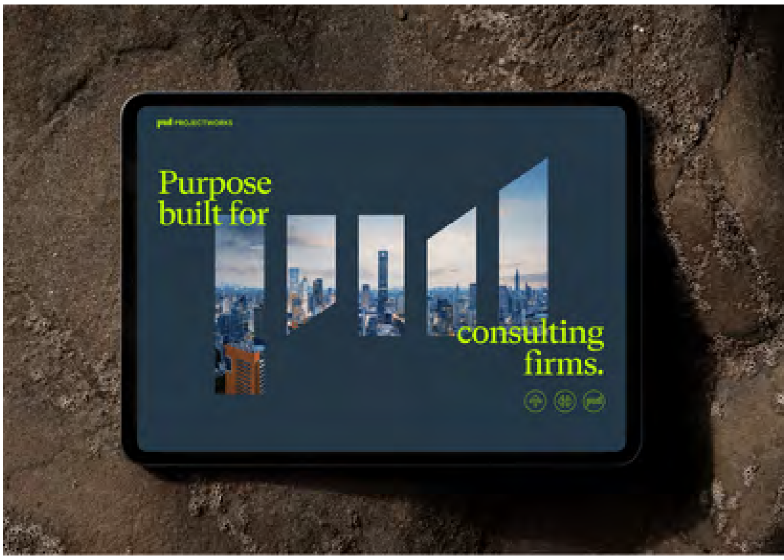
The company's growth in the first half of 2024 was helped by the closure of Workflow Max, previously owned by Xero. Many Workflow Max customers migrated instantly via a specifically built API to Projectworks.

The second half of 2024 saw increasing numbers of new customers in both the US and UK, assisted by a new partnership programme and other new sales channels.

The Series A funding will go towards developing new AI tools - including a new product that will enable the rapid creation of high-quality proposals.

Projectworks received a number of awards, including:

- 'Emerging Company of the Year' at the New Zealand Hi-Tech Awards in May 2025,
- shortlisted for New Zealand's 'Best Places to Work',
- #19th on the Deloitte Fast 50 2024; and
- #557 on the Inc. 5000 list of fastest-growing private companies in the United States.



# QUANTIFI PHOTONICS™

Quantifi Photonics develops and manufactures test equipment for the global photonics market.

**SHAREHOLDING:**
**Sold**

**FIRST INVESTMENT:**
**Nov 2017**

QUANTIFIPHOTONICS.COM

" By combining Quantifi Photonics' deep expertise in photonic testing and Teradyne's leadership in semiconductor ATE, we are uniquely positioned to revolutionize photonics high-volume manufacturing. "

Iannick Monfils
CEO & Co-founder, Quantifi Photonics

We are excited to announce that Quantifi Photonics has become part of Teradyne Inc., a global leader in automated test equipment and robotics systems.

## COMPANY OVERVIEW

Quantifi Photonics is a New Zealand-based company specializing in photonics test and measurement solutions. Founded in 2012 as Southern Photonics, it rebranded to Coherent Solutions in 2013 and later to Quantifi Photonics in 2020 to reflect its broader focus beyond telecommunications.

## EXIT

In March 2025, Teradyne (NASDAQ:TER) announced that it would acquire Quantifi Photonics, aiming to integrate its photonics testing solutions into Teradyne's broader portfolio of automated test equipment. The transaction was completed on 31 May, 2025.

## BUSINESS UPDATE

Quantifi Photonics delivered a landmark year, with strong internal performance cumulating with the exit.

We congratulate founders Andy Stevens and Iannick Monfils and all staff. Iannick took over as CEO from Andy in 2024, and is now President of Quantifi Photonics. Quantifi Photonics has retained its identity and will operate as an independent business unit under the new ownership. Pleasingly the company is hiring key roles in engineering, sales, marketing and operations.

# MOBI

MOBI merged with HungryHungry (HHM Global) in May 2024. The companies help food service businesses sell more by offering online and table-based ordering products, as well as merchant solution services.

**SHAREHOLDING:**
**15.1%***

**FIRST INVESTMENT:**
**Oct 2015**

**MOBIHQ.COM**

MOBI completed its merger with Australian peer HungryHungry to form HHMGlobal Group Pty Ltd. The merger created a company with larger product range, market presence and capabilities.

## COMPANY OVERVIEW

In FY2025, HHM Global Group reached a major milestone by fully integrating the operations of MOBI and HungryHungry, laying a robust foundation for its global hospitality technology platform. Under the leadership of HungryHungry's founders, the unified company combines MOBI's robust, enterprise-grade capabilities with HungryHungry's consumer-first innovation. This powerful synergy now enables the Group to serve over 2,800 venues across more than 15 countries with a market-leading digital ordering and guest engagement solution.

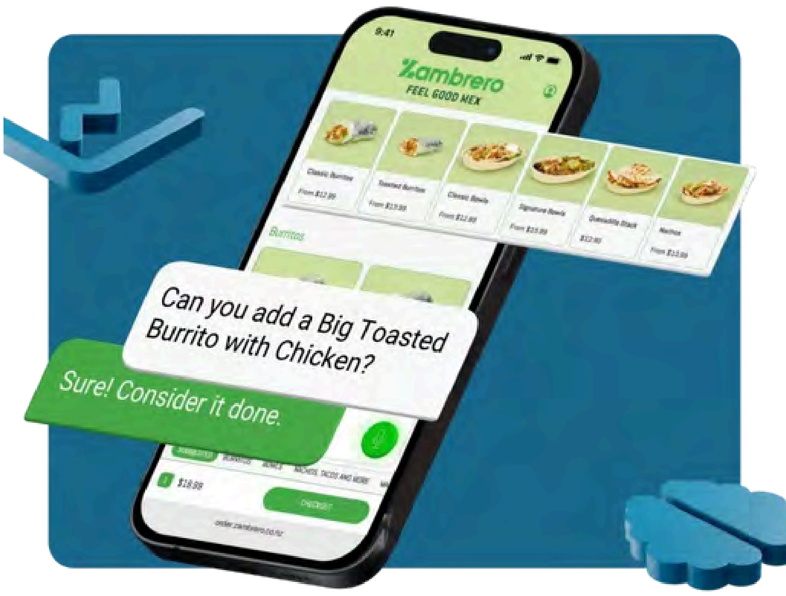
## BUSINESS UPDATE

Despite challenging market conditions, including prolonged inflation, high interest rates, and reduced discretionary spending, HHM improved its financial position and is budgeting positive EBITDA for FY26.

HHM adopted a product-led growth strategy aimed at driving higher average revenue per user and boosting customer retention. This strategic shift, underpinned by key technology differentiators, has already delivered strong early results including higher conversion rates, increased sales, and a significant reduction in support tickets. With these advancements, the company is well positioned to offer a comprehensive suite of products to the international market.

**39% of PFL's shareholding of MOBI HQ has minor economic value.*

HHM adopted a product-led growth strategy aimed at driving higher average revenue per user and boosting customer retention. This strategic shift, underpinned by key technology differentiators, has already delivered strong early results including higher conversion rates, increased sales, and a significant reduction in support tickets. With these advancements, the company is well positioned to offer a comprehensive suite of products to the international market.



# CONQA

CONQA (QA Tech Limited) is construction software that makes quality assurance simple and easy for contractors, enabling them to deliver projects with confidence and track live progress.

**SHAREHOLDING:**
20.5%

**FIRST INVESTMENT:**
Feb 2017

CONQA.COM


CONQA delivered a cash flow neutral year and expanded its infrastructure, renewable energy, and mining project business.

## COMPANY OVERVIEW

CONQA simplifies Quality Assurance for construction contractors, removing the administrative burden associated with reducing costly rework. The platform makes it easy to inspect and capture evidence of compliant work. The powerful reports help contractors to monitor progress, substantiate claims, and keep cash-flow resilient. By prioritising the site user experience above all else, CONQA ensures these benefits flow seamlessly upstream to every stakeholder.

## BUSINESS UPDATE

Founded in 2015 by Barney Chunn, Pete Simons, and Dan O'Donoghue, CONQA's platform continues to help clients reduce rework and improve construction projects.

Barney stepped aside from the business during the year, with Dan remaining a CEO and Pete becoming COO. With 10 years of progress, billions of dollars' worth of projects completed, and strong annualized recurring revenue, all three founders and staff can be proud of the journey to date.

During the year the company further extended its reach into the infrastructure sector, with new product features such as progress reporting, lot management and issues management helping land clients, notably in the energy, infrastructure, and civil sectors across Australia.

The company reset itself to operate sustainably and has sufficient revenue to balance investment into new product development while serving existing and adding new clients.

*Pete Simons and Daniel O Donoghue, Conqa Co-founders*

# whip around

Whip Around improves asset utilisation of fleet and fixed equipment by keeping inspections, work orders, and fleet health data in easy to use preventative maintenance software.

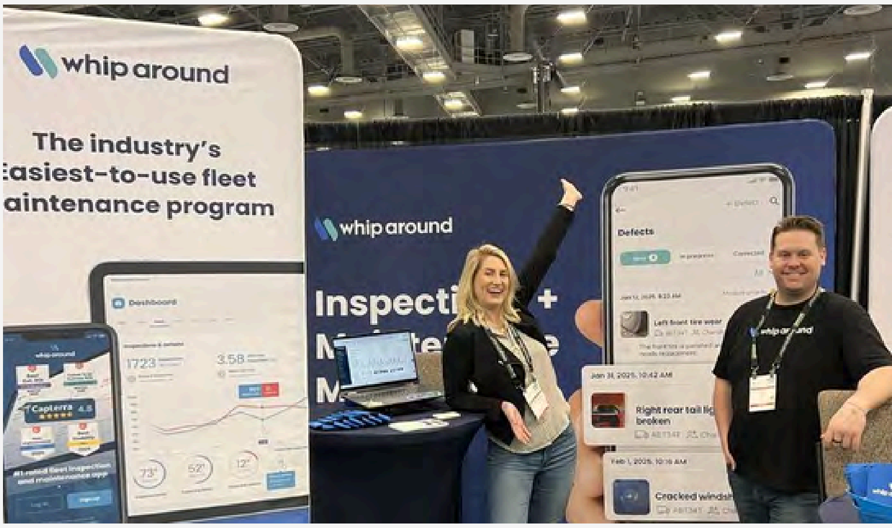
**SHAREHOLDING:**

## 3.0%

**FIRST INVESTMENT:**

## Oct 2021

WHIPAROUND.COM




Whip Around cemented its position as a leader in fleet maintenance and compliance management solutions throughout the US and beyond, announcing strong partnerships, demonstrating material savings for clients, and signing its largest customers to date.

### COMPANY OVERVIEW

Whip Around assists over 150,000 fleet professionals and numerous fleet operators in managing recurring vehicle and equipment inspections, ensuring legal compliance, and identifying and completing critical maintenance. Focused on the U.S. market but bringing a high amount of NZ values along with them, Whip Around works hard to understand their customers' needs and build success for their clients.

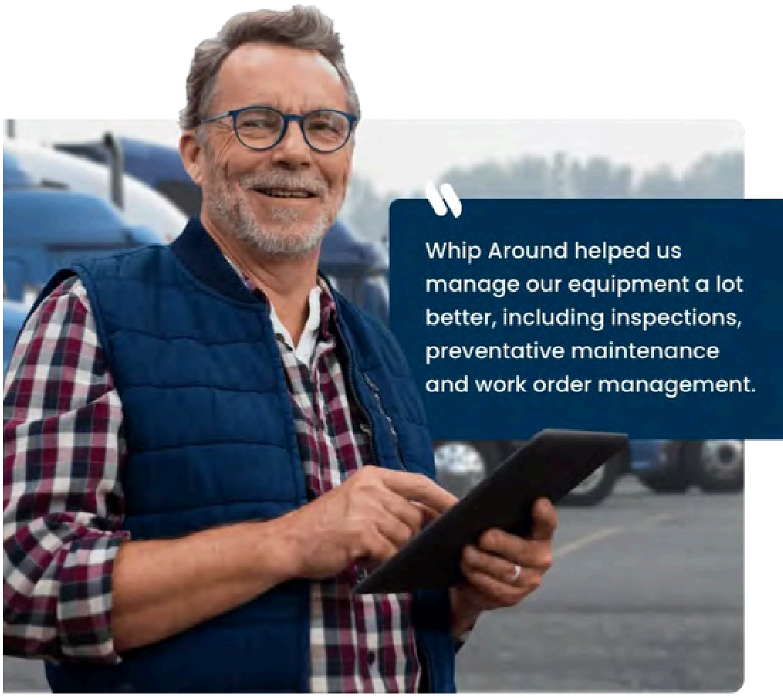
### BUSINESS UPDATE

Whip Around announced integrations and partnerships with FullBay, a platform for heavy-duty repair shops (with a material user base), Platform Science, a provider of connected vehicle technology, and more. These partnerships demonstrate that Whip Around is increasingly becoming a crucial and central part of an ecosystem of software that helps fleet managers deliver outstanding results.

The company's New Zealand based development team also delivered a succession of new features, including Whip Around achieving ISO 27001 certification, the information security standard.

As shareholders, we are happy to welcome two new directors: experienced marketer and advisor Kevin Roberts and SaaS growth leader Ricky Sevta, who are joining the Board.

Ably led by Noah Hickey, Whip Around graduated to our largest "Substantial" category, reserved for businesses with revenues of $20 million. The company has set a solid foundation for future expansion.



# COUCHDROP

Couchdrop Limited has two products. Couchdrop is a secure file transfer platform built for the cloud. Movebot migrates file and email data between cloud platforms.

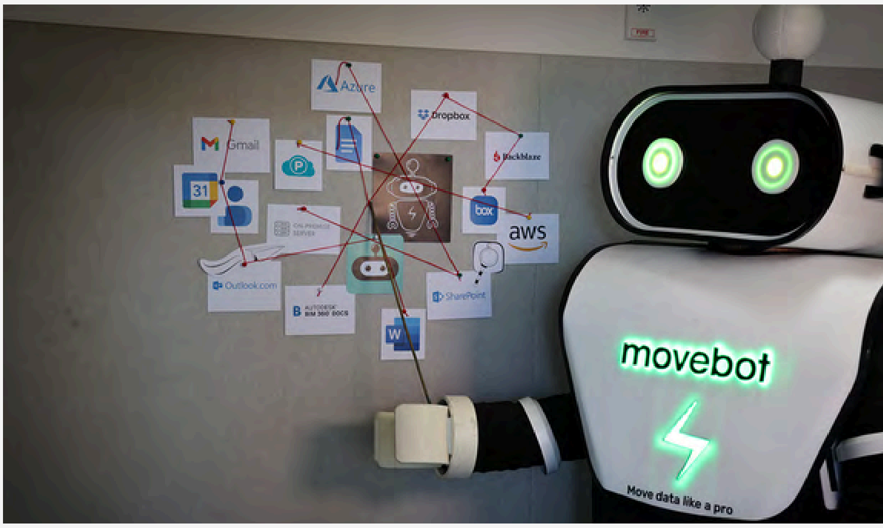
**SHAREHOLDING:**

21.8%

**FIRST INVESTMENT:**

March 2022

COUCHDROP.IO




Couchdrop continues to post strong year-on-year growth, scaling two high-performing SaaS products with increasing enterprise adoption and standout financial performance. With expanding global reach and growing interest from strategic partners, the business is well-positioned for its next phase of growth.

## COMPANY OVERVIEW

Couchdrop operates two complementary cloud-native platforms:

- **Couchdrop** – A secure, enterprise-ready solution for file and data transfer. Simple to deploy, it integrates natively with cloud storage platforms like Amazon S3, Dropbox, and SharePoint, and is now embedded in infrastructure across finance, insurance, healthcare, and professional services.
- **Movebot** – A powerful data transfer and migration platform used by thousands of MSPs and enterprises to move petabytes of data between cloud platforms. It simplifies even the most complex migrations across file systems and email, with automation, speed, and reliability at its core.

The products serve different—but synergistic—markets. Over the past 12 months, the company has further refined its go-to-market motion, accelerating growth across both segments.

## BUSINESS UPDATE

Movebot continues to scale rapidly, with hundreds of new MSPs joining the platform monthly, many transitioning to subscription-based usage. Enterprise demand remains strong, with notable clients in the media, technology, and professional services.

Couchdrop's adoption is accelerating in the enterprise, where it is increasingly relied upon as critical infrastructure for secure, scalable file exchange. Its simplicity and cloud-native flexibility make it an attractive alternative to legacy transfer servers and middleware.

Despite a lean team of under 20, Couchdrop delivers standout performance metrics—including high revenue per employee, consistent profitability, and strong operating cash flow. Growth continues to be entirely self-funded.

Both products remain priced competitively, delivering significant value while outperforming less agile incumbents. As a result, global traction is increasing across North America, Europe, and APAC.

A recent public milestone includes a strategic partnership with global capital markets infrastructure firm Options Technology, adding to a growing list of confidential enterprise deployments in highly regulated industries.

With a proven team, two growing SaaS products, and increasing adoption across key markets, Couchdrop Limited is well-positioned for continued global expansion and strategic scale.

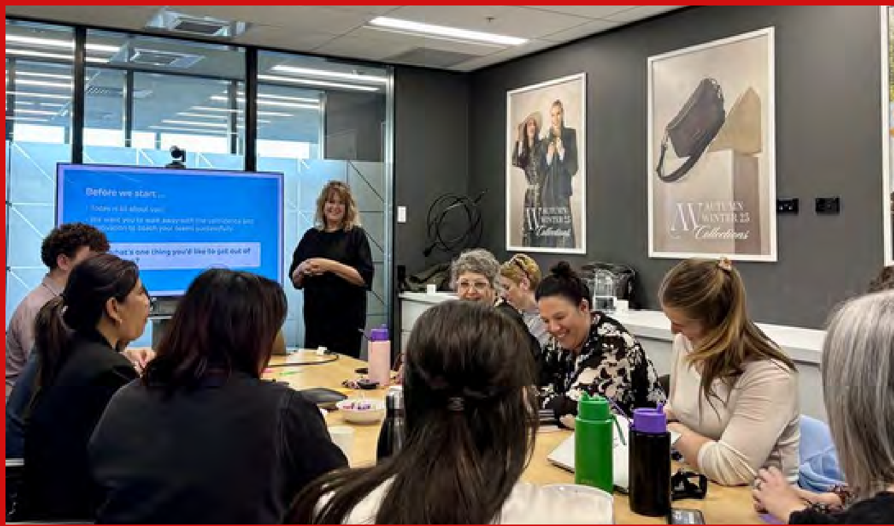
# REDSEED®

RedSeed delivers coached learning for retail and B2B sales clients, helping businesses coach their own staff to deliver better performance outcomes.

**SHAREHOLDING:**
48.5%

**FIRST INVESTMENT:**
March 2015

REDSEED.COM



Despite tough trading for its large format retailer clients, RedSeed had a profitable year, after pivoting to be product rather than sales led. The company invested into extending its B2B sales training and management offering.

## COMPANY OVERVIEW

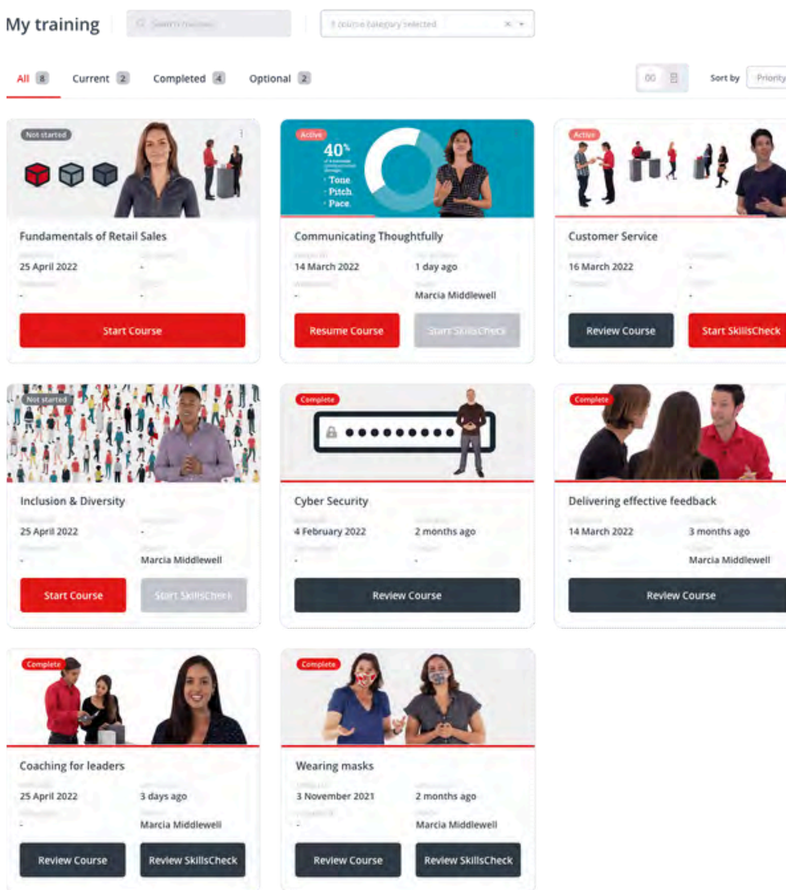
RedSeed's online learning ecosystem was primarily developed for large retailers, helping tens of thousands of front-line staff, and entire organisations change behaviour to improve sales and other business outcomes. RedSeed's difference is integrating a coach-led approach into the RedSeed platform, which enables managers to help their staff change outcomes.

## BUSINESS UPDATE

With a pivot to product led growth, RedSeed disbanded its outbound sales team and relied successfully on its well-established market position and product to continue customer acquisition. Their largest domestic customers renewed contracts, new clients were onboarded, and the company was its most profitable ever.

The team isn't standing still, using the freed-up resource to invest into their B2B training offering, aiming at a more international market.

During the year the company bought back and cancelled shares in an in-kind transaction with the founder of Kiwihost. This lifted PFL's shareholding slightly from 47.8% to 48.52%.



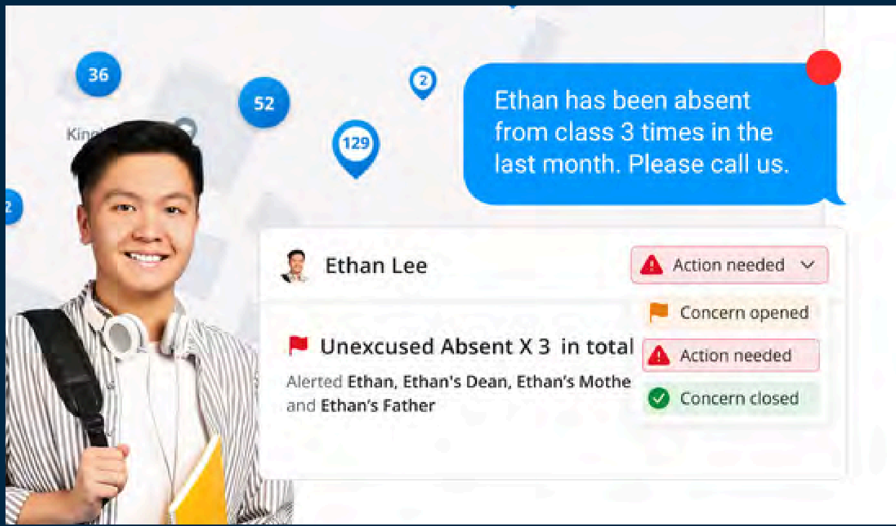
# orah

Orah helps independent schools meet and exceed their duty of care for students. Orah is trusted by hundreds of schools including Eton College, Merchiston Castle School, and Phillips Exeter Academy to manage attendance, wellbeing and communications.

**SHAREHOLDING:**
28.9%

**FIRST INVESTMENT:**
Feb 2015

ORAH.COM




Orah continued their global expansion, launched their Attendance product for day schools, and leaned into the US market, where there is a heightened focus on safety and security.

## COMPANY OVERVIEW

Orah was founded by Paul Organ and Kurt Meyer in 2014 as 'Boardingware,' helping boarding schools digitise student roll calls and pastoral care. By 2023, their customer base included over 300 schools worldwide.

## BUSINESS UPDATE

Paul and Kurt remain active in the business, and elected to hire a new CEO, Matt Varley, in November 2024. Matt brings a wealth of experience in early childhood education technology and has helped renew the long-term vision and momentum for the company and its platform.

Orah's first product for the day school market, Attendance, is a point solution that integrates with the Student Information System (SIS) as the source of truth. Attendance is making it easier for schools to manage their Duty of Care obligations, both in tracking students' physical location and supporting their mental well-being. Knowing the student's location in real time helps schools keep students safe in the event of an emergency.

To support the expansion into the Day School market, Orah integrated with five student information systems — Blackbaud (US), Veracross (US), FACTS (US), Synergetic (AU), and TASS (AU)

The attendance module shows early signs of success, with 70 schools onboarded, with 90% of these schools in North America, where Orah is seeing strong product market fit.


*Paul Organ, Orah Co-founder at a tradeshow*

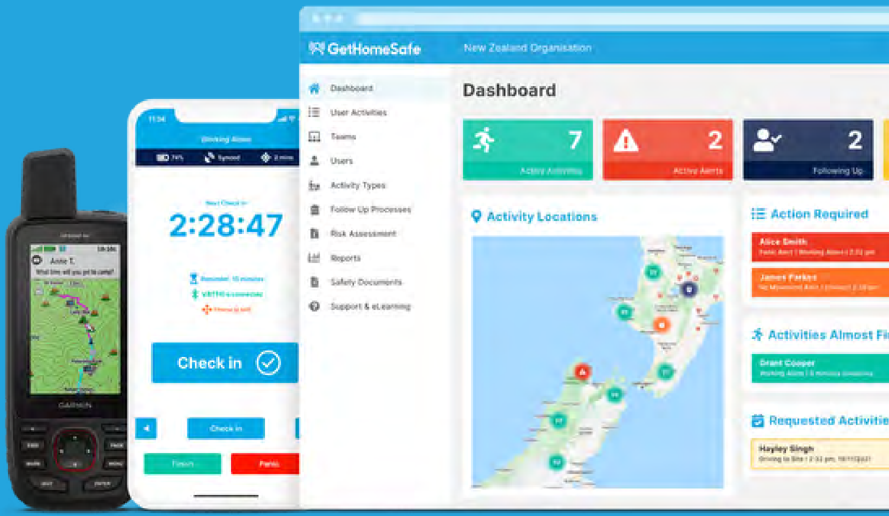
# GetHomeSafe
Welfare Monitoring

Get Home Safe offers a safety platform to help enterprises protect workers, teams, and the organisation.

**SHAREHOLDING:**
21.0%

**FIRST INVESTMENT:**
Dec 2020

GETHOMESAFE.COM




Get Home Safe is now one of PFL's Top 10 companies, following consistent growth, and the exit of Quantifi Photonic. Get Home Safe grew well through the year, onboarding several large nationwide government, transport, and telecommunication organisations onto their platform.

## COMPANY OVERVIEW

Get Home Safe provides safety applications and hardware for field workers, team scheduling and monitoring for supervisors, and reporting and compliance for organisations.

Founded in Queenstown by Te Anau native Boyd Peacock, and more recently based in Dunedin, Get Home Safe is increasingly dominant in New Zealand, and serves clients across the world, including a US Fortune 500 company.

## BUSINESS UPDATE

The platform tracks and assists "people home safely" at an annualised rate of almost 500,000 trips a year and enjoys high customer satisfaction.

The company appointed Andrew Long, who we know from his years at ex portfolio company Timely, as General Manager. Andrew has already demonstrated the value of his senior experience, supporting Boyd and the team as the company continues to evolve.

We see that the product has evolved to be the most comprehensive worker welfare and monitoring product in the market, placing it in a very strong position both in New Zealand and increasingly offshore, with strong word of mouth driven demand.

*Boyd Peacock, Founder and CEO — Get Home Safe*

# Other Investments

SHAREHOLDING: 6.3% | RAYGUN.COM

Raygun connects software providers with modern digital technologies to assist in real-time user monitoring and performance tools on websites and mobile apps. FY2025 highlights include the launch of the Autohive AI agent, creating extensive US partnerships and AI engagements, meeting with New Zealand customers that share their positive feedback, and solidifying Raygun's value.

SHAREHOLDING: 17.5% | CORESCHEDULE.COM

Core Schedule continues its steady growth, bringing safe and efficient rostering to hospitals and clinics. It is increasingly well situated to winning major state and national contracts in Australia and New Zealand. One recent new contract brought all trainee doctors in the Bay of Plenty into Core Schedule, while major expansions in Western Australia, Queensland, and South Australia are making Core Schedule the most popular physician rostering system in the region. Core Schedule is expanding into new healthcare verticals with tele-health and nursing contracts.

SHAREHOLDING: 3.0% | FORMUSLABS.COM

The first automated 3D planner for joint replacement surgeries. FY2025 highlights include a 36% year on year increase in the number of surgeries performed using Formus in Australia and New Zealand, three key partnerships in the US progressed with a renewed focus on the US market.

SHAREHOLDING: 26.5% | QUBEDOCS.COM

QUBEdocs provides automated documentation for IBM Planning Analytics (TM1), giving organisations real-time visibility and governance over complex financial models. QUBEdocs serves global enterprises including many of the Fortune 500. QUBEdocs continued to add new global corporates to their customer base over the year at the same time as operating on a cash flow sustainable basis.

SHAREHOLDING: 3.2% | ASTUTESMARTLOCKS.COM

Pioneering enterprise smart lock solutions providing game-changing keyless locking technology for utilities and critical infrastructure. This year the founders of Astute Access, Nick and Tanya, welcomed a wee baby girl to their team. The company continues to promote and raise their profile by showcasing their product and connecting with industry professionals, and signing significant deals.

SHAREHOLDING: 2.0% | GETFRELLO.COM

Time-saving club management and administration software enabling clubs to focus on the game. This year the Squash NZ affiliation model was successfully launched as part of the Hello Club V2 migration. Frello is now building out additional features as part of a wider product upgrade.

*In addition to the investments discussed above, at the balance date PFL also held the following minor investment interests:*

- *An 11.0% shareholding in New Zealand Artesian Water Limited, a water bottling business located in Nelson. The value of PFL's shareholding is less than 2% of PFL's total portfolio value. This investment is patiently held for exit, and recent company performance is very promising.*
- *Two loans to be repaid by EverEdgeIP relating to the sale of PFL's shareholding. The first loan is repayable in instalments over four years (with the first three instalments received) and the second loan is repayable following a company exit event. Both loans are currently in default, and PFL is pursuing recovery actions.*

# 07

# Environment, Social and Governance

# Climate Reporting

PFL remains dedicated to resilience amid climate change impacts, including minimising our impact on the environment as a result of our activities to the extent practical. We align our climate reporting with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), following the Climate Related Disclosures Standard NZ CS 1. Although not currently a mandated Climate Reporting Entity, we are committed to transparent and robust climate-related reporting.

GOVERNANCE:
Our Board oversees climate-related risks, with 2040 Ventures managing these risks as part of its investment assessment and day-to-day operations.

RISK MANAGEMENT:
Our process for identifying, assessing, and managing climate-related risks is integrated into our broader risk management framework.

METRICS AND TARGETS:
2040 Ventures discloses, on behalf of PFL, metrics and targets used to assess and manage climate-related risks and opportunities, including:

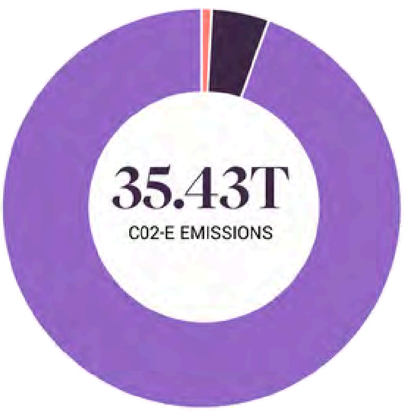
- Total energy consumption.
- Scope 1-3 emissions.
- Data collected from portfolio companies on their carbon footprint (see Environment, Social and Governance: Portfolio Companies reporting section below).

Our commitment ensures we contribute to a sustainable, low-carbon economy while delivering robust returns.

EMISSIONS BREAKDOWN FOR THE MANAGER ON BEHALF OF PFL:
2040 Ventures tracks emissions from all our activities and we report here the emissions due to our work as Manager of PFL. The Manager actively offsets its carbon emissions, for flights.

Our emissions measurement is based on measures of our activities, providing good coverage for all emissions relevant to our operations. We convert our activities into emissions using the Ministry for the Environment Measuring Emissions Guidance 2023 and we are confident that these figures represent our position.

95% of our emissions come from air travel to support activities such as fundraising and our directorship duties with our portfolio companies. We make use of video conferencing and electrically powered transportation where possible, to reduce this source of emissions, while balancing the benefits of in-person engagement, particularly in a highly competitive investment market.




SCOPE 1 - PURCHASED ENERGY

0.2%

0.072 Tonnes
NATURAL GAS FOR WATER HEATING

SCOPE 2 - PURCHASED ELECTRICITY

5.2%

1.844 Tonnes
ELECTRICITY

SCOPE 3 - SUPPLY CHAIN EMISSIONS

94.6%

33.518 Tonnes
Flights, domestic 7.834T
Flights, international 24.927T
Public transport 0.1T
Private electric vehicles 0.055T
Taxi/car 0.602T

# ESG: Portfolio Companies

This year PFL introduced the international ESG_VC framework tool to our portfolio companies. This is a practical and lightweight framework that is rapidly being picked up by Venture Capital funds globally. Our partner Climate Venture Capital Fund has been making use of the tool for the past two years. We have found it to be useful for:

- Measuring and understanding portfolio company ESG impacts.
- Tracking current performance for companies.
- Mapping out improvements for companies.
- Demonstrating commitment to being ethical organisations.

This year, ten of the larger PFL portfolio companies used the framework to provide environmental, social, and governance data. Where companies were not able to complete the ESG framework, diversity statistics were collected separately for founders, board members, and senior management staff.

Currently, companies are still working towards accurately tracking their emissions in accordance with the ESG framework. It is noted that some companies have made a strategic decision not to track emissions given their company size and stage.

The ESG framework completed by PFL portfolio companies reflected each company's stage and the importance of ESG within its sector. Notably, of the companies that provided data, 60% demonstrated excellent performance in data governance and cybersecurity. These results are to be expected for companies that provide online services.

As a tech fund, many of the PFL companies provide online services. Therefore, aspects of the framework focusing on mitigating waste and emissions from product distribution are not relevant to the majority of companies. A notable exception is Get Home Safe, who are actively pursuing options to manage their e-waste, and expect to have positive news to report on this in the next 12 months.

PFL will continue to work with its portfolio companies to track environmental, social, and governance data, and to celebrate those that are making progress and aligning with PFL's goal of enhancing our society and economy.

## Environmental Reporting Engagement

PFL engaged with its top 10 portfolio companies regarding their environmental reporting, which focuses on Scope 1, 2, and 3 carbon emission reductions, responsible procurement, and supply chain improvements. The questionnaire consisted of five core questions:

- Do you currently track, or intend to track, emissions?
- What are the reasons for your tracking approach (or lack thereof)?
- Does the company perceive value in this emission reporting?
- Is there sufficient understanding of Scope 1, 2, and 3 reporting?
- How can PFL best support your company's efforts?

In aggregate, the top 10 companies do not currently track or intend to track emissions. However, most see the value in reporting but require better understanding of the requirements and assistance with implementation.

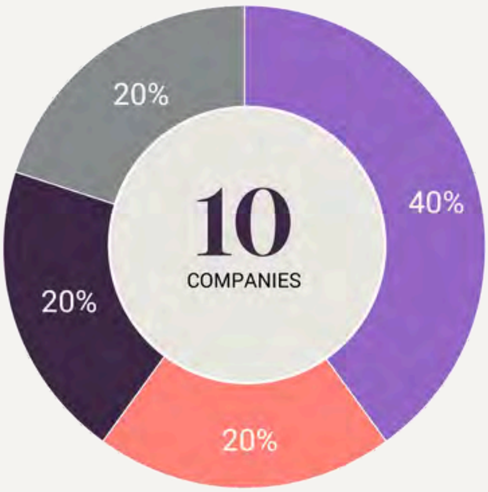
8 of the top 10 companies provided more than one reason for not reporting emissions. This information is valuable for PFL to understand so that we can take the appropriate steps to support the companies to report emissions in the future.

PFL acknowledges the resourcing challenges faced by the companies, and remains committed to providing assistance on a case by case basis to improve emissions reporting.

## Environmental Reporting — Key Findings

From our engagement with the top 10 portfolio companies, we achieved an 80% response rate, meaning 20% of companies did not provide information for our questionaire.

### Intent to track emissions



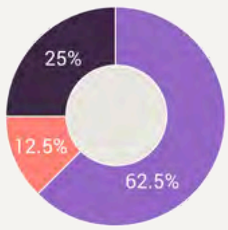

- NO IMMEDIATE INTENTIONS
- INTEND TO, BUT NO TIMEFRAME PROVIDED
- NOT CONSIDERED
- NO RESPONSE TO ANY QUESTIONS

### REASONS FOR NOT TRACKING EMISSIONS

| | |
|---|---|
| Resource/time constraints | 6 |
| Not part of core business | 3 |
| Limited value to customers | 4 |
| Skills gap | 1 |
| No priority | 3 |

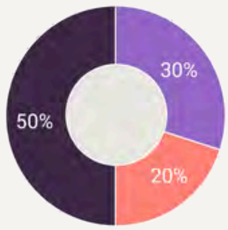
### PERCEIVED VALUE OF REPORTING

- See value
- Unsure, but taking small internal steps
- No comment



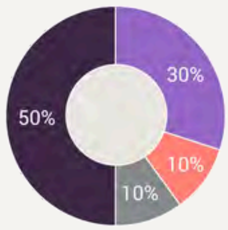

### UNDERSTANDING OF EMISSIONS REPORTING

- No understanding
- Yes, sufficient understanding
- No comment




### HOW PFL CAN BEST PROVIDE SUPPORT

- Help build understanding of requirements
- Help with resources to implement
- Not sure
- No comment



# Diversity, Inclusion & Social Responsibility

A commitment to social responsibility is upheld by both PFL and the Manager, who proactively integrate ESG factors into investment decisions. They achieve this through robust adherence to PFL's Socially Responsible Investment Policy, by identifying and managing risks, and pursuing opportunities that contribute to a sustainable and socially responsible future. This approach helps to enhance long-term shareholder value while positively impacting society and the environment.

This socially responsible investment approach includes assessing how Portfolio Companies manage their environmental, social, and governance (ESG) risks. This helps our companies grow your investment returns, while also ensuring that they, and us, are not causing intentional harm and are instead contributing positively to society, the environment, and the economy.

PFL is committed to diversity, equity, and inclusion (DEI) as core strengths that enhance business performance and organisational capability. PFL encourages diversity within its own Board and actively encourages it across its wider ecosystem, including the Manager and Portfolio Companies.

Together, PFL and the Manager uphold a commitment to diversity. They achieve this by promoting diversity and inclusion within their own leadership teams, encouraging diverse representation in Portfolio Companies and on their boards where possible, and ensuring inclusive interactions with all stakeholders.

The charts below and over the page represent the gender and ethnic diversity of PFL and 20240 Ventures (the Manager). We remain dedicated to promoting inclusivity and ensuring an equitable and supportive environment for all employees.

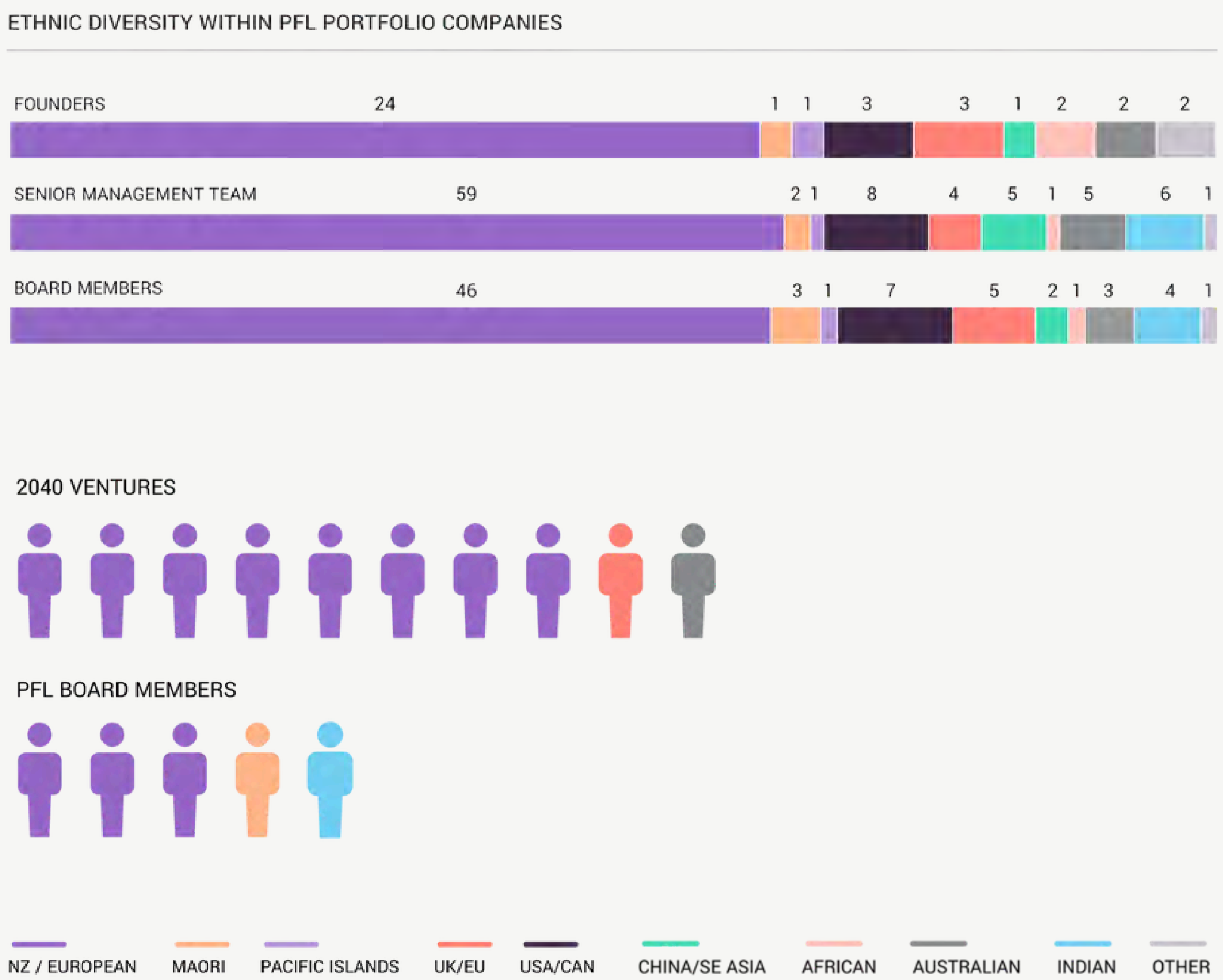
GENDER DIVERSITY WITHIN PFL PORTFOLIO COMPANIES

| | FOUNDERS | SENIOR MANAGEMENT | BOARD MEMBERS | TOTAL GENDER SPLIT |
|---|---|---|---|---|
| ♂ | 32 | 67 | 60 | 76.8% |
| ♀ | 5 | 27 | 16 | 23.2% |

GENDER DIVERSITY WITHIN PFL/2040 VENTURES

| | 2040 VENTURES | PFL BOARD MEMBERS |
|---|---|---|
| ♂ | 7 | 3 |
| ♀ | 3 | 2 |

## The charts below represent the ethnic diversity of Punakaiki Fund portfolio companies as well as PFL and 2040 Ventures.



# Community

PFL supports and gives back to the tech sector through active engagement and sponsorship.

We are long-time and proud sponsors of the 2025 NZ Hi-Tech Awards, celebrating the success of New Zealand's tech sector. Our sponsored category, the 'Punakaiki Fund Start-up Company of the Year,' highlights our commitment to nurturing early-stage ventures and contributing to the sector's growth.

We also sponsor Electrify Aotearoa, an initiative dedicated to empowering women entrepreneurs in the tech industry.

Electrify Aotearoa stands for accelerating the success of female founders and fostering a supportive community for women in technology. The event includes inspirational talks, workshops, and networking opportunities designed to elevate and connect women entrepreneurs.


*Nadine Hill on a panel at Electrify Aotearoa 2025*

*Matthew Hayter from Projectworks accepts the 'Emerging Company of the Year Award at the 2025 Hi-Tech Awards in Wellington*

*Lance co-stars in our 2025 New Zealand Hi-Tech Awards sponsor video*


*Vaughan Fergusson in our 2025 Hi-Tech Awards sponsor video*

Sustainable Business Network IMPACT INVESTOR

riaa Responsible Investment Association Australasia

# Governance

The PFL Board remains focused on governance essentials and strengthening the foundations for a potential IPO of PFL over the medium-term. To this end, there has been continued progress with enhancing the governance framework of PFL during the year, including:

### GOVERNANCE AND STRATEGIC DIRECTION

The Board continued to strengthen its governance framework and strategic oversight throughout FY2025. Board strategy and context sessions have been held with 2040 Ventures to ensure alignment on strategic priorities and goals. The independent directors proposed and implemented an approach for annual reviews of the Manager's performance, reinforcing accountability and oversight of 2040 Ventures. Several Board and company policies have been updated during the year and with major changes to the Capital Allocation Policy approved in July 2024.

### CAPITAL RAISING AND INVESTOR RELATIONS

The Board maintained its focus on capital raising, specifically implementing a capital raising strategy and process targeting Active Investor Plus (AIP) investors, which resulted in $1.9m in capital raised during the financial year. The Board actively engaged in discussions and established pathways and strategies to liquidity throughout the year, a key step in providing future liquidity options for investors.

### OPERATIONAL AND FINANCIAL OVERSIGHT

A new capital return plan was implemented, initiated by the Quantifi Photonics exit. An updated Valuation Methodology & Approach was developed for use in the FY2025 period and beyond. In early 2025, Ben Kay, the CFO, resigned. His roles and responsibilities have been successfully transitioned to the Operations, Marketing, and Investment teams.

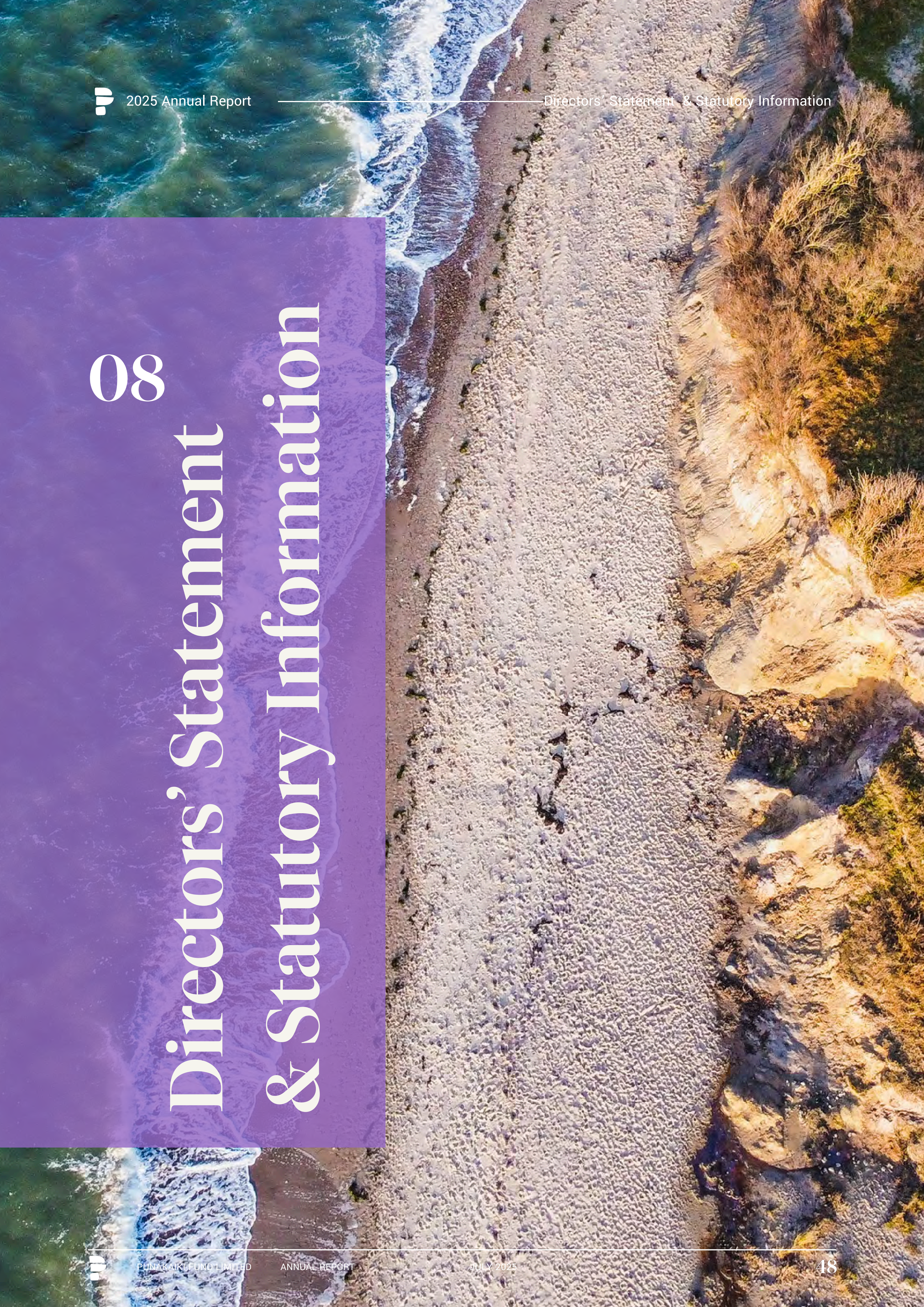
### RISK MANAGEMENT AND FUTURE PLANNING

PFL is continuously enhancing its risk management approach and governance. The Manager regularly assesses enterprise risks, reporting their status and alignment with the Board's risk appetite at each Board meeting, where risk is discussed in the context of PFL's strategy, as well as the internal and external operating environment at the time. In FY2025 we matured our Business Continuity framework and processes, and a comprehensive risk workshop involving the Manager and the Board is planned for Q2 FY26. Both PFL and 2040 Ventures have a very strong risk culture, as managing risk is inherent in everything that we do. In addition, we have a robust compliance framework, escalation process and reporting, and are committed to continual improvement, in support of our focus on resilience and robust decision making.

### BOARD COMPOSITION

The Board conducted the annual Board effectiveness review, including an individual quantitative assessment from each director and key management, followed by a qualitative discussion from the Board as a whole. Actions to improve the Board's effectiveness were agreed and completed during the year. The Board also saw a change in its composition with Jayshree Das joining the Punakaiki Fund Board in February 2025. Each component of the Skills Matrix is now fully covered to a depth of at least two Directors.

*Jayshree Das joined the PFL Board in February 2025*



# 08

# Directors' Statement & Statutory Information

## FOR THE PERIOD ENDED 31 MARCH 2025

The Board of Directors (the Board) is pleased to present the Annual Report of Punakaiki Fund Limited, incorporating the financial statements for the year ended 31 March 2025.

## PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company is investment.

## DIRECTORS HOLDING OFFICE

The persons listed below held the office of director of PFL as at 31 March 2025. Jayshree Das joined as a director of PFL on 1 February 2025. No other person held office as a director of PFL during the 12-month period ending 31 March 2025.

- Mike Bennetts
- Teressa Betty
- Nigel Scott
- Jayshree Das (joined 1 February 2025)
- Lance Wiggs

## PUNAKAIKI FUND LIMITED – DIRECTORS REMUNERATION (NZ$)

| | FY2025 | | | FY2024 | | |
|---|---|---|---|---|---|---|
| **Director** | Base Fees | GST | Total | Base Fees | GST | Total |
| **Mike Bennetts** | 65,000 | 9,750 | 74,750 | 61,250 | 9,188 | 70,438 |
| **Teressa Betty** | 50,000 | - | 50,000 | 46,250 | - | 46,250 |
| **Nigel Scott** | 50,000 | 7,500 | 57,500 | 46,250 | 6,868 | 53,188 |
| **Jayshree Das** | 8,333 | - | 8,333 | - | - | - |
| **Lance Wiggs** | - | - | - | - | - | - |
| **Tracey Jones** | - | - | - | 46,250 | 6,868 | 53,188 |
| **Total** | **173,333** | **17,250** | **190,583** | **200,000** | **22,924** | **223,064** |

The remuneration set out in the table above sets out the directors' fees received by the directors. No directors received any other payments or benefits in their role as director.

## PUNAKAIKI FUND LIMITED – DIRECTORS' RELEVANT INTERESTS

Number of securities in which a relevant interest is held:

| | FY2025 | | FY2024 | |
|---|---|---|---|---|
| Director | Shares | Options | Shares | Options |
| **Mike Bennetts** | 61,500 | - | 61,500 | - |
| **Teressa Betty** | 770 | - | 770 | - |
| **Nigel Scott** | 2,860 | - | 2,860 | - |
| **Lance Wiggs*** | 74,495 | - | 74,495 | - |
| **Total** | **141,605** | **-** | **141,605** | **-** |

*Includes Lance Wiggs' interest in Punakaiki Fund Limited Shares held by 2040 Ventures Limited and his family members.

Lance Wiggs has subsequently purchased 3,696 shares since PFL's 31 March 2025 balance date. Lance Wiggs' shareholding in FY2025 included a partial interest in 7,835 shares held by 2040 Ventures Limited (FY2024: 7,835 shares) and 660 shares held by immediate family members (FY2024: 660 shares).

### USE OF COMPANY INFORMATION

No member of the Board of the Company issued a notice requesting to use information received in their capacity as a director which would not otherwise have been available to them.

### DIRECTORS' RELEVANT INTERESTS

The following are the interests of the Company's Directors as at 31 March 2025:

### MIKE BENNETTS:

- Director and Consultant of Taumata Advisory Limited

### LANCE WIGGS:

- Director and Shareholder of 2040 Ventures Limited
- Director of Couchdrop Limited, Onceit Limited, RedSeed Limited, QA Tech Limited (trading as CONQA), and NovoLabs Limited
- Lance's brother John Wiggs is a shareholder and director of Devoli Limited
- Director of Climate Venture Capital Fund GP Limited, and Climate Venture Capital Fund 2 Limited Partnership
- Limited Partner in Climate Venture Capital Fund LP
- Director and shareholder of Define Instruments Limited and Pocketsmith Limited
- Shareholder of WMAC Cloud Limited
- Limited Partner in Matu Karihi Fund Limited Partnership
- Judge for the Hi-Tech Awards, where 2040 Ventures is also a sponsor on behalf of PFL
- Shareholder via Climate Venture Capital Fund Limited Partnership in Cleanery, NovoLabs (Climate Venture Capital Fund investments that fall within PFL's mandate)

### NIGEL SCOTT:

- Board Trustee of Auckland Foundation
- Director and shareholder of Koura Wealth Holdings Limited
- Director and shareholder of BoardPro Limited
- Director of BoardPro Custodians Limited
- Chairman of Gilligan Sheppard Limited
- Director and shareholder of Moa Holdings 2015 Limited
- Director and shareholder of Winnow Software Limited
- Chairman of Peninsula Credit Fund 1 GP Limited
- Investor in Syndex Group Limited, Waterman Fund 2 LP, Waterman Fund 3 LP, Nutrient Rescue NZ Limited, One Room Limited, Pohutukawa Private Equity II Limited
- Limited Partner in New Ground Living (Remarkables Park) LP, Pencarrow V Investment Fund LP, Pencarrow VI Investment Fund LP, TPC Fortlock LP

### JAYSHREE DAS:

- Trustee and Audit Committee Chair of The Dingwall Trust
- Trustee of The Brown Eyes Trust

### EMPLOYEES

The Company had no employees who received remuneration and benefits in excess of $100,000.

### AUDITOR

PFL's external auditor is Ernst & Young New Zealand, who were reappointed by shareholders at the 2024 annual meeting in accordance with the provisions of the Companies Act 1993. The fee for the audit of the financial statements contained within this Annual Report, and of the share registry, is $82,000 including GST.

## DONATIONS

No donations were made in the period.

## SHAREHOLDERS

The table below is a list of PFL's twenty largest shareholders and their respective holdings of PFL securities as at 31 March 2025.

| Shareholder | Ordinary Shares | % of Class |
|---|---|---|
| Phaben Holdings Limited | 88,224 | 2.91% |
| Lance Wiggs* | 66,000 | 2.18% |
| Michael Bennetts and Karen Bennetts | 61,500 | 2.03% |
| JBWere [NZ] Nominees Limited | 51,756 | 1.71% |
| Neil Richardson, Claire Richardson and Blake Richardson | 49,427 | 1.63% |
| David Bennett Rosenauer | 46,875 | 1.55% |
| Quayside Holdings Limited | 42,858 | 1.42% |
| Kennerley Investments Limited | 40,000 | 1.32% |
| Todd Stevens | 36,953 | 1.22% |
| Wills Private Equity Investments Limited | 36,750 | 1.21% |
| Clarence Hislop | 36,300 | 1.20% |
| Southern Hills Imperial Timber [1932] Pty Limited | 36,000 | 1.19% |
| Mark Hackner and Bastiankoralage Rodrigo | 32,227 | 1.06% |
| Krassimir Modkov | 31,350 | 1.04% |
| Ross Inglis | 31,240 | 1.03% |
| Phizzy Trustee Limited | 30,000 | 0.99% |
| Lewis Holdings Limited | 29,250 | 0.97% |
| Chunjing Song | 23,900 | 0.79% |
| Peter Charles McLeod, Joanne Margaret McLeod, EM Trustee No 8 Limited | 23,572 | 0.78% |
| New Tricks Limited | 23,500 | 0.78% |
| **Top 20 Shareholders** | 817,682 | **27.01%** |
| Remaining Shareholders | 2,209,594 | 72.99% |
| **All Shareholders** | **3,027,276** | **100.00%** |

*Lance Wiggs also has a beneficial interest in 7,835 PFL shares held in the legal name of 2040 Ventures Limited

# Investor Net Asset Value

The table below shows the calculation of Gross Asset Value (GAV), Net Asset Value (NAV) and Investor Net Asset Value (iNAV) for the Company for FY2025 and FY2024. These are non-GAAP measures.

Net Asset Value represents the total assets of the Company less its liabilities. For most companies this would represent the shareholders' claim over the residual assets of a company. In PFL's case, a portion of 2040 Ventures' performance fee is accrued as a share-based payment reserve in the equity portion of the Company's Statement of Financial Position.

In a shareholder distribution event, as part of a public listing, or the orderly winding up of the Company, the share-based payment reserve would be paid to 2040 Ventures in the form of PFL shares. In our opinion the traditional NAV measure does not represent shareholders' residual claim over the Company's assets.

Instead, the iNAV measure has been developed which deducts the share-based payment reserve from the NAV in order to calculate shareholders' actual residual claim over the assets of the Company after the payment of all performance fees.

CALCULATION OF GROSS ASSET VALUE, NET ASSET VALUE AND INVESTOR NET ASSET VALUE

| ($'000) | FY2025 | FY2024 |
|---|---|---|
| **Gross Assets** | 105,397 | 89,346 |
| less: Liabilities | (3,661) | (977) |
| **Net Asset Value (NAV)** | **101,736** | **88,369** |
| less: Share-based payment reserve | (542) | (705) |
| **Investor Net Asset Value (iNAV)** | **101,194** | **87,664** |
| Shares on Issue (at 31 March) | 3,027,276 | 2,964,352 |
| **iNAV per Share ($ per share)** | **33.42** | **29.57** |

# Directors' Responsibility Statement

The directors are pleased to present the financial statements of Punakaiki Fund Limited for the year ended 31 March 2025.

The directors are responsible for ensuring the financial statements present fairly in all material respects the financial position of the Companyas at 31 March 2025 and the financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The directors do not have the ability to amend these financial statements once issued.

The Board of Directors of Punakaiki Fund Limited authorised the financial statements set out on pages 59 to 77 for issue on 11 July 2025.

For and on behalf of the Board

**Michael John Bennetts,** Director

**Graeme Lance Turner Wiggs,** Director

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# Independent Auditor’s Report

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# Independent Auditor's Report

## To the shareholders of Punakaiki Fund Limited

### Opinion

We have audited the financial statements of Punakaiki Fund Limited (the "Company") on pages 59 to 77, which comprise the statement of financial position of the Company as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements on pages 59 to 77 present fairly, in all material respects, the financial position of the Company as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 audit work, for this report, or for the opinions we have formed.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young provides other assurance related services to the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. We have no other relationship with, or interest in, the Company

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation of investments

| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| The Company has invested primarily in unlisted companies. As an investment entity, in accordance with NZ IFRS 10 *Consolidated Financial Statements*, the Company records all its investments at fair value irrespective of whether it controls or significantly influences any of the companies it has invested in. Note 3.1.1 to the financial statements describes the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments. These investments are valued using assumptions which require significant judgment and estimation as they are not based on directly comparable or otherwise observable metrics. As a result, a significant proportion of the valuations are considered model-based level 3 as disclosed in Note 4 Fair values of financial instruments. Due to the complexity and judgment required in their valuation these investments, with a total recorded value of $104.55m (FY24: $86.80m), have a higher risk of misstatement.<br>The following methodologies were used by the Company as part of the valuation process:<br>• Conventional multiples based valuation approaches; and<br>• Growth multiples method to estimate revenue multiples.<br><br>Disclosures regarding the Company's investments are included in Note 4 to the financial statements. | In performing our audit procedures, we:<br>• Obtained, with the assistance of our internal valuation specialists, an understanding of the valuation processes used and identified the factors which had a greater impact on the valuations. We assessed the appropriateness of the valuation methodologies;<br>• Evaluated the competence, objectivity and capability of the external valuer used for one valuation and the investment manager, who valued all other investments;<br>• Assessed the level of observability in the market of the valuation inputs to determine the fair value hierarchy of those inputs;<br>• Tested the appropriateness of financial information that was used in the calculation of investment valuations using an earnings or revenue multiple with reference to the latest financial information available.<br>• Involved our internal valuation specialists to assist in considering the significant assumptions that affect the fair value assessment of the model-based calculations and whether those assumptions adopted fell within a reasonable range;<br>• Considered the basis upon which the regression analysis of the revenue multiples was performed. For valuing the SaaS investments, the Company has concluded revenue multiples implied through a regression model. We understand that this was done due to challenges involved in finding an appropriate set of publicly listed companies that would be comparable to the investee companies. In our audit we have focussed on the resulting multiples and liquidity discounts or control premiums and have assessed whether these fall in a reasonable range;<br>• Where applicable, the Company has selected guideline public companies within the same or similar industry as each investee company that Management believe are similar in financial and/or operational characteristics to the investee. Multiples have been adjusted for size and liquidity based on various parameters assessed by the |

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| Why significant | How our audit addressed the key audit matter |
|---|---|
| | Company. We have considered the adjustments made with the assistance of our specialists and assessed whether the combined adjustments fell in a reasonable range.<br>▪ The Company has also made adjustments to the multiples used to reflect a subjective assessment of factors such as the size of the market and effects of recent market transactions. We have considered the overall reasonableness of the concluded multiple used for estimating the fair value.<br>▪ Considered events subsequent to balance date for evidence of further transactions in the investments that could have informed the valuations; and<br>▪ Assessed the adequacy of the disclosures in the financial statements in relation to the valuation of investments. |

## Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/ This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Sam Nicolle.

Ernst + Young

Chartered Accountants
Auckland
11 July 2025

# 10 Financial Statements

# Punakaiki Fund Limited
# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | Year ended 31 March 2025 $'000 | Year ended 31 March 2024 $'000 |
|---|---|---|---|
| Interest income | | 38 | 72 |
| Change in fair value of investments | 4.2-4.6 | 17,164 | (4,953) |
| Other income | | - | 6 |
| | | | |
| (Accrued)/Reversal of contingent performance fees | 8.1.4 | (2,540) | 1,733 |
| Management fees | 8.1.1 | (1,691) | (1,703) |
| Administration fees | 8.1.2 | (696) | (574) |
| Insurance | | (87) | (82) |
| Consulting and accounting expenses | | (186) | (201) |
| Audit fees | 9 | (82) | (115) |
| Legal expenses | | (9) | (64) |
| Other | | (212) | (251) |
| **Profit/(loss) before tax** | | 11,699 | (6,132) |
| | | | |
| Income tax expense | 5.1 | - | - |
| | | | |
| **Profit/(loss) and total comprehensive income/(loss) for the year** | | 11,699 | (6,132) |

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

# Punakaiki Fund Limited
# Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | 766 | 2,331 |
| Prepayments | | 59 | 71 |
| Trade and other receivables | | 23 | 34 |
| **Total current assets** | | 848 | 2,436 |
| **Non-current assets** | | | |
| Investments | 4.1 | 104,549 | 86,910 |
| **Total non-current assets** | | 104,549 | 86,910 |
| **Total assets** | | 105,397 | 89,346 |
| **EQUITY AND LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable | | 127 | 145 |
| Performance fee payable | 8.1.4 | 3,534 | 832 |
| **Total liabilities** | | 3,661 | 977 |
| **Capital and reserves** | | | |
| Issued capital | 6 | 54,577 | 52,746 |
| Share based payment reserve | 6.2 | 542 | 705 |
| Retained earnings | 6.3 | 46,617 | 34,918 |
| **Total equity** | | 101,736 | 88,369 |
| **Total equity and liabilities** | | 105,397 | 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 YEAR ENDED 31 MARCH 2025

| | Share capital | Share based payment reserve | Retained earnings | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 April 2023** | 50,696 | 2,117 | 41,050 | 93,863 |
| **Loss and total comprehensive loss for the year** | - | - | (6,132) | (6,132) |
| Contributed capital | 2,114 | - | - | 2,114 |
| Transaction costs | (64) | - | - | (64) |
| Share based payments in relation to performance fee | - | (1,412) | - | (1,412) |
| **Balance at 31 March 2024** | 52,746 | 705 | 34,918 | 88,369 |
| **Balance at 1 April 2024** | 52,746 | 705 | 34,918 | 88,369 |
| **Profit and total comprehensive income for the year** | - | - | 11,699 | 11,699 |
| Contributed capital | 1,888 | - | - | 1,888 |
| Transaction costs | (57) | - | - | (57) |
| Share based payments in relation to performance fee | - | (163) | - | (163) |
| **Balance at 31 March 2025** | 54,577 | 542 | 46,617 | 101,736 |

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

# Punakaiki Fund Limited
# Statement of Cashflows

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | Year ended 31 March 2025 $'000 | Year ended 31 March 2024 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | 38 | 72 |
| Dividend received | | - | - |
| Payments to suppliers | | (1,267) | (1,280) |
| Management fees | | (1,691) | (1,703) |
| **Net cash used in operating activities** | 10 | (2,920) | (2,911) |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of Investments | | 116 | 1,170 |
| Payments to acquire Investments | | (592) | (2,833) |
| **Net cash used in investing activities** | | (476) | (1,663) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of equity instruments of the Company | | 1,888 | 2,114 |
| Payment of transaction costs on issue of equity instruments | | (57) | (189) |
| **Net cash generated by financing activities** | | 1,831 | 1,925 |
| **Net decrease in cash and cash equivalents** | | (1,565) | (2,649) |
| Cash and cash equivalents at the beginning of the year | | 2,331 | 4,980 |
| **Cash and cash equivalents at the end of the year** | 11 | 766 | 2,331 |

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

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**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 was incorporated on 10 April 2013. The Company is an investor in private technology businesses.
These financial statements are for the year ended 31 March 2025.

**2 Material accounting policies**

**2.1 Statement of compliance and reporting framework**

The Company has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. For the purposes of complying with GAAP, the company is a for-profit entity. The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and these financial statements have been prepared in accordance with these requirements.

**2.2 Functional and presentation currency**

These financial statements are presented in New Zealand dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

**2.3 Basis of preparation**

The Company is an investment entity as defined in NZ IFRS 10 - Consolidated Financial Statements. The Company has the key characteristics of an investment entity including:
(a) obtaining funds from investors for the purpose of providing those investors with investment management services;
(b) committing to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
(c) measuring and evaluating the performance of substantially all of its investments on a fair value basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NZ IFRS 2 Share-based Payment, and measurements that have some similarities to fair value but are not fair value, such as value in use in NZ IAS 36 Impairment of Assets.

The Company's estimation of fair value is based on the International Private Equity and Venture Capital (IPEV) Guidelines published by the IPEV Board (December 2022 edition). The IPEV guidelines set out both valuation principles and methods, along with guidance in respect of the application of the IPEV Guidelines. The three broad valuation approaches in the IPEV Guidelines are:

**Market Approaches:**

1. Multiples (either revenue or earnings);
2. Industry Valuation Benchmarks (such as value per subscriber);
3. Quoted Investments (for listed investments where an active market exists);

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**2.3 Basis of preparation (continued)**

**Income Approaches:**

4. Discounted Cash Flows - Underlying Business (the projected future free cash flow to the firm, discounted at that firm's WACC);
5. Discounted Cash Flows - From an Investment (the projected future distributions to shareholders, discounted at firm's cost of equity); and

**Replacement Cost Approach:**

6. Net Assets (the value of a firm's assets, rather than a firm's business).

The principal accounting policies adopted by the Company are set out below and are consistent with the previous period.

**2.4 Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.5 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**2.5.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.5.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

### 2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.5.4 Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST (The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

The GST claim ratio has been calculated in proportion to the Company's taxable and exempt supplies for GST purposes. The GST rate claimed by the Company during the year was 12.97% (2024: 12.97%).

### 2.6 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 2.6.1 Investments

The Company's investments are financial assets measured at Fair Value Through Profit or Loss (FVTPL) such that at each balance sheet date investments are re-measured to fair value and any movement in that fair value is taken directly to the profit & loss statement.

The investments are managed and performance evaluated on a fair value basis, in accordance with the Company's documented risk management and investment strategy, and information about the investments is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gains or losses recognised in profit or loss exclude any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 2.3 and note 4.

### 2.6.2 Other financial assets

Trade and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### 2.7 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**2.8 Share-based payment arrangements**

**2.8.1 Share-based payment transactions of the Company**

The performance fees are accounted for as a share based payment.

Performance fees are paid to the Manager upon the occurrence of a Liquidity Event, as defined in the management agreement.

A performance fee is accrued when a Share Tranche's annualised return, as at the date of the Liquidity Event, has exceeded an annualised 10% return. The fee is calculated at 20% of all returns subject to a 10% return threshold and high water mark for each qualifying Share Tranche.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Where the manager has the option to be paid in cash, the performance fees are accounted for as cash-settled share-based payment transactions. When it is the Company option to determine if the performance fee is paid in cash or equity, the Fund recognised it based on its expectations of settlement.

Details regarding the determination of the fair value of shared-based transactions are set out in note 3.1.2.

**2.9 New accounting standards and interpretations issued that are not yet effective**

Management is assessing the impact of NZ IFRS 18 Presentation and Disclosure in Financial Statements effective 1 January 2027. For the 31 March 2025 reporting period, there are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**3.1 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**3.1.1 Fair value measurements and valuation processes**

The Company's investments are measured at fair value for financial reporting purposes. Valuations are prepared by the Manager of the Company, 2040 Ventures Limited ("2040 Ventures"), and are reviewed, adjusted and ultimately approved by the Board. The Board and management may also directly appoint independent valuers to obtain the fair value of certain investments.

The Company's investment in Devoli Limited was valued by an independent valuer for the 2025 financial year. Further detail on the valuation approach and techniques adopted is provided in Note 4. The Board acknowledges the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted companies.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

### 3.1.2 Share based payments

The performance fees are accounted for as share based payments, and the Company has identified two primary potential Liquidity events that may trigger settlement of the performance fee, and applies the following estimate and judgement in determining the performance fees. (2024: One potential Liquidity Event).

Liquidity Event 1 – Divestment of an Investment and subsequent distribution to shareholders – Key Judgements Applied.

| | |
|---|---|
| Expected date of liquidity event | Late 2025 |
| Settlement method | At discretion of the Manager, and accounted for as cash-settlement |
| Return distributed | Management estimated 10% of NAV to be distributed. This is a one-off arrangement outside the Capital Allocation Policy. |

For divestment, the performance fee is limited to 20% of the return distributed.

Liquidity Event 2 – An Initial Public Offering (IPO) - Key Judgements Applied.

| | |
|---|---|
| Expected date of liquidity event | December 2027 (FY24: December 2025) |
| Settlement method | 50% cash and 50% shares |

At the reporting date the performance fee calculation is based on the two Liquidity events above and incorporates the Director's best estimate of the timing and amount of payments of the performance fee. This is due to the fact that the Liquidity Event 1 (distribution) will not result in the full available performance fee being paid out.

For the equity settled awards, the fair value of the performance fee related to management services cannot be reliably estimated by the Company. Therefore, it has been measured indirectly based on the fair value of the equity instruments. The calculation involves the following:

- A best estimate of when a Liquidity Event would occur, the corresponding Net Asset Value of the Company on that Liquidity Event, an estimated return distribution and the resulting quantity of shares that would be issued to the Manager. An estimate is then made of the quantity of shares applicable for the period in which the service is received.
- The quantity of shares that relate to the current period are then multiplied by a best estimate of the fair value of the current share price.
- Previous estimates on services received by the Company are adjusted (trued up and down) each reporting period on a best estimate basis, however those adjustments update the quantity of shares that are expected to be issued (a vesting condition), with no changes in the fair value of the shares. This specific aspect is a core requirement of NZ IFRS 2 for an equity settled share-based payment for non-employee awards. Equity instruments are measured at the date the entity receives the services.

A similar approach has been used to estimate the fair value of the cash settled portion, however, with adjustments made to the fair value of the shares that will be delivered to approximate the fair value of the liability.

The return over the subscription price is a key input into the calculation as it determines the corresponding Net Asset Value of the Company on the date of Liquidity Events. The Net Asset Value is adjusted to reflect the potential discount that the Company's shares may trade in a listed market.

The discount adopted for the year was 10% (2024: 10%).

Dividends are not incorporated into the calculation of performance fees, as no significant dividends are anticipated. While a material dividend payment would typically result in a Liquidity Event being triggered, it has been agreed through a side letter to the Management Agreement that dividends related to returning divestment proceeds are explicitly not subject to performance fees. It has been assumed that there will be no further capital raises.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**4 Fair values of financial instruments**

**4.1 Investments in Unlisted Equity Instruments**

The Company has equity investments in a portfolio of early stage unlisted companies recognised at $104.5 million (2024: $86.9 million).

These investments are accounted for as financial assets at fair value through profit or loss. During the period, a net gain of $17.164 million (2024: net loss of $4.953 million) was recognised through profit or loss for these assets.

The following tables give 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 | March 2025 [1] | | | March 2024 [1] | | |
|---|---|---|---|---|---|---|
| | Shares Held | Total Shares | Fund % | Shares Held | Total Shares | Fund % |
| Devoli Limited[3,5] | 3,083,460 | 5,717,985 | 53.9% | 2,965,000 | 5,501,000 | 53.9% |
| Couchdrop Limited[2] | 277 | 1,271 | 21.8% | 277 | 1,271 | 21.8% |
| Projectworks Holdings Inc.[4] | 4,154,375 | 36,333,182 | 11.4% | 4,000,000 | 31,398,880 | 12.7% |
| Quantifi Photonics Limited[2] | 120,400 | 917,568 | 13.1% | 120,400 | 732,001 | 16.4% |
| RedSeed Limited[2] | 54,774 | 112,878 | 48.5% | 54,774 | 114,686 | 47.8% |
| Boardingware International Limited[4] | 469,870 | 1,623,095 | 28.9% | 469,870 | 1,623,095 | 28.9% |
| Onceit Limited[2] | 25,625 | 100,000 | 25.6% | 25,625 | 100,000 | 25.6% |
| HHM Global Group Pty Limited | 5,394,800 | 35,746,709 | 15.1% | 769,595 | 4,355,351 | 17.7% |
| QA Tech Limited (Conqa)[2] | 31,670 | 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] Lance Wiggs, a director of 2040 Ventures and the Company was also a director of these companies during the period.

[3] Chris Humphreys, a director of 2040 Ventures and a manager of the Company was also a director of this company during the period.

[4] Nadine Hill, an employee of 2040 Ventures was also a director of these companies during the period. Orah, previously Boardingware International Limited,

[5] Rohan MacMahon, an employee of 2040 Ventures was also a director of this company during the period.

[6] Mobi HQ Limited merged with HHM Global Group Pty Ltd to become HHM Global Group Pty Ltd during the period.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

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

**Fair value as at 31 March 2025**

| Investment Type | Valuation technique(s) and unobservable input(s) used | Fair value ($) |
|---|---|---|
| **1) Substantial**<br>- Devoli<br>- OnceIt<br>- Whip Around | Revenue/ EBITDA multiples or Independent Valuation | $27.01 million |
| **2) Emerging**<br>- Projectworks<br>- Quantifi Photonics<br>- Conqa<br>- Mobi<br>- Couchdrop<br>- Raygun | Revenue multiples or Independent Valuation or Conditional Sale Terms | $59.78 million |
| **2) Sustainable**<br>- RedSeed<br>- Core Schedule<br>- Orah<br>- Get Home Safe<br>- QUBEdocs<br>- Frello | Revenue multiples or Independent Valuation | $15.33 million |
| **3) Early Stage**<br>- Formus Labs<br>- Astute Access | Revenue multiples or impaired | $1.21 million |
| **4) Listed & Exiting**<br>- EverEdge<br>- New Zealand Artesian Water | Discounted cash receivables, impaired or nil | $1.21 million |
| **5) Financial Instruments**<br>- Currency Call Option | Mark-to-market | $0.09 million |
| **Total Investments at fair value** | | **$104.55 million** |

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**4.2 Fair value, valuation techniques and unobservable inputs used in measuring investments (continued)**

Fair value as at 31 March 2024

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

**4.3 Fair value hierarchy**

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 |
| **As at 31 March 2025** | | | | | |
| Investments | 4.6 | - | - | 104,549 | **104,549** |
| **Total** | | - | - | 104,549 | **104,549** |
| **As at 31 March 2024** | | | | | |
| Investments | 4.6 | - | 110 | 86,800 | **86,910** |
| **Total** | | - | 110 | 86,800 | **86,910** |

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**4.4 Unobservable inputs used in fair value of measuring investments**

| Unobservable inputs | Range (weighted average) | Sensitivity to changes in significant unobservable inputs |
|---|---|---|
| EBITDA multiple | 7.7 - 11.3 (8.2)<br>(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 | 1.0 - 16.5 (8.4)<br>(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.

**4.5 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 impact on the carrying value of investments.

| | Favourable | (Unfavourable) |
|---|---|---|
| 2025 | **$'000** | **$'000** |
| Investments | 112,269 | 95,619 |
| 2024 | | |
| Investments | 95,910 | 73,540 |

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of our investments have been calculated by recalibrating the model values using unobservable inputs based on the Company's estimate of reasonable 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.

| | | **Reasonable possible alternatives** | |
|---|---|---|---|
| **Revenue multiples used in valuations at:** | Actual | Favourable | (Unfavourable) |
| 31 March 2025 | 1.0 - 16.5 | 1.2 - 12.5 | 0.8 - 12.5 |
| 31 March 2024 | 1.7 - 15.6 | 2.0 - 15.6 | 1.4 - 15.6 |
| **EBITDA multiples used in valuations at:** | | | |
| 31 March 2025 | 7.7 - 11.3 | 9.3 - 13.5 | 6.2 - 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 necessary 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 YEAR ENDED 31 MARCH 2025

**4.6 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.

| | Year ended 31 March 2025 $'000 | Year ended 31 March 2024 $'000 |
|---|---|---|
| ***Unlisted equity investments*** | | |
| **Balance at beginning of year** | 86,800 | 89,220 |
| Purchases - cash | 592 | 2,833 |
| Disposals - cash | - | (182) |
| Change in fair value of investments | 17,157 | (5,072) |
| **Balance at end of year** | 104,549 | 86,800 |

Included within the change in fair value of investments in the table above is $17.157 million (2024: loss of $5.072 million) of unrealised gains in relation to investments still held at balance date.

**5 Income taxes**

**5.1 Income tax recognised in profit or loss**

| | Year ended 31 March 2025 $'000 | Year ended 31 March 2024 $'000 |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | - | - |
| **Deferred tax** | | |
| In respect of the current year | - | - |
| Total income tax expense recognised in the current year. | - | - |

| The income tax (benefit)/expense for the year can be reconciled to the accounting profit as follows: | Year ended 31 March 2025 $'000 | Year ended 31 March 2024 $'000 |
|---|---|---|
| Profit/(Loss) before tax from continuing operations | 11,699 | (6,132) |
| Income tax (benefit) calculated at 28% | 3,276 | (1,717) |
| Plus/(Less) tax effect of: | | |
| Non-taxable income | (4,806) | - |
| Non-deductible expenses | 160 | 1,009 |
| Other | | - |
| Taxable income arising on investments | 8 | 52 |
| Prior year adjustment | 74 | - |
| Effect of unused losses not recognised in deferred tax | 813 | 656 |
| Tax expense | (475) | - |

The tax rate used for the reconciliations above is the corporate tax rate of 28% payable by corporate entities in New Zealand on taxable profits under tax law in that jurisdiction.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**5.2 Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

| | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| Tax losses (including imputation credits converted to losses) | 4,132 | 3,463 |
| Deductible temporary differences | 380 | 236 |
| | 4,512 | 3,699 |

**6 Issued capital**

| | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| **Issued capital comprises:** | | |
| 3,027,276 fully paid ordinary shares (31 March 2024: 2,964,352) | 54,577 | 52,746 |
| | 54,577 | 52,746 |

The Issued Capital set out above is net of transaction costs associated with raising new capital. Transaction costs for the year ended 31 March 2025 were $0.057 million (2024: $0.064 million).

**6.1 Fully paid ordinary shares**

| | Number of shares '000 | Share capital $'000 |
|---|---|---|
| **Balance at 1 April 2024** | 2,964 | 52,746 |
| Shares issued during the year | 63 | 1,831 |
| **Balance at 31 March 2025** | 3,027 | 54,577 |
| **Balance at 1 April 2023** | 2,897 | 50,696 |
| Shares issued during the year | 67 | 2,050 |
| **Balance at 31 March 2024** | 2,964 | 52,746 |

Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on wind up.

At 31 March 2025, there are no unpaid shares on issue (31 March 2024: no unpaid shares on issue).

There are 62,924 June 2027 $30 options on issue (2024: no options on issue).

| **6.2 Share based payment reserve** | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| **Balance at beginning of year** | 705 | 2,117 |
| Arising on share-based payments (performance fee) | (163) | (1,412) |
| **Balance at end of year** | 542 | 705 |

The share based payment reserves relates to the portion of the Manager's performance fee would be settled through the issue of shares rather than cash. More detail on performance fees is provided in note 8.1.4.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

| 6.3 Retained earnings | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| **Balance at beginning of year** | 34,918 | 41,050 |
| Profit/ (Loss) attributable to owners of the Company | 11,699 | (6,132) |
| **Balance at end of year** | 46,617 | 34,918 |

**7 Financial instruments**

| 7.1 Categories of financial instruments | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| **Financial assets** | | |
| *Fair Value Through Profit or Loss* | | |
| Investments | 104,549 | 86,910 |
| *At amortised cost* | | |
| Cash and cash equivalents | 766 | 2,331 |
| **Financial liabilities** | | |
| *Financial liabilities measured at amortised cost* | | |
| Performance fee (cash component) | 3,534 | 832 |
| Accounts payable | 127 | 145 |

**8 Related party transactions - Remuneration of the Manager**

**8.1 Remuneration of the Manager**

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

**8.1.1 Management fees**

During the year ended 31 March 2025, the Manager was entitled to an annual management fee equal to $0.250 million (plus GST) plus 1.5% of the the Company's Gross Assets (2024: 2% of the Net Asset Value of the Fund up to $50 million and 1.5% therefter).

The management fee was calculated and paid quarterly in advance. During the year, the management fee paid was $1.691 million (2024: $1.703 million).

**8.1.2 Administration fees**

The administration fee is fixed annually by the Company and paid quarterly in advance. Total administration fees expensed in the year ended 31 March 2025 were $0.696 million, relating to services rendered during the period (2024: $0.574 million).

**8.1.3 Equity raising fee**

The Manager receives an equity raising fee of 3% of the total capital raised. During the year ended 31 March 2025, an equity raising fee of $0.057 million was paid (2024: $0.064 million)

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**8.1.4 Performance fee**

On the occurrence of a Liquidity Event (as defined in the management agreement), the Manager receives a performance fee.
During the year ended 31 March 2025, an expense of $2.540 million (2024: expense reversal of $1.733 million) has been recognised in profit or loss.

Of this expense, $2.702 million was recognised as an increase in the cash portion of the performance fee, ending balance of $3.534 million (2024: $0.321 million was recognised as a reduction in the cash portion of the performance fee, ending balance of $0.832 million).

In relation to the equity settled portion of the performance fee, $0.163 million was recognised as a decrease of the share based payment reserve, ending balance of $0.542 million (2024: $1.412 million was recognised as a reduction of the share based payment reserve, ending balance of $0.705 million) in relation to the equity settled element of the performance fee.

The liability is reflected as current, as termination of the management agreement by the Manager (which requires a 12 months notice) or the Company (immediately with cause) would trigger payment of the performance fee within a 12 month period.

**8.2 Other related party transactions**

**8.2.1 Directors beneficial interests in the Company**

Directors of the Company or 2040 Ventures holding a beneficial interest in shares are as follows:

| | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Lance Wiggs[1] | 66,000 | 66,000 |
| Michael Bennetts | 61,500 | 61,500 |
| Teressa Betty | 770 | 770 |
| Tracey Jones[3] | 1,980 | 1,980 |
| Jayshree Das[4] | - | - |
| 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 Director of 2040 Ventures, but not a director of the Company.*
[3] *Tracey Jones resigned at a director of the Company effective 31 March 2024.*
[4] *Jayshree Das was appointed as a director of the Company effective 1 February 2025.*

At 31 March 2025, no Directors of the Company held a beneficial interest in the June 2027 $30 Options (2024: None).

**8.2.2 Directors' fees**

Director fees paid by the Company during the year have been disclosed on page 49 of the Annual Report.

**9 Audit fees**

| | 31 March 2025 $'000 | 31 March 2024 $'000 |
|---|---|---|
| Audit of financial statements (Ernst & Young) | 79 | 112 |
| Other Assurance Serives - (Audit of share register - Ernst & Young) | 3 | 3 |
| **Total audit fees** | 82 | 115 |

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

## 10 Reconciliation of profit for the year to net cash used in operating activities

| | 31 March 2025<br>$'000 | 31 March 2024<br>$'000 |
|---|---|---|
| **Profit/(loss) for the year** | 11,699 | (6,132) |
| **Adjustments for:** | | |
| Change in fair value of investments | (17,164) | 4,953 |
| Accrued performance fees | 2,540 | (1,733) |
| | (2,925) | (2,912) |
| **Movements in working capital:** | | |
| Increase/(Decrease) in trade and other payables | (18) | 28 |
| Decrease/(Increase) in prepayments | 12 | (18) |
| Decrease/(Increase) in trade and other receivables | 11 | (9) |
| **Net cash used in operating activities** | (2,920) | (2,911) |

### 10.1 Non-cash transactions

No non-cash investing or financing activity took place during the year.

## 11 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the

| | $'000 | $'000 |
|---|---|---|
| Cash on hand and demand deposits | 766 | 2,331 |
| **Total cash and cash equivalents** | 766 | 2,331 |

The carrying value of cash and cash equivalents approximates their fair value.

## 12 Financial risks

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

### 12.1 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.

# Punakaiki Fund Limited
# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2025

**12.1 Market Risk (continued)**

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, Couchdrop Limited, Projectworks Holdings Inc.and Quantifi Photonics Limited 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 2025, the Company was exposed to currency risk in respect of its expected settlement of the sale of its Quantifi Photonics Limited holding. As per note 13, the settlement payment from the sale of Quantifi Photonics Limited was received on 3 June 2025.

*Sensitivity analysis*

If the value of the Company's investments weakened by 30%, holding all other variables constant, profit and equity would be $27.53 million lower. If the value of the Company's investments strengthened by 30%, holding all other variables constant, profit and equity would be $23.88 million higher. The Company believes a 30% weakening (or strengthening) in the value of the Company's investments is reasonably possible given its investment in early stage, fast growing companies.

**12.2 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 & Poors. The maximum exposure to credit risk is the carrying value at balance date.

**12.3 Liquidity risk**

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

**12.4 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 current expectation is additional investments will be funded through existing cash reserves, further equity raising or, if possible, small amounts of debt.

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

**13 Subsequent events**

Subsequent to the balance date the following events occurred:
- $22.771 million was received from the settlement of the sale of the Company's interest in Quantifi Photonics in June 2025. A further escrowed amount in relation to this sale of $2.412 million was received in July 2025. Additional amounts are held on escrow pending certain performance criteria and other conditions being met;
- A new investment, of $1,17 million was completed in Projectworks Holdings Inc.;
- On 6 June 2025, the Company raised $4.992 million from the issue of 149,004 ordinary shares in the Company at a price of $33.50 per share.
- On 1 April 2025, Lance Wiggs acquired 3,696 ordinary shares in the Company in April 2025 and now holds 69,696 ordinary shares in the Company.
- An agreement has been signed to acquire existing shares in one of the Company's investments, subject to that investment's pre-emptive processes. Both the identity of the investment and the amount of the investment is currently commercially sensitive.

11

# About Punakaiki Fund

# Board of Directors

**MIKE BENNETTS (CHAIR)**

Mike has chaired PFL since 2015. He was formerly CEO of Z Energy, a New Zealand retail and wholesale fuel business where he led the company from IPO to sale. He now coaches and consults to senior executives through his advisory business. Mike is the author of the book 'Being Extraordinary'. Mike has a BBS and Postgraduate Diploma in Corporate Management; and is a member of the Institute of Directors in New Zealand. Mike has a less than 5% shareholding and is an independent director.

**LANCE WIGGS**

Lance is a co-founder and Principal with 2040 Ventures, the manager of PFL, and a director of several portfolio companies including Couchdrop, and formerly Quantifi Photonics. Lance combines a variety of global business experience with co-founding, investing and advising high-growth technology companies in New Zealand. Lance's prior experience includes Trade Me, including advising on its sale to Fairfax Media, and McKinsey & Co. Lance has an MBA from Yale University (Strategy, Finance) and a Bachelor of Technology (Hons, Product Development) from Massey University. Lance is not an independent director.

**TERESSA BETTY – NGĀTI RAUKAWA KI TE TONGA**

Teressa joined the Punakaiki Board in September 2020, bringing 20+ years of senior and executive level experience in the financial services and legal sectors, including 16 years abroad. She has held CEO, COO and CRO roles in banking, asset management and sustainability, has a Bachelor of Laws from Victoria University, and is an independent director.

**NIGEL SCOTT**

Nigel has over 30 years' experience in the NZ and UK financial markets with significant depth in wealth management, equity and debt capital markets, structured finance, risk and investment management. Prior to becoming a professional director, Nigel was an Executive Director at Hobson Wealth and the General Manager of ANZ Private Bank for 6 years. He is a director and is the interim Chair at BoardPro, Chair of the Peninsula Credit Fund, Chair of Gilligan Sheppard, a director of Kōura Wealth and a Board Trustee of the Auckland Foundation. Nigel also sits on two investment committees and is a member of the Institute of Directors. He has Diplomas in Business from Massey University and CPIT. Nigel is an independent director.

**JAYSHREE DAS**

Jayshree Das joined the Punakaiki Fund Board in February 2025, bringing extensive global experience from her director and senior executive roles in Investment Banking, Wealth Management, and NZX Participant Firms. She previously held the role of Independent Chair of the NZX Conflicts Committee, served as a member and Chair of the NZ Securities Industry Association and was an accredited NZX Adviser. Jayshree is a member of the NZ Institute of Directors and the Chartered Accountants Australia and New Zealand. Jayshree holds a bachelor's degree in accounting and business management. Jayshree is an independent director.

## Board's Responsibilities

PFL's board is elected by shareholders, with one third of the board required to put themselves up for re-election each year.

The Board's core responsibilities are to:

- approve and monitor adherence to the investment objectives, risk management, strategies, policies and philosophies of PFL;
- ensure PFL meets its statutory obligations; and
- monitor 2040 Ventures and PFL's performance, including valuing PFL's investment portfolio, approving exits, and ensuring that expenditure by PFL is made on a prudent and appropriate basis.

# New Zealand's Evergreen Venture Capital Fund

Punakaiki Fund (PFL) is a venture capital investment company with a diverse portfolio of investments in private New Zealand technology companies. We invest for the long-term, aiming to build our portfolio of investments in companies that are revenue-generating, possess unique competitive edges, and have the potential to dominate a global niche. Our portfolio is diversified across company size, industry sector and business models.

Founded in 2014, PFL operates under an evergreen structure and is actively managed by 2040 Ventures Limited.

## Mission

Our mission is to shift New Zealand's asset allocation into venture and technology companies, and help those companies become global successes. PFL has a primary objective of delivering shareholders significant returns over the medium to long-term, with a current target to deliver five-year rolling annual returns of at least 20% net to shareholders (after all costs, fees and fund-level taxes).

## Vision

We envision a thriving New Zealand technology sector where hundreds of millions of dollars flow into high-quality companies, building a new generation of multi-billion-dollar enterprises that enhance the society and economy of New Zealand.

# Structure

PFL is a limited liability company governed by an experienced Board of Directors. The fund is externally managed by 2040 Ventures and has over 1,000 shareholders both from New Zealand and overseas.

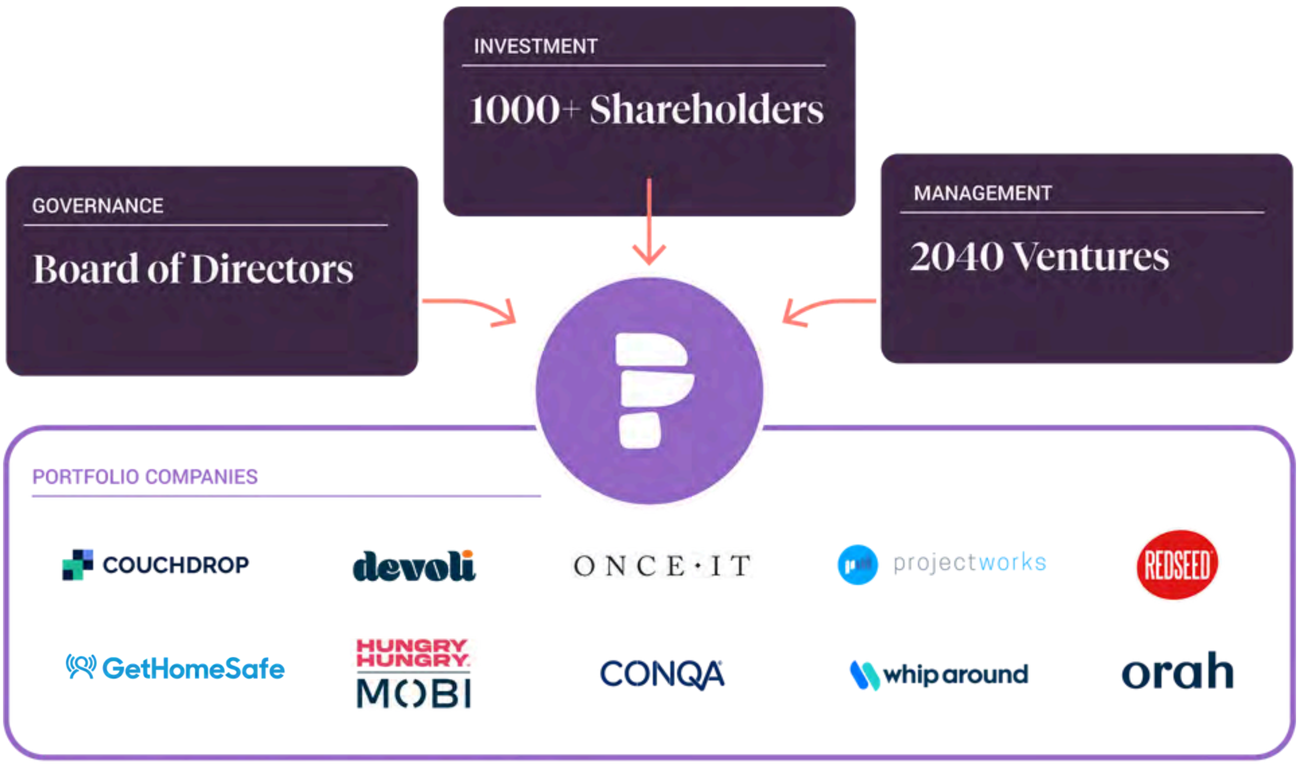
## Evergreen, Ever Growing

At the heart of PFL's strategy lies our evergreen structure – a distinctive, perpetual model that sets us apart from the traditional venture capital fund lifecycle, lowering risk to later-stage investors, and increasing the ability to deliver long-term value creation.

**WHAT IS EVERGREEN?**
PFL has an open-ended, permanent capital structure. This means we don't operate under the pressure of having to exit our investments to meet previously set timeframe expectations. Instead, we have the flexibility to continuously raise capital, invest only in the best companies, hold assets for longer to maximise their value, reinvest returns and distribute proceeds to shareholders along the way.

At eleven years old, our mature portfolio has already delivered over $50 million in exits. When we receive funds from our investments, we now distribute a portion of exit proceeds (and all dividends) back to shareholders in accordance with the Capital Allocation Policy.

We are structured for a future public listing, which provides an innovative route to liquidity. The combination of our mature portfolio with capital returns made to shareholders if we exit an investment, and a path to listing, will potentially allow investors the opportunity to enjoy the benefits of their investment over a shorter timeline that traditional venture capital funds can't match.




+ other portfolio companies, and investments held for exit.

# Business Model

Our business model focuses on investing in high-growth SaaS and technology companies in New Zealand. We aim to support these companies through capital and strategic advice, driving them towards significant growth and profitability. By holding investments for the long term, we capitalise on their growth trajectories, and aim to generate returns through dividends.

Distinctly, our evergreen structure gifts us the luxury of patience, enabling us to make investments based on strong conviction. We typically invest at the early-growth and growth stages, hold investments for longer to maximise value and recycle the majority of our returns into our most promising investment opportunities. We don't invest in pre-seed or seed stage companies that are pre-commercialisation / pre-revenue without evidence of sales growth.

Our commitment to a pragmatic, value-centric investment approach has propelled companies like Devoli, Couchdrop, and Projectworks to recent success, and we have notable exits such as Timely, Vend, Quantifi Photonics and Moxion.

*Punakaiki Fund's notable exits*

# How We Invest

## Market Opportunity

We see significant opportunities in New Zealand to generate high risk-adjusted returns by investing in high-growth SaaS and technology companies. New Zealand has strengths in producing business-critical products that address global markets with high capital efficiency. Despite improvements, there remains a shortage of growth capital, which we aim to address by investing in these high-potential companies.

## Investment Criteria

We strategically invest in companies that are vital to their customers' operations and showcase the potential to capture global markets with capital efficiency.
Our focus is on:

- Companies with products and services that end-users love, and that demonstrate a significant competitive advantage. We especially like products that are relied upon by their customers to run and improve their own businesses.
- Companies with a sustainable level of revenue, a track record of growth, and that give us confidence in their ability to grow over the long-term with or without funding.
- Founding and leadership teams aligned to our values and approach, who aim to drive change and lasting prosperity rather than short-term exits. We look for evidence of the organisation's ability to execute on their priorities, and that can attract and retain the talent required to grow a global business.
- Companies with business models that have resilience, with recurring revenue, or revenue backed by customer loyalty, and strong underlying economics.

## Social Responsibility

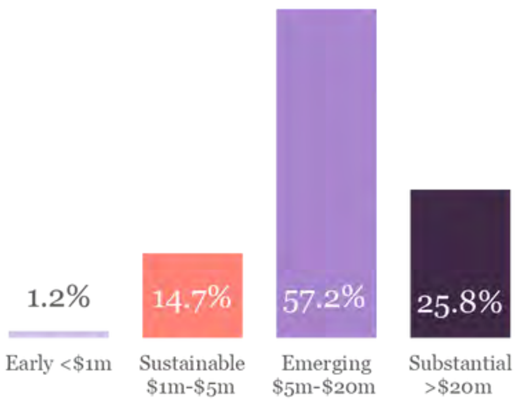
PFL is committed to socially responsible investing. We prioritise investments that have a positive impact on society and the environment, aligning our financial goals with broader societal benefits. This commitment is governed by our Socially Responsible Investment Policy, as well as reflected in our investment decisions, and the long-term support we provide to our portfolio companies.

## PORTFOLIO CONSTRUCTION

Our portfolio is diversified to avoid concentration in any single company, industry, product, or service. We invest across different stages: early, sustainable, emerging, and substantial companies, with a preference for those with proven revenue models and growth potential.

## FY2025 PORTFOLIO COMPOSITION (BY COMPANY STAGE)

AFTER QUANTIFI PHOTONICS EXIT




## TARGETED STAGE

Our investment philosophy emphasises high growth potential, focusing on various stages of company development:

- **Early:** Investments in businesses not yet sustainable, generally including SaaS companies with under $1 million in annual recurring revenue and other technology companies with less than $2 million in trailing twelve-month revenue. We sometimes make first investments into companies at this stage.
- **Sustainable**: Companies with sufficient maintainable revenue to be self-sustaining, typically including SaaS businesses with $1-5 million in annual recurring revenue and other businesses with $2-5 million in revenue. This is generally our target stage for first time and initial follow-on investments.
- **Emerging**: Firms with a successful product needing to build capacity in sales, operations, and product development, usually having $5-20 million in revenue.
- **Substantial**: Larger businesses with over $20 million in annual revenue.
- **Listed and Exit Stages**: Securities listed on recognised sharemarkets and investments held for exit after strategic sales or write-downs.

# Punakaiki Fund SIPO Diversification Targets*

| STAGE TARGETS | EARLY | SUSTAINABLE | EMERGING | SUBSTANTIAL | LISTED |
|---|---|---|---|---|---|
| Typical Revenue Range: SaaS | <$1m | $1-$5m | $5-$20m | >$20m | |
| Typical Revenue Range: Non-SaaS | <$2m | $2-$5m | $5-$20m | >$20m | |
| **Range (% of total investments)** | **0-10%** | **10-40%** | **20-40%** | **20-50%** | **0-40%** |
| Maximum for Individual Investment | 5% | 15% | 20% | 20% | |

| PROFITABILITY TARGETS | UNPROFITABLE | PROFITABLE |
|---|---|---|
| **Range** | **25-75%** | **25-75%** |
| Maximum for Individual Investment | 20% | 20% |

**SIPO is the Statement of Investment Policies and Objectives. The Manager requires board approval for any investments that would cause a target to be exceeded or where a target is already exceeded.*

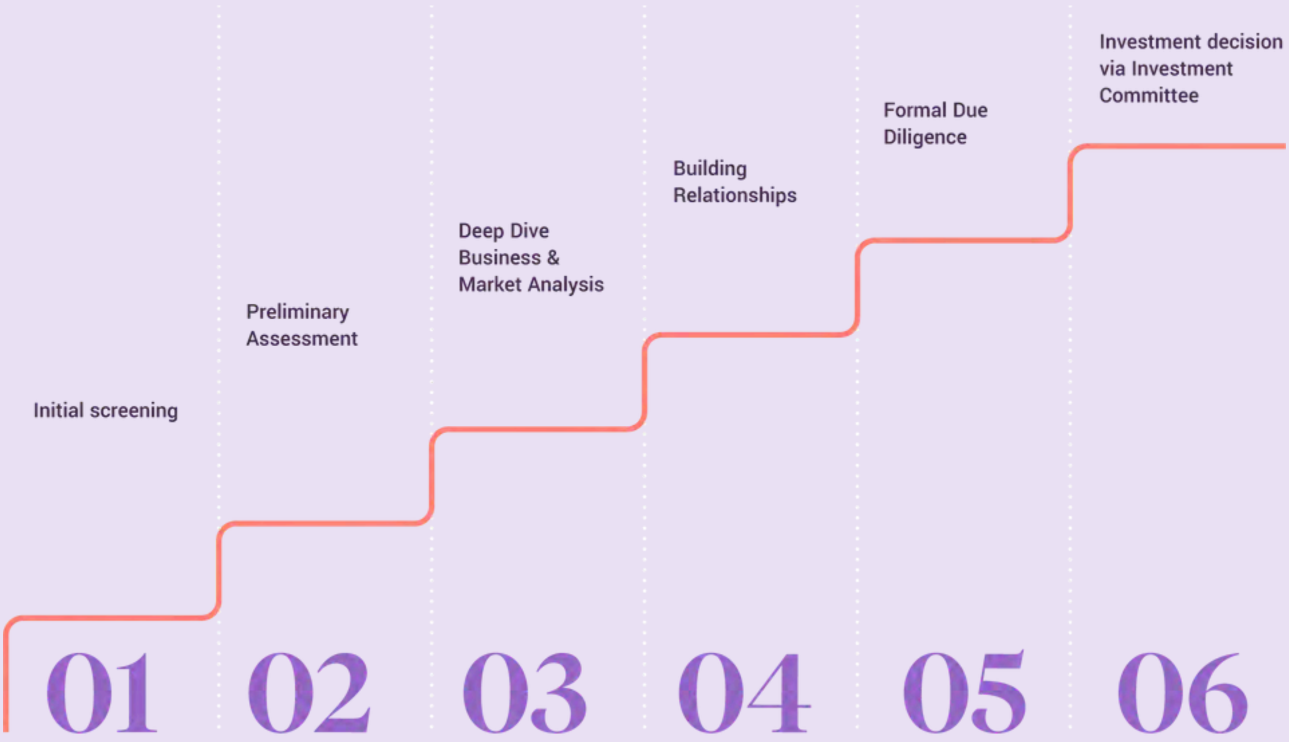
# Investment Process

We receive and identify a steady stream of potential deals and maintain a strong understanding of New Zealand's high-tech ecosystem. We have experience since 2003 in investing and advising the best local technology companies, with hundreds of companies formally and informally assisted. We judge and sponsor the NZ Hi-Tech Awards, and the Punakaiki Fund Hi-Tech Startup Company of the Year Award is the premier New Zealand award for earlier stage companies.

We have a clearly defined mandate and a high threshold for entering into an investment process with a potential investee company. Our selective approach ensures that only the most promising opportunities align with our strategic goals, allowing us to maintain a focused and effective portfolio.

When we identify a potential fit, we delve deeper to build an investment case. This involves rigorous internal conversations, meetings, and due diligence. We interview founders, visit sites and test products. We ensure the underlying science or engineering makes sense, using external experts if necessary. We also build a working relationship with the company to test our ability to assist them.

Our formal due diligence process validates all presented facts and assumptions. Our findings are documented in reports and reviewed by our Investment Committee, where final investment decisions are made.



# Investment Process

We adopt several strategies to manage and optimise our portfolio effectively:

### SIZE OF SHAREHOLDING
Our initial investments typically start with a small minority stake, with potential increases through follow-on rounds and secondary share sales. We may hold substantial or majority stakes if this is aligned with our long-term goals.

### FUNDING STRATEGY
For early-stage companies, we prefer smaller initial investments, increasing funding as the company grows and its business model is validated. This approach allows for greater information and confidence when investing in later rounds investing, and we have increasingly tight standards for follow-on investment.

### MARGIN OF SAFETY
We minimise potential losses by investing in companies with strong growth prospects, reasonable valuations, a pathway to a profitable core business, and contractual terms that protect our investments.

### ACTIVE VS. PASSIVE HOLDINGS
While we provide active support and advice to many portfolio companies, we may hold certain investments passively, involving only ongoing monitoring.

### GOVERNANCE
We ensure appropriate governance structures are in place, typically including independent directors and chairs, to maximise value and support the founder's strategic direction.

### LONG-TERM COMMITMENT
As an evergreen fund, we hold investments for extended periods to allow portfolio companies to mature and deliver dividends and capital gains. We avoid forced exits and support sustainable business growth.

*Nadine Hill leads the PFL Investment team*

# About the Manager

2040
VENTURES

2040 Ventures Limited was founded in 2013 to be the manager of PFL, and also manages Climate Venture Capital Fund Limited Partnership.

Founders Lance Wiggs and Chris Humphreys remain the key principals. Nadine Hill leads the PFL Investments team and Tom Culley looks after investor relations. The wider team focuses on operations, funding, and investment management.

2040 Ventures also has access to the expertise of Climate Venture Capital Fund partners, Rohan MacMahon, who is a director of Devoli, and Dr Jez Weston.

Under the Management Agreement, 2040 Ventures has broad powers and responsibility for investment, managing investments, fundraising and administrative services.

**CHRIS HUMPHREYS**
Founding Partner

**LANCE WIGGS**
Founding Partner

**NADINE HILL**
Partner

**ROHAN MACMAHON**
Partner

**ANGELA JAMES**
Operations Manager

**DR. JEZ WESTON**
Partner

**TOM CULLEY**
Investor Relations

**CORMAC MCCULLOUGH**
Investment Manager

**REBECCA VELLA-KING**
Operations Analyst

# Directory

## Board of Directors of Punakaiki Fund Limited

- Michael John Bennetts
- Teressa Rachelle Betty
- Nigel David Scott
- Graeme Lance Turner Wiggs
- Jayshree Das

**The Directors can be contacted at Punakaiki Fund Limited's address:**
Level 2, 99 Quay Street
Auckland 1010

## Manager

2040 Ventures Limited
Level 2, 99 Quay Street
Auckland 1010

## Auditor

Ernst & Young
2 Takutai Square
Britomart, Auckland 1010

## Solicitors

Wynn Williams
Level 25, Vero Centre
48 Shortland Street
Auckland 1010

## Registrar

The Share Register is maintained by
Catalist Markets Limited
Level 5, 187 Queen Street
Auckland 1010


Punakaiki
Fund