Empowering innovation: navigating challenges, embracing opportunities

Fostering a resilient early-stage investment ecosystem and driving growth in New Zealand's early stage technology sector.

NZ GROWTH CAPITAL PARTNERS

2024 Annual Report

Contents —

ASPIRE
NZ SEED FUND

ELEVATE
NZ VENTURE FUND

Nomenclature:

Throughout this report, we use 'Aspire' and 'Aspire seed fund' to describe the Aspire NZ Seed Fund, and 'Elevate' and 'Elevate venture fund' to describe the Elevate NZ Venture Fund.

See Glossary for further explanation.

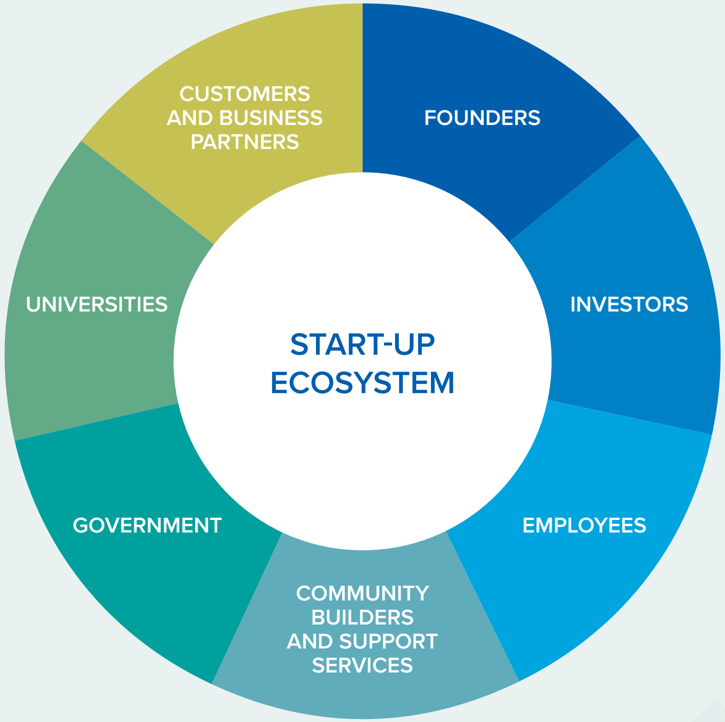
Cover image: New Zealand's clean-tech landscape is rapidly evolving, driven by its commitment to sustainability, its abundant natural resources, and strong government support for renewable energy and low-carbon technologies. The sector is focused on innovations in energy efficiency, renewable energy, waste management, and sustainable agriculture, with significant opportunities in wind, solar, hydro and geothermal energy. New Zealand's clean-tech industry is well-positioned to contribute to the country's goal of achieving net-zero emissions by 2050, fostering partnerships with start-ups, research institutions, and government agencies to drive growth and international competitiveness.

Who we are —

NZGCP is a crown-owned entity that makes direct equity investments into early-stage technology start-ups via our Aspire seed fund; and manages the Elevate venture capital fund-of-funds. Our role is to help develop early-stage capital markets in New Zealand and to catalyse private investment into the sector.

What is a start-up ecosystem?

Research shows many external factors influence a start-up's success. The stronger the ecosystem the more likely a start-up will be successful.



Founders – Founders are specialised entrepreneurs, central to start-up ecosystems as they create and grow start-ups

Investors – Angel investors and venture capitalists provide capital, support and access to networks

Employees – Employees bring skills necessary for the development, marketing and roll-out of their products and services

Community builders and support services – Community builders and support services support founders and their teams to get the skills and networks to grow start-ups

Government – Government sets policy and funds initiatives that encourage entrepreneurship

Universities – Universities and research organisations produce new ideas and nurture talent

Customers and business partners – Customers and business partners support start-ups to grow, by providing revenue and participating in M&A activities

*Source: Startup Genome, "Global Startup Ecosystem Report", 2012

New Zealand early-stage capital sources by investment stage —

Proof-of-concept	Pre-seed	Seed	Series A/B	Series C to exit

Friends + family

Crowd funding

Bootstrapping (using early revenues)

Deep-tech only:
- Crown Research Institutes (CRIs) / University funding via Technology Transfer Offices
- MBIE Preseed Accelerator Fund via KiwiNet
- Callaghan pre-incubation grant
- Callaghan tech incubators (+ repayable grant)

Private incubators

Private accelerators

New to R&D grant

R&D tax incentive

ANGEL ASSOCIATION NEW ZEALAND

Angel investors (private individuals)

Visit AANZ's for a comprehensive list of NZ's angel investor groups

ASPIRE NZ SEED FUND

Aspire seed fund focuses on emerging/under-invested sectors (including deep-tech)

ELEVATE NZ VENTURE FUND

Domestic venture capital (VC) funds, private individuals, KiwiSaver funds, NZ Super Fund, ACC, iwi + Community trusts

Corporate venture (limited in NZ)

Australian VC

Other international VC

International follow-on funds

Debt e.g. New Zealand Green Investment Fund (NZGIF)

Venture debt (international)

New Zealand Trade and Enterprise (NZTE)

—

For further capital providers, visit our Start-up Resources microsite.

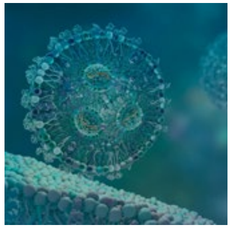
2024 by the numbers —

14
Aspire made 8 follow-on and 6 new investments

1:5.3
for every $1 invested by Aspire another $5.30 private capital was crowded

4 of the 14
companies that received funding during FY24 had female founders (Bspkl, Space Rock Games, Kitea Health and Hashbane)

2
health-tech investments (Avasa, Kitea Health)



4
software investments (AuthSignal, Hashbane, Kry10, Spalk)

Total invested by Aspire –
$7.2 million
life to date $119.2m (as at 30 June 2024)

3
deep-tech investments (Avertana, Marama Labs, Miruku)

Proceeds from realisations in Aspire and VIF portfolios –
$13.1 million

2
gaming investments (RiffRaff, Space Rock Games)

6
Aspire portfolio companies raised Series A+ funding

12
market development sponsorships; (AANZ, NZPC venture summit, MoA, Electrify Accelerator, StartMate First Believer and Women's Fellowship programmes, Nexus, YES, Velocity, Startup Dunedin, Entre, OnBoard)

1
clean-tech investment (Bspkl)

9%
Operating costs came in 9% below budget

2
agri-tech investments (CarbonCrop, Smart Machines)

Launch of a global data platform about the New Zealand start-up ecosystem
Dealroom
nz.dealroom.co

Statement of responsibility —

for the year ended 30 June 2024

In accordance with the Crown Entities Act 2004, the Board of New Zealand Growth Capital Partners (NZGCP) accepts responsibility for the preparation of the annual financial statements and the statement of performance and the judgements used in them.

Under the requirements of the Public Finance Act 1989, section 19a, the Board is responsible for the preparation of NZGCP's annual report, which includes financial statements and a statement of performance, and for the judgements made therein. The Board of NZGCP accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting of NZGCP and the Group.

In the opinion of the Board of NZGCP, the annual financial statements and the Statement of Performance for the year ended 30 June 2024 fairly reflect the financial position and operations of NZGCP and the Group.

Annabel Cotton
Chair

Steve O'Connor
Deputy Chair

Chair and CEO report —

From left: Annabel Cotton, Chair, and Rob Everett, CEO

The early-stage capital market has faced significant challenges this year, with economic conditions impacting available capital and investment activity. Despite these challenges, sectors like health-tech and climate tech in New Zealand have shown promise, and internal efforts are focused on increasing capital, expanding the pipeline and developing the capability in early-stage investments.

As a result, some investors have reduced their investment activity while they wait to receive realisations and for exit opportunities to return. We have also seen a relatively thin pipeline of developing companies that were ready for external funding and this reduced our own investment activity through the Aspire seed fund in line with the overall market. In the early-stage investment sector generally, there was increased focus on profitability/revenues and on extending cash runway, rather than growth/customer acquisition and that required adjustments to strategy and cost-bases for many start-ups. Specifically for deep-tech companies, investors have been much less forgiving about missed milestones and we have consequently seen some marked-down rounds as a result. The market has experienced several bridging rounds to help companies hit any missed milestones and there was a significant increase in focus on discipline over the use of funds.

At an NZ Inc level, a number of sectors stood out and cohorts of really promising companies emerged. The trend over the last few years received more investment into deep-tech and great companies are emerging in the health-tech, climate-tech (particularly waste to value), space and gaming sectors. We have showcased some of the most promising clean-tech companies in our portfolio to highlight this.

Whilst artificial intelligence (AI) is clearly the fastest-evolving technology globally, it isn't evident that New Zealand companies are increasingly incorporating it into their businesses. However, we haven't yet seen the level of AI-focused start-ups that now exists overseas and we fear New Zealand is being left behind in this fast evolving area.

Through the Aspire seed fund, we have continued to work diligently to find companies ready for external investment and where possible assist them in achieving completion of pre-seed and seed funding rounds completed.

Even where those deals are undertaken, it is taking longer and valuations are lower than experienced during in the 'boom period' of late 2020, 2021 and early 2022. We are, however, seeing good progress in many of our portfolio companies and are actively involved in follow-on funding rounds for a significant number.

Post year end we saw a small increase in the pipeline of new and follow-on investments and because of a significant exit realisation (Kami), our cash flow outlook improved to allow us to more actively participate in funding rounds.

Our mandate from the Government requires us to seek to increase the capital available and capability of the early-stage investment ecosystem. This includes filling funding gaps left by the private sector. At the very earliest stage in start-up companies' development – particularly in deep-tech where the pathway to proving scientific and engineering breakthroughs is long and capital-intensive – institutional private sector and venture capital fund presence is relatively limited. We have worked hard to develop investing capability in deep-tech and more broadly in clean-tech and some very promising companies are now progressing on their journeys.

We have engaged closely with both the previous government and the current government to explore how to be most impactful as one of the government's investment vehicles in the start-up space and have actively focused on building our capability as an investor, supporting our portfolio companies and engaging with the sector as a whole. Broadening and deepening the range of people looking to participate in the sector and the diversity of investors willing to put capital to work is a key component of our activity.

For the Elevate venture fund, which we manage on behalf of the Guardians of the New Zealand Superannuation Fund (the Guardians), we spent considerable time supporting the underlying venture funds within the programme. Several were looking to raise further vintages of funds and some experienced internal pressures and challenges as the difficulty raising more capital and a generally constrained sector had its impact. Uncertainty as to the future of the Elevate programme is impacting Elevate's planning as to how to invest the small amount of remaining funding and to allocate within underlying funds for future vintages.

Our performance measures are grouped around capital, capability and pipeline. Given our role, much of what we seek to influence and to measure is overall market performance – whether the number/value of funding rounds have been completed, companies have reached as far as Series A funding rounds and a balance has been achieved between [our] taxpayer funded investment and the private sector's investment. As mentioned earlier, the mandate of both Aspire and Elevate is to seek to increase the capital available within, and the investment capability of the early-stage ecosystem. Therefore, neither of the funds can invest without at least equal involvement of private-sector players. The difficult market environment has seen less market funding available to close funding deals and raise new funds, which not only impacted the measures relating to companies raising capital, progressing to Series A funding rounds and venture capital firms raising new vintages, but also NZGCP's own performance targets. Early-stage capital markets and tech investment in particular are very cyclical, and our approach is to maintain our targets where ever possible in order to measure long-term trends against them rather than change them every year based on market conditions.

In line with the other venture capital firms and angel investors, NZGCP's cash flow position was impacted by the lack of portfolio realisations. This in turn affected the cash we have had available to invest and influenced some of our divestment decisions.

Internally, we have continued our recent track-record of strong employee engagement and are proud that there were no resignations within the financial year. However, we have pushed very hard at our cost base and ended the year 9% below our budgeted expenditure. In addition, at the very end of the year, we launched a process to reduce our staff numbers and ensure our cost base reflects current and anticipated market conditions to ensure we are operating as efficiently as possible. Such processes are inherently disruptive and can be damaging to staff morale and we want to recognise the admirable professionalism shown by our people but particularly those directly impacted by the process.

We added three Board directors – Janice Frederic, Steve O'Connor and Grant Straker – during the year, the term for the Board chair was extended and Steve O'Connor was appointed Deputy Chair. We wish to thank the Board and all of the team within NZGCP for their hard work over the past 12 months.

Annabel Cotton
Chair

Rob Everett
CEO

We have worked hard to develop investing capability in deep-tech and more broadly in clean-tech and some very promising companies are now progressing on their journeys.

What do we aim to achieve?

A vibrant and self-sustaining early-stage investment ecosystem, investing in globally ambitious companies and contributing to New Zealand's economic prosperity. These impacts and outputs align with our Statement of Intent 2024–2028 and Statement of Performance Expectations 2023/24.

Statement of Intent 2024–2028

Statement of Performance Expectations 2023/24

Capital

Elevate targeted up to $1 billion flowing into the early-stage capital markets by 2024, a milestone it exceeded in 2022. Elevate has approximately $50 million left to deploy into established managers. A significant number of the existing underlying funds have now reached the end of their investment periods and will be raising their next vintage over the next 12 months.

Capability

To navigate the challenging environment the start-up sector has faced, our team has focused on building and developing the capability of investors, supporting founders through accelerator programmes and collaboration, and backing ecosystem support providers.

Pipeline

The capital-raising environment has remained challenging since coming off the high activity levels of 2021. Investors have been preserving capital for follow-on investments into existing portfolio companies, making it harder for new companies to raise funds. We have responded by being selective in the number of companies we back, but doing more to ensure those companies are sufficiently capitalised to reach clear value inflection points and raise the next round of funding required. We hope to broaden our investment activity in the coming year as prolonged reduced investor activity will have a materially negative impact on the number of transformational companies built in New Zealand.

Our impacts and outputs —

Mandate (our purpose)	Outcome (our vision)	Impacts (what we aim to achieve)		Summary of impact measure performance	Description of output measure performance	Summary of output measure performance
New Zealand Growth Capital Partners Limited (NZGCP) exists to support and accelerate the development of early-stage capital markets in New Zealand.	A vibrant and self-sustaining early-stage investment ecosystem, investing in innovative and globally ambitious companies, and contribution to the New Zealand economic prosperity, wellbeing and ambitions for an economy with a low environmental impact.	**Capital**	A self-sustaining venture capital industry of a scale that brings New Zealand in line with similar-sized OECD economies.	**We had eight impact measures and achieved five, one is a new measure and could not be compared to prior year results and two measures were not achieved.**	Via Elevate and Aspire, act as a catalyst to attract, increase and diversify the capital available in the early-stage capital ecosystem.	**We had six output measures and only achieved two.**
		Capability	More depth and breadth of investment expertise and capital available to invest in the different stages of a start-up funding cycle which delivers economic returns and contributes to the wealth of New Zealanders.	**We had four new impact measures and achieved one, we could not determine the improvement year-on-year for three of the measures because this is the first year of measurement.**	We work with various industry stakeholders to develop the capability of investors (and founders) and, by making data available, improve the investment conditions of the early-stage capital ecosystem.	**We had two output measures and achieved both.**
		Pipeline	An increased number of early-stage deal flows, as well as follow-on investment for a number of high-growth companies achieving commercial and global success, which contributes to the improved productivity of New Zealanders.	**We had three impact measures and two were achieved. The third measure is a new measure.**	Through Aspire, invest in proof-of-concept, seed and pre-series A portfolio companies which in turn, increases the pipeline of Series A companies in which, Elevate underlying funds can invest. In addition, Aspire aims to invest in under-represented and underserved sectors in the market, assisting those segments to gain access to capital.	**We had seven output measures and achieved two. The others were not achieved.**

Our impacts and outputs —

Assessing our performance

As set out in our Statement of intent 2024–2028, we measure our performance against how we progress our strategic ambitions and statutory objectives using impact and output measures.

We have impact measures for each strategic ambition to measure how our work achieves our strategy. We then have output measures for our main statutory objective to measure how successful our work has been at achieving increased capital, improved capability and increased pipeline for the long-term benefit of the early-stage capital ecosystem.

Measuring our impacts and outputs

We measure our impacts and outputs against the following ratings and criteria:

Rating	Criteria
Achieved	Result is heading in the direction of the desired trend
Not achieved	Result is not heading in the direction of the desired trend

We seek to continuously improve our performance year on year to contribute to the support and development of the early-stage capital ecosystem. We have desired trends to confirm the direction we want to see the results moving towards. Due to the long-term nature of our ambitions and outcomes, it may take several years for measurable change or trends to become clear.

The measurement of these impacts and outputs is complex, with many influencing factors. Cause-and-effect relationships between our work and measurable change in the early-stage investment ecosystem are not always straightforward, and factors outside the control of NZGCP can have a major influence on it.

We take an evaluative approach to measuring our progress. Each year, we collect qualitative and quantitative information via the following methods:

— NZGCP data – Information collected or held by NZGCP; e.g., the number and value of new and follow-on investments, the number of deal applications received, the size of funding rounds we participated in, and the level of syndication.

— Industry participant surveys – Online surveys sent to prospective and current portfolio companies and venture capital funds to gather data on gender and diversity. This data is self-disclosed information and the accuracy and completeness cannot be verified, but the numbers aim to determine a trend.

— Publicly available data – Data published by the *Startup Investment* magazine published by PwC, NZGCP and Angels Association New Zealand (AANZ) twice a year, the New Zealand Private Equity and *Capital Monitor* published by EY annually that gathers industry-wide data about the early-stage investment ecosystem and **Explore the New Zealand ecosystem | New Zealand Ecosystem (nz.dealroom.co)**

These sources work together to paint an overall picture of our performance that we use in our reporting. Several of the output measures contribute to more than one impact measure.

External factors impacting results

As mentioned earlier, external factors impact performance measure results. These can range from domestic and international economic shifts, the availability of private-sector investment capital, changes in taxation policies, technological advancements, changes in government policy, and more. Where relevant, we note these external factors alongside the performance results.

External factors contributed to very low divestments/exit opportunities over the past two years both locally and internationally. This affected NZGCP's available cash flow as we fund our operations and investments with proceeds received from our portfolio companies. During the year under review, investments were scaled back to preserve cashflow while divestment opportunities were actively explored. Towards the end of the financial year proceeds were achieved that eased the cashflow outlook.

Capital

Increased number of experienced active investors:
Through our Elevate venture capital fund-of-funds, we act as a catalyst to attract new sources of investment capital by driving commercial best-practice across the venture capital sector and, over time, demonstrating strong returns from the investments made.

Increased connectiveness for globally ambitious companies:
We aim to create strong partnerships with investors that support the ambitions of maturing start-ups.

The venture capital market in New Zealand, as has been seen globally, has contracted significantly since the highs of 2021 and fundraising for new vintages remains extremely challenging across the board. We are encouraged by the performance of existing investments in the underlying funds as their portfolios mature and the potential winners are starting to emerge. We have already backed second vintages of two funds (Blackbird and Movac) and will be looking to deploy the bulk of our remaining capital into other follow-on vintages. Due to the maturity of a number of the underlying funds, the amount of slots available for new companies will naturally drop until they raise their next vintages.

As markets have retrenched (USA in particular), there has been less interest in overseas investment into Kiwi start-ups, but this remains a viable path for those with the highest prospects, as we have seen with the likes of Tracksuit. We have noted an increase in the efforts being made by domestic funds to build stronger relationships overseas, particularly in Australia and the USA. We believe these efforts will pay dividends in years to come.

Our capital impacts and outputs —

Impact	Measure	Desired trend between 2024 and 2028	2022/23 result	2023/24 result	Achieved/ Not achieved
A self-sustaining, mature, meaningful venture capital industry of a scale that brings New Zealand in line with similar sized OECD economies	Increasing number of venture capital (VC) funds in New Zealand with a fund size less than $50m[1,2]	Increasing number	>18	>22	Achieved
	Increasing number of VC funds in New Zealand with a fund size more than $50m[2]	Increasing number	>12	>13	Achieved
	Increasing number of VC funds in second or higher vintage and with a fund size more than $50m[2]	Increasing number	6	7	Achieved
	Increasing amount available for New Zealand VC funds to invest locally[3,4]	Increasing amount available to invest	$256m	$407m	Achieved
	Increased diversity of New Zealand funds (General Partners (GP) vs team)[4]	Increased diversity of GPs and VC team members	N/A – this is a new measure	54 GPs in total of which 19% identified as female and none as Māori and 39 investment professionals of which 46% identify as female and none as Māori	N/A
	Increased number (and diversity) of New Zealand angel investors[5]	Increased number and diversity of angel investors	100 – 150	100 - 150; no meaningful data could be obtained for diversity	Not achieved
	Increased amount invested by angel/seed market into New Zealand high-growth companies (p.a.)[6]	Increased amount	$187m	$164m	Not achieved
	Increased amount invested by the VC market into New Zealand high-growth companies (p.a.)[7]	Increased amount	$319m	$384m	Achieved

1. During the year additional data sources were introduced to identify VC funds in the New Zealand ecosystem, which improved the underlying dataset. In determining the number of venture capital funds, unique managers were counted and not necessarily the different funds under a manager.
2. These reported figures are estimated based on external information such as the *Young Company Finance* and *NZ Private Capital Monitor* annual publications, as well as NZGCP's own knowledge of, and self-disclosed information received from, underlying investments of the Elevate fund.
3. Available capital is considered the amount of funds raised by VC funds during the year.
4. NZGCP sends out questionnaires on an annual basis to all the funds considered in the first two measures above to supply the information. These generate self-disclosed information and their accuracy and completeness cannot be verified, but the numbers aim to give trend information.
5. These numbers were obtained using Pitchbook data and include individual angels as well as angel nominees. Nominee structures are often used by angels to make investments and a structure typically includes between five to fifteen angels. The measure counted the angel nominees and not the individual angels in each of the structures.
6. The total amount invested by the angel/seed market into high-growth companies as measured by *Startup Investment* published by PwC, NZGCP and AANZ annually for periods ending 31 December.
7. The total amount invested by the VC market into high-growth companies as measured by *New Zealand Private Equity and Venture Capital Monitor* published by EY annually for periods ending 31 December.

Our capital impacts and outputs —

Quantity measures	Desired trend	High-level result
Cumulative number of venture capital (VC) funds committed to by Elevate (including second vintages)	Increasing to 10	Not achieved
Cumulative amount of capital raised by VC funds that Elevate invests in	Increasing to $800m	Not achieved
Amount of capital committed to VC invested in by Elevate (p.a.)	At least $40m	Not achieved
Total capital invested in funding rounds where Aspire participated (p.a.)	At least $60m	Not achieved
Number of companies that attracted offshore VC investment during their Series A/B funding round (specific to Aspire and Elevate) (p.a.)	At least 10	Achieved
Investment leverage ratio for Aspire (public to total capital)	At least 1:5	Achieved

Further details of the results from our output measures are included in the Statement of Performance section.

Elevate —

Backing the best venture capital managers to invest in New Zealand's best early-stage tech companies.

Together we're building a sustainable Kiwi venture capital market.

ELEVATE
NZ VENTURE FUND

Elevate year in review

FY24 has seen Elevate's portfolio maturing and overall, it is tracking positively as the breakout underlying funds and companies begin to emerge and add material value to the portfolio.

VC funds in which Elevate invests have raised $757 million in capital since 2020; over 60% from the private sector and over 14% from offshore investors. The Elevate commitment to those funds amounts to $220.8 million, of which $6.3 million was committed during FY24.

Over the next 12 months, a large number of funds will be returning to the market for their next vintages. While we are hopeful that some market improvement will be observed, we anticipate fundraising to remain difficult given the broader macroeconomic headwinds and muted domestic institutional investment appetite in New Zealand venture capital. We have already seen these tough market conditions putting significant strain on the ecosystem and unfortunately, this has resulted in several senior departures from several funds.

As the domestic market remains very shallow compared to more established overseas venture capital ecosystems, we strongly believe future investment in capital and capability building is required to keep the momentum we have seen since 2020 and to ensure the New Zealand economy remains competitive in the global stage. We have come very far but still have along way to go.

Underlying fund summaries

Blackbird Ventures NZ Fund 2019 and Fund 2022

In May 2022, Elevate committed $30 million into Blackbird Ventures' second New Zealand fund (Fund 2022), which raised $80.6 million by its final close in June 2023. This was our second investment in a Blackbird vintage after our $23 million commitment into its first New Zealand fund (Fund 2019) in FY21. Blackbird is Australia's largest venture capital fund and is deeply committed to bringing their investment ethos into New Zealand's start-up ecosystem.

blackbird.vc

Finistere Aotearoa Fund

In April 2021, Elevate committed NZ$16 million (US$10 million) into the Finistere Aotearoa Fund, a sidecar vehicle that targets agri-tech companies at the Series A/B stage. This was matched by Silicon Valley-based Finistere Ventures Fund, providing a total of NZ$32 million to invest in New Zealand opportunities.

finistere.com

GD1 Fund 3

In July 2021, Elevate committed $45 million into Global From Day 1 (GD1) Fund 3, which achieved a final close of $145 million. GD1 is a generalist venture capital fund, with investments ranging from enterprise software, Internet-of-things (IoT), deep-tech and health-tech in stages that span from pre-seed to Series B.

gd1.vc

Hillfarrance Fund 1

In 2022, Elevate committed $17.5 million into Hillfarrance Venture Capital Fund, which achieved a final close of $36 million. Its investment focus is gaming, advanced machine learning, and climate solutions, with the fund's strategy driven by founders and business models rather than particular sectors.

hillfarrance.com

Movac Fund 5 and Emerge Fund 4

In June 2023, Elevate committed $16.2 million into Movac Emerge Fund 4. This was increased to $22.6 million in June 2024 given higher matching capital achieved. With our commitment, the fund achieved a final close of $45.2 million. Emerge is a deep-tech, early-stage fund managed by veteran Movac partner David Beard. This was our second allocation to Movac, after our commitment of $30 million into Movac's $250 million Fund 5 in September 2020.

movac.co.nz

Nuance Fund 1

In September 2021, Elevate committed $17 million into Nuance Connected Capital. Nuance reached a final close in March 2022 with a fund size of $57 million. It is a deep-tech venture capital fund that aims to solve large societal challenges using emerging technologies.

Nuance.vc

Pacific Channel Fund 2

In October 2020, Elevate committed $20 million into a $55 million fund managed by Pacific Channel, New Zealand's first deep-tech-focused venture capital manager established in 2005. The team has a strong background in life sciences, which forms the focus of their investment strategy alongside clean-tech and food-tech.

pacificchannel.com

Elevate activity during FY24

— $6.3 million was committed during the financial year to match the further private capital raised by Movac Emerge Fund 4. This increased our commitment to the fund to $22.6 million from $16.3 million in FY23 and brings our total commitments to funds to $220.8 million.

— Cash calls of $32.6 million have been made by funds for the financial year.

— As at 30 June 2024, $161.5 million had been called from Treasury since inception ($159.2 million in the Elevate LP Fund and $2.3 million in the Elevate fund).

Investment activity during FY24

— Since inception, Elevate underlying funds have invested, in aggregate, approximately $440 million of investment into more than 120 New Zealand tech start-ups.

— During the financial year, Elevate underlying funds invested in around 20 Series A/B deals (defined as rounds with sizes between $2 million and $20 million) providing ~$80 million of capital into some of the country's most promising companies such as:

- **Tracksuit** – brand tracking platform
- **Miruku** – create sustainable, nutritious and affordable animal-free dairy
- **Runn** – real-time resource management and forecasting software.

— Fifteen new investments were made by underlying funds including:

- **Bspkl** – New Zealand's first deep-tech hydrogen start-up
- **Luminoma Diagnostics** – specialises in rapid point-of-care diagnostic solutions
- **Scentian Bio** – developing real-time sensors to unlock senses beyond visual and acoustic information.

Investment performance

— As at 30 June 2024, the net asset value of the Elevate fund is $162 million and total value to paid-in (TVPI) is 1.00 net of fees (1.09 gross of fees). This is a decrease from 1.05 net TVPI in the last financial year and is largely driven by write-downs in a couple of underlying funds. It also reflects the volatility of interim reporting on early-stage start-ups.

— As our underlying funds mature, we expect them to come out of the 'J-Curve', where in early years, the management fees outweigh the value increases in the underlying investments. We are now seeing some of the winners emerging and adding material value to our underlying funds' portfolio value. This is despite some corrections in the high valuations of 2021 and some of their portfolio companies faltering and being written down. Overall, the fund's performance is, if not slightly ahead of, at where we would anticipate at this stage.

— We would not be expecting realisations to start occurring for another few years but as market conditions are showing positive signs, some small exits are occurring and we anticipate a few more to arise in the upcoming year. However, the bigger and more material exits would still be a few years away.

— We emphasise that interim performance is no indication of ultimate success. Venture capital is a risky asset class with high degrees of volatility and a wide range of potential outcomes. We expect to see several portfolio companies fail, and, likewise, expect outsized winners to achieve good exits. This has already been the case with the performance of some of our funds' largest holdings which are showing strong commercial traction and revenue growth. The last few years' focus on moving towards profitability and no growth at all in costs has instilled great discipline in the best companies and put them on a solid footing as markets continue to improve.

Market growth

— We anticipate an increase in requests for funding over the next 12 months as a number of funds complete their existing investment period and the managers look to raise their next vintage. There is also evidence of several promising emerging managers looking to establish themselves and raise more institutional capital.

— While we have seen some increased appetite from KiwiSaver funds, this remains the exception rather than the norm. We believe that there is much opportunity in this area, particularly as the existing vintages mature and their returns are proven to have risen.

— The majority of current funds in the market have reserved their remaining capital for follow-on rounds into existing portfolio companies, which is to be expected at this point in the fund's life. This means that the number of new investments they make will fall dramatically over the next 24 months unless they can raise new funds soon or other new and existing funds are established. This poses a challenge in growing and building consistency in New Zealand's pipeline of start-ups and continuing the momentum of market growth in the New Zealand start-up ecosystem.

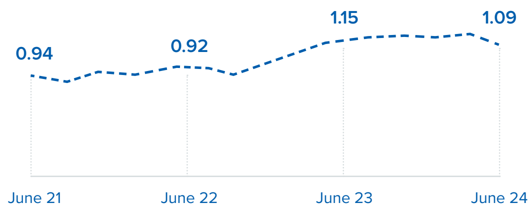
— Although we saw small signs of a more positive outlook in valuations, exits and fundraising towards the very end of FY24, market conditions remain extremely difficult. High cost of living, elevated interest rates, and slow realisations keep private investors on the sidelines. This is compounded by the lack of local institutional appetite for venture capital.

Investment visuals

As outlined above, we are encouraged by the overall fund performance of the underlying funds but ultimately it will be the final distributions by which we measure success. We did see a slight drop in TVPI towards the end of FY24 as a number of companies were written down in value as they had not reached the necessary milestones to raise follow-on capital. This partially reflects 1) a fairly tight market where only the best opportunities can raise capital and 2) the nature of the asset class as company failures can occur at any time. We expect TVPI, particularly with the diversity of, and the maturing of the companies, to continue to trend upwards from here on in.

There has been a modest but encouraging growth in the share of deep-tech companies within the aggregate portfolio relative to prior years. Deep-tech companies are generally more capital intensive in the early stages than software but can achieve significant value uplift as they move into commercial operations and can be rapidly scaled. We see increasing investment towards deep-tech as a meaningful and positive trend in our ecosystem as these start-ups typically have enormous environmental and social benefits, and not just financial returns.

TOTAL VALUE TO PAID-IN CAPITAL
AS AT 30 JUNE 2024



Investment breakdown by sector
AS AT 30 JUNE 2024

Software/Software-as-a-service	**38.1%**
Hardware/Hardware-as-a-service	**12.0%**
Gaming/Media	**6.4%**
Other	**4.0%**
Deep-tech (total)	**39.5%**
Advanced Manufacturing	11.0%
Clean-tech	10.3%
Med-tech	9.8%
Agricultural/Food-tech	4.2%
Bio-tech	2.4%
Other Deep-tech	1.8%

ELEVATE UNDERLYING FUND SHOWCASE

Movac —

Movac is New Zealand's pioneering and leading venture capital fund manager, founded in 1998. They have since built the strongest domestic track record in venture capital and generated some of the country's most notable exits including TradeMe.

One of Elevate's earliest allocations was to **Movac's Fund 5**. This was born from our strong belief in Movac's ability to continue providing valuable support to founders, delivering positive returns to investors, and showcasing New Zealand innovation to the world.

The strength of their portfolio is exhibited by the likes of:

Auror (also Aspire-backed)

Founders: Tom Batterbury, Phil Thomson and James Corbett

Retail crime prevention platform
A purpose-built intelligence platform that is empowering the retail community to prevent crime, reduce loss, and make stores safer. To date, 150,000 customers are using Auror's platform to protect over 45,000 retail stores alongside 2,500 law enforcement agencies globally.

auror.co

Mint

Founder: Dr. Will Barker

Pioneering greener circular metals to restore our planet
Mint is leading the way with climate-friendly e-waste technology that extracts critical metals from electronic waste to be repurposed in a low-impact way. The impact of their technology is reducing the need for mining of the Earth's natural and depleting resources, and creating a circular supply of critical metals needed to power future industries.

mint.bio

Alimetry

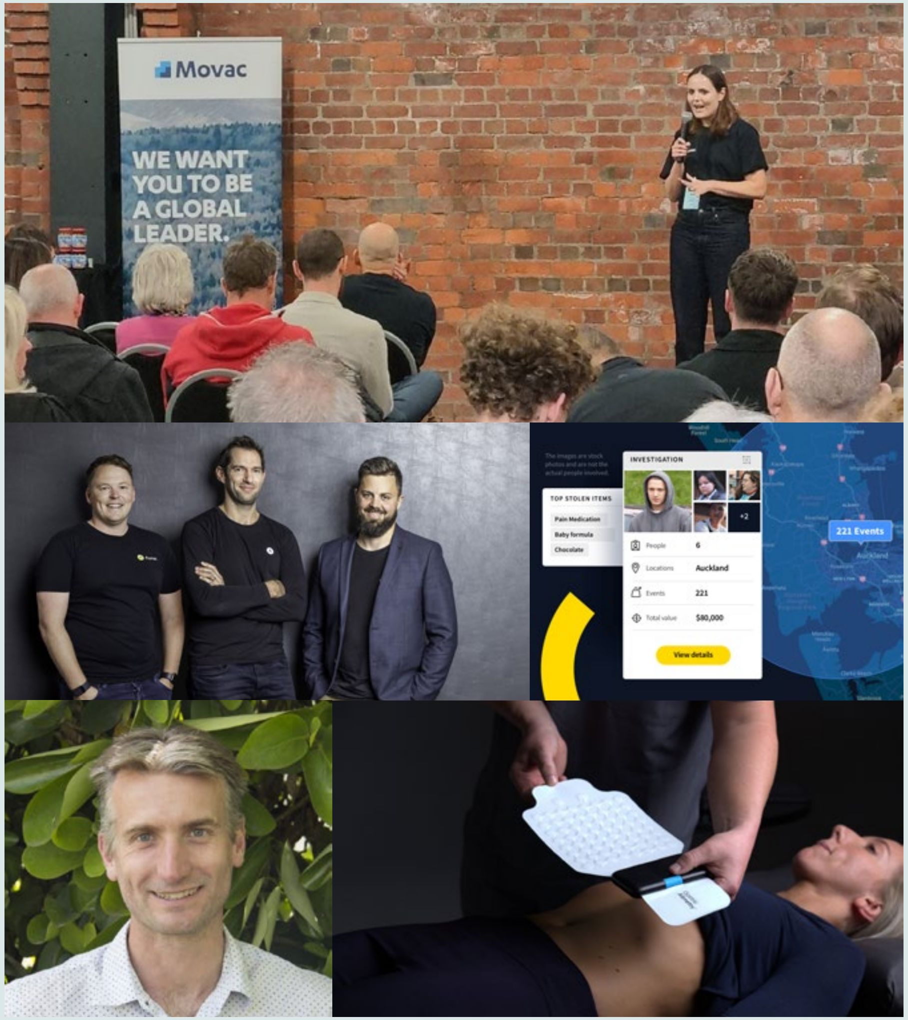
Founders: Prof. Greg O'Grady and Dr. Armen Gharibans

Game-changing gastric diagnostics
One in 10 people suffers from gastric dysfunctions. Alimetry is providing advanced care with gastric alimetry for clear, data-driven insights to decode the gut to transform care. The technology is a medical device that performs body-surface gastric mapping to record, store, view and process gastric electrophysiology as an aid in the diagnosis of various gastric disorders.

alimetry.com

Movac

movac.com



Movac's Fund 5 founders, are driving change within major industries including clean-tech, medical devices and retail crime prevention.

ELEVATE UNDERLYING FUND SHOWCASE (CONTINUED)

KRY10 (also Aspire-backed)

Founder: Boyd Multerer

A secure operating system for software defined machines
In the next five years, 75 billion devices will be connected to the internet. Kry10's goal is to bring software scale, speed and assurance to connected devices that are designed to solve real-world problems. The Kry10 operating system and platform are designed from the ground up for mission-critical connected devices.

Kry10.com

During this financial year, Elevate further supported Movac by stepping up its cornerstone investment into its latest vintage to match increased private sector contributions. The Emerge fund is led by David Beard, who we believe to be one of New Zealand's best active managers, having played a critical role in Movac's successful deep-tech investments in Aroa Biosurgery (later listed on the ASX) and PowerbyProxi (later acquired by Apple). Founders that David has worked with have consistently praised him for his unique insight, depth of experience, and accessibility.

The mission of Emerge is to identify and invest in deep-tech start-ups covering various thematics including (but not limited to) hi-tech manufacturing, biotechnology, med-tech, clean-tech, food security, AI/automation and productivity technology which use groundbreaking science and engineering to solve global issues.

Outside of investment, Movac actively contributes to the development of our technology sector through delivery of workshops, and offering in external events. They are highly committed and involved investors, providing their founders access to:

— A highly experienced partner bench offering strategic guidance and relevant domain-specific knowledge and networks.

— Movac programmes, including Sales & Marketing, Customer Success, and Product & Engineering.

— Movac Camp, bringing portfolio CEOs together for an overnight trip with a specific focus.

Movac's operating chapters provide founders with access to experts across key business functions including engineering, customer success, sales & marketing, and execution.

Capability

An ecosystem conducive to early-stage investment:
We work with various industry stakeholders to develop the market and improve connectivity and investment conditions for the early-stage investment ecosystem.

To achieve an ecosystem conducive to early-stage investment, Elevate continues to back and support the next generation of venture capital managers. Capability building is also supported by our Aspire investment activities, including active sharing of due diligence and proactive syndication on deals in relatively under-invested sectors such as deep-tech and gaming. Through our partnerships with industry associations, we seek to help build investor capability across New Zealand.

We supplement this with our market development commitment of sponsoring and supporting ecosystem partners and programmes, as well as attending and hosting workshops and industry events. We have further progressed this pillar with the nationwide launch of Dealroom, to help build our data, learning, and development strategies.

Significant work is done to help broaden and deepen the range of people coming into the early-stage venture capital system with support for programmes in schools, universities and accelerator programmes.

This year we progressed and almost completed our learning and development (L&D) strategy which will focus on supporting both internal and external managers through their journey to becoming best-practice General Partners. We expect to launch this towards the end of FY25.

Our capability impacts and outputs —

Impact	Measures[1]	Desired trend between 2024 and 2028	2022/23[3] result	2023/24 result	Achieved/ Not achieved
More depth, breadth and diversity of investment expertise and capital available to invest in the different stages of a start-up funding cycle which delivers economic returns and contributes to the wealth of New Zealanders	Commercial returns of funds in line with global averages[2]	Returns correlating to global averages	NZ fund size weighted TVPI of 1.06 compared to global median of 0.88	NZ fund size weighted TVPI of 0.94 compared to global median of 0.90	Achieved
	Increased amount invested by institutional, iwi and corporate investments in VC and start-ups	Increased amount invested and diversity of investors	N/A	21% Family Office; 14% FOFs; 8% KiwiSaver; 1% iwi; 35% HNW; 6% Offshore Investors	N/A
	Increased number and diversity of GP's within VC firms	Increased numbers and diversity	N/A	54 GPs across the venture firms of which 10 identify as female and none as Māori	N/A
	Increased number and diversity of investment professionals within VC firms	Increased numbers and diversity	N/A	39; 46% female; 0% Māori	N/A

1. This is the first year the data is being sourced and it is a voluntary disclosure. The responses received were supplemented with the industry knowledge of the NZGCP team to provide a more holistic view of the venture capital ecosystem. Data might not include all relevant measurement points and should only be used to monitor trends over a period of time.
2. If we consider the graduation rates of NZ Series A-D against global averages, it could also provide an indication of likely returns expected from successful companies 25%, 10%, 4% and 2.7% vs global graduation rates of 27%, 13%, 7% and 3.6%. The capital available through VC funds has increased since 2020, when the Elevate fund was introduced. However, measuring the TVPI against global averages may not yet be meaningful, as these funds are still in the early-stage of their life cycle. Note: the life cycle of VCs is long, typically 10 years (to invest and return capital); its early-stage nature means it takes considerable time before meaningful returns are observed.
3. These are new measures, and comparative figures could not be obtained.

Quantity measures	Desired trend	High-level result
Number of industry development initiatives undertaken (which includes sponsorships of industry associations (NZ Private Capital and AANZ) that specifically focuses on investors to: – Build the base – Grow capability and introduce diverse capital sources – Foster collaboration, connectivity and healthy competition	At least 7	Achieved
Advice or other assistance (data sets) provided to government and other industry bodies to support market development	At least 4	Achieved

Further details of the results of our output measures are included in the Statement of Performance section.

Capability —

NZGCP seeks to build capability across the venture capital ecosystem. As is fitting for an investment vehicle, the majority of that work focuses on investor capability both in the early-stage sector – working with the AANZ, angel groups, and emerging funds – and in the later-stage venture capital sector. Given the small size of our team, in many cases we aim to build that capability through supporting organisations that are encouraging both new founders and investors into the sector and to help develop the capability of those already operating within it.

Market development through investment activities

NZGCP's investment activities are aimed at developing the start-up ecosystem. Aspire is designed to help build the depth and breadth of the pipeline of start-ups progressing to Series A stage investment while catalysing further private capital investment in these start-ups. Aspire balances the need to make sufficient returns from its portfolio to keep investing while seeking to fill gaps in the early-stage capital system left by the private sector, and to catalyse more private-sector investment into seed and pre-seed funding rounds. Elevate exists to develop the institutional venture capital market in New Zealand in accordance with best commercial practice and to catalyse further private (including institutional) investment into the venture capital funds.

Our investment team attends and hosts workshops and industry events as well as assists founders to prepare their start-up for investors or funding round. NZGCP has one Crown funding appropriation, which is utilised to increase capability within our start-up ecosystem by supporting market development initiatives that sit outside our investment activities.

Our market development objectives are:

Build the base – initiatives to encourage diversity, quantity and quality of the Series A/B opportunity pipeline, with a particular focus on under-represented areas, e.g. youth, deep-tech and emerging sectors, Māori, Pasifika, female and/or regional founders.

Grow capability and introduce diverse capital sources – support new and existing angel, seed and venture capital investors as well as develop private capital into the asset class, including institutional investors, e.g. KiwiSaver and iwi.

Foster collaboration, connectivity and healthy competition – including government organisations, investor networks and increased access to global markets.

Sponsorships and partnerships

This year we have maintained our support of existing sponsorships and partnerships to allow them the stability and continuity to continue to develop and create opportunities for deepening and diversifying the early-stage ecosystem. Our mandate from the Government encourages us to attract new investors, provide the necessary resources to build knowledge and capability, and to support diversity (i.e. increase female representation across both founders and investors).

Our commitments during FY24 weighted heavily towards:

- NZPC to support investors and the venture capital funds they manage,
- AANZ to empower them to create and provide the necessary resources for angel investors – in particular, reaching new investors, upskilling existing investors, and creating collaboration across the ecosystem
- Ministry of Awesome (specifically their Electrify Accelerator programme and Electrify Aotearoa annual conference), which focuses on supporting women within the start-up sector
- Startmate First Believers (programme for those interested in Angel investment) and Women's Fellowship (programme for women interested in working in a start-up).

(Note all other sponsorships are captured in an updated visual of our sponsorship.)

Learning and development (L&D)

We continue to develop our L&D framework to support the domestic venture capital market. During the year, we consulted with a broad range of stakeholders to understand their requirements and current learning sources. Armed with that feedback, we have worked with Inspire Education (an external provider) to design and develop a learning programme. In the new financial year, we expect to have finalised the key competency frameworks and learning pathways for the use of all venture capital firms. We will then move into the execution phase with a goal of working collaboratively across all venture capital investors to share learnings, standards and best practice, and to help develop the investor capability in a cost-efficient and relevant manner.

Data collation and reporting

In February 2024, NZGCP launched Dealroom, a free platform for users (via a licence fee paid by us) to establish a data collation and reporting mechanism to collate, analyse and publish ecosystem data. The platform relies heavily on ongoing updates from all participants to capture and present the most accurate and up-to-date information. A considerable amount of communication has since taken place, to raise awareness and encourage registration however, the platform requires additional dedicated resources to keep it front of mind for ecosystem participants and build traction to achieve the desired results.

NEW ZEALAND'S START-UP DATABASE SHOWCASE

Dealroom —

To deliver on our mandate to help provide more cohesive and comprehensive data of what's happening across our start-up ecosystem, we purchased a licence for the Dealroom platform with the intent that it be a free source of real-time data for start-up founders, investors and ecosystem supporters.

This aligns with the expectations of our shareholding Ministers that were set out in the Letter of Expectations in May 2023, where this work will help to track progress and better understand gaps and areas for further improvement with regard to supporting underserved sectors and groups.

The Dealroom database promotes Kiwi technology start-ups to domestic and international investors and enables individuals to track the progress of these companies (both start-ups and investors) as well as the comparative health of the ecosystem against similar geographies – all through an easy-to-use platform.

Dealroom published its first report about the New Zealand start-up and venture capital ecosystem that benchmarks its performance against similar territories. The report is available on **dealroom.co/reports**. We expect these reports to be more useful and more insightful as the information on the platform is updated and enhanced by ecosystem participants.

Why would the ecosystem benefit from this platform:

— It provides access to ecosystem wide data which can be used for fundraising

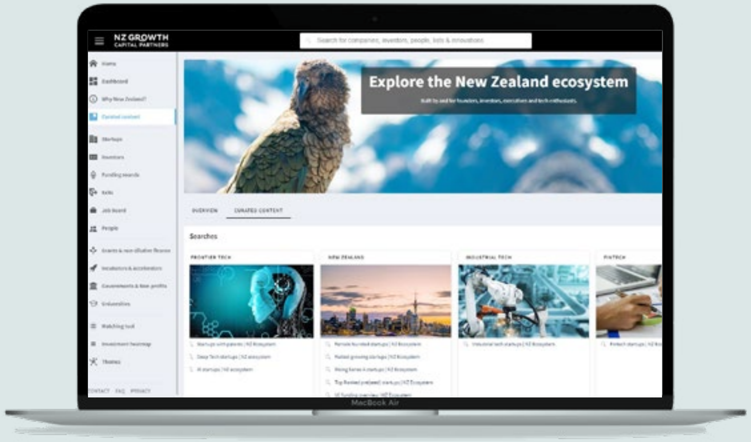
— It allows Kiwi start-ups and investors to discover and connect with each other

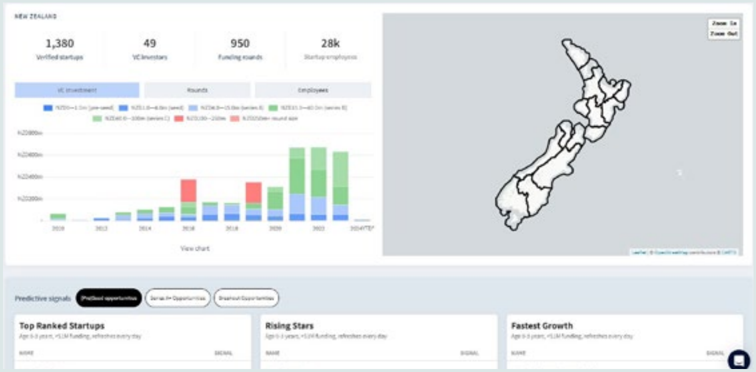
— It provides live tracking of start-up activity

— It identifies emerging sectors and trends

dealroom.co

nz.dealroom.co





ANGEL INVESTOR SECTOR SHOWCASE

AANZ —

The angel investor sector is a crucial component of early-stage capital markets. Individual investors and investor groups provide much-needed capital, support and advice to start-up companies and help bridge the gap between 'boot-strapping' or financial support from friends and family to institutional capital from funds.

NZGCP seeks to support this investor segment in various ways – the most substantial of which is partnership with and financial support for AANZ, which is the national association for angel investors and investors providing capital to start-ups at the seed/pre-seed stage.

AANZ is dedicated to empowering start-up founders and investors by providing the resources, support and connections they need to succeed. Through a range of tailored programmes, workshops and networking events, AANZ helps founders navigate the challenges of building and scaling their ventures, while offering investors the insights and opportunities to make informed decisions. "Our work fosters a collaborative ecosystem where both founders and investors can thrive, driving innovation and growth in the start-up community. By bridging the gap between great ideas and the capital to fuel them, we play a vital role in creating a sustainable and vibrant entrepreneurial landscape," says Bridget Unsworth, Chief Executive of AANZ.

This association hosts a variety of educational events throughout the year that bring together founders and investors from across the ecosystem, fostering deeper connections while offering valuable potential for learning and growth. In partnership with NZGCP, AANZ has conducted workshops on angel and early-stage governance, in-depth sessions with experts on key investment terms, and numerous networking opportunities within the early-stage ecosystem. Through these programmes, AANZ has engaged with over 2,000 investors and founders, equipping them with the knowledge and connections to advance their start-up journeys.

ANGEL
ASSOCIATION
NEW ZEALAND

angelassociation.co.nz

ANGEL CLUBS AND LOCATIONS

Market development initiatives we support —

Partnering with organisations who seek to grow, diversify and support the early-stage start-up ecosystem, including its budding entrepreneurs, founders and investors.

YOUTH

Young Enterprise Scheme (YES) ▲

UNIVERSITY STUDENTS

Velocity

Entre

Startup Dunedin

TupuToa Internships ▲

FOUNDERS

Startmate Women Fellowship ■

OnBoard

Electrify Accelerator ■

INVESTORS

AANZ

Elevate NZ Pulse Checks

Startmate First Believers

NZPC annual summit

NZGCP L&D Programme

FOUNDERS & INVESTORS

Electrify Aotearoa ■

International Women's Day event ■

Ecosystem-wide support

Technology Investment Network

PwC Startup Investment NZ magazine

Nexus Commercialisation Summit

Caffeine podcast series

Abroad ●

Resilience Institute ●

Wellbeing ●
Māori / Pasifika ▲
Female focused ■

Our investment team's participation (non-monetary support) —

As we have built the capability and experience of our own team, we have increasingly encouraged them to share their learnings with the sector.

UNIVERSITY STUDENTS

Auckland Bioengineering Institute: Cloud9 investment presentation

University of Auckland Velocity: judging + mentoring

University of Auckland Summer Lab: mentoring + investor panel discussions

University of Canterbury Summer Startup: investment workshop presentations

University of Canterbury HealthTech Validator + Smart Cities Challenge: Investment readiness presentations

University of Otago MedTech conference: investment presentation

FOUNDERS

Climate tech summit: cohort pitch support

Flying Kiwi Angel clinics: investment support for founders

HealthTech Week: panel facilitation + investment round-table host

The Pick (Northland Innovation programme): investment presentation

Bootstrappers Breakfast: investment presentation

Electrify Female Founders Accelerator Programme: candidate selection panel and pitch-judging

E-Tipu Boma Agri Summit: investment panellist

Health Precinct Christchurch: investment presentations

Science for Technological Innovation: Researchers workshop panellist

Hydrogen Symposium: investment and commercialisation presentation + panellist

NZ Private Capital Venture Summit: panellist

Ecosystem-wide support

Pipeline

Increasing the level of private and institutional investment:
We look to build the pipeline of companies progressing to Series A. NZGCP particularly focuses on areas where private investment is relatively sparse including early-stage deep-tech, gaming and other emerging sectors and, through catalysing private capital, ensures these companies are well funded and have the best chance of future funding.

To build a thriving high-growth ecosystem that positively impacts New Zealand's global competitiveness, we need to significantly increase the amount of capital availability and capability of deployment at all stages of investment. A key factor is developing a strong and diverse pipeline of investible start-ups that progress through these stages.

Aspire focuses on the early stages of the company life cycle and invests pre-dominantly in the pre-series A stages, namely proof-of-concept, pre-seed and seed stages. We do, however, strategically invest post-seed stage to support our portfolio companies and boost potential investment returns.

We manage conflicts with Elevate-backed funds through our mandate management policy when investing in post-seed stage. Remaining generalist in our approach, we focus on sectors and technologies that are underserved by the investor community, and work to crowd-in a broad range of co-investors. We have continued to transition to back fewer companies, but with greater levels of investment into under-invested sectors. Focusing on ensuring these early-stage companies are best placed to hit milestones and raise follow-on capital, we help build the Series A+ pipeline and create more diverse companies for later-stage investors to support.

Our pipeline impacts and outputs —

Aspire as a government-owned fund

As a Crown-owned company, NZGCP's objectives, operating model and overheads are different from those of a private-sector fund.

While individual investment decisions within Aspire are made independently of government, its strategic objectives reflect government priorities – including those in Ministerial Letters of Expectation. This differentiates Aspire from a purely commercially-oriented fund with private investors. Aspire needs to provide strong commercial performance as its operating expenses, and its future investments, depend on those returns. However, returns are likely to be delivered over a longer timeframe, and it is possible they would be lower than a private-sector fund.

In line with government priorities, we adhere to our Responsible Investment Policy by considering the environmental impact of our investments. We also have a focus on investing in companies that aim to commercialise technologies which could significantly reduce the adverse environmental impacts of existing industries. The Crown's Responsible Investment Framework does not apply to NZGCP or Aspire, but the approach being taken aligns with that framework and our own Responsible Investment Policy.

Impact	Measure	Desired trend between 2024 and 2028	2022/23 result	2023/24 result	Achieved/ Not achieved
An increased number of early-stage deal flow, as well as follow-on investment for a number of high-growth companies achieving commercial and global success, contributing to the improved productivity of all New Zealanders	Increased number of start-ups funded by angel and VCs annually[1]	Increased number of start-ups funded annually	364	394	Achieved
	Increased diversity of founding teams to reflect New Zealand demographics[2]	Increased number and diversity of founders	N/A	31% female, 7% Māori, 4% Pasifika	N/A
	Increased number of start-ups progressing to Series A and beyond	Increased numbers of start-ups progressing to Series A	39	47	Achieved

1. This measure reports the number of New Zealand high-growth companies receiving investment from the angel/seed market as measured by *Startup Investment* New Zealand published by PwC and AANZ, and by the venture capital market as measured by *New Zealand Private Equity and Venture Capital Monitor* published by EY, annually for years ending 31 December.
2. This is a new measure and NZGCP aims to collect this data via various channels such as companies self-disclosing it via Dealroom, NZGCP's own portfolio companies and diversity information obtained as part of the deal application process. A single and comprehensive source of data (and data definitions) is not available and therefore the data should be used for trending purposes only and not as a precise data point.

Our pipeline impacts and outputs —

Quantity measures	Desired trend	High-level result
Number of new investments in companies by Aspire	Between 10 and 15	Not achieved
Number of follow-on investments in companies by Aspire (including tranche and exercise of warrants)	Between 15 and 25	Not achieved
Total amount invested into new companies by Aspire for the year	At least $4m	Not achieved
Total amount invested into follow-on rounds by Aspire for the year	At least $5m	Not achieved
Total proceeds from divestment of investments (Aspire and the VIF 1.0 programme)	At least $12m	Achieved
Number of investment opportunities reviewed by Aspire	More than 200	Achieved
Number of companies that raised Series A+ investment (Aspire participated in the round)	Between 10 and 15	Not achieved

Further details of the results of our output measures are included in the Statement of Performance section.

Aspire —

Bold ideas. Big dreams.

We'll invest in those.

Supporting Kiwi tech start-ups to become world-class companies.

Investment activity during FY24

Our investment activity in FY24 is largely a reflection of wider market conditions and conscious allocation of our limited capital to where we are likely to make the largest impact. Our existing portfolio's capital demand is significant and the prevailing conditions made it difficult for companies to raise capital. We continued our strategy of more meaningfully supporting companies where we chose to invest – this means larger investments in fewer deals. The capital requirement of our existing portfolio (particularly given a significant number of capital-intensive deep-tech companies) impacted our ability to support new companies and the number of new deals declined this year as a result. This decline reflected a thinner pipeline of investible early-stage companies as well. We believe this reduced pipeline is also a result of the lack of international students during the Covid-19 period and the uncertainty around the market due to broader economic conditions.

In line with our mandate, we continue to lean into sectors and companies that are under-funded. Throughout the year we have seen companies struggling to fund raise in a broader range of industries. We have previously seen start-ups in the deep-tech and gaming sectors experiencing more headwinds in securing investment, but this year even relatively better-supported sectors such as software and fin-tech have shown signs of strain in raising capital. Our strategy is to remain generalist and adaptive to changes in conditions and focus our efforts where our involvement will be most impactful. Investing in under-funded areas requires increased time commitment from our team on a per deal basis. We have also seen an increase in deals being lost or delayed due to the difficulty of securing co-funding. We remain resolute in our focus on these under-funded sectors and are confident that deal cadence will increase as our origination activities improve and our pipeline matures. Post year-end, we have started to see early but very positive signs that this return is happening. We are actively looking at ways to broaden our impact and scale our model of crowding in other investors within in these areas. We also focus on under-represented founders and seek out commercially viable opportunities that are overlooked by the market.

Aspire will continue to support companies at the earlier stages, namely proof-of-concept, pre-seed and seed, to maximise our impact on the development of a diverse pipeline of high-growth technology start-ups. We will remain selective and opportunistic in participating in Series A rounds and beyond, particularly as our current self-funding model requires us to maximise returns.

Investment performance

Valuation multiples have stabilised as the venture capital industry slowly absorbed the conditions that created the correction post 2021/2022. The early stages of investment remain less volatile than later stages at which companies are closer to an initial public offering (IPO). Multiples, on average are flat or slightly up when compared to 2023, but not dissimilar to the public markets where the lion's share of the gains has gone to a select few companies. Early-stage companies also saw a widening in the spread of valuation outcomes.

Two tiers of performance within our portfolio have been evident too. This is not atypical in venture capital portfolios where returns are "power law" distributed (i.e. a small proportion of any portfolio produces the majority of returns), but we have seen more of a bifurcation of valuation results than in prior years. This occurred both in fund-raising activity and in pursuing liquidity opportunities where companies in the top quartile of performance were able to attract interest at higher valuation multiples than we would have expected.

For those companies outside of this group, fundraising proved harder than anticipated and liquidity opportunities were limited and at depressed valuations. We have been cognisant of this dynamic and valued our portfolio accordingly. We are comfortable that market conditions have now washed through the venture capital industry as is evidenced by the stabilisation of median valuations and valuation multiples. We have therefore released the remainder of the provision that was raised in FY22 due to the market conditions at the time.

Investment realisations

Prevailing market conditions have kept the potential for realisations low during the year, with both mergers and acquisitions (M&A) and IPO activity remaining depressed. There was some interest in select companies in our portfolio materialising in the fourth quarter, and we managed to generate liquidity from participating in secondaries in one of our larger later-stage holdings and in relatively small sales of other positions. One very sizeable realisation occurred after 30 June that materially impacts Aspire's cash position for the next financial year.

Liquidity opportunities remain difficult to predict however and long dry periods can be followed by several sizeable realisations at the same time. The materiality of these events and our ability to predict or influence outcomes remain low. We will continue to reinvest proceeds of realisations into the most promising early-stage start-ups that are aligned with our investment strategy and purpose.

VIF

The VIF programme was established in 2002 as a venture capital fund-of-funds. That initiative stopped making new investments in 2016 and is now in its wind-down phase. NZGCP's aim is to manage the wind-down of the portfolio in an orderly fashion and to maximise the return profile – to the extent possible within our role as a Limited Partner (LP) in the various funds in which VIF invested.

Of the three remaining active funds in this programme, two are targeting full realisation by the end of FY25. The remaining fund was created more recently and it is likely to take two to three years until material realisations are received and the fund is fully wound down, although it is actively seeking exits. However, due to current economic uncertainty and the economic outlook, the timing and value of all realisations are significantly at risk. NZGCP will continue to actively pursue alternative methods of divesting these assets in parcels or collectively, but given the relative size of these holdings and existing market conditions, this will be challenging to achieve. Proceeds realised from divestments within the underlying funds and the wind-down of the VIF programme generally are reinvested by NZGCP within our Aspire fund.

Clean-tech investment showcase —

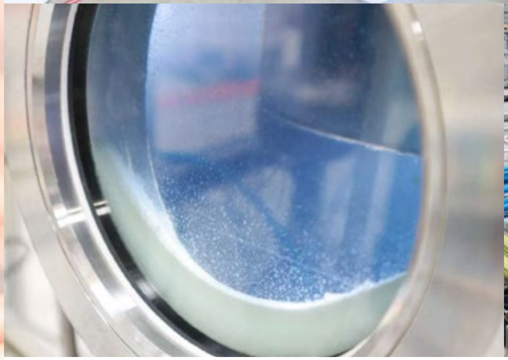
New Zealand has set a target to reach net-zero emissions of long-lived gases by 2050, and to reduce biogenic methane emissions by between 24% and 47% by 2050. Clean-tech solutions will drive this shift to a zero-carbon, climate-resilient future.

By investing in new technology in this space, investors play a crucial role in backing founders to solve climate change and other environmental problems, while creating a high-value export industry and new employment opportunities.

Reducing wastewater to zero

Global industries generate billions of tonnes of high-salinity, difficult-to-treat wastewater every year that can only be treated by energy-hungry thermal evaporation technologies.

Aquafortus is a water treatment company specialising in the treatment of hypersaline wastewater. Their innovative technology uses only a fraction of the energy of other systems and it can reduce high-salinity wastewater to dry salt, achieving a full zero liquid discharge solution. By treating the wastewater, Aquafortus is able to reduce pollution, provide clean water and produce valuable minerals.



aquafortus.net

Founders: Daryl Briggs and Jim Newman (CEO)

Founding year: 2015

Co-investors: Burnt Island Ventures, K1W1 and Launch Taranaki

NZGCP ownership: 5.56%

First investment made: January 2018

Unlocking sustainable sources of essential raw materials

Solid waste is an inevitable by-product of most industrial manufacturing processes, and its disposal can be costly, both for businesses and for the environment.

Avertana is a process technology developer and licensor scaling up a proprietary pathway to refine waste slag from the steel industry into a suite of commodity mineral and chemical raw materials used to make everyday products. Their process leaves zero waste, requires no mining, has lowest-in-industry manufacturing cost and substantially lower carbon emissions than legacy technologies.

avertana.com

AVERTANA
ADVANTAGE BY INNOVATION

Founders: James Obern and Michael Oliver

Founding year: 2014

Co-investors: Icehouse and K1W1

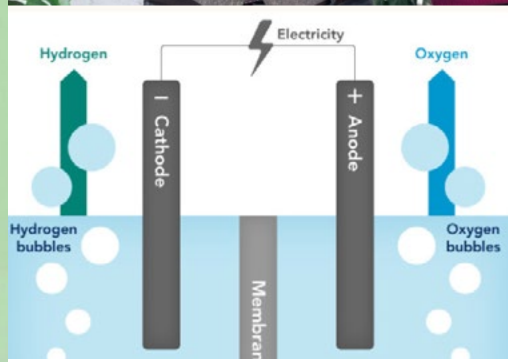
NZGCP ownership: Convertible loan

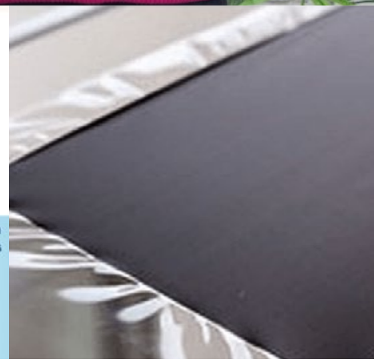
First investment made: January 2021

Supporting the transition to a sustainable and low-carbon world

Bspkl manufactures high-performance catalyst-coated membranes, a key component of hydrogen electrolysers essential for the generation of green hydrogen.

The switch to green hydrogen has historically been challenged by high costs and access to platinum-based catalyst materials. Bspkl's solution has the potential to resolve these issues with an approach to manufacturing catalyst-coated membranes that is scalable, uses ten times less catalyst, and produces minimal wastewater.





bspkl.co

Founders: Jérôme Leveneur and Christina Houlihan

Founding year: 2022

Co-investors: Booster, K1W1, Movac and WNT

NZGCP ownership: 4.85%

First investment: August 2023

The technology platform powering forest restoration

CarbonCrop's platform provides high-integrity AI tools, unlocking access to the financial benefits of restoring biodiverse forests and storing carbon.

Using bespoke AI and GIS tools, their technology platform enables the assessment, registration and ongoing management of forestry carbon units, while also providing a resource of highly transparent and auditable carbon units available to aspiring net-zero businesses looking to demonstrate emission removals in their supply chains.

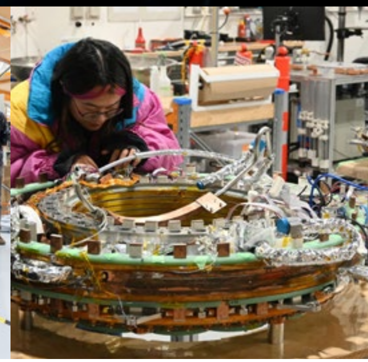
carboncrop.nz

Founder: Nick Butcher (CEO)
Founding year: 2020
Co-investors: K1W1 and Ravensdown Ventures
NZGCP ownership: Convertible loan
First investment: August 2023

On a mission to deliver clean, abundant and available fusion energy to the world

OpenStar Technologies seeks to master fusion – the same process that occurs within stars. If OpenStar can solve this highly technical problem, they can create economically scalable base-load electricity in a way that is safe, clean and carbon free.

Fusion has been a key field of research for years and has always held huge potential as an emission-free energy source. OpenStar's levitated dipole concept is its key difference from other fusion companies, taking inspiration from a 2004 Manukau Institute of Technology (MIT) experiment and combining this with expertise from Victoria University of Wellington's Robinson Research Institute.



openstar.tech

OPENSTAR TECHNOLOGIES LTD

Founder: Ratu Mataira

Founding year: 2021

Co-investors: Blackbird, Icehouse and Radar Ventures

NZGCP ownership: 2.34%

First investment: March 2023

Eliminating the need for combustion engines on small watercrafts

ZeroJet is accelerating the marine industry's transition to sustainable energy with electric propulsion systems.

Their unique technology provides powerful and highly responsive propulsion, resulting in faster boats that are more fun to drive, and with the added peace of mind that the units' zero emissions help to conserve the marine environments it is operated within.

zerojet.nz

Founders: Rebecca Rempel and Neil Mans

Founding year: 2015

Co-investors: Icehouse, Impact Enterprise, K1W1 and Movac

NZGCP ownership: 2.86%

First investment: March 2020

Corporate governance statement —

The Board and the leadership team of NZGCP believe that a robust and transparent corporate governance framework is central to the success of the company.

This section sets out the framework currently in place at NZGCP.

NZGCP is a Crown-entity company – incorporated as a limited liability company on 1 July 2002 under the New Zealand Companies Act 1993. The statutory governance arrangements for NZGCP are set out in the Crown Entities Act 2004 and the Companies Act 1993.

Shareholding Ministers

NZGCP is 100% owned by the Crown. The Minister for Economic Development and the Minister of Finance are the shareholding Ministers. Under the Crown Entities Act 2004, the shareholding Ministers have responsibilities on matters of strategic direction, targets, funding, performance, reporting and reviews. Shareholding Ministers are responsible for overseeing the public and Crown's shareholding interests in NZGCP by:

— Ensuring an effective Board is in place

— Participating in the setting of NZGCP's direction

— Monitoring and reviewing NZGCP's performance.

Shareholding Ministers do not have visibility of NZGCP's 'investment pipeline' nor do they influence or approve any investment decisions in Aspire or Elevate.

The Ministry of Business, Innovation and Employment (MBIE) acts as the monitoring and policy agency for NZGCP.

Board of Directors

NZGCP's governing legislation and Board Charter define collective and individual responsibilities. The Board, which exclusively comprises non-executive directors, meets at least six times per year and as required for strategic planning purposes and to progress specific decisions.

The Board is accountable to the shareholding Ministers in the manner set out in NZGCP's Constitution.

The Board establishes strategic objectives, guides and monitors the business and affairs of the company on behalf of shareholders and is committed to a high standard of corporate governance. Responsibility for the operation and administration of the company is delegated by the Board to the CEO, who is accountable to the Board. The Board places emphasis on implementation of best-practice investment disciplines, sound administrative systems and procedures, and regulatory compliance. The Board regularly discusses governance and performance and reviews its performance as a board at appropriate intervals.

Board committees

We have two standing committees to assist the Board. Each committee has a separate charter that sets out the purpose, roles and responsibilities of that committee.

— Audit and Risk Committee

The role of this committee is to oversee external financial reporting, internal control environment, business assurance/external audit functions and risk management.

— People and Culture Committee

The role of this committee is to ensure appropriate governance and oversight of the company's human resource, culture and remuneration policies and practices and the requirements under the Crown Entities Act 2004, Ministerial expectations and the Treasury's Owner's Expectations Manual.

Risk management

We have an active risk management framework encompassing strategic, organisational, health and safety, financial and business continuity risk. Responsibility for ensuring we manage risk is shared at board, senior leadership team (SLT) and individual level. This responsibility is underpinned and supported by policies and registers, with oversight at board and SLT level, and recognises that everyone has a part to play to ensure we are identifying and managing our risk. The Board's Audit and Risk Committee oversees the quality and integrity of the financial environment, including managing the relationship with the external auditor. The committee also assesses whether appropriate governance, policies and processes are in place to ensure effective operational management of risk and the delivery and integrity of internal audit and improvement processes.

Planning and reporting

The Crown Entities Act 2004 sets out our major planning and reporting requirements, including preparing and publishing the Statement of Intent (SOI), Statement of Performance Expectations (SPE) and annual report. Each year, we seek input from our stakeholders to assist with developing our statutory plans. Progress against our Statement of Performance is reported quarterly to the shareholding Ministers.

Code of Conduct

The Code of Conduct Policy is the company's guiding principle of ethical and legal conduct. The Code of Conduct applies to everyone working at or for NZGCP and provides guidance for the principles of fairness, impartiality, responsibility and trustworthiness.

Conflicts of Interest and Commitment

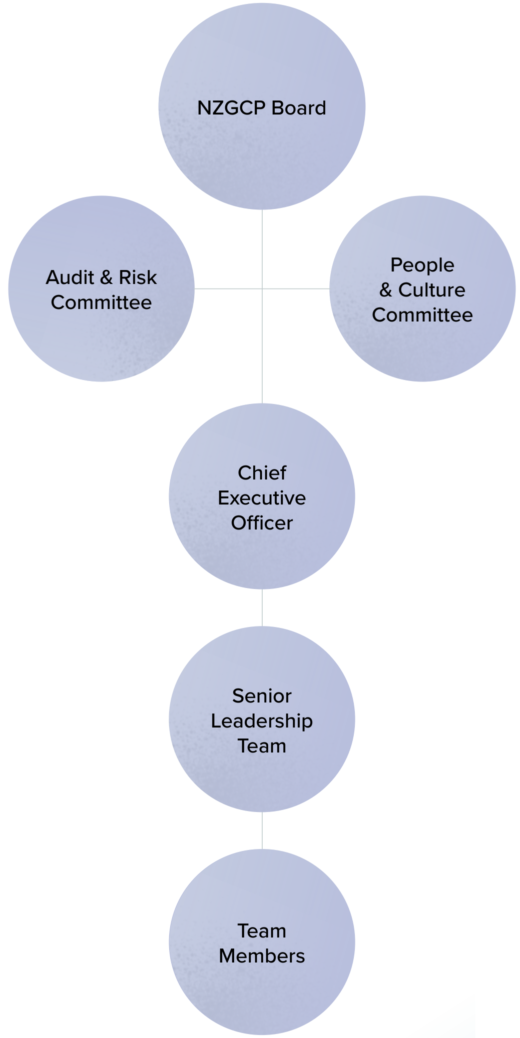
NZGCP has a Conflicts of Interest and Commitment Policy that sets out the procedures for identifying and managing potential conflicts of interest and conflicts of commitment. The policy applies to everyone working at or for NZGCP. An interests register is maintained, which shows directors' and employees' declared interests and commitments. It is updated regularly by employees, and for the directors, it is updated at each Board meeting. NZGCP also has a Mandate Management Policy to ensure that we manage actual and potential conflicts between our two primary mandates, the Elevate venture fund and the Aspire seed fund.

Delegated authority

Responsibility for implementing the Board's strategy and managing the operations and administration of NZGCP is delegated to the chief executive officer. The chief executive officer in turn sub-delegates certain approval authorities. The delegated authorisation levels are subject to Board approval, controls and procedures, as well as external audits.

The Guardians and Elevate

The Guardians of New Zealand Superannuation (the Guardians) is the sole Limited Partner of Elevate and appointed NZGCP to manage the fund. The Guardians provides governance and oversight of Elevate and NZGCP's performance as manager with regular conviction reviews in line with the Guardians' conviction framework for assessing externally managed investment funds. The Guardians also provides oversight of Elevate and NZGCP's performance as manager via Elevate's Limited Partner Advisory Committee (LPAC). The board of the Guardians is responsible for the preparation of Elevate's financial reporting; therefore, Elevate's financial statements are included within the Guardians' annual report.



Board of Directors —

The Board of Directors is appointed by the shareholding Ministers on behalf of the Crown and is responsible for the performance of NZGCP.

Annabel Cotton —
Chair

Appointed: 16 December 2020 as Director and as Chair on 8 March 2023
Committees: Audit and Risk Committee, People and Culture Committee

Annabel is an experienced governor with knowledge of public sector boards. Her skills and experience include governance, investor relations, risk and assurance, finance and accounting.

She is the owner and managing director of Merlin Consulting and a professional director with over three decades' experience advising NZX- and ASX-listed companies.

Annabel's governance experience includes having been a director and audit committee chair of NZX Regulation, Waikato Regional Airport, Trust Investment Management and several NZX-listed companies. She has also been a director of the Securities Commission, the External Reporting Board and Genesis Energy Limited and a trustee of Global Women. Annabel has chaired Hamilton and Waikato Tourism and the investment committee of several charitable trusts.

She has strong knowledge of the financial services industry and has good connections with angel investors, fund managers and funding entities. Annabel has a genuine interest in seeing small businesses succeed and a firm understanding of the stakeholder perspective and the challenges faced by start-up companies.

Steve O'Connor —
Deputy Chair

Appointed: 11 September 2023
Committees: Audit and Risk Committee

Steve is an independent director, advisor and investor with a strong background within the start-up and technology commercialisation community in Aotearoa New Zealand and overseas. He enjoys working at the axis between research and development, technology, innovation, and the funding and capitalisation of new ventures and growth companies. Steve was the founder and CEO of Flick Electric, which, was acquired by Z Energy. Prior to this he was the CEO of Creative HQ, Wellingtons innovation hub, incubator and accelerator.

Steve is a Director of Rocketing Ventures, providing advisory services, and an Advisory Board member at the School of Business and Government at Victoria University of Wellington. He was a director of Datamine Ltd, Marketview Ltd, Flick Energy Ltd and Mevo Ltd, and was the founder of the Lightning Lab accelerator. Steve holds a Bachelor of Science and a Bachelor of Commerce from Victoria University of Wellington and is a Member of the Institute of Directors New Zealand.

Marcel van den Assum — Director

Appointed: 16 December 2020
Committee: People and Culture Committee (Chair)

Marcel is a professional director, independent advisor and angel investor. His current roles include Chair of Sprout Agritech Ltd, Scentian Bio Ltd and Wipster Ltd, director of CropX (NZ) Ltd, along with independent advisory board positions with Te Whatu Ora Health New Zealand. He was chair of the Angel Association of NZ, a director of AngelHQ, a founding investor in Lightning Lab accelerator and is a member of the Institute of Directors New Zealand.

Prior to his governance career, Marcel was chief information officer of New Zealand's largest company, Fonterra, and before that was managing principal of Unisys NZ, holding leadership roles in various global functions. He has worked across many industry sectors and government entities, and in most geographies.

Marcel has a genuine desire to grow companies and New Zealand's economy and an interest in NZGCP's leadership role in the early-stage ecosystem. He has a strong level of understanding of the work of NZGCP, the environment it operates in, the relationship between its stakeholders and the challenges surrounding its investment and stakeholder relations.

Nicole Buisson — Director

Appointed: 21 March 2022
Committee: People and Culture Committee

Nicole is a professional director and also works with technology companies on growth and scaling initiatives. She currently sits on the board of Icehouse, Mosaic Business Solutions, and Callaghan Innovation. Nicole formerly sat on MBIE's Small Business Council and the boards of WEL Networks, Ultra Fast Fibre, and Rose & Thorne. Her corporate background combines a mix of high-growth technology leadership (Lightspeed Commerce, AWS, Xero, Open Insurance), venture capital and private equity (3i and Ernst & Young's Venture Capital Advisory Group) and corporate innovation (Vodafone, HK CSL). Nicole has international experience across the Asia-Pacific region, the USA and Europe, leading to an in-depth knowledge of international market entry and growth strategies. She has an appreciation of the value of diversity, a strong culture and global best practices.

Nicole holds an Master of Business Administration (MBA) from Columbia University and London Business School and is a chartered member of the Institute of Directors New Zealand. She spent additional periods at the University of California at Berkeley, China Europe International Business School (CEIBS) and the University of Otago.

Janice Fredric — Director

Appointed: 11 September 2023
Committee: Audit and Risk Committee (Chair)

Janice is a professional director with over 20 year's governance experience. Her current governance appointments include Chair of the Civil Aviation Authority and Aviation Security Service, Director and Chair of the Audit and Risk Committees of the National Institute of Water and Atmospheric Research (NIWA), Aurora Energy Limited, Mainpower NZ Ltd, Lincoln University Council, and independent member of the Timaru District Council Audit and Risk Committee.

She has held senior executive positions in the professional services sector and the finance and banking sectors both in New Zealand and internationally. Janice is a Chartered Fellow of the New Zealand Institute of Directors and a Chartered Accountant and has a Bachelor of Commerce degree and a Master of Business Administration.

Grant Straker — Director

Appointed: 11 September 2023
Committee: People and Culture Committee

Grant is the co-founder and CEO of Straker with his wife, Merryn, an AI-based language company that they built from start-up to IPO on the ASX. He was New Zealand Entrepreneur of the Year winner with his wife in 2018. Grant is from the Ngāti Raukawa iwi and a mechanical engineer by trade with more than 25 years' experience in the technology industry, and is a prominent advocate for Māori in technology.

He has extensive capital markets experience in New Zealand and Australia, has participated in trade missions to Asia and the USA with our previous Prime Ministers John Key and Jacinda Ardern, and was a member of the Startup Advisors Council in 2022 and 2023.

Changes to the Board

We celebrated the appointment of three new directors to the Board – Janice Fredric, Steve O'Connor and Grant Straker during the year. Janice took up the role as Chair of the Audit and Risk Committee and Steve as Deputy Chair.

Post balance date, both Steve and Grant's director terms were renewed. Janice's term ended 10 September 2024 and we thank her for the valuable guidance she provided.

Our people

At NZGCP, our people are the heart of our business, and we deeply value the unique contributions they bring every day. We are dedicated to creating an authentic environment where our team feels empowered to speak up, share ideas and bring their whole selves to the workplace. By fostering a culture of openness and support, we aim to ensure that everyone can flourish, perform at their best and continue to drive the success of our organisation and the ecosystem. As we move forward, we remain committed to investing in our people and nurturing a workplace where they feel valued, heard and inspired.

Our values in action —

At NZGCP, our core values – We are Curious, We Uplift, We Move the Needle – are the driving force behind our company culture and decision-making. These values are not just ideals: they are integral to how we operate and succeed as a team.

We are Curious – embodies our drive for continuous learning and innovation. This year, our curiosity led us to explore new and exciting technologies. Our team's willingness to ask questions and seek out new knowledge positions New Zealand at the forefront of industry innovation.

We Uplift – reflects our commitment to supporting and empowering one another, both internally and within the ecosystem of investors and founders. This year, internally, we put this value into action by working with Groov to increase trust and inclusivity, which has enhanced team collaboration and morale. By uplifting our people, we've created a more inclusive and supportive work environment.

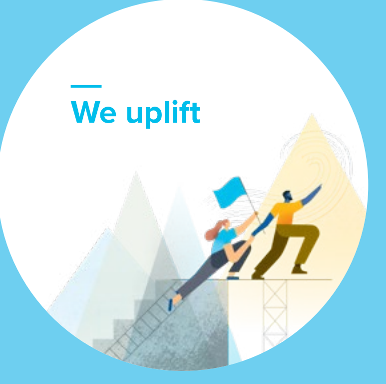
We Move the Needle – signifies our focus on achieving impactful results. Throughout the year, we've taken bold steps to push boundaries and deliver tangible outcomes that align with our strategic goals. Whether it's launching new initiatives or refining existing practices, our dedication to making meaningful progress is evident in every aspect of our work.

As we look ahead, our commitment to these values will remain unwavering. We are Curious, We Uplift, We Move the Needle will continue to guide us as we navigate new challenges and seize opportunities, ensuring that NZGCP delivers with purpose and impact.

We seek to learn, understand and share knowledge in a world that is not black and white.

We embrace technology, innovation and entrepreneurship – to back bold ideas for growth.

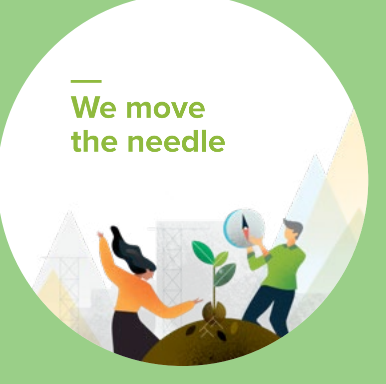
We explore smarter ways to maximise value and to stay ahead of the game.



We are empathetic, put heart into our work and bring the best out of each other – team-mates, founders and industry partners.

We care and connect on a personal level and are constructive in helping each other in an ever-changing environment.

We amplify collaboration by playing to our strengths, leveraging and celebrating the diversity of all those we work with.



We recognise the impact we can have – we back those who strive to solve the world's great issues, and we action change to encourage positive shifts in our early-stage investment ecosystem.

We aspire to build a lasting, positive legacy by delivering great results for all stakeholders.

We help position Aotearoa New Zealand on the world stage through tech investment and genuine support – creating a better tomorrow for the world.

Good employer —

At NZGCP, we are committed to being an equal opportunity and responsible employer. Our people and capability processes are grounded in these principles. We comply with our obligations under the Crown Entities Act by providing several tools to promote staff wellbeing, using a "blind" employment application screening process, and focusing on equal opportunities for our staff. We regularly review our internal processes and policies to ensure we offer these opportunities equally to both existing and prospective employees while supporting their physical and mental well-being. Additionally, we gather feedback through our annual Ask Your Team engagement survey to identify areas for improvement. Our engagement results improved by 3%, reaching 71%, between FY23 and FY24.

We deeply value our team and their vital contributions to our success and mandate. NZGCP complies with its obligations under s118 CEA to be a good employer as demonstrated through the activities we implemented aligned to the focus areas listed below:

Focus Area	Our Activities
Leadership, Culture and Values	– Recognition programme aligned to the living of our values – Annual anonymous employee survey on culture, leadership, practices and processes, and follow-through on results and feedback – Expert-facilitated team and leadership sessions to increase inclusivity and trust
Recruitment and Selection	– While we didn't need to recruit this year we still have a blind, bias-free recruitment process in place supported by the Applied platform
Professional Development and Performance Management	– Regular investment-focused training sessions – Development conversations and individually tailored plans in place for our people – Investment team career pathways – Secondments for investment professionals into venture capital firms or portfolio companies – Quarterly performance check-ins
Remuneration and Benefits	– External job evaluation and benchmarking on all roles to eliminate bias – Company-sponsored Parental Leave Policy in place to support parents during and after their new arrival
Flexibility/Work Life Balance	– Flexibility by default – Hybrid working models in place, regularly reviewed to ensure fit for NZGCP and our people
Wellbeing	– Groov wellbeing programme including anonymous wellbeing surveys – Subsidised health insurance, wellbeing allowance and days to actively support wellbeing – Access to counselling for all employees and their families through our independent Employee Assistance Programme providers
Harassment and Bullying Prevention	– Code of Conduct and policies in place and externally managed whistleblowing hotline – Performance check-ins include feedback on behaviours

Diversity, equity and inclusion (DE&I) —

This year, a key DE&I goal was to maintain the strong representation of women within our investment team – a challenge that reflects broader trends across the investment ecosystem in New Zealand. By focusing on creating a more inclusive environment, we successfully retained talented women, ensuring that their representation remains robust. Retaining this talent is now a top priority as we continue to foster a diverse and inclusive workplace.

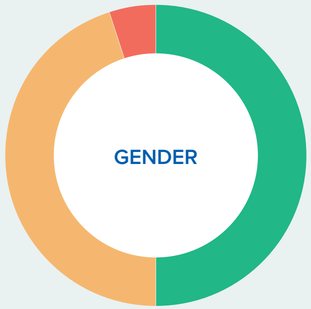
We've commenced our third year of partnership with TupuToa, to assist us in building a pipeline of talented Māori and Pasifika investment professionals. Our second set of interns joined us during their university summer break in November 2023 and left us in February 2024. One of the interns volunteered to facilitate sessions for our team to increase our Māori capability, which was greatly appreciated and highly valuable. Their experience with us created awareness around career options that they did not know were available to them.

The size of our organisation makes it difficult to produce meaningful gender or ethnic pay gap statistics. Any employee changes can significantly impact our pay gap statistics. However, we can and do consider other information and trends when assessing pay gaps within NZGCP, like our workforce profile, people data, remuneration and recruitment statistics. Based on these insights, we developed NZGCP's Kia Toipoto Action Plan.

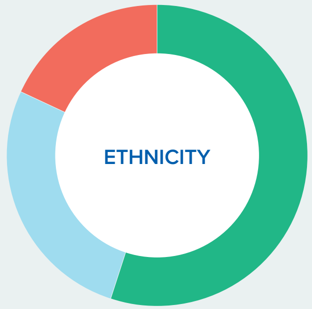
Kia Toipoto Action Plan

Composition of NZGCP's team

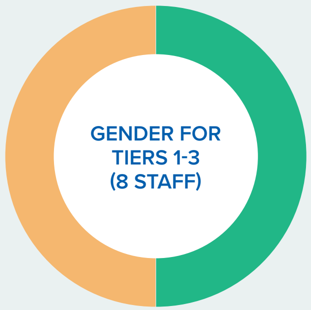
(as defined in the Treasury's Annual Report Guidance)



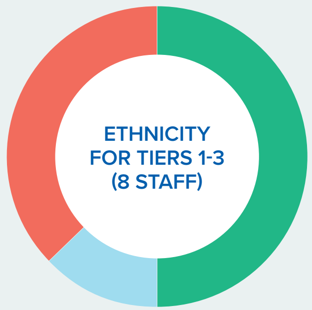
Female	50%
Male	45%
Another gender	5%



European	55%
Asian	27%
MELAA (Middle Eastern, Latin American, African)	18%



Female	50%
Male	50%



European	50%
Asian	13%
MELAA (Middle Eastern, Latin American, African)	37%

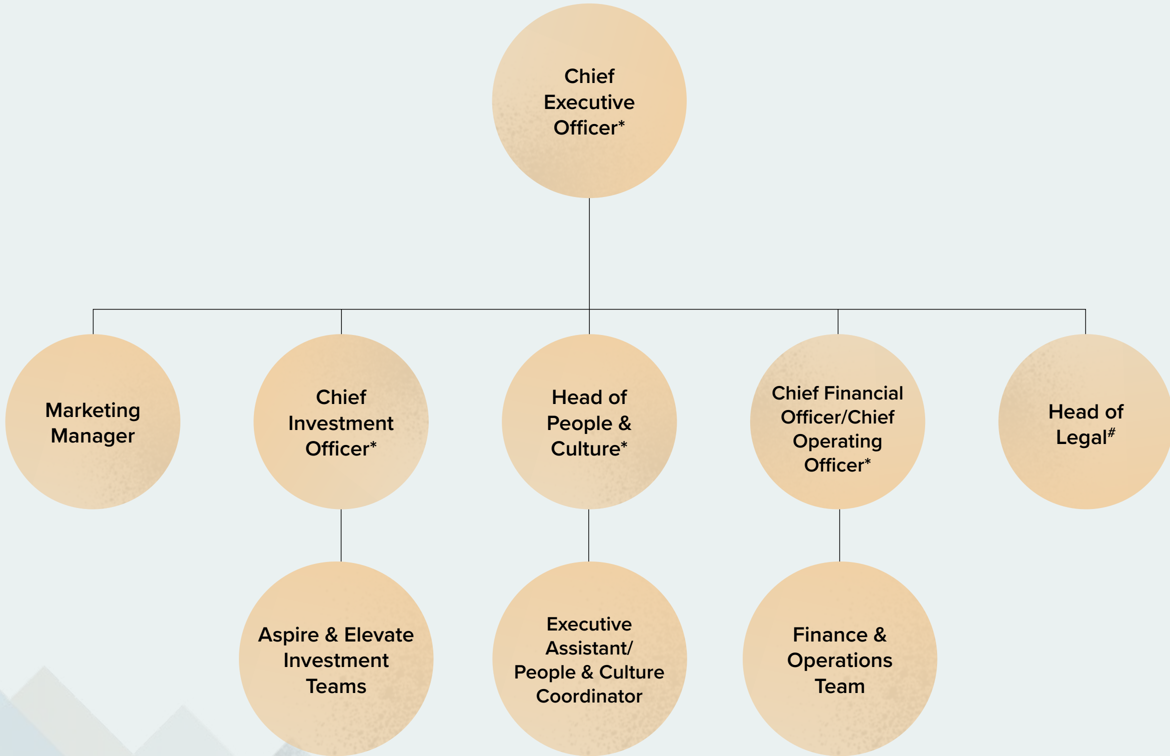
Māori Crown relations capability —

This year we have continued to increase the capability of our team focusing on te reo Māori and tikanga. While NZGCP continues to partner with Education Perfect and their Māori for Professionals platform, we also had in-house team sessions where we were able to practise te reo Māori and tikanga.

The capability within our team has increased and we will continue to align our learning needs in accordance with Arawhiti (the Office for Māori Crown Relations).

Organisational structure —

AS AT JUNE 30 2024



* Senior Leadership Team

\# Position currently vacant

Our environmental impact

NZGCP embarked on a journey to reduce our carbon emissions, and as part of that, enrolled in the Toitū Carbonreduce programme. We formulated our Carbon Emission Reduction plans during FY24 using FY23 verified data as our baseline to measure our reductions against. NZGCP remains committed to reducing our carbon emissions.

Our environmental impact —

Sustainability – climate change and greenhouse gas (GHG) emissions

During FY23, we verified our GHG emissions and consider the FY23 data as our baseline year against which to measure a reduction in carbon emissions. NZGCP is a small organisation and does not have a large carbon footprint. We have two main sources of GHG emissions: the energy we purchase for our two offices and air travel. Air travel accounted for 54% (98% FY23) of our emissions for the year. Air travel is considered a Scope 3, or indirect, emission, i.e. it is an emission that occurs 'because of the activities of the organisation, but generated from sources that it does not own or control'.

All GHG emissions are expressed as kilograms of carbon dioxide equivalent (tCO_2-e) and have been calculated using the Ministry for the Environment's Measuring Emissions: A Guide for Organisations.

Overall, in FY24, NZGCP had 1.61 tCO_2-e Scope purchased energy emissions (1.30 tCO_2-e FY23), 24.64 tCO_2-e Scope 3 indirect transport (45.72 tCO_2-e FY23) and 0.49 tCO_2-e Scope 4 (0.76 tCO_2-e) emissions. FY23 was the first year NZGCP calculated our emissions and this is used as our baseline year. Our intention is to see a reduction in our emissions over time which is already evident in the reduction between FY23 and FY24.

Purchased energy

Our purchased energy is in the form of electricity used to power our offices. In FY24, we purchased 22,219 kilowatt hours (kWh) (21,782 kWh FY23) of energy from Meridian, a provider renowned for generating electricity exclusively from 100% renewable sources, thereby emitting 1.61 tCO_2-e imported energy (1.30 tCO_2-e FY23) and 0.49 tCO_2-e transmission of energy (Scope 4) (0.76 tCO_2-e FY23).

Air travel

NZGCP personnel flew approximately 78,788 km (147,932 km FY23) domestically and did not travel internationally during FY24 (27,288 km FY23). Most of our flights are between Wellington and Auckland to conduct our business and also to other parts of the country to meet with investors, founders and angel groups. During FY24, the team actively identified opportunities to consolidate travel and conduct more meetings online.

Air travel, staff commuting, taxi and Uber use measured emissions of 15.89 tCO_2-e (43.61 tCO_2-e FY23). Accommodation emissions provided include 118 nights (140 nights FY23) of domestic accommodation and staff working from home for 1.43 tCO_2-e (2.11 tCO_2-e FY23). NZGCP did not engage in any international accommodation procurement in FY24 (0 FY23). Total Scope 3 indirect emissions from transportation measured 24.64 tCO_2-e (45.72 tCO_2-e FY23).

NZGCP has verified our carbon emissions and obtained a Toitū verification certification for a second year and during this time we formulated our emissions reduction plan. In FY25 we will further embed our plans to reduce our emissions.

TOITŪ
CARBON REDUCE
ISO 14064-1 ORGANISATION

Our environmental impact —

Carbon reduction plans

Based on our emission profile, using FY23 as our baseline year, NZGCP identified 4 areas in which we plan to reduce our emissions: an absolute reduction in the energy we purchase and emit (Scope 2), and an intensity reduction in air travel and waste to landfill. Our target period runs to June 2029. Below is a table with our baseline emissions, type of target and target.

Target name	Target type	Baseline emissions	Target
Reduction of purchased energy by 50%	Absolute	1.3 tCO_2-e	Reduction of emissions as a result of purchased energy by 50%
Reduction of energy emissions by 50%	Absolute	0.19 tCO_2-e	Reduction of emissions energy by 50%
Reduction in travel emissions by 25%	Intensity	45.72 tCO_2-e	Reduce air travel by 25% per employee compared to baseline year
Reduction in office waste to landfill by 50%	Intensity	0.57 tCO_2-e	Reduce office waste to landfill by 25% per employee compared to baseline year

Impact of investment activities

NZGCP's most notable impact on environmental sustainability is through our investments in start-up organisations. In addition, by investing in clean-tech start-ups and other start-ups looking to innovate in the engineering, agri-tech and science sectors, we believe we can move the needle more generally to a more sustainable economy. During the financial year, we progressed our journey with several venture funds, the Guardians and NZ Private Capital to develop a process to collate key environmental, social and governance (ESG) data points from our portfolio companies. This project is now in year two and is expected to take a couple of years before consolidated reporting can commence.

Independent auditor's report —

To the readers of New Zealand Growth Capital Partners Limited's group financial statements and performance information for the year ended 30 June 2024.

The Auditor-General is the auditor of New Zealand Growth Capital Partners Limited group (the Group). The Auditor-General has appointed me, Graeme Bennett, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Group on his behalf.

Opinion

We have audited:

— the financial statements of the Group on pages 62 to 85, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and

— the performance information which reports against the Group's statement of performance expectations and an appropriation for the year ended 30 June 2024 on pages 55 to 60.

In our opinion:

— the financial statements of the Group:
- present fairly, in all material respects:
  - its consolidated financial position as at 30 June 2024; and
  - its consolidated financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and

— the Group's performance information for the year ended 30 June 2024:
- presents fairly, in all material respects, for each class of reportable outputs:
  - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
  - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
- presents fairly, in all material respects, for the appropriation:
  - what has been achieved with the appropriation; and
  - the actual expenses incurred as compared with the expenses appropriated or forecast to be incurred.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 25 October 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the board and our responsibilities relating to the consolidated financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the board for the financial statements and the performance information

The board is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The board is responsible for such internal control as they determine necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- We evaluate the appropriateness of the performance information which reports against the Group's statement of performance expectations and the appropriation.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The board is responsible for the other information. The other information comprises the information included on pages 1 to 51 and 86 to 91, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we provide audit and other non-audit services to certain entities in which the Group invests. The provision of these services does not impact our independence from the Group. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Graeme Bennett
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Performance 2023/24

Cash constraints within NZGCP and the broader investor community made for a more difficult year in progressing our objectives of crowding in capital and increasing the investment pipeline. We continued and increased our focus on market development during the period.

Statement of Performance 2023/24 —

This Statement of Performance measures NZGCP's progress against objectives and measurements set out in our FY24 Statement of Performance Expectations (SPE).

As explained in our SPE, NZGCP's Strategic Framework includes performance measures that have been defined in two parts: impact measures (what will success look like) and output measures (how will we achieve this). For the impact measures, please refer to the Investment Performance and Activity Statement earlier in this report.

Currently NZGCP has one appropriation:

1. Seed Co-Investment Fund Multi-currency Appropriation. This appropriation of $750,000 per annum is intended to achieve the provision of funds to be co-invested with the private sector for emerging high-growth New Zealand companies that require new risk capital for growth. Please refer to Output 2 Capability and Output 3 Pipeline for details on performance.

Selection of performance measures

In selecting measures, we have considered what will demonstrate performance against mandated functions and the strategic intentions developed by the Board in consultation with the shareholding Ministers (set out in our Statement of Intent). The legislation and Statement of Intent are the primary frameworks that set out the basis on which NZGCP receives funding from government for market development initiatives and underpins the investment decisions we make and what the public can expect NZGCP to deliver.

Our performance information is selected on the basis that it shows our actions taken both in terms of capital and expertise to deliver our strategic intentions. Further qualitative and descriptive information (such as case studies and feedback gathered from audiences and partners) is provided in parts one and two of this report to provide additional detail and insight about what NZGCP has undertaken throughout FY24 to work towards the broader aims and objectives set out in the Statement of Intent.

For comparability and consistency, we maintain our core set of performance measures through the SPE each year. This allows us to compare performance from prior years and to maintain visibility of critical performance areas over time, which has been particularly useful because venture investments are made with an expectation to realise returns over 10 to 15 years.

Commentary on the selection of performance measures with reference to the functions set out in the Act and Statement of Intent is provided opposite.

Some performance measures we use in the Testament of Performance are also used in the 2024/25 Estimates of Appropriations included in the Vote Business Science and Innovation. These performance measures are shown in **bold**.

Capital

Cumulative number of venture capital (VC) funds committed to by Elevate (including second vintages)	These measures are intended to provide visibility into the amount of capital made available through, and capital crowded into deals via Elevate (fund-of-funds) and Aspire (direct investment). In addition, it shows how capital is attracted from offshore investors into portfolio companies in which either Aspire or Elevate invests. The aim is to attract more domestic and international capital into the ecosystem.
Cumulative amount of capital raised by VC funds that Elevate invests in	
Amount of capital committed to venture funds invested in by Elevate (p.a.)	
Total capital invested in funding rounds where Aspire participated (p.a.)	
Number of companies that attracted offshore VC investment during their Series A/B funding round (specific to Aspire and Elevate) (p.a.)	
Investment leverage ratio for Aspire (public to total capital)	

Capability

Number of industry development initiatives undertaken (which includes sponsorships of industry associations NZPC and AANZ) that specifically focus on investors to: – Build the base – Grow capability and introduce diverse capital sources – Foster collaboration, connectivity and healthy competition.	These measures offer insight into the industry experts NZGCP supports that specialise in providing development initiatives aimed at investors and founders; in particular on initiatives focused on under-represented and underserved segments of the ecosystem. The aim of these initiatives is to improve the capability in the ecosystem, which in turn improves investor decision-making and leads to better outcomes for the ecosystem. In addition, it measures the datasets provided to the broader ecosystem and government, which informs decision-making and policy setting.
Advice or other assistance (datasets) provided to government and other industry bodies to support market development	

Pipeline

Number of new investments in companies by Aspire	These measures, viewed over time, should give an indication as to whether or not the numbers of start-ups seeking and receiving funding are increasing and measure how these start-ups are progressing through the capital life cycle. A healthy and increasing pre-seed pipeline, in theory, increases the number of companies progressing to Series A capital raises where venture capital firms mainly start investing.
Number of follow-on investments in companies in Aspire (including tranche and exercise of warrants)	
Total amount invested into new companies from Aspire for the year	
Total amount invested into follow-on rounds from Aspire for the year	
Total proceeds from divestment of investments (Aspire and the VIF 1.0 programme)	
Number of investment opportunities reviewed by Aspire	
Number of companies that raised Series A+ investment (Aspire participated in the round)	

Key judgements —

Capital:

These measures only reflect those investments made by Aspire or Elevate and not all deals in the New Zealand ecosystem – partially due to a lack of complete data across the sector.

— As defined in the amended Policy Statement on the Venture Capital Fund Act 2019, Series A and B capital is defined as "capital provided in a capital raising in which the total amount being raised in that round is from (and including) NZ$2 million to (and including) NZ$40 million and where that capital is being raised for the purposes of early-stage growth." Interpretation of Series A/B fundraises may vary by company and by sector, with some being more capital intensive than others and therefore having higher thresholds for what meets their definition.

Capability:

These measures only count the events sponsored in monetary terms by NZGCP and do not include all events or situations where the Aspire and Elevate investment teams contribute to development initiatives via time invested.

For the purposes of the measure, we only counted the events sponsored specifically relating to investors. We also sponsored in monetary form and in time made available for the development of founders.

Pipeline:

These measures only cover investments made by Aspire and no other participants in the market. In addition, they reflect investment payouts and do not cover all investments approved for the year.

The number of investments is counted based on the round. For example, if there were two different funding rounds in a year for the same company, the number of investments would be counted as two but if two tranche payments were made that relate to the same funding round, the number of investments would be counted as one.

— Proceeds are defined as distributions in the form of cash or shares distributed and do not include conversion of convertible loans.

Refer to the judgement used in the "Capital" section about the classification of a round as Series A+.

Changes to performance measures

This year we reduced the number of outputs we measure from four to three: capital, capability and pipeline. These outputs more closely align to the different work streams we have in the organisation. More information on changes to the measures are provided as part of the outputs detailed on the following pages.

Variance from performance targets 2023/24

This year we have seen a decrease in performance against the prior year as well as against targets; this was as a result of broader economic and market conditions that not only impacted Aspire but all venture capital firms within New Zealand too. Some of the decline was also influenced by a pullback in Aspire's investment activity to preserve our cash runway.

Operating revenue	Actual 2023/24	SPE 2023/24	Actual 2022/23
Revenue from the Crown	$750,000	$750,000	$750,000
Total operating revenue	$750,000	$750,000	$750,000
Operating expenses			
Other operating expenses – market development	$754,770	$750,000	$760,242
Total operating expenses*	$754,770	$750,000	$760,242
Surplus/(deficit)	($4,770)	-	($10,242)
Net surplus/(deficit) related to other operating activities	($4,770)	-	($10,242)

* Operating expenditure reported above excludes any time spent by salaried employees towards market development activities and includes spend such as sponsorships, events, awareness campaigns and upskilling of various role players in the early-stage investor sector. Refer to Output 2 Capability for performance against the appropriation. The investments made into portfolio companies are also not reflected above and are in excess of the appropriation. These investments are funded from the NZGCP balance sheet (distributions received from liquidity events of the portfolio companies). During FY24, NZGCP invested $7.2 million ($11.5 million FY23) into portfolio companies. Refer to Output 3 Pipeline for performance on these.

Revenue	Actual 2023/24	SPE 2023/24	Actual 2022/23
Revenue from the Crown	$750,000	$750,000	$750,000
Investment revenue	($6,299,925)	($25,366,710)	($7,435,684)
Other revenue	$3,000,937	$3,004,740	$4,292,977
Total revenue	($2,548,988)	($21,611,970)	($2,392,707)
Expenses	$7,895,311	$8,717,466	$7,704,626
Surplus/(deficit)	($10,444,299)	($30,329,436)	($10,097,333)

Refer to the financial statements for commentary on major variances against budget. NZGCP also received $2 million in revenue in respect of managing Elevate.

In relation to these initiatives and our wider existing mandate, NZGCP undertook three outputs, as detailed in the Statement of Performance.

Output measures 2023/24 – the output measures track annually how well we performed towards achieving our targets, which ultimately impacts the medium-term goals.

Capital

Output 1: Increased capital available and a broader range of active investors

We achieved two of the six performance measures relating to capital for FY24. Several applications were received by the Elevate fund and conditions remain challenging for VC funds to raise sufficient capital to establish new funds.

SPE No	Quantity measures	Actual 2023/24	Target 2023/24	Actual 2022/23	Comments
1.1	Cumulative number of venture capital (VC) funds committed to by Elevate (including second vintages)	**9**	10	9	**Target not met –** during the year, Elevate received several applications of which two progressed through to the due diligence stage but at year end remained in progress.
1.2	Cumulative amount of capital raised by VC funds that Elevate invests in	**$757m**	$800m	$742m	**Target not met –** Movac Emerge closed their round at the end of June which increased the capital raised by the fund.
1.3	Amount of capital committed to venture funds invested in by Elevate (p.a.)	**$5.8m**	$40.0m	$33.8m	**Target not met –** the conditional commitment to the Movac Emerge fund was met at year end and the amount committed reflects it.
1.4	Total capital invested in funding rounds where Aspire participated (p.a.)	**$38.0m**	At least $60.0m	$104.8m	**Target not met –** market activity was down and Aspire aimed to support underserved and under-represented sectors, which impacted on this measure.
1.5	Number of companies that attracted offshore VC investment during their Series A/B funding round (specific to Aspire and Elevate) (p.a.)	**19**	10	11	**Target met –** even though market activity was down, VC funds continued to support their existing portfolio and assist to source offshore capital to close out rounds.
1.6	Investment leverage ratio for Aspire (public to total capital)	**1:5.3**	Better than 1:5	1:8.1	**Target met –** this measure showed a decline from previous years; this is in line with Aspires focus to invest in underserved and underrepresented sectors and reflects that less capital was available to invest into the start-up ecosystem given the prevailing economic conditions.

Qualitative measures

Diversity information was sourced directly from the majority of venture capital firms operating in New Zealand and complemented with the NZGCP team's knowledge of the industry to provide insight into the diversity of staff and investors in the firms. On average, 16% of General Partners in those firms that replied are female while no General Partners are Māori or Pasifika. The funds have diverse investors including family offices, high-net-worth individuals, iwi and offshore investors. However, the proportion of iwi capital is relatively low compared to the total capital with less than 5% across funds.

Changes to performance measures

In the capital output, we removed a measure that shows the investment leverage ratio of Elevate because the leverage ratio uses cumulative numbers and does not provide additional information about in-year performance.

We moved the measure to report on the amount of capital committed by Elevate per annum from the Pipeline output to the Capital output because it more closely relates to this output's main objective of increasing available capital in the ecosystem.

The measure indicating the number of Aspire syndicate partners has also been removed, as Aspire no longer uses syndicate partners and the measure became irrelevant.

Capability

Output 2: Increased capability of investors

We achieved our performance measures for capability build. The measures below specifically relates to initiatives focused on investors, but we contributed to another 14 industry initiatives focused on founders and start-ups.

SPE No	Quantity measures	Actual 2023/24	Target 2023/24	Actual 2022/23	Comments
2.1	**Number of industry development initiatives undertaken (which includes sponsorships of industry associations NZPC and AANZ) that specifically focus on investors to:** – Build the base – Grow capability and introduce diverse capital sources – Foster collaboration, connectivity and healthy competition[1]	**8**	7	7	**Target met –** we had an active period in building capability and our focus was tuned to underserved and under-represented sectors in the investor and founder space.
2.2	Advice or other assistance (data-sets) provided to government and other industry bodies to support market development	**4**	4	5	**Target met –** refer to the qualitative measures for details about the advice and assistance provided.

1 – Measure aligned to the 2023/24 estimates

Qualitative measures

— NZGCP participated in various industry development initiatives and provided advice and data to relevant parties. This included:
- Participation in the Centre for Sustainable Finance
- Investing in Private Assets working group with a report and related legal opinion published.
- In conjunction with Dealroom, produced a report that benchmarks the performance of the New Zealand early-stage investment ecosystem against similar jurisdictions
- Provided input into the Science System Advisory Group
- Part of Clean-tech working group that produced a report to advise the shareholding Ministers about the sector.

— We progressed and almost completed our L&D strategy which will focus on supporting both internal and external managers through their journey to best-practice General Partners. We expect to launch this towards the end of FY25.

— In February 2024, NZGCP launched, in conjunction with Dealroom, the New Zealand Dealroom platform for intelligence on New Zealand start-ups, innovation, high-growth companies, ecosystems and investment strategies. A process was implemented and is being refined and extended to industry participants, whereby founders and investors are invited and encouraged to enter and claim their profiles on the Dealroom platform with the aim to improve data integrity.

Changes to performance measures

We have narrowed our focus on capability building to specifically report on initiatives aimed at investors. In previous years, we included all industry development initiatives, whether they were focused on founders or investors. This refined focus aligns more closely with our mandate to develop the early-stage capital markets in New Zealand. Additionally, we made a concerted effort to highlight the data-sets we provided to the government and other industry bodies, as this need was emphasized in our Letter of Expectation.

Pipeline

Output 3: Increased pipeline and diversity of investment opportunities progressing to Series A funding and beyond

Two of the seven measures were achieved. This reflects in part NZGCP's cash constraints throughout the year but also the overall trend in the market where deal volumes have been down year-on-year. This is driven by the general lack of risk capital and in some cases depressed valuations for those companies that have previously raised capital.

SPE No	Quantity measures	Actual 2023/24	Target 2023/24	Actual 2022/23	Comments
3.1	**Number of new investments in companies by Aspire**[1]	**6**	10 – 15	8	**Target not met –** at year end we have three new investments approved and not paid out. We have seen a slowdown in the pipeline and quality of deals coming through, which impacted on our investment run rate for the year.
3.2	Number of follow-on investments in companies in Aspire (including tranche and exercise of warrants)	**8**	15 – 25	18	**Target not met –** at year end we have two follow-on investments approved and not paid out. We have seen our existing portfolio companies preserving cash and extending timelines to raise follow-on rounds to protect their current enterprise valuations.
3.3	Total amount invested into new companies from Aspire for the year	**$2.8m**	Over $4.0m	$4.5m	**Target not met –** refer to 3.1.
3.4	Total amount invested into follow-on rounds from Aspire for the year	**$4.4m**	Over $5.0m	$7.0m	**Target not met –** refer to 3.2; for those companies we continued to support, we have increased our investment amounts to make more meaningful contributions.
3.5	Total proceeds from divestment of investments (Aspire and the VIF 1.0 programme)[2]	**$13.1m**	$12.0m	$1.1m	**Target met –** proceeds from divestments were received at year end, which eased the cash flow constraints experienced earlier in the period.
3.6	Number of investment opportunities reviewed by Aspire	**225**	Over 200	253	**Target met –** the Aspire team improved their deal origination activities but the number of deals sourced by the team declined and could be attributed to the current economic environment.
3.7	Number of companies that raised Series A+ investment (Aspire participated in the round)	**6**	10 – 15	13	**Target not met –** mostly driven by a lack of capital available in the market and companies delaying raising funds to protect their enterprise valuations.

1 – Measure aligned to the 2023/24 estimates
2 – Proceeds from divestments include dividends received

Qualitative measures

- 100% of the new portfolio companies onboarded during FY24 was invested in the proof of concept, pre-seed and seed stages.
- 67% of new investments were in underdeveloped and under-represented segments in the start-up ecosystem and included health-tech, agri-tech and clean-tech.
- 100% of investments made complied with the NZGCP Responsible Investment Framework.
- Aspire implemented a process to gather diversity information from all applicants for funding. This process was implemented in August and is voluntary/self-disclosed in nature. More than 95% of applicants were willing to provide the information; 47 applications were received from potentially “new to” Aspire portfolio companies; 28% of founding teams have at least one female founder and 4% of the founders identified as either Pasifika or Māori.

Changes to performance measures

The number and amounts invested into investment companies are now split between new and follow-on investments. Previously, only the number of new companies and the total number and amount invested were reported. The number of investment opportunities reviewed by Aspire has been moved from the Capital output to the Pipeline output. This change reflects the intention to demonstrate a trend in the increased pipeline of opportunities generated by the ecosystem.

Additionally, the measure to determine the number of companies attracting Series A+ funding has been moved from the Capital output to the Pipeline output. This is because a key measure of success for Aspire is to create a more robust pipeline of Series A+ ready companies for VC funds to invest in. For the same reason, the scope of the measures associated with Pipeline has been narrowed to only include those portfolio companies in which Aspire invested in that progressed to the Series A+ stage.

By the numbers

The consolidated financial statements report actual results against budget information in the NZGCP SPE for FY24. These statements are provided in accordance with section 151 of the Crown Entities Act 2004.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

	Note	**2024 Actual $**	2024 Unaudited SPE $	2023 Actual $
Net operating revenue/(loss)	2	**(2,548,988)**	(21,611,970)	(2,392,707)
Expenses				
Administration expenses	3, 1.4	**(7,647,015)**	(8,467,466)	(7,435,532)
Realised gain/(loss) on sale of fixed assets		**(84)**	-	430
VIF fund management fees	1.4	**(248,212)**	(250,000)	(269,523)
Total expenses		**(7,895,311)**	(8,717,466)	(7,704,625)
Surplus/(deficit) for the year before income tax expense		**(10,444,299)**	(30,329,436)	(10,097,332)
Income tax expense	4	**-**	-	-
Total comprehensive revenue and expense net of tax		**(10,444,299)**	(30,329,436)	(10,097,332)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	2024 Actual $	2024 Unaudited SPE $	2023 Actual $
Share capital	**172,219,801**	172,219,801	172,219,801
Accumulated shareholders' surplus/(deficit) at the beginning of the year	**11,370,775**	23,128,240	21,468,108
Total comprehensive revenue and expense for the year	**(10,444,299)**	(30,329,436)	(10,097,332)
Total equity/accumulated shareholders' surplus/(deficit) at the end of the year	**173,146,277**	165,018,605	183,590,577

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 Actual $	2024 Unaudited SPE $	2023 Actual $
ASSETS				
Current assets				
Cash at bank		**4,175,274**	1,100,242	3,217,599
Receivables	5	**1,028,484**	1,947,310	2,213,148
Term deposit investments	6	**14,000,000**	11,600,000	13,000,000
Total current assets		**19,203,758**	14,647,552	18,430,747
Non-current assets				
Equipment		**88,750**	70,544	103,386
Intangible assets		**576**	-	1,440
Term deposit investments	6	**80,500**	80,500	80,500
Investments through VIF	7, 11	**13,767,558**	7,153,140	16,026,437
Investments through Aspire	7, 11	**141,409,053**	144,217,271	149,261,466
Investment earnout receivables	7, 11	**221,234**	-	1,193,627
Total non-current assets		**155,567,671**	151,521,455	166,666,856
Total assets		**174,771,429**	166,169,007	185,097,603

	Note	2024 Actual $	2024 Unaudited SPE $	2023 Actual $
LIABILITIES				
Current liabilities				
Trade and other payables	11	**766,805**	598,933	524,531
Employee entitlements	10	**858,346**	551,469	982,496
Total current liabilities		**1,625,151**	1,150,402	1,507,027
Total liabilities		**1,625,151**	1,150,402	1,507,027
Net assets		**173,146,277**	165,018,605	183,590,576
EQUITY				
Share capital		**172,219,801**	172,219,902	172,219,801
Accumulated shareholders' surplus/(deficit)		**926,476**	(7,201,297)	11,370,775
Total equity		**173,146,277**	165,018,605	183,590,576

Annabel Cotton
Chair
25 October 2024

Steve O'Connor
Deputy Chair
25 October 2024

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 Actual $	2024 Unaudited SPE $	2023 Actual $
Cash flows from operating activities				
Cash was provided from:				
Revenue from the Crown	2	**750,000**	750,000	750,000
Interest received		**731,273**	610,430	820,417
Other income		**2,204,344**	2,395,733	2,215,916
Net goods and services tax refunded		**38,562**	6,324	56,578
Sale of investments through VIF		**768,477**	8,000,000	307,016
Sale of investments through Aspire		**11,216,635**	3,424,611	812,081
Dividends received through Aspire		**1,137,840**	-	-
Term deposit investments		**-**	3,400,000	14,000,000
Total cash inflow from operating activities		**16,847,132**	18,587,098	18,962,008
Cash was applied to:				
Payments to suppliers		**(3,129,271)**	(3,414,773)	(3,204,412)
Payments to employees		**(4,538,113)**	(5,305,040)	(4,357,972)
FBT paid		**(18,836)**	-	(24,675)
Purchase of investments through Aspire		**(7,201,372)**	(10,400,000)	(11,500,014)
Term deposit investments	6	**(1,000,000)**	-	-
Total cash outflow from operating activities		**(15,887,592)**	(19,119,813)	(19,087,074)
Net cash flow from operating activities		**959,540**	(532,715)	(125,066)

	Note	2024 Actual $	2024 Unaudited SPE $	2023 Actual $
Cash flows provided from investing activities				
Cash was applied to:				
Purchase of equipment and intangible assets		**(30,734)**	(57,500)	(68,712)
Net cash flow from investing activities		**(30,734)**	(57,500)	(68,712)
Net increase/(decrease) in cash at bank		**928,806**	(590,215)	(193,778)
Cash at bank at the beginning of the year		**3,217,599**	1,690,457	3,343,992
Effects of exchange rate changes on the balance of cash held in foreign currencies		**28,869**	-	67,385
Cash at bank at the end of the year		**4,175,274**	1,100,242	3,217,599

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements —

30 June 2024

1 — Summary of significant accounting policies

1.1 Reporting entity

The reporting entity is NZ Growth Capital Partners Limited ('NZGCP', 'the Parent' and 'the Company') and its controlled subsidiaries ('the Group'). At 30 June 2024 the controlled entities were the Aspire NZ Seed Fund Limited ('Aspire') and the Elevate NZ Venture Fund GP Limited ('Elevate GP'), which are 100% controlled.

NZGCP and its subsidiaries are limited liability companies incorporated in New Zealand under the Companies Act 1993. The relevant legislation governing NZGCP's operations includes the Crown Entities Act 2004. NZGCP's ultimate parent is the New Zealand Crown.

The registered office for NZGCP is Level 9, 125 Queen Street, Auckland Central.

The consolidated financial statements of NZGCP as at and for the year ended 30 June 2024, and were approved by the Board on 25 October 2024. The entity's owners do not have the power to amend these financial statements once issued.

1.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Crown Entities Act 2004 and other applicable Financial Reporting Standards as appropriate for public benefit entities (PBE).

The consolidated financial statements have been prepared in accordance with the requirements of the PBE Standards Reduced Disclosure Regime (PBE Standards RDR). The disclosure concessions are applied. The Group is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and it is not large.

1.3 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently for all periods presented, except for new standards adopted for the first time in the current year.

The consolidated financial statements have been prepared on a historical cost basis, except where modified by the measurement of financial assets at fair value.

The financial statements are presented in New Zealand dollars ($) and all values are rounded to the nearest dollar, except where otherwise stated.

1.4 New and amended standards adopted

There have been no changes in accounting policies during the year. All accounting policies are consistent with those applied in the previous financial year.

Certain prior year comparatives have been restated to conform with the current year's presentation. These classifications have no impact on the overall performance, financial position or cash flows of the Group for the comparative year.

The nature and effect of a new standard adopted are described below.

PBE IPSAS 1 DISCLOSURE OF FEES FOR AUDIT FIRMS' SERVICES

The amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services require additional disclosures for fees paid to audit firms for different types of services using prescribed categories. The amended standard is effective for reporting periods beginning on or after 1 January 2024, with early adoption permitted. The Board and management have elected to early adopt the amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services. The adoption of these amendments has not resulted in any changes for the NZGCP's financial statements as the only fees paid to the auditor during the year were for audit fees.

1.5 Budget figures

The budget figures are those approved by the Board in the Statement of Performance Expectations at the beginning of the financial year and have been prepared in accordance with generally accepted accounting principles and are consistent with the accounting policies adopted by the Board for the preparation of the consolidated financial statements.

1.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of NZGCP and its subsidiaries as at and for the year ended 30 June 2024. The financial statements of the subsidiaries are prepared for the same reporting period as NZGCP using consistent accounting policies. In preparing consolidated financial statements, all inter-entity transactions, balances and unrealised gains and losses are eliminated.

1.7 Subsidiaries

Subsidiaries are those entities that are controlled by NZGCP under the provisions of PBE IPSAS 35 Consolidated Financial Statements. NZGCP controls an entity when it is exposed to, or has rights to, variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the entity. NZGCP's control of an entity is reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

At 30 June 2024 the controlled entities were Aspire and Elevate GP, which are 100% controlled. NZGCP has rights to variable benefits from its involvement with Aspire and Elevate GP. NZGCP has the power to affect the nature and amount of those benefits through its involvement with those entities.

Key judgement – assessment of control

NZGCP's investment in each subsidiary has been assessed in light of the control model established under PBE IPSAS 35 Consolidated Financial Statements to ensure the correct classification and disclosure of its investments in the subsidiary.

Name of entity	Principal activity	Note	Interest held 2024	2023
Aspire	Investment through underlying structured entries (via VIF) and start-up companies (via the Aspire seed fund)	(i)	**100%**	100%
Elevate GP	Holding subsidiary as administrator manager for Elevate	(i)	**100%**	100%

(i) The subsidiaries have a 30 June balance date, all incorporated in New Zealand and included in the consolidated financial statements of the Group.

1.8 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

— Restricted activities;

— A narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

— Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and

— Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

NZGCP is principally involved with structured entities through its investments in venture capital investment funds. The Group invested in structured entities to assist with the implementation of its overall investment strategy. The Group does not sponsor any structured entities.

NZGCP meets the criteria of an “investment entity” in **PBE IPSAS 35** paragraph 56 and therefore does not consolidate investments even if they are considered controlled/subsidiaries. NZGCP is a “venture capital organisation” and therefore applies the exemption available in **PBE IPSAS 36** paragraph 24 which allows investments which could be considered associates to apply PBE IPSAS 41 (and not be equity accounted).

VENTURE CAPITAL INVESTMENT FUNDS

Venture capital investment funds provide a mechanism to share exposure with other investors and may take various legal forms (e.g. limited liability companies, limited partnerships). The Group makes commitments to, and investments in, these legal structures and in return is issued with rights to a proportional stake in their net assets. They have a broad range of investment objectives and are managed by unrelated asset managers who apply various investment strategies to accomplish their respective investment objectives.

Key judgement – assessment of investments in structured entities

The Board and management have assessed which of the Group’s investments are investments in structured entities. In doing so, the Board and management have considered voting rights and other similar rights afforded to investors as well as any contractual arrangements in place with these investments.

The Board and management have concluded that certain of the Group’s investments meet the definition of a structured entity because:

— The voting rights in the investments are not the dominant factor in deciding who controls the investment; and

— The investments have narrow and well-defined objectives to provide investment opportunities to investors.

Further disclosures on structured entities are contained in Note 7 and 11.

1.9 Goods and services tax (GST)

Items in the consolidated financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the consolidated statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the consolidated statement of cash flows.

1.10 Cash at bank

Cash at bank only includes cash on hand.

While cash at hand are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because no estimated loss allowance for credit loss is anticipated.

1.11 Foreign currencies

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the consolidated financial statements of NZGCP are measured using the currency of the primary economic environment in which it operates (the functional currency). The functional currency of NZGCP is New Zealand dollars. It is also the presentation currency.

TRANSACTIONS AND BALANCES

Transactions denominated in a foreign currency are converted at the functional currency exchange rate at the date of the transaction. Transactions denominated in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated to New Zealand dollars at the foreign exchange rate prevailing at balance date.

Foreign exchange differences arising on their translation and revaluation of monetary assets and liabilities are recognised in the consolidated statement of comprehensive revenue and expense.

1.12 Statement of cash flows

The following are the definitions of the terms used in the consolidated statement of cash flows:

— Operating activities include all activities other than investing or financing activities.
— Investing activities are those relating to the acquisition, holding and disposal of equipment and intangible assets.
— Financing activities are those activities relating to changes in public equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the IRD, is classified under cash flows from operating activities.

1.13 Critical accounting estimates, judgements and assumptions

The preparation of the Group's financial statements requires the Board and management to make judgements and use estimates that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in future periods. The judgements and estimates used in respect of the Group are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The judgements and estimates that the Board and management have assessed to have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

— Assessment of control (Note 1.6)
— Assessment of investments in structured entities (Note 7 and 11)
— Determination of fair value (Note 7 and 11).

2 — Net operating income

Accounting Policy

Revenue is recognised to the extent that the economic benefits will flow to NZGCP and the revenue can be reliably measured. Revenue shown in the consolidated statement of comprehensive revenue and expense comprises the amounts received and receivable by NZGCP for services supplied to the Crown.

Revenue from the Crown – non-exchange revenue

The Group is funded in part by the Crown for services relating to Market Development. This funding is restricted in its use for the purpose of the Group meeting the objectives specified by the Crown and the scope of the relevant appropriations of the funder. The Group considers there is no obligation to return the funding and it is recognised as revenue at the point of entitlement.

Apart from the general restrictions, set out in its Funding Agreement, there are no unfulfilled conditions or contingencies attached to government funding (2023: Nil).

Accounting Policy: Interest revenue – exchange revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of measuring financial assets held at amortised cost and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Other revenue – exchange revenue

Other income includes fund income and is recognised when the right to receive payment is established.

The Venture Capital Fund Act 2019 was enacted to establish a new venture capital fund (Elevate) and the Guardians, a fellow 'Crown entity' was given a mandate to manage the fund. NZGCP was appointed as an external manager to manage the fund on a fund-of-funds basis.

Elevate was formed in December 2019 with the main purpose of investing in venture capital opportunities in New Zealand. The financial statements of Elevate are presented in the Annual Report of the Guardians.

NZGCP charges a management fee to Elevate under terms set out in the Management Deed in managing Elevate. Further disclosure is provided under related parties (Note 8).

Investment gains and losses

Investments gains and losses represent changes in the value of the Aspire seed fund and VIF. This balance is highly variable, driven largely by the performance of start-up companies.

	Note	**2024 Actual $**	2023 Actual $
Non-exchange revenue			
Revenue from the Crown		**750,000**	750,000
Total non-exchange revenue		**750,000**	750,000
Exchange revenue			
Interest income		**662,216**	870,885
Elevate NZ Venture Fund LP management fee	8	**2,277,855**	2,192,761
Other gains/(losses)		**60,866**	68,091
Investment gains/(losses)		**(6,299,925)**	(7,435,684)
Dividend income		**-**	1,161,240
Total exchange revenue/(expense)		**(3,298,988)**	(3,142,707)
Total net operating income/(loss)		**(2,548,988)**	(2,392,707)

Variance to budget (unaudited)

The variance to budget for investment gains/(losses) reflects the relative stronger-than-expected performance of some of NZGCP's material investment holdings as the market stabilised after the turbulence experienced in technology stocks between 2021 and 2023.

The other revenue and interest received were largely in line with budget.

3 — Items included in administration expenses

	Note	2024 Actual $	2023 Actual $
Amortisation		**864**	2,160
Audit fees paid to EY		**222,971**	217,000
Depreciation		**42,171**	54,097
Directors' fees and expenses	14	**161,405**	130,041
Employee costs	9	**4,643,993**	4,396,282
Utilities and occupancy expenses		**170,393**	157,956
Other operating expenses	1.4	**2,405,218**	2,477,996
Total other expenses		**7,647,015**	7,435,532

Fees for audit firms' services

The auditor of the Group is Graeme Bennett of Ernst & Young, on behalf of the Auditor-General. During the year the following fees were paid or payable for services provided by them:

	2024 Actual $	2023 Actual $
Audit of the Group's financial statements	**222,971**	217,000

Variance to budget (unaudited)

The favourable variance to budget is $0.9 million and resulted largely from delays in recruitment and other ongoing measures to reduce NZGCP's cost base which included a reduction in IT licences, travel and discretionary spend items. These measures were implemented to preserve our cash flow for investment activities and reflected the newly appointed government's cost-reduction objective.

4 — Taxation

Accounting Policy

The income tax expense recognised in the consolidated statement of comprehensive revenue and expense comprises current and deferred tax and is based on accounting surplus, adjusted for permanent differences between accounting and tax rules. Income tax relating to items of other comprehensive revenue and expense is recognised in other comprehensive revenue and expense.

Current tax is the expected tax payable to or receivable from the taxation authorities based on the taxable income or loss for the period and any adjustment in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities at balance date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only to the extent that it is probable that sufficient taxable surplus will be available to utilise the deductible temporary differences, the carry forward of unused tax credits and unused tax losses. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that a sufficient taxable surplus will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are offset when a legally enforceable right to set-off exists, the deferred tax balances relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

a — Income tax expense

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted at balance date.

	2024 Actual $	2023 Actual $
Relationship between tax expense and accounting profit		
Net surplus/(deficit) before taxation	**(10,444,299)**	(10,097,332)
Prima facie income tax at 28%	**(2,924,404)**	(2,827,253)
Add/(less)		
Temporary and non-deductible expenses	**2,924,404**	2,827,253
Tax expense	**-**	-

b — Current tax

Current tax is the amount of income tax payable based on taxable income for the current year and any adjustments to income tax payable in respect of prior years.

There are $Nil (2023: $Nil) of current tax assets. The Group's current tax asset represents the amount of income taxes recoverable in respect of current and prior periods that exceed payments.

c — Deferred tax

	2024 Actual $	2023 Actual $
Unrecognised deferred tax assets and liabilities		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences	**319,232**	355,944
Accumulated tax losses	**34,324,625**	32,445,257
Unrecognised deferred tax balances	**34,643,858**	32,801,201

The deductible temporary differences and tax losses do not expire under current legislation, subject to Shareholder continuity provisions.

A deferred tax asset has not been recognised in respect of these items as it is not probable that taxable income will be available in the future against which the losses can be applied.

5 — Receivables

Accounting Policy

Receivables are initially recognised at fair value, which is equal to the amount of consideration that is unconditional. The Group holds receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost less impairment losses using the effective interest method.

The Board and management have applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IPSAS 41 Financial Instruments. As a result, the Board and management do not track changes in credit risk, but instead, recognise impairment losses based on lifetime ECLs at each reporting date. The Group's approach to ECLs reflects a probability weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions and forecast of future economic conditions.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Prepayments are initially recorded as non-financial assets (net of taxes) and expensed on a straight-line basis over the term of the arrangement.

	2024 Actual $	2023 Actual $
Prepayments	**137,023**	237,164
Other receivables	**1,059,902**	2,101,734
Gross debtors	**1,196,925**	2,338,898
Less: allowance for expected credit losses	**(168,441)**	(125,750)
Total receivables and other receivables	**1,028,484**	2,213,148

6 — Term deposit investments

Accounting Policy

Bank term deposits are measured at amortised cost. Term deposits have original maturities of six months or less and an insignificant risk of change in fair value. Interest is subsequently accrued and included in receivables.

The Group considers there has not been a significant increase in credit risk for investments in term deposits because the banks in whom the deposits are made continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA (2023: AA) investment-grade credit rating or higher, as obtained from Standard & Poor's on 30 June 2024. This indicates the bank has a very strong capacity to meet its financial commitments.

	2024 Actual $	2023 Actual $
Current assets		
Term deposits	**14,000,000**	13,000,000
	14,000,000	13,000,000
Non-current assets		
Term deposits	**80,500**	80,500
	80,500	80,500

Variance to budget (unaudited)

The term deposit balance of $14.0 million ended higher than budget of $11.4 million due to fewer investments made and a reduction in NZGCP's operating costs as cash holdings were preserved.

7 — Investments through Aspire and VIF

Aspire is a 100% subsidiary of NZGCP Limited. Within the Aspire entity there are two investment funds called Aspire and VIF. Aspire is an active, evergreen fund whereas VIF invested in structured entities.

a — Investments through Aspire

Aspire invests, alongside private-sector investors, in proof-of-concept, pre seed, seed and occasionally Series A start-up investments. These investments represent equity owned directly by the NZGCP subsidiary Aspire NZ Seed Fund Limited. Aspire is not responsible for and does not exercise significant influence over the underlying investments; it is a passive investor and does not take a seat on investee company boards (except for Aquafortus Technologies limited as per Note 8). However, Aspire reserves certain shareholder rights and may make subsequent investment decisions in certain circumstances.

All investments are early-stage investments at the time of the initial investment; and the valuation of these investments is undertaken using accepted industry guidelines. The International Private Equity and Venture Capital Valuation (IPEV) Guidelines have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at a fair value for their investments.

MEASUREMENT OF INVESTMENTS
Investments classified as fair value through surplus or deficit are initially measured at fair value. Fair value is defined as the price that the Group would receive to sell an asset or would need to pay to transfer a liability in an orderly transaction between independent, knowledgeable, and willing market participants at the measurement date. After initial recognition, these investments are subsequently measured at fair value, with any changes in fair value recognised in the consolidated statement of comprehensive revenue and expense.

FAIR VALUE IN ACTIVE MARKETS
For investments traded in active markets, their fair value is determined based on their quoted market prices at the balance sheet date, without any deductions for estimated future selling costs. These investments are valued at the current bid prices.

FAIR VALUE IN INACTIVE MARKETS
For investments not traded in active markets, their fair value is assessed using various valuation techniques. These techniques may include recent arm's length transactions, reference to the current fair value of substantially similar instruments, discounted cash flow analysis, option pricing models, or any other reliable valuation method based on actual market transactions. It is worth noting that for certain companies experiencing significant value escalation, liquidity preferences are not considered relevant.

VALUATION OF EARLY-STAGE COMPANIES:
Investments in early-stage companies, typically characterised by negative cash flows and losses, rely primarily on the prior round's valuation, with consideration of company-specific performance factors. Factors such as market competition, capital-raising potential at or above the current carrying value, growth prospects, and available cash are taken into account. Some of these early-stage companies may have insufficient cash to meet projected needs, and their future viability depends on securing additional funding. Therefore, there is a risk of potential write-downs if funding cannot be secured.

MANAGEMENT ALLOWANCE FOR DIMINUTION:
Management exercised its discretion to make an adjustment for early-stage companies that were deemed to be at a high risk of overvaluation. An allowance for diminution of investments was established for any portion of the portfolio valued during the robust fundraising period between 1 July 2021, and 31 March 2022. This allowance is released as either write-downs materialise or when it is no longer deemed necessary.

The fair value estimates presented here do not necessarily reflect the exact amount the Group could realise in a current transaction. These estimates can be influenced by future confirming events, which may have a significant impact on financial statements, particularly when it comes to the ultimate liquidation of investments.

Where an investment has been fully impaired, NZGCP does not carry any risk or reward associated with that investment. Aspire has invested into 277 (2023: 269) companies. As at 30June 2024, there were 128 (2023: 103) exited through sales or liquidation and 45 fully impaired (2023: 26) companies. Aspire holds between 0% to 19% (2023: 0% to 19%) interest in these underlying investments.

As at year end FY22, an allowance for diminution was put in place against the fair value of a group of NZGCP's Aspire early-stage companies to reflect the exceptionally volatile period in the markets leading up to year end FY22. This allowance was partially utilised during FY23 and the remainder released during FY24. Management assessed that the potential risk of overvaluing companies that completed their investment round during FY22 no longer exists as subsequent rounds would have taken place or other valuations techniques have been applied to value companies that did not have an investment round since FY22.

b — Investments through VIF

The VIF invested alongside private-sector investors in seed and early-stage venture investment funds which are managed by external fund managers who make the investment decisions. The IPEV Guidelines recommends that investors in venture capital funds should use the fund managers' reported valuation as an input in determining the fair value of their interest in the fund's investments. The IPEV Guidelines also recommend that investors have the appropriate processes and controls in place to monitor the fund manager and assess the data received. The external fund managers are contractually required to report to NZGCP on an ongoing basis and NZGCP monitors the performance and valuation of the portfolio. The reported fair value of the investment by each fund manager has been used as an input for the fair value assessment performed by NZGCP (Note 11).

NZGCP has reviewed the process undertaken by the external fund managers when valuing investments and is satisfied that the valuation process complies with the external fund managers' contractual requirements. If, based on the information held by NZGCP, the reported value of an investment in NZGCP's assessment does not reflect the fair value of investment, NZGCP will adjust the value accordingly.

Where investments are held through underlying funds, these have been valued by NZGCP using external fund managers' reported valuations as an input. VIF holds interest of between 2.5% to 40% (2023: 2.5% to 40%) in the underlying funds.

c — Future earnouts

Any investments with future earnouts that are not performance based, or performance based but the performance criteria have been met, are classified as investment earnout receivables and investment earnouts, split between current and non-current assets. These are reported separately to the value of Aspire and VIF investments.

Variance to budget (unaudited)

Due to timing differences between the annual year end valuations and the budgeting process, the impact of the technology market correction was not known, leading to an favourable variance of $20 million for the valuation of the Aspire seed fund and VIF compared to the FY24 SPE.

8 — Related parties

Accounting Policy

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The definition includes subsidiaries.

Outstanding amounts with related parties at balance date are unsecured and subordinate to other liabilities. Interest is not charged on outstanding balances. There have been no guarantees provided or received for any related party receivables or payables. Transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

For the period ended 30 June 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2023: $Nil).

PARENT ENTITY

NZGCP is the Parent company and a wholly owned entity of the Crown. The Crown provided appropriations to meet the fund management and operating costs of NZGCP. The Crown also subscribes to equity in NZGCP.

The Company has a total of 172,219,801 (2023: 172,219,801) fully paid ordinary shares on issue. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

The Parent company received funds in prior years from the Crown, by way of equity subscriptions, to facilitate the Crown's objective of accelerating the development of the New Zealand venture capital industry. No funds have been received in 2024, as VIF and Aspire are fully appropriated (2023: Nil).

SUBSIDIARIES

NZGCP and subsidiaries hold a tax loss of $30,427,073 at 30 June 2024 (2023: $27,466,682). These losses will be carried forward and offset against any future taxable income. A deferred tax asset has not been recognised in respect of these items as it is not probable that taxable income will be available in the immediate future against which the losses can be applied.

Aspire holds shares in Aquafortus Technologies Limited. The NZGCP Chief Investment Officer is a nominated director on the board of Aquafortus Technologies Limited since 8 March 2024 and receives no directors' fees. As a director, NZGCP might be able to exert significant influence over the company.

The Elevate GP receives a management fee from the Elevate LP as it is entitled to do under the Venture Capital Fund Act 2019 and set out in the Elevate Management Deed. Elevate is managed by the Guardians and is a government-related entity.

	2024 Actual $	2023 Actual $
Manager fees received	**2,277,855**	2,192,761
Receivables	**763,052**	640,677

In conducting its activities, the Group is also required to pay various taxes and levies (such as GST) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.

Details of key management personnel remuneration are disclosed in Note 15 to the consolidated financial statements.

There were no other related party transactions during the year.

9 — Employee costs

Accounting Policy

Salaries and wages are recognised as an expense in the consolidated statement of comprehensive revenue and expense as employees provide services.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the consolidated statement of comprehensive revenue and expense as incurred.

	2024 Actual $	2023 Actual $
Salaries and wages	**4,504,744**	3,929,570
Employer contributions to defined contribution superannuation schemes	**263,399**	228,224
Increase/(decrease) in employee entitlements payable (Note 10)	**(124,150)**	238,488
	4,643,993	4,396,282

10 — Employee entitlements

Short-term employee entitlements

Accounting Policy

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Provision is made for annual leave entitlements estimated to be payable to employees on the basis of statutory and contractual requirements.

During FY24 the formal short-term incentive plan continued to be in place and based on the performance criteria an obligation exists against it; as a result, both a liability and an expense are recognised for it.

	2024 Actual $	2023 Actual $
Accrued salaries	**-**	147,672
Annual leave	**224,921**	263,089
Short-term incentives	**599,337**	534,095
Employer contributions to defined contribution plans	**34,088**	37,640
	858,346	982,496

11 — Financial instruments

Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group is a party to financial instruments as part of its normal operations. These financial instruments include cash at bank, term deposits, receivables, investments and payables. All financial instruments are recognised in the consolidated statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the consolidated statement of comprehensive revenue and expense.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus, in the case of financial assets and financial liabilities not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets carried at fair value through surplus or deficit are expensed in the consolidated statement of comprehensive revenue and expense.

Purchases or sales of financial instruments are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the financial instrument.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In making an assessment of the business model for managing a financial asset, the Board and management consider all relevant information such as the investment objectives of the Group and how performance is evaluated and reported to the Board and management.

SUBSEQUENT MEASUREMENT

The Group's financial assets and financial liabilities are subsequently classified into the following categories:

— Those to be measured at fair value through surplus or deficit; and

— Those to be measured at amortised cost.

The Group's financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

Financial assets at fair value through surplus or deficit

The following financial assets are classified at fair value through surplus or deficit:

— Financial assets that do not qualify for measurement at amortised cost;

— Financial assets for which the Group has not elected to recognise fair value gains and losses through other comprehensive revenue and expense.

This category includes investments. These financial assets are managed and have their performance evaluated on a fair value basis.

Financial assets at fair value through surplus or deficit are recognised in the consolidated statement of financial position at fair value with changes in fair value being recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

Financial assets at amortised cost

The Group's financial assets are classified at amortised cost if both of the following criteria are met:

— The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and

— The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash at bank, term deposits and receivables. Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes trade and other payables. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the Group has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Group's obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess at each reporting date, whether a financial asset is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Financial assets that are measured at amortised cost and therefore subject to the impairment provisions (the 'expected credit loss model') of PBE IPSAS 41 Financial Instruments comprise cash at bank, term deposits and receivables.

The risk of impairment loss for cash at bank, term deposits is considered immaterial. Disclosures relating to the impairment of receivables are provided in Note 4(c).

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets financial assets and financial liabilities when it has a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis.

Non-derivative financial instruments comprise equity investments in shares, trade and other receivables, cash at bank, term deposits, and trade and other payables.

NZGCP classifies the Aspire seed fund, the VIF investments and investment earnout receivables under the category financial assets at fair value through surplus or deficit.

a — Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the categories are as follows:

	2024 $	2023 $
Financial assets designated at fair value through surplus or deficit on initial recognition		
Investments through VIF (Note 7)	**13,767,558**	16,026,437
Investments through Aspire (Note 7)	**141,409,053**	149,261,466
Investment earnout receivables (Note 7)	**221,234**	1,193,627
Total financial assets designated at fair value through surplus or deficit on initial recognition	**155,397,845**	166,481,530
Financial assets measured at amortised cost		
Cash at bank (Note 1.10)	**4,175,274**	3,217,599
Trade and other receivables (excl. prepayments) (Note 5)	**1,028,484**	1,975,984
Term deposit investments (Note 6)	**14,000,000**	13,000,000
Total financial assets measured at amortised cost	**19,203,758**	18,193,583
Financial liabilities measured at amortised cost		
Trade and other payables	**766,805**	524,531
Employee entitlements (Note 10)	**858,346**	982,496
Total financial liabilities measured at amortised cost	**1,625,151**	1,507,027

b — Fair value hierarchy disclosures

For those instruments recognised at fair value through surplus or deficit, fair values are determined according to the following hierarchy:

— **Level 1.** Quoted market price financial instruments with quoted prices for identical instruments in active markets.

— **Level 2.** Valuation techniques using observable inputs financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

— **Level 3.** Valuation technique with significant non-observable inputs financial instruments valued using models where one or more significant inputs are not observable.

Key judgement – determination of fair value

Fair value represents the price at which an asset could be sold in an orderly transaction between market participants on the measurement date. For financial instruments traded in active markets, fair value is based on quoted market prices at the close of trading on the reporting date. For financial instruments not traded in an active market, such as unlisted securities, fair value is determined using valuation techniques.

Investment classified within Level 3 makes use of significant unobservable inputs in deriving fair value, as they trade infrequently. The determination of what constitutes 'observable' vs. 'unobservable' requires significant judgement by the Board and management. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. As observable prices are not available for the majority of Aspire's investment, we primarily use Level 3 valuation techniques where one or more inputs are not observable. These Level 3 instruments, by their nature, are inherently more subjective and therefore more exposed to valuation uncertainty.

To determine their fair value, NZGCP employs various methods and makes assumptions based on current market and specific portfolio company conditions at each balance sheet date. These valuation techniques include recent comparable arm's length transactions, earnings multiples, discounted cash flow analysis, and other methods commonly used by market participants. The inputs for the models could include observable data, such as earnings multiples of comparable companies in the technology sector, and unobservable data, such as forecasted earnings of the portfolio company as well as significant milestone(s) reached or missed. The Board and management continuously monitor and evaluate the appropriateness of specific valuation techniques. The methodologies used are consistent with IPEV guidelines.

At year end FY24 NZGCP held shares in one (2023: 2) company for which the quoted market price could be used to determine the fair value.

Although the fair value of unlisted investments is based on the best information available, there is a high degree of uncertainty about that value due to the early stage nature of the investments and the absence of quoted market prices. This uncertainty could have a material effect on the Group's statement of comprehensive revenue and expense, and statement of financial position.

Reporting from investment managers regarding externally managed vehicles has also been scrutinised to ensure the impact of current market volatility has been adequately considered and reflected in the valuation of the investments under their stewardship.

		Valuation technique		
30 June 2024 – Group	**Total $**	**Quoted market price $**	**Observable inputs $**	**Significant non-observable inputs $**
Financial assets				
Investments through VIF	**13,767,558**	**3,400,117**	**-**	**10,305,522**
Investments through Aspire	**141,409,053**	**3,419,320**	**-**	**137,857,717**
Investment earnout receivables	**221,234**	**-**	**-**	**221,234**
Total	**155,397,845**	**6,819,437**	**-**	**148,384,473**

		Valuation technique		
30 June 2023 – Group	Total $	Quoted market price $	Observable inputs $	Significant non-observable inputs $
Financial assets designated at fair value through surplus or deficit upon initial recognition				
Investments through VIF	16,026,437	6,285,722	-	9,740,715
Investments through Aspire	149,261,466	7,385,717	-	141,875,749
Investment earnout receivables	1,193,627	-	-	1,193,627
Total	166,481,530	13,671,439	-	152,810,091

c — Strategy in using financial instruments

NZGCP's activities expose it to a variety of financial instrument risks: credit risk, market risk (including market price risk, currency risk and interest rate risk) and liquidity risk. NZGCP has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

d — Credit risk

NZGCP takes on exposure to credit risk, which is the risk that a third party will default on its obligation to the Company, causing NZGCP to incur a loss.

NZGCP's maximum credit exposure for each class of financial instrument is represented by the carrying amount. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

There are no significant concentrations of credit risk as NZGCP only invests funds with registered banks which have a high Standard & Poor's credit rating.

NZGCP did not have any credit facilities at balance date.

e — Market risk

Market risk is the combined underlying risk of any investment by NZGCP including market price risk, foreign exchange risk and interest rate risk.

Over the life of the investments, market risk is considered and mitigated as outlined below.

Market Price risk

NZGCP invests, either directly or through venture investment funds, into unlisted early stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination of fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment. NZGCP invested into a few unlisted early stage companies that had subsequently listed, of which one remains in the portfolio, and as such is exposed to equity price risk. Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in equity prices. The two companies are listed on the New Zealand and Australia stock exchanges. A guidance document was put in place to manage the event of, and risk associated with unlisted early stage companies becoming public.

Note 7 Investments explains how NZGCP determines the fair value of VIF and the Aspire investments.

Interest rate risk

NZGCP is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. NZGCP's exposure to interest rate risk is limited to its cash at bank and term deposits which are held in short-term arrangements and includes a spread of maturity dates to limit its exposure.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in foreign exchange rates. NZGCP is exposed to foreign currency risk through some operating costs requiring payment in foreign currencies and VIF management fees paid in foreign currencies; it holds small balances of USD and AUD with a New Zealand financial institution in order to settle these transactions in foreign currencies when necessary. NZGCP's exposure to foreign currency risk is not deemed sufficient to warrant foreign exchange hedging contracts.

f — Liquidity risk

Liquidity risk is the risk that NZGCP will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, cash equivalents and term deposit investments. Due to the nature of NZGCP's operations, management aims to maintain flexibility by keeping sufficient available funds to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to NZGCP's reputation. NZGCP manages its liquidity risk by continuously monitoring forecast and actual cash flow requirements.

12 — Commitments

Capital commitments

Estimated capital expenditure contracted for at balance date but not recognised:

	2024 Actual $	2023 Actual $
Capital commitments		
VIF undrawn commitments	**304,300**	611,005
Elevate	-	40,000,000
Total capital commitments	**304,300**	40,611,005

VIF – generally, drawdowns by a specific fund manager are substantially made over a five-year period from the first commitment and include calls for management fees and investments. VIF is at the end of the fund life cycle and outstanding commitments due materially reflect management fees payable in future periods. Over the life of a fund, the Group may receive distributions which it uses to fund future capital calls.

On 31 July 2023, the Guardians received formal notice from the Crown to increase its commitment under the Uncalled Capital Contribution Agreement in relation to Elevate by $40.5 million. This increase takes the Crown's total commitment to Elevate to $300 million and removes any prospect of NZGCP being required to commit further funding to Elevate.

Operating lease commitments

Accounting Policy

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised in the consolidated statement of comprehensive revenue and expense in equal installments over the term of the lease.

Lease commitments under non-cancellable operating leases:

	2024 Actual $	2023 Actual $
Less than 1 year	**190,145**	184,078
Later than 1 year and not later than 5 years	**36,346**	222,105
Total non-cancellable operating leases	**226,491**	406,183

NZGCP has a four-year lease agreement for floor space in Wellington that commenced mid-February 2022 and expires 1 January 2026. NZGCP has the option to extend the lease for a further two years.

From 1 July 2022, NZGCP leased an office with a three-year term in Auckland. NZGCP has the option to extend the lease for a further three years. The rent increases annually on the anniversary date by an amount equal to 2.75%.

13 — Employee remuneration

The total annual remuneration shown in the table opposite comprises: an employee's gross actual base remuneration payment; the costs paid by NZGCP on the employee's behalf for KiwiSaver, health insurance, qualifying wellness programme reimbursements and any short-term incentive (STI) that is payable for FY24.

NZGCP's remuneration approach is focused on attracting strong talent and rewarding and motivating employees across the organisation. All roles are benchmarked externally to ensure market competitiveness. Base salaries are set at or around the market median depending on the skills, experience, and competence level of the employee. Gender equality reviews are performed annually to address any gender-based wage differences. NZGCP has a formal cross-business STI scheme that was first introduced in FY21 and continued to be in place for FY24. STIs are paid out after balance date and determined based on agreed company and individual performance criteria. NZGCP had no resignations during FY24 apart from the early termination of a fixed-term contract.

Total annual remuneration by band for employees as at 30 June 2024:

$	2024 Currently employed	2024 No longer employed	2024 Total	2023 Currently employed	2023 No longer employed	2023 Total
100,000 – 109,999	-	-	-	1	-	1
110,000 – 119,999	-	-	-	2	-	2
120,000 – 129,999	1	-	1	2	-	2
130,000 – 139,999	2	-	2	1	-	1
140,000 – 149,999	3	1	4	1	-	1
150,000 – 159,999	2	-	2	1	-	1
160,000 – 169,999	-	-	-	1	-	1
170,000 – 179,999	1	-	1	1	-	1
180,000 – 189,999	1	-	1	1	-	1
190,000 – 199,999	2	-	2	1	-	1
200,000 – 209,999	1	-	1	1	-	1
210,000 – 219,999	1	-	1	-	-	-
220,000 – 229,999	1	-	1	-	-	-
240,000 – 249,999	-	-	-	2	-	2
260,000 – 269,999	1	-	1	1	-	1
270,000 – 279,999	-	-	-	1	-	1
280,000 – 289,999	1	-	1	-	-	-
290,000 – 299,999	-	-	-	1	-	1
300,000 – 309,999	1	-	1	-	-	-
320,000 – 329,999	1	-	1	-	-	-
420,000 – 429,999	-	-	-	1	-	1
440,000 – 449,999	-	-	-	1	-	1
450,000 – 459,999	1	-	1	-	-	-
460,000 – 469,999	1	-	1	-	-	-
Total employees	**21**	**1**	**22**	20	-	20

14 — Directors' remuneration

		2024 Actual $	2023 Actual $
Board member fees paid during the year were:	**Commencement/conclusion date**		
Annabel Cotton (Chair)	16 December 2020 to 16 March 2027	**45,166**	29,783
Steve O'Connor (Deputy Chair)	11 September 2023 to 10 September 2024	**18,282**	-
Marcel van den Assum	16 December 2020 to 16 December 2025	**22,583**	28,385
Nicole Buisson	21 March 2022 to 22 March 2025	**22,583**	22,583
Janice Fredric	11 September 2023 to 10 September 2024	**18,282**	-
Grant Straker	11 September 2023 to 10 September 2024	**18,282**	-
David Smol	25 November 2020 to 2 December 2022	**-**	19,161
Total Board member fees		**145,177**	99,912

The remuneration of Board members is set by the Minister of Finance operating in accordance with the Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown, and as such is not controlled by NZGCP. In addition, $15,029.78 (2023: $15,628) was spent on board-related expenses and $Nil (2023: $14,500) on special fees.

Board fees cover attendance of six Board meetings, Board subcommittees as well as additional duties undertaken by the Chair.

The Group has taken out Directors and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No directors received compensation in relation to cessation.

15 — CEO and senior management remuneration

	2024 Actual $	2023 Actual $
Current permanent CEO		
CEO contractual base remuneration	**450,000**	450,000
CEO actual base remuneration payment *	**441,038**	436,637
CEO benefits (KiwiSaver, health insurance, wellness)	**20,987**	7,802
Current CEO remuneration	**462,025**	444,439
Senior management contractual base remuneration*	**680,854**	657,566
Senior management actual base remuneration payment*	**721,443**	737,025
Senior management KiwiSaver	**63,507**	62,498
Senior management benefits (health insurance, wellness)	**9,348**	9,322
Senior management performance incentive	**154,703**	157,294
Total senior management remuneration	**949,001**	966,139
Total CEO remuneration	**462,025**	444,439
Total senior management remuneration	**949,001**	966,139
Total CEO and senior management remuneration	**1,411,026**	1,410,578

* Several factors can cause a difference between the CEO's and senior management team's contractual base remuneration and actual base remuneration payments. Actual base remuneration payments include the value of leave taken during the financial year and reflect unpaid leave taken.

Explanation of remuneration

The Board sets the CEO's remuneration and reviews it annually. Independent advice is sought to benchmark the CEO's remuneration package against external market data. Any changes approved by the Board are made based on the market data and performance of the CEO. The CEO is not part of the STI scheme.

Key management of NZGCP comprises members of the Board and the senior management team. The senior management team currently comprises three employees (plus the CEO).

All staff are eligible to contribute to KiwiSaver and to receive a matching company contribution of up to 8% of gross taxable earnings.

Benefits available to employees include health insurance and a wellness subsidy. Wellness is reimbursed by up to 100% of qualifying treatments based on receipts to a maximum of $1,500 per annum.

The Board approved the continuation of the existing STI scheme for senior management and employees for FY24. The scheme is based on the achievement of predetermined key performance indicators (KPIs) and goals which are aligned to the objectives published in the SOI and SPE and that reflect the strategic intent of the organisation. The STI was set as a percentage of base salary with the maximum percentage payment set at 30%. The payment of these STIs was based on their contribution to the objectives being met for FY24.

16 — Contingent liabilities

There were no material contingent liabilities at balance date.

17 — Post balance date events

There were no material events post-balance date.

18 — Major budget variations (unaudited)

Explanations for significant variations from NZGCP's budgeted figures in the SPE are as follows:

Consolidated Statement of Financial Position

Current assets
NZGCP pulled back on making investments during the year to preserve cash; towards the end of the financial year, divestment proceeds were received. These two drivers resulted in a higher-than-anticipated term deposit balance at the end of the year.

Non-current assets
The valuation of early-stage companies is highly variable, driven largely by the performance of the underlying start ups. Several companies in the portfolio had escalations in their value, which was not apparent at the time the budget was produced.

Consolidated Statement of Changes in Equity

Variations to budget for equity represent the net effect of the variations described above.

Consolidated Statement of Cash Flows

Cash flow from operating activities
Less cash was used in operating activities than budgeted because investment activity was pulled back to preserve cashflow. Towards the end of the financial year, divestment opportunities realised which improved the cashflow position of NZGCP.

Shareholder information —

for the year ended 30 June 2024

Substantial security holders

The Crown is registered by the New Zealand Growth Capital Partners and Group as a substantial security holder owning 100% of the Parent company.

Largest security holder	Shares held	Percentage
Crown	172,219,801	100%

Use of company information

Pursuant to section 145 of the Companies Act 1993 the Board recorded no notices from directors requesting to use the company information received in their capacity as directors that would not otherwise have been available to them.

Indemnification and insurance of Directors and Officers

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has given indemnities to, and has effected insurance for, directors and executives of the Company and its related companies which, except for specific matters which are expressly excluded, indemnifies and insures directors and executives against monetary losses because of actions undertaken by them during the performance of their duties. Specifically excluded are certain matters, such as the incurring of penalties and fines, which may be imposed for breaches of law.

Directors' interests —

as at 30 June 2024

The following are general disclosure of interests given by the directors of the Company pursuant to section 140(2) of the Companies Act 1993.

Annabel Cotton, Chair
Director/Shareholder, Merlin Consulting Limited
Director/Shareholder, Merlin Group Limited
Director, Access IR Group Limited
Director, Shareholder, Farmy McFarm Limited
Trustee, Annabel Cotton Family Trust – share portfolio managed by Craigs Investment Partners (currently holds some Ubco shares)
Trustee, Families Autism and Behavioural Support Trust
Shareholder, NZSIF Ltd
Shareholder, Pencarrow VI Investment Fund
Shareholder, Pohutukawa Private Equity VI Fund Ltd
Trustee, NZ Global Women
Investor, Pioneer Capital through Kowhai fund
Investor, Pictor and NZ Equity Partners Limited
Investor, Milford as manager of KiwiSaver

Marcel van den Assum, Director
Independent Chair, Sprout Agritech Limited (SAL)
Chair & Shareholder, Wipster Independent Shareholders Limited
Chair, Wipp App Limited
Chair, Scentian Bio Limited
Director, CropX Limited
Shareholder, Sparkling Rivers Limited
Shareholder, CoGo Connecting Good Limited
Shareholder, Eight360
Shareholder, Yonix Limited
Shareholder of convertible note, One Reg Limited (xp42 Limited)
Independent Advisor, Southern Region – Ministry of Health
Club Participant, Angel HQ
Interest as Limited Partner, Climate Venture Capital Fund

Nicole Buisson, Director
Independent Director, The Icehouse Limited
Advisory Board Member, Mosaic Business Solutions
Advisory Board Member, Humanitix
Investor, Icehouse Ventures First Cut Fund III
Investor, Open Insurance Limited, Shareholder
Investor, Personal investments across financial and pension funds including Simplicity
Investment Committee membership, NZ Fintech Fund (an Icehouse fund)
Head of Small Business, AWS
Personal/Family, The Nicole Buisson Family Trust
Personal/Family, Director – Antipodeo Consulting Limited

Steve O'Connor, Director
Director/Shareholder, Rocketing Ventures Limited
Director/Shareholder, Mevo Limited
Investor, Share portfolio managed by Jarden
Investor, Share portfolio managed by JBWere
Advisory Board member, Victoria University School of Business and Government
Personal/Family, Nephew is a co-founder and employee at Catalist Markets Ltd and a shareholder via Mycap Employee Trustee Ltd
Direct investor, Blackcurrent Holdings Ltd
Investor, WIP APP Limited shareholder via Angel HQ Nominee Ltd
Investor, Investments in PE funds with Waterman, Mercury and Pencarrow
Consulting work, Energy consulting services to Plenty Vertical Farm

Directors' interests —
as at 30 June 2024

Grant Straker, Director
Director/Shareholder, Straker Limited
Trustee, Azriel & Airborne Trust (family trust)
Shareholder, Ubco
Shareholder, Bailador
Investor, Various Vanguard ETF funds
Investor, Milford managed funds

Janice Fredric, Director
Director, Mainpower Ltd
Investor, Personal investments managed by Craigs Investment Partners.
Personal/Family, Janice Fredric Family Trust, Brian Fredric Family Trust
Trustee, Tregynon Charitable Trust
Trustee, NZ Shipwreck Welfare Trust
Independent Member, Timaru District Council – Audit and Risk Committee
Director, Aurora Energy Ltd
Director, NIWA Vessel Management Ltd
Director, NIWA
Chair, Aviation Security Services
Chair, Civil Aviation Authority
Council Member, Lincoln University

Glossary —

AANZ	The Angel Association of New Zealand, a non-profit organisation established to increase the quantity, quality and success of angel investment in New Zealand..
Angel investor	A wealthy individual or professionally organised firm or group that invests in entrepreneurial funds. Although angels perform many of the same functions as venture capitalists, they usually invest their own capital rather than that of institutional or other individual investors.
Angel stage	An investee company is at the angel stage of its development if the investment will enable development, testing and preparation of a product or service to the point where it is feasible to start business operations. This stage is generally the stage prior to, or the same as, the seed stage.
Aspire	The early-stage co-investment mandate and related investment activities undertaken by Aspire NZ Seed Fund Limited, a wholly owned subsidiary of NZGCP.
Board	The board of directors of NZGCP.
CAGR	The compounded annual growth rate is the mean annual growth rate of an investment over a specified period of time longer than one year.
Crown entity	An organisation that forms part of New Zealand's public sector, as defined within section 7(1) of the Crown Entities Act 2004. Crown entities are legal entities in their own right.
Deep-tech companies	These are start-ups with the expressed objective of providing technology solutions based on substantial scientific or engineering challenges.
Early expansion	An investee company is at the early-expansion stage of its development if the investment provides capital to initiate or expand commercial production and marketing but where the company is normally still cash flow negative.
Elevate	Elevate NZ Venture Fund, the $300 million venture capital fund established under the Venture Capital Fund Act 2019 and managed by NZGCP on behalf of the Guardians.
Elevate GP	Elevate NZ Venture Fund (GP) Limited, a wholly owned subsidiary of NZGCP and the entity which manages Elevate.
ESG	Environmental, social and governance.
Expansion stage	An investee company is at the mid-expansion stage of its development if the investment provides capital to expand commercial production and marketing, and where the company is normally breaking even or trading profitably.
Fair value	The amount paid in a transaction between participants if an asset were expected to be sold in the open between a willing buyer and a willing seller.
Fund-of-funds	A fund that invests primarily in other externally managed funds as opposed to individual investee companies.
General Partner (GP)	A GP is a manager of a venture fund. GPs analyse potential deals and make the final decision on how a fund's capital will be allocated. General partners get paid through management fees, carried interest, and distributions from the fund.
Group	NZGCP and its controlled subsidiaries.
Guardians	The Guardians of New Zealand Superannuation, an autonomous Crown agency which invests and manages the New Zealand Superannuation Fund and Elevate. The Guardians has delegated management of Elevate to NZGCP.

IPEV Guidelines	The International Private Equity and Venture Capital Valuation Guidelines which set out recommendations intended to represent current best practice on the valuation of Private Capital investments.
IPO	An initial public offering or stock launch is a public offering in which shares of a company are sold to institutional investors and usually also to retail investors.
M&A	Mergers and acquisitions are business transactions in which organisations, or their operating units, are transferred to or consolidated with another company or business organisation.
Management fee	The fee, typically a percentage of committed capital, that is paid by investors to the manager of a venture capital fund for management of that fund.
Mandate	An official order or commission to undertake something.
MBIE	The New Zealand Ministry of Business, Innovation and Employment.
NZGCP	New Zealand Growth Capital Partners Limited, a New Zealand Crown agency and the entity to which this annual report relates to.
Portfolio	A portfolio can be thought of as a pie that is divided into pieces of varying sizes, representing a variety of asset classes and/or types of investments to achieve an appropriate risk-return portfolio allocation.
Portfolio company	Term used to refer to a start-up company that forms part of the Aspire or VIF portfolio.
Seed stage	An investee company is at the seed stage of its development if the investment will enable development, testing and preparation of a product or service to the point where it is feasible to start business operations.
Series A and B capital	Capital provided, usually by institutional venture capital funds, into investment rounds in the $2 million to $20 million range.
Start-up	An investee company is at the start-up stage of its development if the investment will enable actual business operations to commence. This includes further development of the company's product(s) and initial production and marketing.
Statement of Intent (SOI)	A document that identifies, for the medium term, the main features of intentions regarding strategy, capability and performance. SOIs are developed after discussion between an entity and its Minister(s). Once finalised, the SOI is tabled in Parliament.
Statement of Performance Expectations (SPE)	Enables the responsible Minister to participate in setting the annual performance expectations of the Crown entity. The SPE reports on the Crown entity's performance against expectations set out in the SPE, prepared before the start of the year.
TupuToa	An organisation that aims to provide professional opportunities for Māori and Pasifika in corporate, government and community organisations via various bespoke programmes and pathways.
Underlying fund	A venture capital fund that the Elevate has invested in.
Venture capital	Professionally managed, dedicated pools of capital that focus on equity or equity-linked investments in privately held, high-growth companies.
Venture capital fund	A pool of capital raised periodically by a venture capital fund or firm. Funds typically have a five-year investment period and a ten-year life.
Venture capital manager	The management team and/or entity (usually a dedicated entity made up of investment professionals) that is contracted to manage a venture capital fund.
VIF 1.0 fund	The legacy Venture Investment Fund, a venture capital fund-of-funds established in 2002 and managed by NZGCP. This is a closed mandate i.e. it is not making any new investments.

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Graeme Bennett of EY

On behalf of the Auditor-General

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