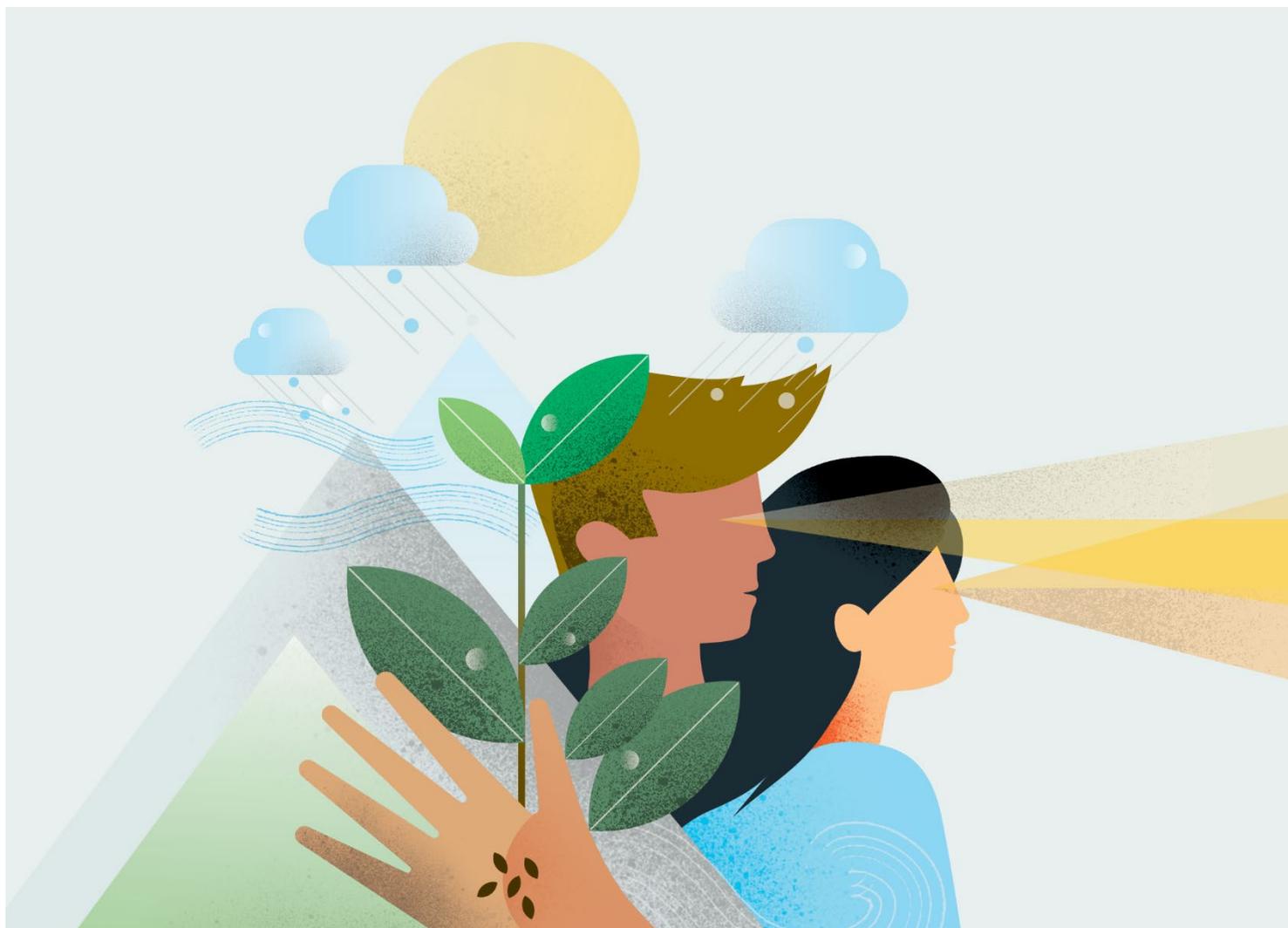


Statement of Performance Expectations 2022-2023

NZ GROWTH CAPITAL PARTNERS

Our Statement of Performance Expectations sets out the annual milestones we need to achieve in 2022-2023 to support the direction in our Statement of Intent 2020-2024.



He whakataukī

**Kotahi te kākano,
he nui ngā hua o
te rākau. A tree
comes from one
seed but bears
many fruits.**

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**NZ GROWTH
CAPITAL PARTNERS**

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NZGCP Overview

NZGCP in 2023

New Zealand Growth Capital Partners Limited (NZGCP) is a Crown equity investment agency addressing the significant capital market gap for emerging high-growth New Zealand companies that require new risk capital (equity and quasi-equity) for growth.

We leverage our capital to attract increased levels of private investment into early-stage high-growth New Zealand companies. Investments may be made from proof-of-concept stage through to what is now defined as Series C+ (as defined in the Elevate NZ Venture Fund establishment documents). These investments are made through either the Aspire NZ Seed Fund (Aspire), focused on Angel/Seed investments, or the Elevate NZ Venture Fund (Elevate), focused on Series A/B investments.

As background, NZGCP was established in 2002 as a Venture Capital Fund-of-Funds manager to partner with the private sector to invest into private New Zealand venture capital funds which would then support the development of innovative companies, initially from start-up through to Series A/B. In addition, NZGCP was tasked with working alongside the private sector, to build investor capability and put in place best-practice industry infrastructure.

Currently, we manage four primary activities. These are:

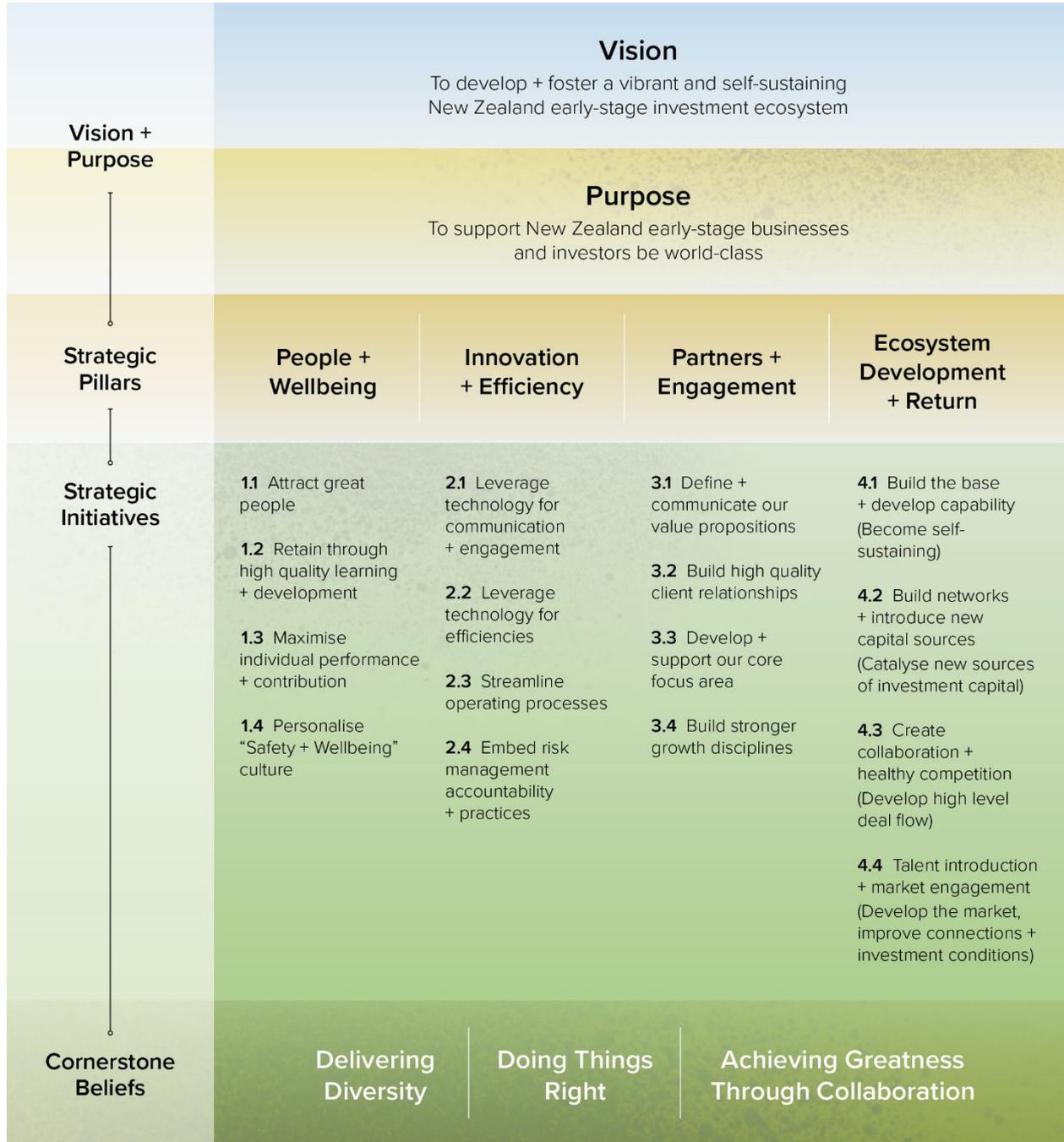
1. The wind-down of the New Zealand Venture Investment Fund (VIF 1.0) programme established in 2002
2. The Elevate \$300 million programme focused primarily on the Series A/B space
3. The Aspire Fund focused primarily on the Angel/Seed space
4. A market development programme that operates across the early-stage ecosystem.

Strategic Plan Introduction

The Board of Directors appointed to NZGCP in 2021 developed and adopted an updated Strategic Plan. The plan sets out operational and financial targets for NZGCP for the period to 30 June 2024. It is a combination of work that has already been done and committed to via the Statement of Intent (SOI), our annual Statement of Performance Expectations (SPE), as well as internal functional work stream plans.

The purpose of the plan is to align all these initiatives and targets into one cohesive and consistent plan for the business to work to. This enables us to communicate our plan to our stakeholders more effectively, marshal to best effect the limited resources we have and ensure greater alignment between functional areas, and the plan forms the basis for our annual company, team and individual targets.

Strategic Plan Overview



There is a series of seven elements to the Strategic Plan, for which there is a clear hierarchy. The key elements are set out in the graphic above. The remaining elements, Strategic KPIs and Tactical Actions, are refreshed across team and individual levels on at least an annual basis. They are intended to map to one or more of the above Strategic Pillars. These elements then feed into NZGCP’s overall Outputs and Measures within the SOI and SPE, however they are more granular and may be refreshed more regularly. These elements are outlined below.

Strategic Plan Elements



Vision – the aspirational goal for the business or “the Why” we exist.

Purpose – the “What” we do in pursuing our Vision.

High-level Goals – these are the high-level goals we are seeking to achieve by 30 June 2024. They are a blend of ecosystem targets and NZGCP-specific targets, which have been set in the SOI.

Strategic Pillars – these are the four strategic work streams through which we pursue our initiatives. They relate to the core areas of our business and will frame all communications behind our actions. They are People & Wellbeing, Innovation & Efficiency, Partners & Engagement, and Ecosystem Development & Return.

Strategic Initiatives – these are the high-level initiatives on which our plan is based. They generally have a two to three-year duration, are underpinned by tactical actions and are allocated by functional area.

Cornerstone Beliefs – our cornerstone beliefs are what define the organisation and underpin all of our initiatives and actions. They are represented at the bottom of each Strategic Plan page to ensure alignment.

Strategic KPIs – renewed annually, these are the measurement points for the strategic initiatives and are used as milestones in the progression to achieve our 2024 High-level Goals.

Tactical Actions – are the actions which support each of the strategic initiatives and will have shorter timeframes within the financial year. They are specific and have action owners and clear timeframes for completion.

Current Work Streams

There is a fourfold work stream focus for the period of this SPE. This includes:

VIF 1.0

The original VIF 1.0 programme is in its wind-down phase. NZGCP’s aim is to manage this orderly wind-down and ensure we can maximise the return profile, to the extent allowed within our role as a Limited Partner (LP) in the various legacy funds in which VIF 1.0 invested.

Aspire NZ Seed Fund

In August 2017, following consultation with a range of stakeholders in the early-stage investment market, the design of the Aspire Fund was revised. These changes were aimed at improving its investment returns while continuing its cornerstone market development role of attracting more investors

and capital to the sector. In addition, to support continued investment activity without relying on further Crown capital, NZGCP is now able to re-invest investment returns.

Following the changes to the design of the Aspire programme in 2017 and a further mandate amendment in 2019, NZGCP was permitted to co-invest up to \$12 million p.a. into early-stage investment opportunities alongside our private sector partners. Because of COVID-19, and submissions by the Angel Association of New Zealand, NZGCP's mandate was further extended on 27 May 2020 and again on 20 October 2021 to allow us to invest up to \$20 million p.a. in the years to 30 June 2022. There were additional amendments to our mandate, including: (i) allowing us to invest up to \$2.5 million into any one company, which was rolled over to FY2021/22; (ii) the target public/private investment ratio was reverted to 1:1 (it was temporarily increased to 2:1 for FY20/21); and (iii) allowing the Aspire Fund to take a co-lead role in investment deals was discontinued.

The original threat of an early-stage investment crunch because of COVID-19 has not materialised and New Zealand's early-stage capital markets have responded well, even considering the uncertainty. There have been some wider benefits that have been seen in having the temporary limits in place.

We do note, though, that there are several emerging local and global macroeconomic conditions (including supply chain issues, high inflation, global conflict, a tightening job market and increasing interest rates) creating potential headwinds and uncertainty in capital markets which may flow through to the New Zealand economy and the start-up landscape. We will continue to monitor the local and international landscape closely and seek to continue to support the market and provide some certainty of funding where possible.

In December 2021, again following consultation with a range of stakeholders in the early-stage investment market, a proposal was submitted to the Ministers to revise the Aspire Fund settings and to clarify the purpose and direction of NZGCP. This briefing included proposals to better align NZGCP's activities with our core purpose of seeking to address capital and capability gaps in the start-up ecosystem including (among others):

- An increased focus on pre-seed and seed investments in underinvested sectors such as deep tech, digital technologies and technologies aiming to address climate change or sustainability
- Potential activities to address a lack of (and lack of diversity in) institutional seed investment and the lack of institutional investment across the start-up landscape
- Investments and/or activities which address the lack of diversity in founders and investors including reflected in underrepresentation of both by gender, ethnicity and region.

Further expectations for the period include:

- Enhancing the partnership with the Angel and Seed sector such as through effective engagement and delivery of the Aspire Fund to build the pipeline of investable opportunities and by undertaking broader market development activities
- Actively engaging and contributing to discussions around the future design and parameters of the Aspire Fund. This will include working with MBIE and Treasury to identify options, metrics and initiatives to address key capital and capability gaps across the broader start-up ecosystem.

Elevate NZ Venture Fund

The Government announced in the May 2019 budget a new policy to develop the venture capital markets involving the Guardians of New Zealand Superannuation (NZ Super) and NZGCP. This resulted in the formation and launch of the Elevate NZ Venture Fund in March 2020, which is a \$300 million Fund-of-Funds programme. The programme has now made several investments in the first two years of operations to 30 June 2022 and will continue to assess opportunities to allocate capital into further

venture capital funds that meet its due diligence requirements, alongside its target portfolio construction framework. As at the date of this document, the Elevate Fund has invested in seven funds and approved another conditional commitment expected to be completed shortly. The eight allocations will total \$194 million into eight venture capital funds which we anticipate being matched by almost \$700 million of private capital. This results in almost \$900 million of venture capital funding which has already been invested or will be invested into early-stage companies over the next few years.

This programme has been a significant contributor to alleviating the impact of COVID-19 on the nascent venture capital ecosystem in New Zealand. At the time of its establishment, alongside private matching capital and assuming an aspirational matching ratio of 1:2, the programme was targeting up to \$900 million flowing into this part of the early-stage capital markets ecosystem over the initial five-year investment period of the fund; this would be a significant increase in annual amounts raised during the past five years pre-COVID-19. With the recent two investments, we anticipate that this goal will now have largely been met already but as the ecosystem grows, we believe that opportunities exist to continue growing this sector. The programme is assisting in developing a deeper and broader venture capital investment sector and NZGCP, as manager of the fund, undertakes significant development work with potential Elevate funds.

Specific expectations for this period would be to:

- Continue to work with the Guardians of New Zealand Superannuation to successfully deliver the Elevate NZ Venture Fund to:
 - ensure effective due diligence takes place so that the Crown is identifying partners that employ best-practice investment approaches
 - aid the development of new funds with the promise or potential to be New Zealand's investors of the future.
- Actively monitor the amount of capital being deployed into and by the venture capital market, including assessing the enduring strength of the pipeline of deals across early-stage investment markets and engaging with officials on any broader implications this may have.

Market Development

We have consulted, and will continue to consult, with several industry stakeholders – including angel associations, venture capital firms, founders/entrepreneurs, and government entities – on the areas of capability that need further development. The feedback from such dialogue is reflected in our discussions with government on objectives and settings for NZGCP's various programmes and in the Ministers' Letter of Expectations for the coming year.

We have worked alongside Angel Association New Zealand (AANZ) in creating a series of early-stage investment workshops on due diligence, portfolio management, government support, and Series A readiness. Each workshop is targeted at either angel investors or founders and addresses key hot topics.

In this context, an expectation for the period is for NZGCP to contribute to and communicate wider market insights, by collecting and providing relevant information from venture capital funds and investee companies to various governmental agencies including consideration of how existing information sources or gaps could be enhanced. This work stream will continue to assist the development of early-stage investment markets throughout the value chain, from angel and seed investing to 'growth capital'.

More broadly, the market development programme is being refreshed. Despite the continued disruptions throughout FY22 caused by COVID-19, we have mobilised several initiatives in the first half of calendar

year 2022 and continue to sponsor or otherwise support initiatives which help develop capacity and capability across the sector.

In addition, we undertake sponsorship/collaboration partnerships with numerous industry associations, platforms and events.

NZGCP is currently finalising our market development strategy and plan for 2022/23 which will include a range of activities to address the key capital and capability gaps identified during our market consultation process in late 2021. This will include activities to attract new investors (angel, seed and venture capital), investor and founder education, and initiatives to attract further private capital (particularly institutional investment) into the start-up landscape. Other market development initiatives are also planned to address specific diversity issues, continue the development of the start-up pipeline and to increase global connectivity. NZGCP is also working with MBIE and other key stakeholders to improve data collection and insights and to build a more collaborative and coordinated start-up strategy and execution thereof.

NZGCP Operationally

Alongside the launch of the Elevate NZ Fund, the Crown decided to re-architect the funding of NZGCP. There are three components to the funding of operations. These are:

- All costs related to the Elevate NZ Fund are reimbursed to NZGCP at cost from the Elevate Fund's capital pool. NZ Super administers this process.
- The Crown provides a \$750,000 p.a. (\$750,000 FY21/22) appropriation (Seed Co-Investment Fund MCA Investment Fund Management category) for the market development programme; and
- The balance of NZGCP's operational costs is met out of our balance sheet.

NZGCP works prudently to manage the multiple demands on what is a small organisation within a reasonable budget, recognising that our operating costs reflect the additional resource demands stemming from being a Crown entity.

Our Strategic Framework

What we are trying to achieve and how we plan to achieve it



Service Performance and Financial Management

The following statements provide targets, budgets and performance measures for the year ending 30 June 2023 in accordance with section 149 of the Crown Entities Act:

- Statement of performance expectations
- Forecast financial statements.

There are no other relevant statements which need to be devised or disclosed.

Statement of Performance Expectations

Why do we exist?

NZGCP is a Crown equity investment agency addressing the significant capital market gap for emerging high-growth New Zealand companies that require new risk capital (equity and quasi-equity) for growth. NZGCP is mandated to develop and foster a vibrant and self-sustaining New Zealand early-stage investment ecosystem.

We leverage our capital to attract increased levels of private investment into early-stage high-growth New Zealand companies. Investments may be made from proof-of-concept stage through to what is now defined as Series C+ (as defined in the Elevate NZ Venture Fund establishment documents). These investments are made through either the Aspire NZ Seed Fund (Aspire), focused on Angel/Seed investments, or the Elevate NZ Venture Fund (Elevate), focused on Series A/B investments.

NZGCP intends to develop and foster a vibrant and self-sustaining New Zealand early-stage investment ecosystem.

NZGCP supports the following wider early-stage investment ecosystem's impacts and measures as described in our Statement of Intent:	NZGCP's aims for the following outcomes to contribute to the desired ecosystem impacts:
Increased levels of private capital invested into high-growth companies	We support the ecosystem by co-investing into eligible industries and stages with appropriate private investment partners to bridge capital gaps

—
Performance Measures

	and work towards a self-sustaining early-stage investment ecosystem in the long run.
Increased number of experienced and professional investors who are active in the industry	We act as a catalyst to attract new sources of investment capital through opportunity and investment return demonstration effect.
Increased connectiveness and collaboration between industry participants for globally ambitious companies	We aim to develop high-quality deal flow through the establishment of diverse investment partnerships that supports the various ambitions of early-stage start-ups.
Developing an environment conducive to early-stage investment	We work with various industry stakeholders to develop the market, improve connectivity and investment conditions for the early-stage investment ecosystem.

Measures to track progress against the impacts listed above are included in the SOI and the measures for the progress against the outputs listed above are detailed in the following section.

We deliver the outputs by the administering and monitoring of the NZGCP Elevate NZ Venture Fund and the NZGCP Aspire NZ Seed Fund, alongside our market development programme. We also note the continued wind-down of the original fund-of-funds programme (Venture Investment Fund or VIF 1.0), which will reach closure in a few years' time.

We will report against qualitative and quantitative measures in our 2022/23 Annual Report.

Output One

Move to market sustainability by making and managing investments

- We will make portfolio investments into eligible industries and stages in accordance with our mandate of increasing our focus on undercapitalised and underrepresented markets.
- We will manage investments to demonstrate and optimise portfolio returns.
- Aspire NZ Seed Fund’s increased focus on undercapitalised and underrepresented markets will result in growth in investment values and fewer investments entered.

NZGCP

Quantity Measures	Actual 2018/19	Actual 2019/20	Actual 2020/21	Prior Year Target 2021/22	Budget 2022/23
Number of new investments in companies from the Aspire NZ Seed Fund	22	13	14	13	Reaching or exceeding 15 ¹
Total number of companies receiving investment from Aspire (p.a.)	56	47	40	35	35
Total amount invested into companies annually from Aspire	\$11.2m	\$8.8m	\$10.8m ²	\$11.0m ³	\$15.0m
Total proceeds from divestment of investments (Aspire, VIF 1.0)	\$18.3m	\$2.9m	\$13.0m	\$21.2m ⁴	\$13m ⁴
Amount of capital committed to Venture Funds invested in by Elevate NZ (p.a.)	n/a	n/a	\$86.8m	\$75.0m	\$30.0m

1. Measure aligned to the 2022–2023 estimates.

2. Investment limit temporarily increased to \$20 million extended through to 30 June 2022.

3. Investment limit assumed to stay at \$20 million from 1 July 2022. We expect to be able to invest the full \$20 million but have considered the potential scarcity of high-quality deal pipeline in the areas of increased focus.

4. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP’s control. The value and timing of these proceeds is expected to vary, and as such should be viewed in the long term.

Performance Measures

Quality Measures

- Over 90% of the NZGCP investment portfolio (by number) in seed, proof of concept and early-stage investments.
- 100% of investment transactions complies with NZGCP Responsible Investment Framework which is consistently applied when approving investments.

Judgements used

- These measures only consider the deals made by the Aspire NZ Seed Fund the Elevate NZ Venture Fund and no other participants in the market.
- Proceeds are defined as distributions in the form of cash or shares distributed and do not include conversion of convertible loans.

Output Two

Attract capital – catalyse new sources of investment capital

We will seek to grow both the number of experienced investors investing into early-stage New Zealand companies and the commitment those investors make into the market. By demonstrating that there are quality investment opportunities and investment returns, we believe capital will flow into the New Zealand early-stage investment ecosystem.

Aspire NZ Seed Fund’s increased focus on undercapitalised and underrepresented markets will lead to a reduction in the leverage ratio over time. The Aspire Fund’s public to private investment leverage ratio generally targets 1:2 for new rounds, but we expect to achieve higher leverage for follow-on rounds as larger and later-stage investors provide significant capital.

Elevate NZ Venture Fund will reach its target into committing to first-time venture capital funds which will flatten out the Elevate Fund’s public to private capital ratio.

The measures for Output Two relate to the NZGCP operational model post the 2017 and 2019 changes to the Aspire mandate and the 2020 introduction of Elevate NZ Venture Fund. We expect to invest further, alongside co-investors outside of the previous accredited investment partners and Angel investment network.

Quantity Measures	Actual 2018/19	Actual 2019/20	Actual 2020/21	Prior Year Target 2021/22	Budget 2022/23
Cumulative number of venture capital (VC) funds invested in by Elevate NZ Venture Fund (including second vintages)	n/a	n/a	4	8	8
Cumulative Amount of Private Capital raised by VC funds that Elevate NZ Venture Fund invests in	n/a	n/a	\$303m	\$427m	\$700m
Cumulative investment leverage ratio for the Elevate Fund (public to private capital)	n/a	n/a	1:3.5	1:1.7	1:3.0
Number of companies attracting Series A/B investment (Aspire and Elevate)	9	6	25	30	30

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Performance Measures

Number of companies with offshore VC investment at Series A/B (Aspire and Elevate)	5	4	11	10	12
Investment leverage ratio for the Aspire Fund (public to private capital)	n/a	n/a	1:11	1:4	1:4

Judgements used

- These measures only consider those investments made by the Aspire NZ Seed Fund or the Elevate NZ Venture Fund and not all deals in the New Zealand early-stage start-up ecosystem.
- As defined in the 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\$20 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.

Output Three

Develop high-quality deal flow through the establishment of diverse investment partnerships

We will develop deep trusted partnerships with experienced early-stage investors and identify credible lead investors.

We considered that deal flow slightly reduced in the wider market due to the impacts of COVID-19. The forecast level is largely because of implementing more effective pre-screening filtering to exclude non-credible or non-mandate compliant opportunities. Owing to increased focus on undercapitalised and underrepresented areas, we expect to see a reduction in the number of investment opportunities reviewed.

Quantity Measures	Actual 2018/19	Actual 2019/20	Actual 2020/21	Prior Year Target 2021/22	Budget 2022/23
Number of investment opportunities reviewed by Aspire	190	149	147	135	100
Number of Aspire syndicate partners*	35	35	36	36	36

* For Elevate investment partners, refer to Output Two and the measure “Cumulative number of Venture Funds invested in by Elevate NZ Venture Fund”.

Quality Measures

The quantity measures for Output Three relate to the new NZGCP operational model post the 2017 and 2019 changes to the Aspire mandate. Under the revised Aspire mandate, NZGCP has established co-investment relationships with early-stage investor groups that are not traditional angel investor networks. We expect to co-invest alongside many more investors, locally and globally; however, we will focus on building key syndicate partners within active relationships and where there is a high likelihood of repeat co-investments.

Judgements used

Aspire co-invests alongside many more investors, however we have restricted this list to key co-investment partners with active relationships (a new or follow-on investment and where the partners are lead partners for the round). We have therefore removed previous syndicate partners that are inactive or whose close-ended funds are no longer investing. Our forecast assumes a balance of investors leaving the market, as well as others joining. There are a few syndicate partners that are not lead investors but co-investors for a long period of time.

Output Four

Work with industry stakeholders – to develop the market and improve investment conditions

We will support industry market development and professional development programmes.

We will advise the Government on policy changes to improve the investment environment.

We will seek to improve connectivity both within the New Zealand early-stage investment ecosystem and offshore.

Similar events are consolidated to measure the number of initiatives undertaken as part of market development.

Quantity Measures	Actual 2018/19	Actual 2019/20	Actual 2020/21	Prior Year Target 2021/22	Budget 2022/23
Industry development initiatives undertaken in conjunction with NZPCA and AANZ	4	4	4	4	4 ^[1]
Advice provided to government to assist market development	2	2	2	2	2

1. Measure aligned to the 2022–2023 estimates

Appropriation:

Cost to deliver Output Four	2021/22 Estimated Actual	2022/23 Budget
Crown funding	\$750,000	\$750,000
Total output revenue	\$750,000	\$750,000
Total output expenses	(\$750,000)	(\$750,000)
Net surplus/(deficit)	\$0	\$0

Quality Measures

Best-practice initiatives accepted and adopted by the industry; dissemination of early-stage investing best practice to NZGCP investment partnerships.

- Co-sponsor of various AANZ and other industry association programmes
- Continue to work with the Government to implement policy
- Ensure market development initiatives range across various industry sectors and regions

Board of Directors

This Statement of Performance Expectations for the period 1 July 2022 to 30 June 2023 is submitted pursuant to the Crown Entities Act 2004. The forecast financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZGAAP).

The underlying assumptions of this document have been authorised as appropriate for issue by the Board of Directors of the New Zealand Growth Capital Partners Limited (NZGCP) in accordance with its role under the Crown Entities Act 2004.

The Board and management of NZGCP accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Signed on behalf of the Board



David Smol

Chair

14 June 2022



Annabel Cotton

Director

14 June 2022

Forecast Financial Statements

Consolidated Statement of Forecast Comprehensive Revenue and Expense for the Year Ending 30 June 2023

	Prior year forecast 2022 ¹	Budget 2023
Revenue received from Crown	750,000	750,000
Revenue received in relation to Elevate NZ Venture Fund ²	2,350,393	2,490,378
Interest and other revenue	16,000	35,110
Total revenue	3,116,393	3,275,488
NZGCP administrative expenses	(7,984,241)	(8,435,963)
Depreciation and amortisation	(77,672)	(86,012)
Total expenses	(8,061,913)	(8,521,975)
Net operating revenue/(expense)	(\$4,945,520)	(\$5,246,487)
Investing interest	265,183	416,051
Management fees and costs paid to NZGCP fund managers ³	(250,000)	(250,000)
Net realised and unrealised gain/(loss) on investments ⁴	13,720,707	5,435,974
Impairment of related party loans	-	-
Surplus/(Deficit) before taxation	8,790,370	355,538
Income tax expense	-	-
Total comprehensive revenue/(expense)	\$8,790,370	\$355,538

1. The prior year forecast is the budget presented in the SPE 2021/22.

2. Income forecasted as administration manager for the Elevate NZ Venture Fund, not yet presented to Guardians of NZ Superannuation for review and approval.

3. Fund management fees are paid to external fund managers from capital drawn from Crown for investment. These fees are classified as an expense of NZGCP for accounting purposes.

4. Net realised and unrealised gain/(loss) on investments are estimated based on a 3% return on investment, which is in line with the expected performance of the current investment portfolio. This is an estimate and subject to change due to market uncertainty and/or events outside of NZGCP's control.

Consolidated Statement of Forecast Changes in Equity for the Year Ending 30 June 2023

	Prior year forecast 2022	Budget 2023
Equity – at the beginning of the year	161,152,411	204,048,337
Total comprehensive revenue/(expense) for the year	8,790,370	355,538
Contributed equity – at the end of the year	169,942,781	204,403,875
Retained surplus/(deficit) – at the end of the year	(107,903)	5,012,604
Equity – at the end of the year	\$169,834,878	\$209,416,479

Consolidated Statement of Forecast Financial Position as at 30 June 2023

	Prior year forecast 2022	Budget 2023
Equity	\$169,834,878	\$209,416,479
<i>Current Assets</i>		
Cash and cash equivalents	1,632,580	1,512,915
Receivables and prepayments	540,948	1,447,195
Term deposit investments	48,700,000	23,000,000
	50,873,527	25,960,110
<i>Non-current Assets</i>		
Property, plant and equipment	75,071	101,231
Intangible assets	9,078	5,851
Investments	120,377,200	185,167,033
	120,461,349	185,274,115
Total assets	\$171,344,876	\$211,234,225
<i>Current Liabilities</i>		
Payables and accruals	1,499,998	1,817,745
Total liabilities	1,499,998	1,817,745
Net assets	\$169,834,878	\$209,416,479

Consolidated Statement of Forecast Cash Flows for the year ending 30 June 2023

	Prior year forecast 2022	Budget 2023
<i>Cash flows from operating activities</i>		
Cash was provided from:		
Revenue from the Crown	750,000	750,000
Revenue from Elevate NZ Venture Fund	2,350,393	2,377,783
Interest and other income	16,000	35,110
Interest earned from term deposit investments	265,183	416,051
Term deposit investments		8,000,000
Sale of investments ¹ – VIF 1.0	17,069,691	4,500,000
Sale of investments ¹ – Aspire Fund	4,106,002	3,108,260
	24,557,269	19,187,204
Cash was applied to:		
Payments to suppliers	(4,083,199)	(3,181,653)
GST Paid		(31,371)
Payments to employees	(4,093,904)	(4,926,773)
Purchase of investments – Aspire Fund	(11,000,000)	(15,000,000)
Term deposit investments	(11,800,000)	
	(30,977,103)	(23,139,797)
Net cash flows from operating activities	(\$6,419,834)	(\$3,952,593)
<i>Cash flows from investing activities</i>		
Cash was applied to:		
Purchase of property, plant and equipment	(86,250)	(179,975)
	(86,250)	(179,975)
Net cash flows from investing activities	(\$86,250)	(\$179,975)
Net cash flows from financing activities	(\$0)	(\$0)
Net increase/decrease in cash and cash equivalents	(\$6,506,084)	(\$4,132,568)
Cash and cash equivalents at the beginning of the year	8,129,226	5,645,483
Cash and cash equivalents at the end of the year	\$1,623,142	\$1,512,915

1. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP's control.

Notes to the Consolidated Forecast Financial Statements

1. Summary of significant accounting policies

Reporting entity

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

NZGCP and its subsidiaries are 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. NZGCP is domiciled in New Zealand.

The primary objective of NZGCP is the development of a vibrant early-stage capital market, both formal (venture capital) and informal (angel). NZGCP has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The registered office for NZGCP is Level 9, Suite 4, 125 Queen Street, Auckland Central.

The consolidated forecast financial statements of the Group are for the year ended 30 June 2023.

Basis of preparation

Statement of compliance

These prospective consolidated financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZGAAP). They comply with the Crown Entities Act 2004 and other Financial Reporting Standards as appropriate for PBEs.

These prospective consolidated financial statements are prepared in accordance with the requirements of the PBE Standards Reduced Disclosure Regime (PBE Standards RDR) and PBE FRS 42 Prospective Financial Statements. The Group is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and it is not large.

The prospective consolidated financial statements are for the Statement of Performance for the 2022/23 year; therefore, actual results are not reflected. NZGCP is responsible for the prospective consolidated financial statements presented, including the appropriateness of the assumptions underlying the prospective consolidated financial statements and all other required disclosures.

The information contained in the prospective consolidated financial statements is not suitable to be used for any purpose other than to give an indication of the magnitude of the company's financial requirements for the period of the Statement of Performance.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

Measurement base

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

Forecast Financial Statements

Presentation currency

These prospective consolidated financial statements are presented in New Zealand dollars (\$).

Judgements and estimations

In preparing these prospective consolidated financial statements, NZGCP has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

It is not intended to update these prospective consolidated financial statements subsequent to presentation.

Updates up until presentation will be made if circumstances arise requiring changed forecasts. Assumptions in these prospective consolidated financial statements are based on business as usual and historic performance but include implementation costs for new policy development.

Significant Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance, financial position and cash flows, have been applied consistently to all periods presented in these prospective consolidated financial statements.

Basis of consolidation

The controlled entities are Aspire NZ Seed Fund Limited and Elevate NZ Venture Fund GP Limited, which are 100% controlled. NZGCP has the power to affect the nature and amount of those benefits through its involvement with these entities. The prospective consolidated financial statements include the parent company and its subsidiaries. All significant intercompany transactions are eliminated on consolidation.

Revenue from the Crown – non-exchange revenue

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.

The Group is funded in part by the Crown for services supplied to the Crown specifically as it relates 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 are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Other revenue – exchange revenue

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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 Fund) and the Guardians of New Zealand Superannuation, a fellow 'Crown entity' (Guardians) 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'.

The Elevate Fund was formed in December 2019 with the main purpose of investing in venture capital opportunities in New Zealand. The Elevate Fund is managed by NZGCP, with a fund-of-funds model. The financial statements of the Elevate Fund are presented in the Annual Report of the Guardians.

NZGCP incurs expenses for the Elevate Fund and is able to recharge a management fee under terms set out in the Management Deed which is included in Other revenue.

Interest revenue – exchange revenue

Revenue is recognised as interest accrued 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 exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Investment gains and losses

Investments gains and losses represent changes in the value of NZGCP's two investment funds, the Aspire Fund and the VIF 1.0 programme. This balance is highly variable, driven largely by the performance of start-up companies.

In 2020 the Group recorded a loss on valuation of the two investment funds, largely because of the impact of COVID-19 on asset values. The value of the underlying investments showed strong growth during 2021.

Goods and services tax (GST)

The forecast consolidated financial statements of NZGCP have been prepared on a GST-exclusive basis 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.

Taxation

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

Current tax and deferred tax are charged or credited to the statement of comprehensive revenue and expense, except when they relate to items charged or credited directly to equity, in which case the tax is charged or credited to equity.

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Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, both locally and internationally, and other short-term, highly liquid investments, with original maturities of six months or less.

While cash and cash equivalents are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because no estimated loss allowance for credit loss is anticipated.

Impairment of financial and non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases in which the lessor retains substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating lease expenses are recognised on a straight-line basis over the period of the lease.

Foreign currencies

Transactions denominated in a foreign currency are converted at the functional currency exchange rate at the date of the transaction. The functional currency of NZGCP is New Zealand dollars. It is also the presentation currency of the consolidated financial statements.

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 ruling at that date. Foreign exchange differences arising on their translation and revaluation are recognised in the consolidated statement of comprehensive revenue and expense.

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



Forecast Financial Statements

- 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 via the VIF 1.0 programme. The Group invested in structured entities to assist with the implementation of its overall investment strategy. The Group does not sponsor any structured entities.

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.

Statement of cash flows

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

Cash is considered to be cash and cash equivalents net of bank overdrafts.

Investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment.

Financing activities are those activities that result in changes in the size and composition of the capital structure of NZGCP. It includes activities relating to changes in public equity and the debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Operating activities include all transactions and other events that are not investing or financing activities.

Significant assumptions adopted in the preparation of forecast financial statements

In preparing these forecast financial statements, NZGCP has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund management fees are paid to external fund managers from investment disbursements received by NZGCP. These fees are classified as an expense of NZGCP for accounting purposes only and are not part of the operational costs of NZGCP.

Realised and unrealised gains/losses are included in the forecast. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP's control. The value and timing of these proceeds is expected to vary, and as such should be viewed in the long term.

Service Performance Information (PBE FRS 48)



Forecast Financial Statements

Service performance information has been adopted in the financial statements for the same reporting period as the financial statements. The performance information explains why the entity exists, what it aims to achieve and what it has done during the reporting period to achieve those aims. Contextual information has been supplied and judgements used to measure performance explained.

COVID-19 pandemic

There has been significant volatility in financial markets due to the COVID-19 global pandemic. Markets have subsequently seen a substantial turnaround; however, the longer-term direct and indirect impacts of the pandemic on the value of investments remains uncertain while businesses and governments continue to respond to the outbreak.

2. Capital commitments

Estimated capital expenditure contracted for at balance date but not recognised(Aspire Fund and VIF 1.0):

	Forecast 30 June 2023
Firm commitment remaining – VIF 1.0	625,794
Firm commitment remaining – Aspire Fund	-
Total	\$625,794

Estimated capital expenditure contracted for at balance date but not recognised (Elevate Fund)

	Forecast 30 June 2023
Anticipated commitment remaining – Elevate Fund	\$40,000,000

These commitments reflect the capital commitment in respect of future investments in current venture capital investments held. Due to the inherent nature of this type of investment, the timeframe of these commitments cannot be predicted because capital can be called by investment managers at any time; however, it is unlikely that the Group would be required to pay the entire outstanding commitment at one time. This is supported by historical trends.

Generally, draw-downs by a specific fund manager are substantially made over a five-year period from the first commitment. During the life of a fund, the Group may receive distributions which it uses to fund future capital calls.

The Elevate NZ Venture Capital Fund, established in December 2019, has an initial size of \$259.5 million, anticipated to increase to an aggregate of \$300 million in the longer term. Of the \$259.5 million, \$40 million represents NZGCP's anticipated commitment in the longer term. NZGCP manages the Elevate NZ Venture Capital Fund and does not have an ownership interest.

