

# Pohutukawa Private Equity II Limited

Unaudited consolidated financial statements

For the year ended 31 December 2024

## **Contents**

Directory	3
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the consolidated financial statements	8 - 18

## Directory

### Registered Office

Craigs Investment Partners House  
158 Cameron Road  
PO Box 13-155  
Tauranga

### Directors

Neil Craig  
John McDonald

## Statement of comprehensive income

### For the year ended 31 December 2024

	Note	2024	2023
Interest income		63,196	3,333
Movement in earnout provision	11	(6,505)	29,039
Administrative expenses	4	(48,335)	(98,623)
<b>Profit/(loss) before tax</b>		<b>8,356</b>	<b>(66,251)</b>
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>8,356</b>	<b>(66,251)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>8,356</b>	<b>(66,251)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(52,451)	(66,251)
Equity holders of the investment companies		60,807	-
<b>Loss and total comprehensive income for the year attributable to the equity holders of stapled securities</b>		<b>8,356</b>	<b>(66,251)</b>

## Statement of changes in equity

### For the year ended 31 December 2024

	Attributable to equity holders of the parent			Attributable to equity holders of the investment companies	Total equity
	Share capital	Retained losses	Total		
Balance at 1 January 2024	16,855,366	(17,420,155)	(564,789)	1,194,292	629,503
Total comprehensive income	-	(52,451)	(52,451)	60,807	8,356
Balance at 31 December 2024	<b>16,855,366</b>	<b>(17,472,606)</b>	<b>(617,240)</b>	<b>1,255,099</b>	<b>637,859</b>

### For the year ended 31 December 2023

	Attributable to equity holders of the parent			Attributable to equity holders of the investment companies	Total equity
	Share capital	Retained losses	Total		
Balance at 1 January 2023	16,855,366	(17,353,904)	(498,538)	1,194,292	695,754
Total comprehensive income	-	(66,251)	(66,251)	-	(66,251)
Balance at 31 December 2023	<b>16,855,366</b>	<b>(17,420,155)</b>	<b>(564,789)</b>	<b>1,194,292</b>	<b>629,503</b>

## Statement of financial position


**As at 31 December 2024**

	<i>Note</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>			
Cash and cash equivalents	<b>8</b>	39,076	59,976
Receivables and prepayments	<b>6</b>	863,672	803,450
<b>Total current assets</b>		<b>902,748</b>	<b>863,426</b>
<b>Total assets</b>		<b>902,748</b>	<b>863,426</b>
<b>Equity</b>			
Issued capital		16,855,366	16,855,366
Retained losses		(17,472,606)	(17,420,155)
<b>Total equity attributable to equity holders of the parent</b>		<b>(617,240)</b>	<b>(564,789)</b>
<b>Equity attributable to equity holders of the investment companies</b>		<b>1,255,099</b>	<b>1,194,292</b>
<b>Total equity attributable to equity holders of stapled securities</b>		<b>637,859</b>	<b>629,503</b>
<b>Liabilities</b>			
Trade and other payables	<b>10</b>	110,508	86,047
Earnout provision	<b>11</b>	154,381	147,876
<b>Total current liabilities</b>		<b>264,889</b>	<b>233,923</b>
<b>Total liabilities</b>		<b>264,889</b>	<b>233,923</b>
<b>Total equity and liabilities</b>		<b>902,748</b>	<b>863,426</b>

For and on behalf of the Board

  
 \_\_\_\_\_  
 Neil Craig  
 Director

29 April 2025

  
 \_\_\_\_\_  
 John McDonald  
 Director

29 April 2025

## Statement of cash flows

### For the year ended 31 December 2024

#### Cash flows from/(to) operating activities

Interest received

Cash paid to suppliers

#### Net cash to operating activities

Net movement in cash and cash equivalents

Opening cash and cash equivalents

#### Closing cash and cash equivalents

Note	2024	2023
	2,389	3,333
	(23,289)	(23,292)
12	<b>(20,900)</b>	<b>(19,959)</b>
	(20,900)	(19,959)
	59,976	79,935
8	<b>39,076</b>	<b>59,976</b>

## Notes to the consolidated financial statements

### 1. Reporting entity

Pohutukawa Private Equity II Limited (the 'Company') is a company incorporated and domiciled in New Zealand. Pohutukawa Private Equity II Limited and the 1 Investment Company (2023: 4), together the 'Group', refer Note 16, are registered under the Companies Act 1993 and are reporting entities for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The consolidated financial statements of the Group for the year ended 31 December 2024 comprise the Company and 1 Investment Company (2023: 4) (together referred to as the "Group").

Pohutukawa Private Equity II Limited is involved in private equity investment made through the Investment Company.

The financial statements were approved by the Directors on 29 April 2025.

### 2. Basis of preparation

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

#### (b) Basis of measurement

The Directors intend to wind up the group on the realisation of all investments. As a result, the group is not deemed to be a going concern entity in line with NZ IAS 1 Presentation of financial statements. Therefore these financial statements have been prepared on a non-going concern basis for the year ended 31 December 2024. The directors have continued to apply the requirements of NZ IFRS. There has been no impact on the values recorded in these financial statements and the carrying amounts are expected to be recovered.

The accounting policies set out below have been applied consistently across all periods presented in these financial statements.

#### (c) Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Group's functional currency and rounded to the nearest dollar.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In particular information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 11 – Earnout Provision
- Note 13 - Financial risk management



## Notes to the consolidated financial statements

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently by all Group entities to all periods presented in these consolidated financial statements.

#### **(a) Basis of consolidation**

##### **(i) Stapled securities**

For every ordinary share held in Pohutukawa Private Equity II Limited, investors also hold 100 preference shares in Pohutukawa Private Equity II Limited as well as one preference share in each of the 1 Investment Company (2023: 4). All of these shares are stapled securities. This stapling arrangement creates a business combination by contract alone without any individual entity obtaining an ownership interest.

The Group has designated Pohutukawa Private Equity II Limited as the acquirer and the parent entity for the purpose of preparing consolidated financial statements. The 1 company (2023: 4) combining under the stapling arrangement is designated as the Investment Company, refer Note 16.

The Group and Investment Companies are deemed to be Investment Entities as they invest shareholder's funds solely for returns on investments from capital appreciation, interest and dividends.

##### **(ii) Associates**

Investments in equity securities, which would normally be classified as investments in unlisted associates, are carried at fair value in the consolidated financial statements and are not equity accounted (see accounting policy 3(b)). This is due to the fact that the Parent and Group are private equity investors.

##### **(iii) Transactions eliminated on consolidation**

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

##### **(iv) Equity attributable to equity holders of the investment companies**

Equity attributable to equity holders of the investment companies refers to the equity of the Investment Companies, as this is owned directly by shareholders of the Parent and the Investment Manager (refer Note 14), and not by the Parent itself. These are considered non-controlling interests and are attributable to the Parent shareholders as a result of their direct investment in the preference shares of the Investment Companies and to the Manager as a result of its ownership of the ordinary shares in the Investment Companies.

#### **(b) Investment in unlisted equity securities**

The Group's investments in equity securities are financial assets designated at fair value through profit or loss, as they are managed by the Group on a fair value basis. They are presented as current assets in the statement of financial position and are stated at fair value, with any resultant change in fair value recognised in profit or loss.

Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Regular purchases and sales of investments are recognised on a trade-date basis, being the date on which the Group commits to purchase or sell the asset.

#### **(c) Finance expense - interest**

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

#### **(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits and are recognised and measured at fair value. Cash excludes short-term deposits that are not used as part of the Group's day-to-day cash management.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### **(e) Impairment**

The carrying amounts of the Group's assets, other than investments in unlisted equity securities (see accounting policy 3(b)) and deferred tax assets (see accounting policy 3(j)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on the present value of estimated future cash flows, discounted at the original effective interest rate.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount.

#### **(f) Share capital**

##### **(i) Ordinary share capital**

Share capital is recognised as paid in capital when a call has been made to shareholders and is due.

##### **(ii) Preference share capital**

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

##### **(iii) Repurchase of share capital**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

##### **(iv) Dividends**

All dividends are recognised as a liability in the period in which they are declared.

#### **(g) Trade and other payables**

Trade and other payables are stated at amortised cost.

#### **(h) Trade and other receivables**

Trade and other receivables are measured at their cost less impairment losses (see significant accounting policy 3(e)) and are categorised as loans and receivables.

#### **(i) Revenue**

##### **(i) Equity investments**

Movements in the fair value of the Group's investments in equity instruments are recognised in profit or loss. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

##### **(ii) Interest income**

Interest income is recognised as revenue in profit or loss as it accrues, using the effective interest rate method.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### (j) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax is calculated providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The initial recognition of assets or liabilities affect neither accounting or taxable profit and are not included in the deferred tax calculation. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### (k) Goods and Services Tax (GST)

All amounts are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

### 4. Administrative expenses

	2024	2023
Legal fees	2,188	2,483
Other administrative expenses	46,147	96,140
	<b>48,335</b>	<b>98,623</b>

## Notes to the consolidated financial statements

### 5. Income tax expense

	Note	2024	2023
Income tax expense in statement of comprehensive income		-	-

#### Reconciliation of effective tax rate

	2024	2023
Profit/(loss) before tax	8,356	(66,251)
Income tax expense at 28% tax rate	2,340	(18,550)
Non-assessable income	(17,026)	(8,131)
Non-deductible expenses	6,849	-
Tax losses not recognised	7,837	26,681
Total income tax expense in statement of comprehensive income	-	-

### 6. Receivables and prepayments

	2024	2023
Prepayments	2,526	3,111
Accrued interest	60,807	-
Deferred sale proceeds	800,339	800,339
	<b>863,672</b>	<b>803,450</b>

The deferred sale proceeds relate to the sale of the PF Olsen investment. The funds are held pending an IRD review and a distribution will be made when the IRD position is clarified. The funds are held by DCIL on term deposit on behalf of the Company.

## Notes to the consolidated financial statements

### 7. Deferred tax assets and liabilities

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Opening balance 1 January		2,612,127	3,719,745
Tax losses not recognised	5	7,837	26,681
Tax losses foregone		(894,268)	(1,083,601)
Prior period adjustment		-	(50,698)
Closing balance 31 December		<b>1,725,696</b>	<b>2,612,127</b>

Due to the nature of the stapled securities, and the fact that voting shares in the Investment Companies are owned by Pohutukawa II Investment Holdings LP, there is no ability to offset losses between the Parent (Pohutukawa Private Equity II Limited) and the Investment Companies.

Tax losses do not expire, subject to shareholder continuity rules being met. Deferred tax assets have not been recognised in respect of these items because it is not certain that future taxable profit will be available against which the Group can utilise the benefit.

Investment Companies taxation losses cannot be used by the parent.

### 8. Cash and cash equivalents

	<b>2024</b>	<b>2023</b>
ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited	39,076	59,976
Cash and cash equivalents in the statement of cash flows	<b>39,076</b>	<b>59,976</b>

Call deposit are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited.

## Notes to the consolidated financial statements

### 9. Share capital

#### Share capital

	Investment Companies		PPII		PPII	
	Preference shares		Ordinary shares		Preference shares	
<i>In millions of shares</i>	2024	2023	2024	2023	2024	2023
On issue at 1 January	247.5	412.5	82.5	82.5	4,811.0	4,811.0
Cancellation of shares	(165.0)	(165.0)	-	-	-	-
Redemption of shares	-	-	-	-	-	-
On issue at 31 December	<b>82.5</b>	<b>247.5</b>	<b>82.5</b>	<b>82.5</b>	<b>4,811.0</b>	<b>4,811.0</b>

Preference shares are only redeemable at the option of the issuer.

At 31 December 2024, the share capital of the Company comprised 82,500,000 ordinary shares (2023: 82,500,000), and 4,810,735,200 preference shares (2023: 4,810,735,200). In addition, there are 82,500,000 (2023: 247,500,000) preference shares in the 1 (2023: 3) Investment Company (82,500,000 in each).

Ordinary shares and Investment Company preference shares have been allotted at nil value. The Pohutukawa Private Equity II Limited shares (stapled shares) have been issued at \$1.00 per share, paid to \$0.62. During the period there were no calls (2023: Nil).

The prospectus states that any residual balance up to the \$1.00 per share price will become payable in full on the fifth anniversary of allotment, however on 18 December 2014 the directors notified shareholders that the maximum amount to be called is now capped at \$0.80.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the period, no distributions were declared by companies within the Group (2023: no distributions). All ordinary shares rank equally with regard to the Company's residual assets. Holders of the Company preference shares do not have an entitlement to vote and are not entitled to participate in distribution of income but are entitled to \$0.01 per preference share upon redemption by the Company at the Company's option. Preference shareholders in the Investment Companies do not have an entitlement to vote but are entitled to receive distributions of capital and/or income as prescribed in the Investment Companies' constitutions.

Pohutukawa II Investment Holdings LP is a related party which holds 100 ordinary shares in each of the Investment Companies.

### 10. Trade and other payables

	2024	2023
Trade payables and accrued expenses	110,508	86,047
	<b>110,508</b>	<b>86,047</b>

Trade payables relate to invoices payable to Direct Capital IV Management Limited. This is for costs payable to Chapman Tripp in relation to the IRD review and other sundry costs payable.

## Notes to the consolidated financial statements

### 11. Earnout Provision

	<b>2024</b>	<b>2023</b>
Opening provision	147,876	176,915
Movements during the year	6,505	(29,039)
Closing earnout provision	<b>154,381</b>	<b>147,876</b>

In accordance with clause 10 of the Prospectus the Earnout holder is entitled to earnout calculated at 20% of net returns to Pohutukawa Private Equity II Limited provided investors have received back their original investment together with further distributions producing a pre-tax compound hurdle rate of 8.0% per annum on Called Capital. As at 31 December 2024 the estimated earnout provision is calculated at \$154,381 (2023: \$147,876). This calculation is based on deferred capital proceeds from the realisation of PF Olsen Group Limited of \$800,339 (2023: \$800,339) being fully recovered. During the year ended 31 December 2024 there were no distributions to Earnout holders (2023: Nil).

### 12. Reconciliation of profit after taxation to the net cash flow from operating activities

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Profit/(loss) for the year		8,356	(66,251)
Change in trade and other receivables		(60,222)	(3,111)
Change in trade payables and accruals		24,461	78,442
Change in earnout provision	<b>11</b>	6,505	(29,039)
Net cash flow to/(from) operating activities		<b>(20,900)</b>	<b>(19,959)</b>

## Notes to the consolidated financial statements

### 13. Financial risk management

#### Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Equity price risk
- Credit risk
- Interest rate risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Credit risk

Exposure to credit risk arises in the normal course of the Group's business from its loans and receivables and bank balances. The Group does not require collateral in respect of financial assets. At the end of the reporting period the Group has deferred capital proceeds outstanding from the realisation of the investment in PF Olsen Group Limited.

The Group invests its surplus funds in short-term deposits with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited (refer Note 14). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the statement of financial position.

#### Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business from bank accounts and short-term deposits. Management invests excess funds in short-term deposits to maximise interest revenue whilst ensuring funds are available if required.

#### Effective interest rates and repricing

The only interest bearing financial assets in the Group are bank balances and short-term deposits. At the end of the reporting period the effective interest rates for bank balances are 4.00% (2023: 5.35%) and there are no short-term deposits (2023: none).

#### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations to settle its financial liabilities when due. The Group evaluates its liquidity requirements on an ongoing basis and maintains sufficient cash to meet all obligations. Investments in unlisted equity securities are, by their nature, less liquid.

#### Expected credit loss

A provision for expected credit losses is established when the assessment under NZ IFRS 9 deems a provision is required. The Group has determined there are no receivables subject to expected credit losses (ECLs). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted using the effective interest rate.

#### Capital management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain its capital structure in terms of the prospectus and repay capital as investments are realised. As disclosed in Note 10, \$0.62 per share (2023 \$0.62 per share) has been paid on the capped \$0.80 per share (2023: \$0.80 per share). The remaining \$0.18 (2023: \$0.18) is not intended to be called.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the year.



## Notes to the consolidated financial statements

### 13. Financial risk management (continued)

#### Classification and fair values

##### For the year ended 31 December 2024

	Note	Amortised cost	Fair value
<b>Assets</b>			
Cash and cash equivalents	8	39,076	39,076
Receivables	6	861,146	861,146
<b>Total assets</b>		<b>900,222</b>	<b>900,222</b>
<b>Liabilities</b>			
Trade and other payables	10	110,508	110,508
<b>Total liabilities</b>		<b>110,508</b>	<b>110,508</b>

##### For the year ended 31 December 2023

	Note	Amortised cost	Fair value
<b>Assets</b>			
Cash and cash equivalents	8	59,976	59,976
Receivables	6	800,339	800,339
<b>Total assets</b>		<b>860,315</b>	<b>860,315</b>
<b>Liabilities</b>			
Trade and other payables	10	86,047	86,047
<b>Total liabilities</b>		<b>86,047</b>	<b>86,047</b>

### 14. Related parties

#### a) Identity of related parties

The Company has a related party relationship with its Investment Companies (see Note 16).

Pohutukawa II Management Limited is the the Manager of Pohutukawa Private Equity II Limited.

Direct Capital IV Management Limited is the Investment Manager and holds 50% of the shares in Pohutukawa II Management Limited. Certain directors of the Investment Companies are also directors of Direct Capital IV Management Limited.

Craigs Investment Partners Limited is the Administration Manager and owns 50% of the shares in Pohutukawa II Management Limited. Certain directors of the Company are also directors of Craigs Investment Partners Limited.

Craigs Investment Partners Limited and Direct Capital IV Investment Partners LP are limited partners in Pohutukawa II Investment Holdings LP which is the holder of the ordinary shares in the Investment Companies.

Direct Capital IV Management Limited is responsible for preparing valuations of investments.

Cash is held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a subsidiary of Craigs Investment Partners Limited.

## Notes to the consolidated financial statements

### 14. Related parties (continued)

#### b) Transactions with related parties

During the period, Pohutukawa Private Equity II Limited entered into the following transactions with related parties:

- No management fees were paid to Pohutukawa II Management Limited during the period (2023: \$0).
- Call deposits of \$39,076 (2023: \$59,976) were held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited as at 31 December 2024.
- No earnout payments were distributed to Pohutukawa II Investment Holdings LP during the period (2023: \$nil).

The terms and conditions of the transactions with key management personnel and their related parties are in accordance with the terms of the management agreement.

### 15. Subsequent events

There were no material subsequent events for the Group.

### 16. Group entities

#### Investment Companies

	Country of incorporation	Ownership interest*	
		2024	2023
Pohutukawa Beta Limited ("Beta")	New Zealand	-	0%
Pohutukawa Delta Limited ("Delta")	New Zealand	-	0%
Pohutukawa Epsilon Limited ("Epsilon")	New Zealand	0%	0%
Pohutukawa Zeta Limited ("Zeta")	New Zealand	-	0%

During the year Pohutukawa Beta Limited ("Beta"), Pohutukawa Delta Limited ("Delta") and Pohutukawa Zeta Limited ("Zeta") were wound up.

\*As stated in Note 3(a)(i), the preference shares in the Investment Companies are owned by the individual shareholders of Pohutukawa Private Equity II Limited but are consolidated into the Group as they are stapled securities.