

Booster Innovation Fund

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# Financial Statements 2022



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**Statement of Comprehensive Income**  
**For the year ended 31 March 2022**

|  |      | 2022         |
|--|------|--------------|
|  | Note | \$'000       |
| Interest income  | 5    | -            |
| Net gains/(losses) on foreign exchange translation on financial instruments at fair value through profit or loss | 5    | (34)         |
| Net gains on financial instruments at fair value through profit or loss  | 5    | 736          |
| Distributions received   | 5    | 568          |
| <b>Total Income</b>  |      | <b>1,270</b> |
| Performance management fees  | 11   | -            |
| Administration costs   | 10   | 25           |
| <b>Total Expenses</b>  |      | <b>25</b>    |
| <b>Profit for the year before tax</b>  |      | <b>1,245</b> |
| Income tax expense   | 12   | -            |
| <b>Profit for the year after tax for the period attributable to unitholders</b>                                  |      | <b>1,245</b> |
| <b>Other comprehensive income</b>  |      | <b>-</b>     |
| <b>Total comprehensive income for the period attributable to unitholders</b>                                     |      | <b>1,245</b> |
| <b>Earnings per unit</b>   |      |              |
| Basic and diluted earnings per unit (cents per unit)   | 13   | 20.42        |


**Statement of changes in net assets attributable to unitholders**  
**For the year ended 31 March 2022**

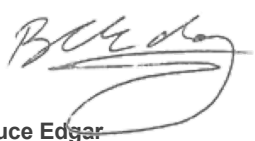
|  | 2022         |
|--|--------------|
|  | \$'000       |
| <b>Net assets at the beginning of the reporting period</b>                       | <b>-</b>     |
| Proceeds from units issued   | 6,375        |
| Net profit after tax and total comprehensive income                              | 1,245        |
| <b>Net assets attributable to unitholders at the end of the reporting period</b> | <b>7,620</b> |

**Statement of Financial Position**  
**As at 31 March 2022**

|   | Note | 2022<br>\$'000 |
|---|------|----------------|
| <b>Assets</b>   |      |                |
| Cash and cash equivalents                             | 6    | 124            |
| Financial assets at fair value through profit or loss | 7    | 7,521          |
| <b>Total Assets</b>                                   |      | <b>7,645</b>   |
| <b>Liabilities</b>                                    |      |                |
| Other payables  |      | 25             |
| <b>Total Liabilities</b>                              |      | <b>25</b>      |
| <b>Net assets attributable to unitholders</b>         |      | <b>7,620</b>   |
| <i>Represented by:</i>                                |      |                |
| <b>Net assets attributable to unitholders</b>         |      | <b>7,620</b>   |

For and on behalf of Booster Investment Management Limited who authorised the issue of these financial statements on 14 June 2022:

  
**John Selby**  
 Director and Chair of the Board

  
**Bruce Edgar**  
 Director and Chair of the Audit, Risk, and Compliance Committee

**Statement of Cash Flows**  
**For the year ended 31 March 2022**

|  | Note | 2022<br>\$'000 |
|--|------|----------------|
| <i>Cash was provided from/(applied to):</i>                            |      |                |
| Purchase of financial instruments at fair value through profit or loss |      | (3,080)        |
| Distributions received   |      | 568            |
| <b>Net cash (outflows) from operating activities</b>                   | 6    | <b>(2,511)</b> |
| Proceeds from units issued   |      | 2,635          |
| <b>Net cash inflows from financing activities</b>                      |      | <b>2,635</b>   |
| Net increase in cash held  |      | 124            |
| Cash and cash equivalents at beginning of reporting period             |      | -              |
| <b>Cash and cash equivalents at end of reporting period</b>            | 6    | <b>124</b>     |

## Notes to the financial statements

### 1. Reporting entity

These financial statements are for the Booster Innovation Scheme's only fund, the Booster Innovation Fund (the Fund) as at 31 March 2022 (reporting date). The Scheme was established on 22 October 2020, and the first transaction occurred on 24 August 2021. As there were no transactions to 31 March 2021 there are no comparatives to disclose.

The Booster Innovation Scheme is established and domiciled in New Zealand and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Scheme is a managed investment scheme. The Scheme is comprised of one investment fund at the reporting date. The Fund's aim is to provide investors with an opportunity to invest in early stage companies founded on intellectual property originated or developed in New Zealand that the Manager believes have the potential to become commercially successful globally. Since 2 March 2022, the Fund's units are quoted on the NZX main Board operated by the NZX Limited (under code "BIF").

The Scheme was initially established on 22 October 2020 as part of the Booster Investment Scheme Master Trust which is dated 18 September 2019.

The Manager of the Scheme is Booster Investment Management Limited, and the Supervisor is Public Trust.

These financial statements have been prepared for the only Fund within the Scheme and not the Scheme as a whole in accordance with the Financial Markets Conduct (Financial Statements for Schemes Consisting Only of Separate Funds) Exemption Notice 2017.

These financial statements were adopted and authorised for issue by the Board of Directors of the Manager on 14 June 2022.

### 2. Basis of preparation

#### a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with the Trust Deed governing the Scheme, section 7 of the Financial Markets Conduct Act 2013 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the Fund is a for-profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit oriented entities. The financial statements of the Fund have been prepared in accordance with Tier 1 for profit reporting requirements outlined in the External Reporting Board's Accounting Standards Framework (XRB-A1) and they have been prepared on the assumption that the Fund operates on a going concern basis.

#### b) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected assets and liabilities for which the fair value basis of accounting has been applied.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not classified between current or non-current.

The financial statements are stated exclusive of GST where applicable.

#### c) Functional and presentation currency

The functional currency of the Fund is New Zealand dollars (NZD).

The financial statements are presented in NZD and rounded to the nearest thousand (\$'000) unless otherwise stated.

## 2. Basis of preparation (continued)

### d) Functional and presentation currency

#### *Functional and presentation currency*

The financial statements for the Fund are prepared under International Financial Reporting Standards, which differs to the approach applied for unit pricing purposes. There may be occasions where the financial statements are adjusted for information that becomes available post balance date relating to the year end valuation in accordance with accounting standards. Unit pricing is adjusted on the date the new information is received.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at reporting date exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss within the statement of changes in net assets. Assets and liabilities denominated in foreign currency are translated to NZD at the exchange rate prevailing at reporting date.

The Scheme and Funds do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains and losses on financial instruments at fair value through profit or loss.

### e) Uses of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

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

#### **Fair Value of Financial Assets at Fair Value through Profit or Loss**

The most significant judgement made in the preparation of these financial statements relates to the reliance on the Manager's valuation of Level 3 financial assets. Significant judgements, estimates and assumptions were used to derive the value of the level 3 financial assets at fair value through profit or loss. Refer to note 7 for further detail about the value of these investments.

### f) Investment entities

The Fund meets the definition of an investment entity. The Manager determined that the Fund meets the definition of an investment entity by considering the number of unitholders in the Fund, the Fund's business purpose which is to generate a return to unitholders from capital appreciation and that substantially all of the funds financial assets are measured and evaluated on a fair value basis.

## 3. Accounting Policies

Significant accounting policies that summarise the measurement used and are relevant to the understanding of these financial statements are provided throughout the accompanying notes.

The accounting policies adopted have been consistently applied throughout the periods presented in these financial statements.

## 4. Standards, amendments, and interpretations to existing standards

There are no new standards that are considered relevant to the Fund's financial statements, that have been issued but not yet effective.

## 5. Dividend, distribution and interest revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be readily measured.

Dividend and distribution income is recognised when the right to receive payment is established.

Interest Revenue is recognised using the effective interest rate method, and includes revenue earned on cash equivalents.

Net realised and unrealised gains or losses on financial instruments at fair value through profit or loss are calculated as the difference between the fair value at sale or redemption, or at reporting date, and the fair value recorded at the date of the last valuation. This difference includes both realised and unrealised gains and losses but does not include interest or dividend revenue.

## 6. Cash and Cash Equivalents

Cash at bank represents cash and on-call deposits with New Zealand banks registered with the Reserve Bank of New Zealand, with the result that they are subject to insignificant risk of changes in value.

Cash and cash equivalents are classified as financial assets measured at amortised cost in accordance with NZ IFRS 9 Financial Instruments.

|                             | 2022<br>\$'000 |
|-----------------------------|----------------|
| <b>Cash at bank - Total</b> | <b>124</b>     |

### Reconciliation of net profit after tax to net cash from operating activities

Payments and receipts relating to the purchase and sale of financial assets are classified as cash flows from operating activities, as income from and movements in the fair value of these securities represent the Fund's main income generating activity.

|  | 2022<br>\$'000 |
|--|----------------|
| Net profit after tax   | 1,245          |
| <i>Movement in assets and liabilities</i>  |                |
| Purchase of financial instruments at fair value through profit or loss   | (3,080)        |
| Change in other payables   | 26             |
| Net (Gains)/losses on financial instruments at fair value through profit or loss                                 | (736)          |
| Net (Gains)/losses on foreign exchange translation on financial instruments at fair value through profit or loss | 34             |
| <b>Net cash outflows from operating activities</b>   | <b>(2,511)</b> |

The purchases of NZ Innovation Booster LP units (24 August 2021 and 22 October 2021) were completed as an in-specie transfer and didn't result in any cash movements.

## 7. Financial assets at fair value through profit or loss

Financial instruments are recognised initially at fair value. Subsequent to initial recognition, all financial instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss within the statement of comprehensive income, resulting in transaction costs being reflected in the movement in fair value for the period.

|   | 2022<br>\$'000 |
|---|----------------|
| NZ Innovation Booster LP  | 4,910          |
| New Zealand Unlisted Shares   | 2,611          |
| <b>Total financial assets held at fair value through profit or loss</b> | <b>7,521</b>   |

\* The Fund holds units in NZ Innovation Booster LP, refer to note 10 Related parties for more information.

NZ IFRS 13 Fair Value Measurement, requires the Fund to measure and disclose fair values using the following fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data.

The Fund's financial assets and liabilities at fair value through profit or loss are classified as follows:

| <b>NZ IFRS 13 Fair Value Measurement</b>                                | 2022<br>\$'000 |
|---|----------------|
| Level 1   | -              |
| Level 2   | -              |
| Level 3   | 7,521          |
| <b>Total financial assets held at fair value through profit or loss</b> | <b>7,521</b>   |



## 7. Financial assets at fair value through profit or loss (continued)

### Measurement of fair value of financial instruments classified as Level 3

Financial instruments classified as being Level 3 relate to shares in registered New Zealand unlisted companies and New Zealand Limited Partnerships (as noted above).

Where the Fund holds the investment directly, the last price at which capital was raised by the relevant business is used as a reference price. The Manager also considers how recently the business last raised capital and its relevance given changes in the business, as well as any changes to its target market or its progress towards the commercialisation of its intellectual property since the last capital raise. An assessment will be made of the extent to which the business has achieved its business plan since the last capital raise, its remaining cash available, and any capital raising activity in progress, on at least a quarterly basis. Any other new information received in respect of an investment that may be material to the Fund's unit price is considered on a monthly basis prior to the issue or redemption of units in the Fund.

Where the Fund holds the investment indirectly, the valuation will be initially determined by the Manager/ Board of the relevant underlying investment entity and reviewed by the Fund's Advisory Board prior to approval by the Fund's Investment Committee. The Manager also assesses the valuation approach taken by BIF's investment partners for consistency with the valuation approach described for investments in level 3 assets below. For example, this valuation approach is consistent with the approach applied by NZ Innovation Booster LP in respect of its investments. Applying the criteria described above, where the Manager assesses the value of an investment may have materially changed, a more comprehensive assessment of value is made including consideration of other indicators of value such as industry valuation benchmarks, similar investment company comparisons or third-party pricing events where available.

There were no transfers between Level 1, Level 2 and Level 3 in the current financial period.

All financial assets recognised within the financial statements are classified as Level 3 (Non observable inputs).

The table below provides information about how the fair value of financial assets valued at fair value through profit or loss for level 3 inputs have been determined.

| Valuation Methodology   | Key inputs  | Unobservable inputs   | Sensitivity analysis   |
|---|---|---|--|
| Price of recent investment supported by other observable data including achievement to business plan, recent capital raising activity and remaining cash balance. | Price of recent investment, business plan achievement, last capital raise valuation, recent capital raising activity. | Management's assessment of performance against business plan. | Fair value is influenced by how the business is progressing towards commercialisation objectives, which may be evidenced through the share price of capital raises, any partially complete capital raises may result in a material change in fair value. Review of any unobservable inputs will be reviewed to the extent that they may affect the fair value. |

The following table represents the Funds interest based on shares issued at the reporting date for level 3 financial assets:

| Company  | Business sector                        | Business sub-sector                       | Development stage | % share interest |
|--|--|---|-------------------|------------------|
| Alimetry Limited <sup>1</sup>                                  | Life sciences and medical technologies | Screening and diagnostics – human health  | Early stage       | 1.1%             |
| Allegro Energy Pty Ltd <sup>1</sup>                            | Energy and clean technologies          | Energy storage                            | Seed              | 2.2%             |
| Amaroq Therapeutics Limited <sup>1</sup>                       | Life sciences and medical technologies | Life sciences – human health              | Seed              | 8.1%             |
| Avalia Immunotherapies Limited <sup>1, 2</sup>                 | Life sciences and medical technologies | Life sciences – human health              | Seed              | 12.3%            |
| Biolumic Inc   | Materials and technologies             | Agriculture technologies                  | Expansion         | 1.0%             |
| Chitogel Limited <sup>1</sup>                                  | Life sciences and medical technologies | Biotechnology – human health              | Expansion         | 1.6%             |
| Codify Asset Solutions (CAS) Limited <sup>1</sup>              | Information technology services        | Building industry software                | Early stage       | 2.4%             |
| Ferronova Pty Limited <sup>1</sup>                             | Life sciences and medical technologies | Screening and diagnostics - human health  | Expansion         | 4.1%             |
| Inhibit Coatings Limited <sup>1</sup>                          | Materials and technology               | Material coatings                         | Early Stage       | 2.4%             |
| InsituGen Limited <sup>1</sup>                                 | Life sciences and medical technologies | Screening and diagnostics – animal health | Early Stage       | 18.1%            |
| Jaipuna Limited (trading as Amy.app)                           | Information technology services        | Education technologies                    | Early stage       | 1.4%             |
| Ligar Limited Partnership <sup>1</sup>                         | Materials and technology               | Biotechnology materials                   | Expansion         | 0.9%             |
| Marama Labs Limited <sup>1</sup>                               | Information technology services        | Software and measurement hardware         | Early Stage       | 10.2%            |
| Mekonos Inc <sup>1</sup>                                       | Life sciences and medical technologies | Life sciences – human health              | Expansion         | 0.4%             |
| Montoux Limited  | Information technology services        | Life and health insurances                | Expansion         | 2.3%             |
| PowerON Limited  | Materials and technology               | Soft Robotics                             | Early stage       | 5.6%             |
| Tasmanion Limited <sup>1</sup>                                 | Energy and clean technologies          | Energy storage                            | Seed              | 9.5%             |
| Sensor Holdings Limited (trading as StretchSense) <sup>2</sup> | Information technology services        | Augmented and virtual reality             | Expansion         | 1.2%             |
| X-Frame Pty Limited <sup>1</sup>                               | Materials and technology               | Construction materials                    | Early Stage       | 7.2%             |

<sup>1</sup> Investments are held indirectly via an interest in NZ Innovation Booster LP

<sup>2</sup> Investments are held via a convertible note, percentage indicates estimated equity position on conversion

## 7. Financial assets at fair value through profit or loss (continued)

### Seed (or sometimes referred to as 'Company Formation')

This is the pre-revenue company establishment stage once the intellectual property is ready for commercialisation. It involves the employment of initial staff, formation of the Board, confirmation of the business model including product development, market validation and initiating the company intellectual property strategy. Typically, the company secures initial investment in the order of \$1m and this takes the company through the first 18 months of its existence.

### Early stage (or sometimes referred to as 'start-up')

This stage frequently involves more than one investment which provides funding for product development, pilot production, team expansion and the first sales. Capital funding typically provides the business with sufficient cash for 2-4 years.

### Expansion (or sometimes referred to as Series A and B)

At this stage the company has proven its technology and is seeking to expand its market share and scale its business operations and capability.

Reconciliation of level 3 investments for the year:

|                              | 2022<br>\$'000 |
|------------------------------|----------------|
| Opening balance              | -              |
| Acquisitions                 | 6,251          |
| Distributions                | 568            |
| Fair value adjustments       | 736            |
| Foreign exchange translation | (34)           |
| <b>Closing balance</b>       | <b>7,521</b>   |

## 8. Financial risk management

As at reporting date, the Scheme's only Fund is invested in an unlisted limited partnership and unlisted companies. Risks arising from holding financial instruments are managed through a process of on-going identification, measurement and monitoring. The Fund may be exposed to credit risk, market price risk and liquidity and cash flow risk arising from the financial instruments it holds.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to Unitholders of the Fund from reasonably possible changes in the relevant risk variables.

Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Manager. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Manager on a regular basis (ranging from daily to monthly depending on the nature of the information) as deemed appropriate.

In order to avoid excessive concentrations of risk, the Manager monitors the Fund's exposure to ensure concentrations of risk remain within acceptable levels. The risk management policies employed by the Manager to manage these risks are discussed below.

### Credit risk

Credit risk represents the risk that the counterparty will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the statement of net assets. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Concentrations of credit risk are minimised in the Fund primarily by:

- Ensuring due diligence is completed on the counterparties and regular reviews are completed against milestones throughout the year; and
- Ensuring that transactions are undertaken with a large number of counterparties.

The carrying amount of financial assets best represents the maximum credit risk exposure at each reporting date. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

The Manager does not consider there to be significant credit risk in relation to the Fund as there is no accounts receivable or material cash equivalents.

## 8. Financial risk management (continued)

### Market price risk

Market price risk is the risk that the value of the Fund will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's only exposure to interest rate risk is on its cash and cash equivalents.

Cash and cash equivalents are current and the Fund does not consider there to exist any significant interest rate risk.

### Price risk

The Fund is exposed to security price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The analysis below shows the effect on profit or loss and equity that would result in reasonable changes in market fluctuations where a fund has invested in a limited partnership or directly in equity securities.

The analysis below shows the effect of fair value changes on profit or loss and net assets that would result from reasonable changes in market fluctuations.

|  | 2022<br>\$'000 |
|--|----------------|
| Financial instruments exposed to market price risk | 7,521          |
| Market -30%  | (2,256)        |
| Market +30%  | 2,256          |

### Liquidity and cash flow risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that future cash flows derived from holding financial instruments will fluctuate.

This risk applies in relation to withdrawing units. Unlisted shares in early stage companies by nature have relatively long return timeframes. As a result, an investment in the Fund should be considered as not redeemable on demand. The Fund aims to have a limited amount of cash available for withdrawals on a quarterly basis.

When an underlying investment is sold, the Manager may make some or all of the proceeds of the sale available for withdrawal.

Should full realisation of assets be required, it is reasonable to expect this may take greater than six months due to the nature of the underlying assets the Fund invests in.

## 9. Capital Risk Management

The Fund's capital is represented by redeemable units and is reflected in the Statement of Net Assets as net assets attributable to Unitholders.

The Fund's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide long-term returns for unitholders on the investment activities thereof.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders. Compliance with investment management mandate limits is monitored by the Manager with oversight from the Supervisor.

## 10. Auditor's remuneration

|  | 2022<br>\$'000 |
|--|----------------|
| Audit fees - Ernst & Young                                     | 25             |
| Other assurance services (Registry engagement) - Ernst & Young | 1              |
| <b>Total</b>   | <b>26</b>      |

The Fund accrues for audit fees during the year. Fees are limited to \$30,000 a year, any amount over this is paid by the Manager.

## 11. Related parties

The related parties as at 31 March 2022 are presented as follow:

### a) Responsible Entities

Booster Investment Management Limited (BIML) is the Manager of the Scheme. BIML is a wholly owned subsidiary of Booster Financial Services Limited (BFS). BFS holds units in the Fund as noted in 11(g) below.

Public Trust is the Supervisor for the Scheme. Public Trust does not hold or has ever held units in the Fund.

Asset Custodian Nominees Limited (ACNL) is wholly owned by Booster Financial Services Limited. ACNL holds units in the Fund on behalf of investors in its capacity as a custodian company for the Booster Wrap Administration System.

### b) Key management personnel

#### Directors

The Directors of BIML are considered to be Key Management Personnel. The Directors of the Manager in office during the year or up to the date of signing of these financial statements were:

|                     | Appointed       |
|---------------------|-----------------|
| Allan Seng Tong Yeo | 29 April 1999   |
| Bruce Adrian Edgar  | 3 October 2016  |
| John Ross Selby     | 16 May 2016     |
| Paul Gerard Foley   | 30 April 2013   |
| Melanie Templeton   | 1 February 2021 |

\*No amounts have been paid by the Fund to the Directors in their capacity as Directors of the Manager.

#### Advisory Board

The advisory board are considered to be Key Management Personnel. The advisory board members during the year and up to the date of signing of these financial statements were:

|                 | Appointed        |
|-----------------|------------------|
| Jenny Morel     | 11 February 2021 |
| John Ross Selby | 11 February 2021 |

#### Investment Committee

The Investment Committee are considered to be Key Management Personnel. The Investment Committee members during the year and up to the date of signing of these financial statements were:

|               | Appointed      |
|---------------|----------------|
| David Beattie | 24 August 2021 |
| Nic Craven    | 24 August 2021 |
| Brendon Doyle | 24 August 2021 |
| Duncan Wylie  | 24 August 2021 |

#### Key Management Team Personnel

Other Key Management Team Personnel members during the year and up to the date of signing of these financial statements were:

|                     |
|---------------------|
| Alison Payne        |
| Melissa Yiannoutsos |

*\*Note appointment date refers to date employed by the ultimate parent company*

Key Management personnel may hold units in the Fund in their capacity as Members of the Fund. All transactions between these parties are pursuant to, and governed by, the terms of the Trust Deed of the Scheme.

As at the reporting date Key Management Personnel held interests in the Fund totalling \$96,000.

## 11. Related parties (continued)

### c) Manager's management fees and other transactions

Under the terms of the Trust Deed, the Manager is entitled to receive performance management fees from the Fund within the Scheme. These fees are disclosed in the Statement of Comprehensive Income as "performance management fee". The fee is payable to the Manager in units. As at reporting date no performance fee is payable, however please refer to note 15 contingent liabilities.

The Manager and/or the Supervisor are entitled to deduct or be reimbursed out of the Funds within the Scheme for other costs, disbursements, charges, or expenses incurred. As at reporting date \$9,000 has been accrued.

### d) Fees paid to the Supervisor

Under the terms of the Trust Deed, the Supervisor is entitled to receive Supervisor fees. The Manager pays these fees on behalf of the Fund which totalled \$452.

### e) Investment in NZ Innovation Booster Limited Partnership (NZIB)

NZIB is a limited partnership registered under the Limited Partnerships Act 2008. It is not a registered managed investment scheme under the Financial Markets Conduct Act 2013.

The general partner of NZIB is NZ Innovation GP Limited and Booster Financial Services Limited is a 50% shareholder of the general partner.

The table below shows the Fund's fair value investment into NZIB:

|   | 2022<br>\$'000 |
|---|----------------|
| NZ Innovation Booster Limited Partnership | 4,991          |

The above holding represents 51% holding in NZIB.

### f) Investment by funds managed by related parties

Other funds managed by BIML invest in the Fund, as follows as at reporting date:

|  | 2022<br>\$'000 |
|--|----------------|
| <b>Booster KiwiSaver Scheme</b>            |                |
| Booster KiwiSaver High Growth Fund         | 1,029          |
| Booster KiwiSaver Balanced Fund            | 760            |
| Booster KiwiSaver Moderate Fund            | 176            |
| Booster KiwiSaver Geared Growth Fund       | 481            |
| Booster KiwiSaver Balanced Growth Fund     | 778            |
| <b>Booster SuperScheme</b>                 |                |
| Booster SuperScheme Conservative Portfolio | 61             |
| Booster SuperScheme Balanced Portfolio     | 361            |
| Booster SuperScheme Growth Portfolio       | 299            |
| Booster SuperScheme High Growth Portfolio  | 111            |
| <b>Booster Investment Scheme</b>           |                |
| Defensive Fund                             | 1              |
| Moderate Fund                              | 28             |
| Balanced Fund                              | 106            |
| Growth Fund                                | 54             |
| High Growth Fund                           | 43             |
| Shielded Growth Fund                       | 14             |

### g) Investment by ultimate parent company of the Manager

|                                    |       |
|------------------------------------|-------|
| Booster Financial Services Limited | 2,461 |
|------------------------------------|-------|

## 12. Taxation

Prior to listing on the Main Board of the NZX on 2 March 2022, the Fund had elected to be a Portfolio Investment Entity (PIE) under the Income Tax Act 2007. Under the PIE regime income is effectively taxed in the hands of the unitholders and therefore the Scheme has no tax expense or deferred tax assets or deferred tax liabilities.

As an unlisted PIE, the Fund paid no income tax on the taxable income of the Fund and all taxable income and tax credits were attributable to unitholders in proportion to the units they held on the days when taxable income and credits arose. The Fund deducted tax from each unitholder's allocation using each Unitholders' Notified Prescribed Investor Rate (PIR), or if a rate had not been notified, at the default PIR of 28%.

On 2 March 2022 the Fund registered as a listed Portfolio Investment Entity ('Listed PIE').

As a Listed PIE, the Fund is liable for tax at the prevailing company tax rate (28%) on taxable interest and dividends and gains and losses from its investments after the deduction of management fees and other deductible expenses. The Fund pays tax to cover the tax liability in full, for which it accumulates imputation credits. Annually a Listed PIE is required to attach imputation credits to the fullest extent under the tax rules to its distribution.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

|                                | 2022   |
|--------------------------------|--------|
|                                | \$'000 |
| Tax expense comprises:         |        |
| Current tax expense/(benefit)  | -      |
| Deferred tax expense/(benefit) | -      |
| <b>Total tax expense</b>       | -      |

The prima facie income tax expense on profit before tax reconciles to the income tax expense in the Financial Statements as follows:

|  | 2022   |
|--|--------|
|  | \$'000 |
| Tax expense comprises:   |        |
| Profit before tax  | 1,245  |
| Less: PIE income attributable to unitholders to 1 March 2022       | -      |
| Listed PIE profit before tax                                       | 1,245  |
| Less: Income not assessable for taxation                           | 1,245  |
| Taxable Income   | -      |
| Income tax using the statutory income tax rate 28%                 | -      |
| Income not assessable for taxation                                 | -      |
| <b>Income tax expense as per Statement of Comprehensive Income</b> | -      |

|  | 2022   |
|--|--------|
|  | \$'000 |
| <b>Imputation credits</b>  |        |
| Imputation credits opening balance   | -      |
| Imputation credits available resulting from the payment of the provision for tax | -      |
| Imputations utilised in the period   | -      |
| <b>Imputation credits available 31 March</b>                                     | -      |

### 13. Earnings per unit

The basic earnings per unit (EPU) is calculated by dividing profit after tax for the period attributable to unitholders by the weighted average number of units on issue during the period at a Fund level.

The Fund's diluted EPU is the same as the basic EPU since the Fund has not issued any instrument with dilutive potential.

|   | 2022         |
|---|--------------|
|   | '000s        |
| Profit after tax  | 1,245        |
| Weighted average number of units                            | 6,097        |
| <b>Basic and diluted earnings per unit (cents per unit)</b> | <b>20.42</b> |

### 14. Net tangible assets per unit

Net tangible assets per unit is a non-GAAP measure. The net tangible assets per unit is calculated on a Fund basis by dividing the net assets attributable to unitholders by the units on issue at the end of the period.

|                              | 2022 |
|------------------------------|------|
|                              | \$   |
| Net tangible assets per unit | 1.23 |

### 15. Contingent Assets, Liabilities, and Commitments

#### Performance fee

The Fund has a contingent liability for the performance based fee. The performance based fee is payable to the Manager in the form of units when the Funds performance exceeds the hurdle rate of return (of 10% per annum). The fee is equal to 20% of the excess return. The fee is calculated daily, however it is only paid on an annual basis following release of the audited accounts (based on the annual return).

Normally, the performance-based fee would be calculated and paid (in units) for the financial period ended 31 March each year.

The Fund's return for the period from inception to 31 March 2022 is significantly higher than 10%, for which a performance-based fee is payable. Because BIF has been in operation for less than a full year (since 24 August 2021), Booster has agreed to extend the measurement period for the calculation of the performance-based fee. The measurement period will now be from 24 August 2021 to 31 March 2023. The period of measurement has been extended to reduce the possibility that the returns achieved to date are not representative of a full year's return (though the manager has no reason to believe this to be the case).

Given the return of the Fund for the 19 month period ended 31 March 2023 is not known as it is ongoing, changes in investment valuations would impact the existence and/or value of the performance based fee. The performance fee calculated, and included in the unit price, as at 31 March 2022 is \$204,000.

#### Commitments

At the reporting date, the Fund has committed to additional investment amounts totalling \$750,000.

There are no other outstanding contingent assets or liabilities or commitments at the reporting date.

### 16. Events occurring after reporting date

Subsequent to the reporting date, one of the investee companies advised a key milestone has not been met. Whilst the information was received post balance date, based on the Fund's knowledge there were indications present at 31 March 2022 that this would occur. The value of the investments equity holding was reduced to nil on the basis the value was largely linked to the probability of meeting the key milestone. This was deemed to be an adjusting subsequent event and this is reflected in these financial statements as at 31 March 2022 within 'financial assets at fair value through profit or loss' on the balance sheet.

No other significant events have occurred since the reporting date which would impact on the financial position of the Fund or on the financial performance and cash flows of the Fund for the year ended on that date.

## Independent auditor's report

To the Unitholders of the Booster Innovation Fund (the only constituent fund of Booster Innovation Scheme (the "Scheme"))

### Opinion

We have audited the financial statements of the Booster Innovation Fund (the only constituent fund of Booster Innovation Scheme (the "Scheme")) (thereafter referred to as the "Fund")) on pages 1 to 13, which comprise the statement of financial position of the Fund as at 31 March 2022, and the statement of changes in net assets attributable to Unitholders, the statement of comprehensive income and the statement of cash flows for the year then ended of the Fund and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 1 to 13 present fairly, in all material respects, the financial position of the Fund as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Fund's Unitholders, as a body. Our audit has been undertaken so that we might state to the Fund's Unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Unitholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### Basis for opinion

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

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

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

Partners and employees of our firm may deal with the Fund or Scheme on normal terms within the ordinary course of the business of the Fund or Scheme. We have no other relationship with, or interest in, the Fund or Scheme.



## Key audit matters

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

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

## Financial Assets at Fair Value through Profit or Loss

| Why significant  | How our audit addressed the key audit matter  |
|--|---|
| <ul style="list-style-type: none"> <li>▶ The Fund's portfolio of investments, being its financial assets at fair value through profit or loss, represents substantially all of its total assets.</li> <li>▶ As detailed in the Fund's accounting policies, as described in Note 2 e) to the financial statements, the financial assets at fair value through profit or loss are recognised in accordance with NZ IFRS 9 <i>Financial Instruments</i>.</li> <li>▶ The portfolio includes investments in early stage entities which are unquoted, for which no other market price is available and whose valuation requires use of assumptions with little or no observable inputs. The Fund applies the market approach valuation technique, adjusted for changes in the business, to value these investments. In addition, similar investments are held through the Fund's interest in NZ Innovation Booster Limited Partnership (the Limited Partnership). The Limited Partnership values its interests in early stage entities in a similar manner.</li> </ul> | <p>In relation to the valuation of direct investments by the Fund, our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ Obtaining an understanding of management's assessment of the investment valuations and the methods used to assess these;</li> <li>▶ Considering the progress of the businesses against their anticipated performance metrics or recent fundraising activities by those businesses in assessing management's valuations;</li> <li>▶ Agreeing the purchase of investments to supporting evidence of the transaction; and</li> <li>▶ Validating the fair value gain recognised by considering the year end fair value and the purchase of investments during the year.</li> </ul> <p>For investments held through the Limited Partnership our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ Gaining an understanding of the processes used by the Fund to record investment transactions and revalue its units in the Limited Partnership;</li> </ul> |

- ▶ The fair value assessment requires significant judgement by management, in particular with regard to key input factors such as changes in the business and commercialisation of intellectual property, and the impact these have on valuation inputs. Therefore, the recognition and measurement of the investment portfolio is considered a key area of audit focus.
- ▶ Disclosures regarding the Fund's investments are included in Note 7 to the financial statements.
- ▶ Considering the work performed in, and results from, the audit of NZ Innovation Booster LP to provide evidence in relation to the recorded fair value of NZ Innovation Booster LP's investments;
- ▶ Ensuring the percentage ownership of each investment was appropriately reflected in the valuation calculations;
- ▶ Agreeing the purchase of units in to supporting evidence of the transaction; and
- ▶ Validating the fair value gain recognised by considering the year end fair value and the purchase of units in the Limited Partnership during the year.

We also assessed whether the disclosures in the financial statements appropriately reflect the Fund's exposure to financial instrument risk with reference to NZ IFRS 7 *Financial Instruments: Disclosures*.

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

The Manager of the Scheme is responsible for the annual report, which includes information other than the financial statements and auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

## Manager's responsibilities for the financial statements

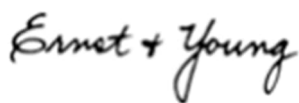
The Manager is responsible, on behalf of the Fund and the Scheme, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control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

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

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

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

A further description of the auditor's responsibilities for the audits of the financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>. This description forms part of our auditor's report. The engagement partner on the audit resulting in this independent auditor's report is Stuart Mutch.



Chartered Accountants  
Wellington  
20 June 2022



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