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Media Release

Offshore capital and Government support driving startup growth

PwC New Zealand and the Angel Association of New Zealand's latest report explores two factors having a positive impact on the growth of New Zealand's startups – increasing offshore capital and new Government funding.

The latest Young Company Finance Index data illustrates the role offshore funding is playing in New Zealand startups:

- The proportion of offshore funding in local startups has grown from 0% in 2006 to 23% in 2018
- In 2019, the average size of funding rounds including offshore capital has been over \$4 million compared to under \$600,000 for rounds without offshore capital
- The sector attracting the most offshore funding is Software as a Service with startups in this space receiving 48% of all offshore investment.

An increase in the support being provided by Government is also having a positive influence on the local startup ecosystem. The \$300 million funds programme announced in May will give startups looking for Series A backing to scale their businesses more opportunities to grow. At the beginning of the funding journey, KiwiNet data from the first half of 2019 also reveals increasing activity with \$1.14m of pre-seed grant funding provided to early stage startups.

PwC New Zealand Partner Anand Reddy says, “The Young Company Finance Index data highlights the important role offshore funding has in our ecosystem. This, along with the increasing commitment the Government is showing towards the sector makes it an exciting time to be part of the startup community in New Zealand.”

John O'Hara Angel Association Chair of New Zealand comments, “There has never been a better time in New Zealand to be a founder seeking funding or an investor looking to invest. This edition of Startup reveals that growth remains strong and we are on track for another year of well over \$100 million in new funding for early stage companies in 2019. I remember a time when the only access to capital was through bank debt often secured against the family home or other property - this is a huge sea change in just a generation.”

This analysis forms the basis of the latest edition of Startup Investment magazine, a bi-annual publication from PwC New Zealand and the Angel Association. More information can be found at pwc.co.nz/startupmagazine

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About PwC

PwC is dedicated to helping startups with great ideas make their way in the world. We provide support through tailored financial reporting, tax advisory and compliance, structuring, strategic advisory services as well as networking opportunities. We collaborate with others in the local ecosystem including Callaghan Innovation, NZTE, the Angel Association of NZ, KiwiNet, and other New Zealand VC funds. Alongside publishing StartUp Investment NZ, we are sponsors of Southern SaaS, KiwiNet Awards and the NZ Hi Tech Awards.

PwC New Zealand employs over 1,600 people and has offices in the Auckland, Waikato, Hawkes Bay, Wellington, Canterbury and Otago regions. Our people are dedicated to solving the complex problems businesses are facing in today's changing market place.

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more at www.pwc.co.nz

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The Angel Association of New Zealand (AANZ)

The Angel Association is an organisation that aims to increase the quantity, quality and success of angel investments in New Zealand and in doing so create a greater pool of capital for innovative start-up companies. It was established in 2008 to bring together New Zealand angels and early-stage funds. AANZ currently has 40 members representing over 800 individual angels associated with New Zealand's key angel networks and funds. Recent NZVIF data revealed angels have invested more than \$NZ681m in over 1200 deals and 414 companies in the last 12 years. AANZ works closely with NZTE, NZVIF and Callaghan Innovation and a number of private sector partners including Jarden, PwC, Avid Legal, Baldwins, KiwiNet, Uniservices, AWS, BNZ, Momentum and BECA. For more, please visit: www.angelassociation.co.nz