YOUNG COMPANY FINANCE

NZ GROWTH CAPITAL PARTNERS

ANGEL ASSOCIATION NEW ZEALAND

AUTUMN | 2025

News, comments and analysis on the young company market in New Zealand.

NUMBERS AT A GLANCE

After a strong second half (H2) of the year, full year (FY) 2024 finished with continued positive momentum, with a higher number of deals and a substantial rise in total investment. There were 146 successful fund raising rounds in the year, slightly ahead of the 144 in FY 2023. Total investment however, reached **$466.8** million, 34% up on 2023.

Among the deals in this period, the highest number of funding rounds were completed at the seed-stage, accounting for **45%** of all transactions in FY 2024.

New deals rebounded in H2 2024, with 30 deals: more than double the number for the same period in 2023. This took the total number of new deals for FY 2024 to 36, a 20% increase on FY 2023 but still below the five-year average.

Geographically, activity remained consistent with previous years, with the three main regions, Auckland, Wellington and Christchurch accounting for 81% of total deals in FY 2024.

FY 2024 saw continued growth in the Clean-tech and Health-tech sectors, with the combined proportion of deals within these sectors reaching 28% in FY 2024, up from 20% two years ago.

The landscape of lead investors has shifted, with venture capital funds now comprising **58%** of the total deals, while angel investors account for 37%, which reflects changing dynamics in the investment ecosystem. This shift in the share of venture capital investment has risen from 8% in 2019, when the Elevate NZ Venture Fund was established.

$466.8M

total investment amount for 2024.

45%

of successful funding rounds were into seed-stage companies.

58%

of deals were led by venture capital funds.

*FY = Full Year; H2 = 2nd Half Year

Positive trends in the second half of 2024, but challenges remain

Bridget Unsworth from the Angel Association of New Zealand

ANGEL ASSOCIATION NEW ZEALAND

The investment landscape in the second half of 2024 shows strong signs of continued recovery, with both deal volume and total investment levels significantly improving compared to the previous year.

While the number of deals has yet to return to the 2021 peak, total investment has nearly doubled, signalling a strong rebound in investor confidence. At the same time, the number of new deals has also doubled, further reinforcing renewed market activity. However, despite this increase, new deal flow remains below the five-year average – a key metric that needs to rise further to ensure a consistent pipeline of high-quality opportunities.

Encouragingly, seed investment has seen substantial growth, nearly doubling compared to the previous year. This demonstrates that investors are still willing to back early-stage start-ups, an essential component of long-term ecosystem health. However, the funding landscape remains weighted toward follow-on rounds rather than new deals, suggesting that while existing companies are securing continued support, more momentum is needed to fuel the next wave of start-ups. A sustained increase in new deal activity will be crucial for maintaining a steady flow of innovation and ensuring long-term growth.

In 2024, VC investment remained a key driver of the ecosystem, accounting for a significant share of total capital deployed. This reflects companies' ability to secure later-stage funding – a strong indicator of market maturity and investor confidence. To sustain this momentum, it will be crucial for angel investors to actively support both early and later-stage deals, ensuring a steady pipeline of start-ups that can progress through successive funding rounds.

Despite these positive trends, challenges remain, particularly in increasing new deal flow beyond the five-year average. A more robust pipeline of fresh investments will be essential to maintaining long-term ecosystem vitality. Encouraging greater participation at the earliest stages will help ensure that high-potential start-ups have the opportunity to scale and attract later-stage funding.

Overall, the market's trajectory is promising, with strong investment activity laying the foundation for further expansion. If these trends continue, the ecosystem will move toward a more balanced and sustainable funding environment, fostering innovation and long-term growth.

Velocity key to success for technology start-ups

Jacques Richter, Associate Investment Director at NZGCP

Velocity is a critical factor in the success of technology start-ups and the broader start-up ecosystem.

This refers to how quickly a company can iterate, scale, and achieve key milestones. In an environment defined by rapid technological advancements, shifting customer demands, and intense competition, start-ups that move fast are better positioned to capture market opportunities, attract investment, and establish a defensible position.

Kiwi founders are well known for their capital efficiency – getting more done with less. This remains a **superpower** of the local ecosystem. However, in a "winner-takes-most" environment – like the one in which most technology start-ups operate – it helps to be well-capitalised. Having sufficient capital is essential for increasing speed. Quicker iteration cycles allow start-ups to test assumptions, refine their value proposition, and achieve product-market fit ahead of competitors. In fundraising, high velocity demonstrates traction, **de-risks** investment, and attracts the capital needed for growth. A start-up's ability to onboard customers, scale operations, and expand into new markets quickly can define its competitive advantage.

At the ecosystem level, velocity is equally crucial. A high-velocity ecosystem – characterised by rapid knowledge transfer, capital recycling, and talent mobility – fosters a self-reinforcing cycle of innovation. Successful exits create experienced founders and investors who reinvest into new start-ups, compounding the ecosystem's growth. Start-ups and ecosystems that prioritise speed while maintaining discipline in execution maximise their chances of creating scalable, high-impact ventures that drive economic growth and technological leadership.

It is against this backdrop that we remain optimistic about the emerging trends in our ecosystem. In our last report, we noted increasing confidence in the sector and the emergence of **green shoots**. Despite subdued activity in H1 2024, decreasing interest rates and lower inflation fuelled investor appetite for early-stage investments. Increased liquidity was evident in the return of mergers and acquisitions (M&A) activity, with some notable exits enabling investors to return or recycle capital back into the pipeline of emerging start-ups.

The second half of 2024 proved to be more buoyant, with investment levels up from 2023 - both in terms of the number of deals and total capital invested. However, absolute activity levels remain low for a country of our size, and much more needs to be done to amplify this sector and unlock its vast potential for positive impact on the broader economy.

Beyond the overall improvement in activity levels, there are three key trends worth highlighting - trends we hope will continue into the foreseeable future.

1. Increased new deal activity

The number of new deals completed in H2 2024 was **twice** that of H2 2023. The past few years were disappointing for new company formation, with only 14 new deals recorded in H2 2023. This number more than doubled to 30 in H2 2024, which is an encouraging sign, as rebuilding the pipeline of emerging companies is imperative for a healthy ecosystem. However, it should be noted that this figure is not higher than the medium-term trend, and more needs to be done to accelerate ecosystem growth.

2. The growing role of venture capital funds

Early-stage investment is taking a back seat, but since 2021, we have seen increased activity from venture capital (VC) firms and a significant rise in expansion capital being deployed. Whereas in the past, these rounds were primarily funded by overseas investors, better-capitalised local VCs now enable start-ups to remain local for longer, **capturing and returning more value to New Zealand's economy**.

3. Larger average funding rounds

While some of this increase is due to the higher proportion of later-stage rounds, we are also seeing growth in early-stage funding rounds. This trend signals greater confidence and willingness to deploy capital at different stages of the start-up lifecycle.

These three trends bode well for **greater acceleration** within our ecosystem and the positive knock-on effects that come with an increased velocity of both start-ups and the ecosystem.

A high-velocity ecosystem – characterised by rapid knowledge transfer, capital recycling, and talent mobility – fosters a self-reinforcing cycle of innovation.

Jacques Richter, Associate Investment Director at NZGCP

FY 2024:

Start-up Ecosystem Overview

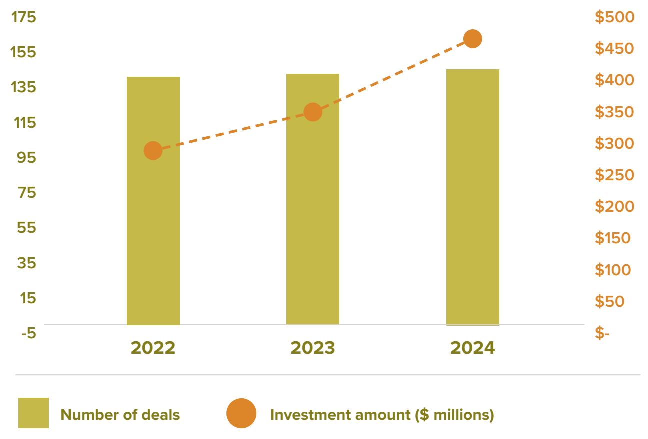
What the data shows

The start-up ecosystem continues its recovery, with both the number of deals and total investment amount increasing since the COVID-19 pandemic. In FY 2024, 146 deals were completed, with a total investment of $467 million. Both total and average investment amounts have shown continued growth over the past three years.

The share of new deals compared to follow-on deals has risen from 21% in FY 2023 to 25% in FY 2024, though it remains below the historical average of 35%. This was driven by a surge in new deal activity in H2 2024 which accounted for 30% of all deals during this period.

Comparing H2 2024 to previous second halves, there have been significant improvements in both deal volume and investment compared to H2 2023. The number of deals increased by 29%, while the total investment amount surged by 101%. Notably, eight deals exceeded $10 million in round size, four times the number in H2 2023, contributing substantially to the overall growth.

FY 2024 Number of Deals and Investment Amount



Deal Type Breakdown for H2 2024

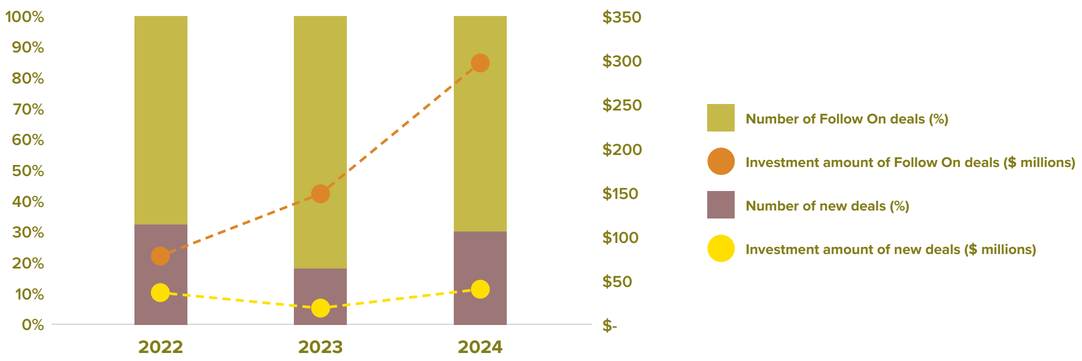
H2 2024 saw an increase in both new and follow-on deals compared to the same period in H2 2023. While follow-on deals experienced only a slight uptick, the number of new deals more than doubled, rising from 14 in H2 2023 to 30 in H2 2024.

Total investment in new deals also saw significant growth, reaching $45 million – up from just $20 million in H2 2023.

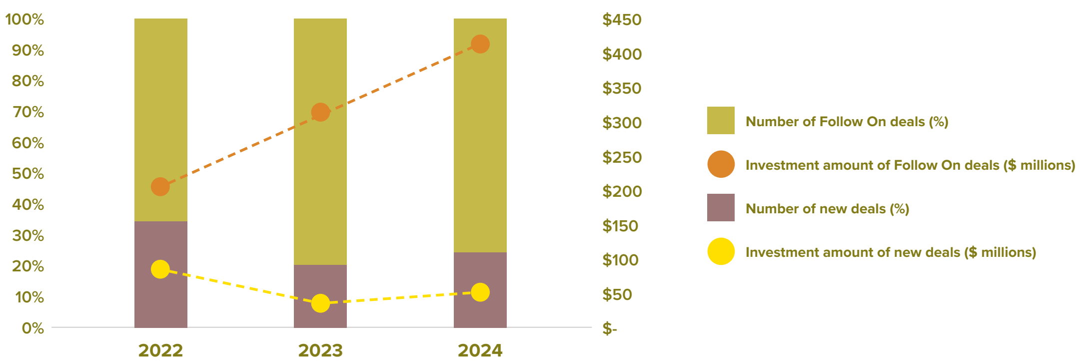
Deal Type Breakdown for FY 2024

For the FY 2024, the number of new deals rose to 36, up from 30 in FY 2023. However, despite this increase, the total number of new deals remained below the five-year average, indicating continued hesitancy among investors.

H2 2024 Deal Type Ratio and Investment Amount by Deal Type



FY 2024 Deal Type Ratio and Investment Amount by Deal Type



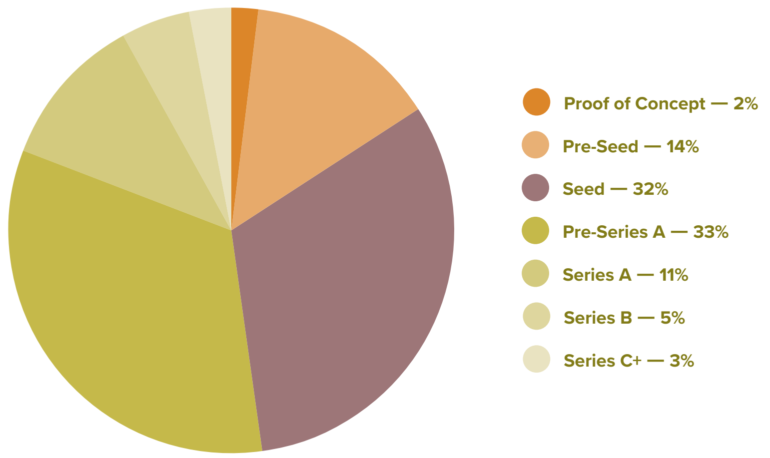
Stage Breakdown for H2 2024

The increase in investment activity in H2 2024 was primarily driven by the Early Expansion/Expansion stage. Investment at this stage surged to $271 million, more than doubling from $121 million in the same period in H2 2023.

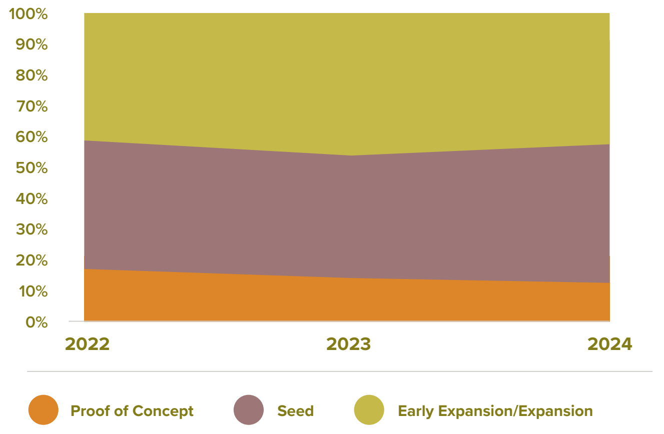
Stage Breakdown for FY 2024

For the FY 2024, Early Expansion/Expansion investment rose to $319 million, up from $268 million in FY 2023. This growth was largely fuelled by Pre-Series A ($96 million) and Series A ($134 million) investment. Seed investment also saw a strong rebound in FY 2024, to $124 million from $63 million in 2023.

H2 2024 Proportion of Deals by Company Stage



FY 2024 Proportion of Deals by Company Stage



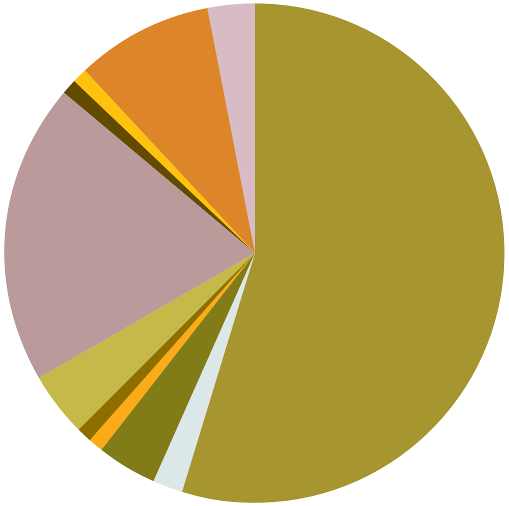
Regional Breakdown for FY 2024

Auckland's total investment amount in FY 2024 grew by 13% compared to FY 2023 and saw an 85% increase from FY 2022.

In Canterbury region, the total investment amount reached $42 million, nearly doubling its previous recorded high. FY 2024 saw multiple large funding rounds between $8 million to $12 million in the region.

However, the number of deals across the main centres (Auckland, Wellington & Canterbury), in FY 2024 remained consistent with activity recorded in the last three years.

Number of Deals by Region



- Auckland — 56%
- Wellington — 20%
- Waikato — 2%
- Nelson — 1%
- Bay of Plenty — 4%
- Marlborough — 1%
- Hawke's Bay — 1%
- Canterbury — 9%
- Taranaki — 1%
- Otago — 3%
- Manawatū-Whanganui — 4%

Sector Breakdown for H2 2024

After two years of declining H2 deal activity, investment in Software start-ups rebounded in H2 2024 to 47, compared to 29 in H2 2023, and 32 in H2 2022.

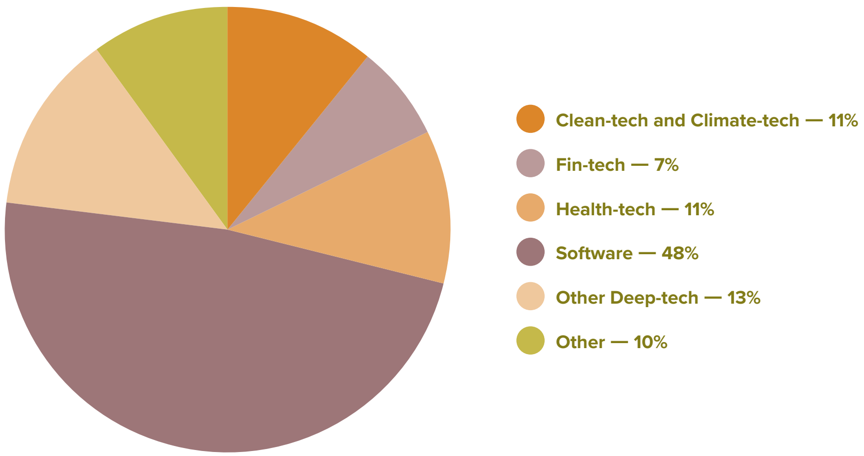
Software continues as the lead sector, at 48% of total investment across all sectors. Meanwhile, investment in Clean-tech/Climate-tech continued its steep upward trajectory, from $42 million in H2 2023 to $70 million in H2 2024.

Sector Breakdown for FY 2024

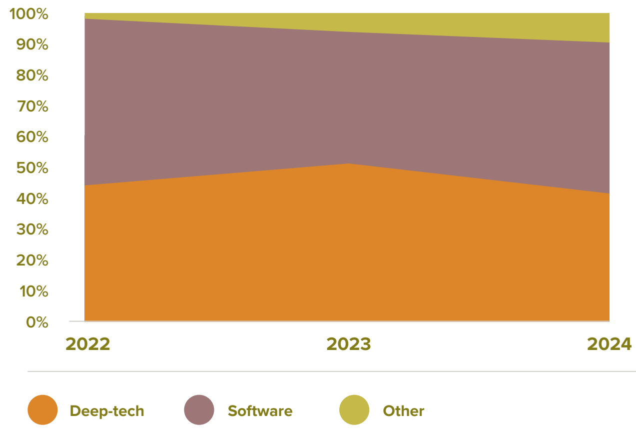
The Clean-tech and Health-tech sectors maintained steady growth in FY 2024, collectively accounting for 28% of all deals—up from 26% in FY 2023 and 20% in FY 2022.

However, their share of total investment declined to 33%, down from 48% last year. This shift was driven by a surge in Software start-up investment, which made up 46% of total investment in FY 2024, a significant increase from 27% in FY 2023.

H2 2024 Proportion of Deals by Sector



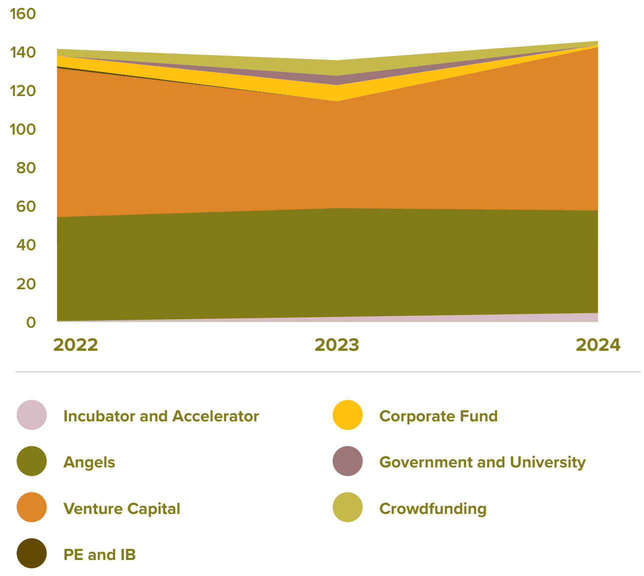
FY 2024 Proportion of Deals by Grouped Sector



Lead Investor Type Breakdown for FY 2024

The overall investment landscape in FY 2024 as it pertains to lead investors continued recent trends, with Venture Capital investors increasing their market share to 58% of total deals.

FY 2024 Proportion of Deals by Grouped Sector



New Developments in New Zealand's Venture Capital Landscape

New Zealand's venture capital ecosystem is undergoing significant changes, driven by both government initiatives and private sector momentum. The government has announced a renewed focus on attracting foreign direct investment (FDI) to support economic growth, while several New Zealand-based venture capital firms have successfully raised offshore capital to deploy locally. Additionally, reforms to tax policies, including Foreign Investment Fund (FIF) and Employee Share Ownership Plan (ESOP) rules, are under review to enhance the investment climate for start-ups and investors.

Government Efforts to Attract Foreign Direct Investment (FDI)

The New Zealand government has launched Invest New Zealand, a specialized agency designed to position the country as a top-tier destination for global investors. This initiative aims to streamline investment processes and provide tailored support to foreign investors, ensuring capital flows into key sectors such as technology, Agri-tech, Deep-tech, and Fin-tech. Additionally, proposed relaxations in investment-related visa policies signal a broader strategy to increase FDI inflows.

Offshore Capital Raised by New Zealand Venture Capital Funds

Several New Zealand venture capital funds have successfully raised offshore capital, reflecting increasing global confidence in the local start-up ecosystem. Icehouse Ventures, for example, has been active in securing international investments to support high-growth companies. Pacific Channel launched Australasia's first venture capital continuation fund. Early on in 2025, Direct Capital closed its seventh fund with contributions from NZ Super Fund which will invest in Australasian start-ups. These developments suggest that New Zealand is gaining recognition as a viable market for venture capital investments, which could lead to greater opportunities for local start-ups seeking funding for expansion.

Tax Reforms: FIF and ESOP Rules

Taxation has been a focal point for improving New Zealand's venture capital environment. Two major tax-related areas under review include Foreign Investment Fund (FIF) tax rules and Employee Share Ownership Plan (ESOP) tax regulations.

- **FIF Tax Rules:** The current FIF rules impact New Zealand investors who hold stakes in companies that later move their headquarters offshore. These tax rules can create complexities and unforeseen tax liabilities for investors. The government is reviewing these rules to ensure they do not discourage investment in high-growth companies with global ambitions.
- **ESOP Tax Reform:** While specific details are still under discussion, potential ESOP tax reforms could make it easier for start-ups to offer equity-based incentives to employees. Such changes would bring New Zealand's ESOP framework closer in line with global best practices, enhancing the ability of start-ups to attract and retain top talent.

Implications for New Zealand's Venture Capital and Start-up Ecosystem

These policy shifts are expected to create a more favorable investment climate by:

- Expanding the availability of venture capital for New Zealand start-ups.
- Encouraging foreign investors to participate in local venture capital funds.
- Providing start-ups with more attractive tools to incentivize employees via ESOPs.
- Strengthening New Zealand's position as a competitive player in the Asia-Pacific start-up ecosystem.

Notable divestments:

During H2 2024, the local start-up ecosystem witnessed several notable transactions, releasing capital back to early-stage investors such as the investment into Kami by Boston Ventures and the acquisition of Tradify by the Access Group and early on in 2025 notable acquisitions were announced for Robotic Plus and Quantifi Photonics.

As these regulatory and investment trends continue to evolve, stakeholders across the venture capital and start-up landscape should actively engage with policymakers to ensure that reforms effectively support both investors and entrepreneurs.

With the right mix of policy adjustments, capital inflows, capital released, and international engagement, New Zealand has the potential to cement itself as a thriving hub for innovation and venture investment in the coming years.

TERMINOLOGY

Stage Classification

The recent classification we used in the H1 2024 data collection is proof of concept, pre-seed, seed, series A, series B and series C+.

To ensure comparability with previous classifications, we have consolidated the categories as follows:

Proof of Concept Stage: This includes both Proof of Concept and Pre-seed stages.

Seed Stage: This includes both Seed and Pre-series A stages.

Expansion Stage: This includes Series A, Series B, and Series C+ stages.

Definition of the stages as follows:

Proof of Concept – The realisation of an idea alongside demonstration that a concept or theory has practical potential. The company is planning out what the product could look like, the problem it wants to solve and the ideal team to help realise this vision.

Pre-seed – The period in which a company's founders are first getting their operations off the ground. Starting to build the product, get a Minimal Viable Product (MVP) and iterating to find a market application.

Seed – Companies use the round of funding to iterate the product and find Product Market Fit. A repeatable go-to-market strategy should also be proven to secure interest from Series A investors.

Pre-Series A – This round is to finance the further strengthening the competitiveness of the product, technology, or service and to help the start-up achieve key milestones as it prepares to scale and gets ready for a Series A round.

Series A – Once a business has developed a record of accomplishment (an established user base, consistent revenue figures, or some other key performance indicator), that company may opt for Series A funding. Scale the team and expand sales efforts.

Series B – Series B rounds are all about taking business to the next level, past the development stage so that it can meet the levels of demand. Expansion offshore or into new markets.

Series C+ – At this stage, companies have demonstrated significant traction; winning in their targeted industries or geographies and achieved profitability. The capital is for further scaling of their business, to gain market share or expansion into new verticals or geographies.

Regional Classifications

Regional classifications align with the boundaries outlined in the Local Government New Zealand (LGNZ) council websites and maps. ↗ Council websites and maps – LGNZ

Sector Classifications

For the H1 2024 data collection, we utilized the vertical and primary sector classifications from PitchBook, categorizing companies into Deep-tech, Software, and other sectors.

Deep-tech: Start-ups in this category focus on developing technology solutions that address substantial mathematical, scientific, or engineering challenges. ↗ What is deep-tech and why do we invest in deep-tech companies? – NZGCP

Software: This sector encompasses start-ups whose primary offerings include various forms of software, software technology, distribution, and software product development. Products may be offered through subscription models or one-off purchases.

Contributors

NZGCP gathered the information on behalf of the ecosystem. We appreciate the following investors who made significant contributions to the H1 2024 data: Angel HQ, Arc Angels, Auckland UniServices, Blackbird Ventures, Climate VC fund, Cure Kids Ventures, Enterprise Angels, Even Capital, GD1 Fund, Icehouse Ventures, Maker Partners, Marlborough Angels, Motion Capital, Movac, Nuance Capital, Outset Ventures, Pacific Channel, Snowball Effect, Sprout and WNT Ventures. The dataset includes deals supported by Angels and Venture Capital firms; it excludes Private Equity deals and rounds led by offshore investors.

Data Collaboration – Investors

If you are an investor interested in contributing to our data collaboration, please feel free to contact us at reporting@nzgcp.co.nz. Your participation helps enrich the insights and trends within the start-up ecosystem.

Data Collaboration – Start-ups

If you are a start-up interested in contributing to the ecosystem dataset or displaying your company to the ecosystem, we invite you to join the NZ Dealroom platform to raise the profile of your company with both domestic and international investors. ↗ nz.dealroom.co

Once registered, you can search for other potential investors using the matching tool, explore the New Zealand start-up ecosystem and advertise any job openings.

METHODOLOGY

This report, following on from the changes noted in the previous Spring 2024 publication, combines both angel and venture capital investment data.

Our view is that separate reporting no longer best describes the state of the start-up ecosystem, which has matured, with investor activity straddling more of the typical start-up development stage. The focus of this publication is to provide information on start-up investment activity from the earliest stages of company formation to late-stage venture capital funding.

This report, therefore, does not include private equity investment activity or listed equity fundraisers, but it does include investment facilitated by crowdfunding platforms.

To compile this report, we surveyed angel groups, family offices, seed funds, venture capital firms, and crowd-funding platforms, collecting data on round sizes, company stages, sectors, regions, lead investor types, instrument types, and syndication. We also augmented this information with financial data platforms including Dealroom and PitchBook.

For this edition, we reconstructed the data of the prior two years to make like-for-like comparisons about the activity levels in this reporting period, therefore all chart visuals display data for only the last 3 years.

DISCLAIMER

The data presented in this publication is the result of voluntary collaboration among investors within the ecosystem. While we strive to capture most deals and reflect the overall trends, some transactions led by non-participating investors may not be included in this report.

Data is provided voluntarily by investors, and while we have undertaken efforts to clean and organize this data, we cannot independently verify its accuracy due to limited resources and restricted access to primary market deals. The information and graphs included in this publication are intended for trend indication and to stimulate discussions within the ecosystem.

Investors are encouraged to conduct their own due diligence and make informed investment decisions based on a comprehensive range of data. New Zealand Growth Capital Partners refuses any responsibility for claims of loss arising from the use of this data.

YOUNG COMPANY FINANCE
is prepared by NZGCP

To subscribe or comment, email info@nzgcp.co.nz or for more information visit nzgcp.co.nz

NZ GROWTH
CAPITAL PARTNERS

New Zealand Growth Capital Partners

Auckland —
Level 9, Suite 4
125 Queen Street
Auckland 1010

Wellington —
Level 9
5 Willeston Street
Wellington 6011

info@nzgcp.co.nz
↗ nzgcp.co.nz