



IEF Announces Investment in Waikaitu

18 April 2019



The Impact Enterprise Fund team are pleased to announce the second investment for the Fund, investing into regenerative agriculture business Waikaitu, as part of a \$1.1m capital raise to fund growth. IEF was the largest investor in the round alongside a strategic investor, with the remainder filled by individual investors and employees who contribute to Waikaitu in a range of areas including distribution, manufacturing expertise and product development.

Waikaitu is a Nelson based company that produces a range of certified organic fertiliser, bio stimulant and crop protection products manufactured from seaweed. Waikaitu has developed IP in the seaweed extraction process and in the formulations of its finished products.

The company is led by a highly experienced CEO, Alex Pressman, who previously founded and grew a Silicon Valley based technology company called Uniscape to over US\$10 million of revenue before achieving a successful exit for his investors, which included Sequoia Capital.

Waikaitu has achieved comprehensive penetration of the NZ domestic distribution system with sales into the top four horticultural supplies distributors in New Zealand. Penetration of organic fertilisers and crop protection products remains low (the majority still use synthetic chemicals), leaving a large domestic market opportunity to capture. Waikaitu is also currently undertaking a range of trials with international distribution partners to drive access to the European and Asian markets.

Investment Thesis

Prompted by recent research supporting marine permaculture as a method for combatting climate change, IEF management undertook a comprehensive scope of the New Zealand industry. Following discussions with private sector, regulatory, economic development and research stakeholders in the industry, Undaria Seaweed was identified as an attractive category to deliver our impact and commercial objectives, with Waikaitu the standout operator in the industry. Some of the factors that attracted IEF to Waikaitu / the sector include:

1. Strong impact delivery

- Substitution of chemical based fertilisers, stimulants and crop protection products for organic substitutes, leading to improved soil and insect health (e.g. bees)
- Seaweed is an effective carbon sink as it grows. Waikaitu's supply chain will move the growth of seaweed to controlled environments as volume scales
- Seaweed helps to remove nutrients which have runoff into waterways, as seaweed is a filter feeder which absorbs nutrients as it grows
- Recent research suggests consumption of seaweed products by grazing animals (cattle, sheep etc.) can reduce their methane emissions

2. Fast growing market with favourable market dynamics

- Selling into large, growing markets for organic crop protection products, driven by consumer trends

- Supportive regulatory environment, with some European countries phasing out synthetic chemical-based fertiliser and crop protection products by 2022
- Seaweed extract is one of the fastest growing market segments in global agriculture
- 3. International export opportunities for high value products**
 - The domestic landscape remains relatively nascent, providing an opportunity to play an integral role in commercialising this promising sector
 - Opportunity to promote NZ prominence in high-value products
 - Strong international consumer and investor interest
- 4. Undaria Seaweed is a highly nutritious product with flexible applications**
 - Applications for a broad range of sectors, including agriculture (fertilisers, crop protection, bio stimulants), nutraceuticals and human food
 - 'Future of food' category – sustainable production, high yield, plant based

About the Impact Enterprise Fund

The Impact Enterprise Fund is a collaboration between the Ākina Foundation, New Ground Capital and Impact Ventures. The \$9m Fund boasts a highly experienced board and team, and is pioneering the development of the impact investing in NZ.



The Ākina Foundation

Ākina is New Zealand's leading social entrepreneurship and enterprise development organisation. Since 2012, Ākina has focused on building the capability of businesses with impact and developing new market and investment opportunities in the sector.

New Ground Capital

New Ground Capital is an Auckland-based investment manager specialising in the development and management of innovative and impactful investments.

Impact Ventures

Impact Ventures is a company established to provide Impact Investing and corporate finance advisory services and offers significant Investment Banking experience to the fund management team.

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Board of the General Partner of Impact Enterprise Fund

The General Partner has an experienced Board of Directors that oversees the Fund's operations. The Board currently comprises; Independent Chairman Paul Majurey, representatives from Ākina Foundation Gavin Fernandez and Louise Aitken, and representatives of New Ground Capital Limited Jonathan Holden and Joy Marslin, as shareholders of the General Partner.

Investment Committee of Impact Enterprise Fund

All investment decisions of the Fund must be approved unanimously by the Investment Committee comprising; Sophie Haslem, Roy Thompson and Martin Stearne.