2022

THE STATE OF AUSTRALIAN STARTUP FUNDING

Cut Through Venture | Folklore Ventures

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10 THINGS TO KNOW

01

EQUITY FUNDING TO AUSTRALIAN STARTUPS DROPS BY 30%

Australian startup funding followed the global trend, with total funding tumbling from its 2021 record high. Investors estimate valuations fell by 29% year-over-year, and the number of $50M+ mega deals fell off a cliff.

02

RESILIENCE IS SHOWN AMIDST A GLOBAL ROUT

Despite the fall, Australia's funding ecosystem showed resilience vs many listed technology and international venture markets. Total funding fell than in less than many venture ecosystems, and early stage ticked up.

03

A GREAT TIME TO BE AN EARLY-STAGE FOUNDER

The depth, breadth and diversity in the early-stage funding ecosystem meant that early-stage deal activity was more active than ever in 2022. The total small deal count held steady amidst broader falls, and funding to early deals increased.

04

VC WALLETS FULL BUT UNDER LOCK AND KEY

Record new VC funds announced, and more money than ever poured into venture. But, most investors are now deploying more cautiously. VC fund LPs now demand a more conservative investment cadence, but a strong investment appetite remains.

05

PORTFOLIO PROTECTION BECOMES THE PRIORITY

VCs prioritised follow-on investments to ensure their current portfolio's health. 55% reported that over half their investments were in existing portfolio companies, while 80% reported participating in an unannounced bridging round.

06

FINTECH'S DOMINANCE WANES IN VOLUME AND POPULARITY

Despite keeping the top spot, Fintech funding almost halved and contributed almost 40% to the overall funding fall. Enterprise SaaS rose to within $100M of top spot. Fintech sentiment also dropped, ranking 17th among most exciting sectors among investors. Climate/Cleantech remain top Angel and VC picks.

07

GREEN SHOOTS FOR WOMEN, BUT PARITY IS A WAY OFF

Female founder participation in deals reached an all-time high in 2022, but their share of funding dropped to a level unseen in years. Early-stage funding increased dramatically, but the share in later-stage financing cratered with just one woman-founded startup ranking among the year's ten largest raises.

08

INDIGENOUS FOUNDER EXPERIENCE IMPROVES, BUT WORK REMAINS

Indigenous startups have seen exponential growth fuelled by new and traditional investment mechanisms. Dedicated organisations are broadening the opportunities for Indigenous startups and helping Indigenous entrepreneurs be investor-ready.

09

NEW CHANNELS PAVE THE WAY FOR NEXT-GEN ANGELS

Angel investing continued on its upward trajectory in 2022. New vehicles made it easier for angels to invest together and reduce the required minimum investment. Women angels' participation also increased during the year, and they remain more confident than their male counterparts about 2023.

10

RECORD YEAR FOR VENTURE DEBT AND CROWDFUNDING

The search for non-dilutive options led to a surge in venture debt demand. The market has seen an increase in the number and diversity of venture debt funds, providing more options for funding. The number of successful crowdfunding campaigns also rose, primarily driven by Food/Beverage sector.

A WORD FROM CUT THROUGH venture

As investors and builders of startups, we have a bias for progress – fast progress. So, for some, the tumble in total funding for Australian startups of more than $3 billion feels like a step backward for the local ecosystem. But it's not.

Local funding market resilience in 2022 signalled more significant higher-level progress than any funding record could have. In a global environment where many of the world's largest technology stocks plunged by 70%, and some global startup markets froze, the Australian funding ecosystem did not stop. Deal speed slowed, and fewer huge 'mega rounds' occurred, but funding still flowed.

The Australian startup funding ecosystem is unrecognisable today compared to just a few years ago. There is depth and breadth in funding options for founders that hasn't previously existed. More investors invested at earlier stages in 2022 than ever. Depth at the later stage is improving, too – there is a growing cohort of at-scale local funds that can lead later rounds with sizable cheques.

The people involved are more experienced and diverse than ever. They are investors who've been operating locally for over a decade, or have returned home after honing their skills overseas. Others bring perspective acquired by scaling companies or grinding away in other areas of finance. The gender mix, particularly at the sub-Partner level, has improved year over year.

This depth, breadth, diversity and experience on the funding side bodes well for founders.

There's more money on the sidelines, ready for deployment startups than ever before. And it will be. Investors must invest to keep their jobs.

But it will be deployed patiently. Good investors will perform real due diligence. They'll meet with customers, and the entire management team, read customer reviews, and evaluate competitors. Hell, they may even challenge financial plans. They'll seek investments with a compelling business case, but also good founder/investor chemistry and shared vision.

This will be good for both founders and investors: It'll mean fewer surprises, better alignment, and a bedrock of trust you should want when you kick off any long-term relationship.

Indeed, 2022 was a challenging year for some founders on the funding front. Some startups still thrived, but others had to close their doors. Others had to alter their operating model to be less funding-dependent.

2023 will bring a new set of challenges and opportunities altogether. No two founders will experience the same outcome when fundraising. Achievable valuations will tie to the underlying business performance and the substantiveness and importance of the solutions delivered. Some will find it easy to raise; for others, it will be impossible.

The calibre of the entrepreneurs I've met since returning to Australia gives me comfort that the startup ecosystem is in the best shape it's ever been. There are difficulties ahead, but that's why founders are founders: they like doing hard things.

Chris Gillings
Five V Capital &
Cut Through Venture

A WORD FROM Folklore Ventures

Over the last decade, Australia's startup funding environment has gone through astonishing growth and change. From small beginnings and millions invested each year to the emergence of globally significant companies and billions invested every year, the importance of understanding how funding is allocated, with real data sourced from a majority of participants, has never been more important.

When Folklore and Cut Through Venture came together to create this report, our hope was for a collaboration between investors, startups, and stakeholders and to paint a complete picture of Australian startup investment shared by people on the inside. The input from more than 500 founders, angels and investors builds upon the success of the 2021 report to deliver a comprehensive view of our funding environment, our diversity progress, and a true sense of the scale of our ecosystem's collective ambition.

Whilst there is much to do to improve diversity, funding outcomes for women and underrepresented founders continue to improve from a low base, with 24% of total investments, and 33% of early-stage investments going to women-led startups. This year's report also highlights the expanding diversity of funding sources available to founders, which along with VC funding includes a growing base of experienced angel investors, syndicates, venture debt funds and small-scale private equity.

Early-stage investment was a bright light as the pace of aggregate capital deployment slowed, and mega-rounds declined. In 2022, early-stage investment represented more than 60% of total investments made, an increase of 13%. This increase bodes extremely well for our ecosystem as a signal to founders that their ambition will be met by investors ready to back great talent.

However, it is said that the idea of capitalism without loss is like religion without hell. And the proportion of down-rounds completed in the second half of 2022, demonstrates the extent of the balance sheet support required by startups as capital markets pulled back and 'grow at all costs' became a forgotten trope.

In this respect, a two-tier funding environment emerged in 2022 resulting in a competition for capital between new 'cohorts' of early-stage startups backed by significant VC dry powder, and 2020-2022 funded startups adjusting to more sustainable business models in order to capture follow-on investment as cash runways begin to tighten towards the end of 2023-2024.

Our ecosystem is simultaneously experiencing a tough economic cycle and demonstrating the compounding progress and resilience built up over the last decade – it's truly exciting to be in the golden era of Australian startups.

We hope you enjoy the report and find it insightful.

Alister Coleman
Founder & Managing Partner
Folklore Ventures

01

THE STATE OF VENTURE CAPITAL

In the face of global turbulence, Australia's startup funding ecosystem exhibited the resilience of a mature funding market in 2022.

Funding to Australian startups dropped from its 2021 peak, a tumble driven by a substantial fall-off in the mega-deals the market became accustomed to in 2021. However, early-stage funding was never stronger, with more early-stage startups getting funded than in any other year.

We remain optimistic about the future of the Australian startup ecosystem. In a year of turbulence, more newly launched Australian startups were funded by local investors than ever.

We still believe there has never been a more exciting time to be an Australian startup ecosystem participant.

5 THINGS TO KNOW

01

SECOND BIGGEST YEAR ON RECORD – IN A YEAR OF TWO HALVES

Q1 was the second biggest funding quarter on record, and 2022 looked like it would continue with the momentum that 2021 finished – until Q2 hit.

Then, deal count and total funding in Q2 and Q3 plummeted, and the quarters were the slowest since 2020. So while more than double the funding flowed into startups in 2022 than in 2020, the eleven-figure funding record set in 2021 stayed way out of reach.

02

EARLY-STAGE WAS NEVER STRONGER, BUT VALUATIONS SUNK

2022 was a strong year for startups kicking off their fundraising journey. More early-stage deals occurred than in 2021, and median deal sizes at the Seed and Series A rounds increased while Pre-Seed stayed steady.

However, our survey showed that 80% of VCs believe valuations sank by more than 20%. The average estimated fall in values was 29%.

03

CASHED-UP LOCALS SLOW DOWN, AND GLOBE TROTTERS RETURN HOME

82% of the most active investors in 2021 made fewer investments in 2022, and two of them made none.

More new VC funds came to market and raised more capital than ever, but the expectation is that they'll be slow to deploy that funding. Slow and steady fundraising processes, slower investor decision-making, and deeper diligence became trendy again after their abandonment in 2021.

With plenty of noise to deal with in their home markets, global investors flew north in Q4.

04

SIX NEW UNICORNS, BUT TALK OF DEHORNING IS BREWING

There are now 15 unicorns in the Australian stable. Canva, Australia's decacorn, saw its valuation marked down, while Airwallex raised equity at the same valuation.

The down rounds trend prevails globally, raising concerns for the unicorn status of some Australian startups in 2023.

05

INVESTOR APPETITES SHOW SIGNS OF CHANGE

Fintech was again the top-funded segment in 2022, but Enterprise & Business software trailed close behind. More notable was Fintech's absence from the 15 most exciting sectors for investors in 2023.

For the second year running, Climate/Cleantech has local VCs excited for the year ahead. The sectors also inched up their share of funded deals in 2022.

THE FUNDED CLASS OF **2022**

Agriculture / Agtech

Artificial intelligence / Big Data

Biotech / MedTech

Cybersecurity / Data Privacy / Digital ID

Blockchain / Cryptocurrency / Web3

Climate Tech / CleanTech

Consumer Product (non Food / Bev)

Design / Publishing / Collaboration

Transportation / Logistics / Supply Chain

Deep Tech

Legaltech

DevTech / Developer Tool

Space / Aviation / Defence

Gaming / Esports

Ecommerce / Retail

EdTech / Training

2022 THE STATE OF AUSTRALIAN STARTUP FUNDING

Enterprise / Business Software

PropTech / RealTech / Construction

Hardware / Robotics / IOT

Fintech

Healthtech

MarTech / AdTech / SalesTech

Food / Beverage

Marketplace

Social Networking / Media

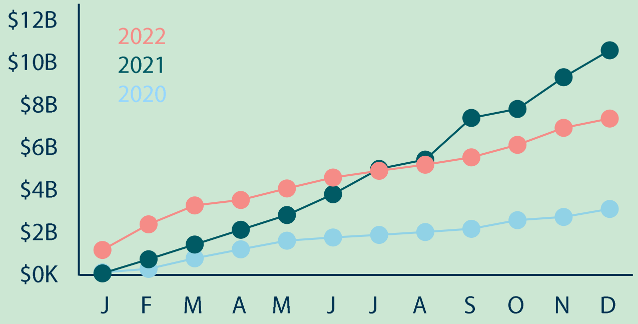
Note: Some logos omitted as deal announcement not public at the time of publishing.

AUSTRALIAN VENTURE CAPITAL IN **2022**

THE STATE OF AUSTRALIAN STARTUP FUNDING

712 DEALS

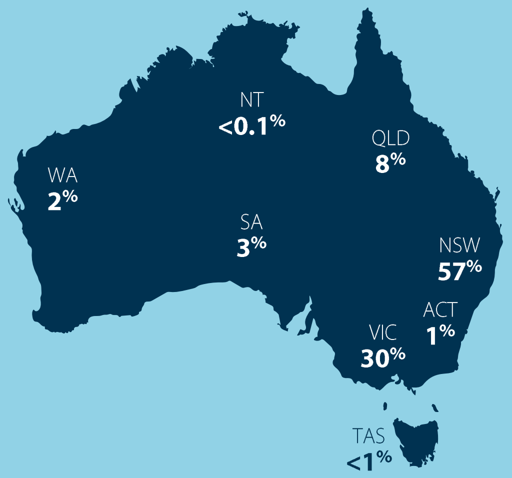
$7.4B FUNDED



6 New Unicorns

34% Of investors saw a portfolio company fail in **2022.**

Share of capital raised by state



Top 5 sectors by capital raised

Fintech **$1.3B**

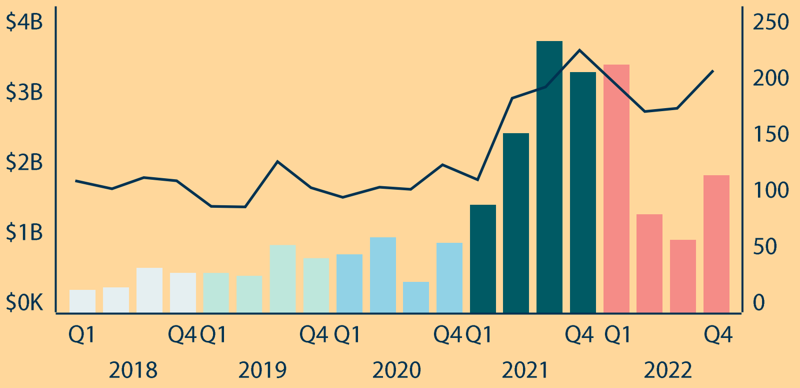
ENTERPRISE / BUSINESS SOFTWARE **$1.2B**

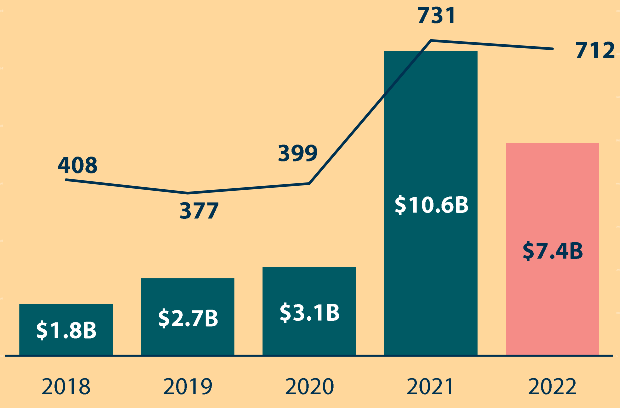
HARDWARE / ROBOTICS / IOT **$554M**

BLOCKCHAIN / CRYPTO / WEB3 **$510M**

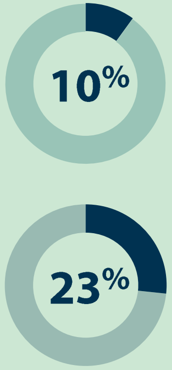
BIOTECH / MEDTECH **$387M**

Total capital raised and number of deals – quarterly and annual





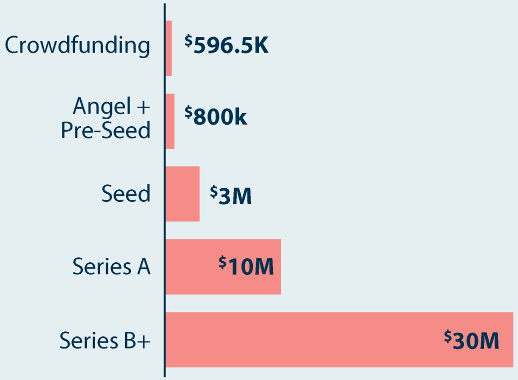
Women founders' share



Equity Capital Raised
down from 21% in 2021

Deal Participation
up from 18% in 2021

Median deal size



To modify Bill Gates' quote to describe the Australian startup ecosystem: you will overestimate the data from a year and underestimate it over a decade.

To look back and see the rise of our ecosystem over the last decade has been unimaginatively stunning.

I can't wait for the next one.

Niki Scevak
Co-Founder & General Partner
Blackbird VC

The startup ecosystem in Australia has grown dramatically in recent years.

Whilst there was a decline between 2021 and 2022, the broader story is the **dramatic increase in the amount of money raised by startups in Australia over the last few years.**

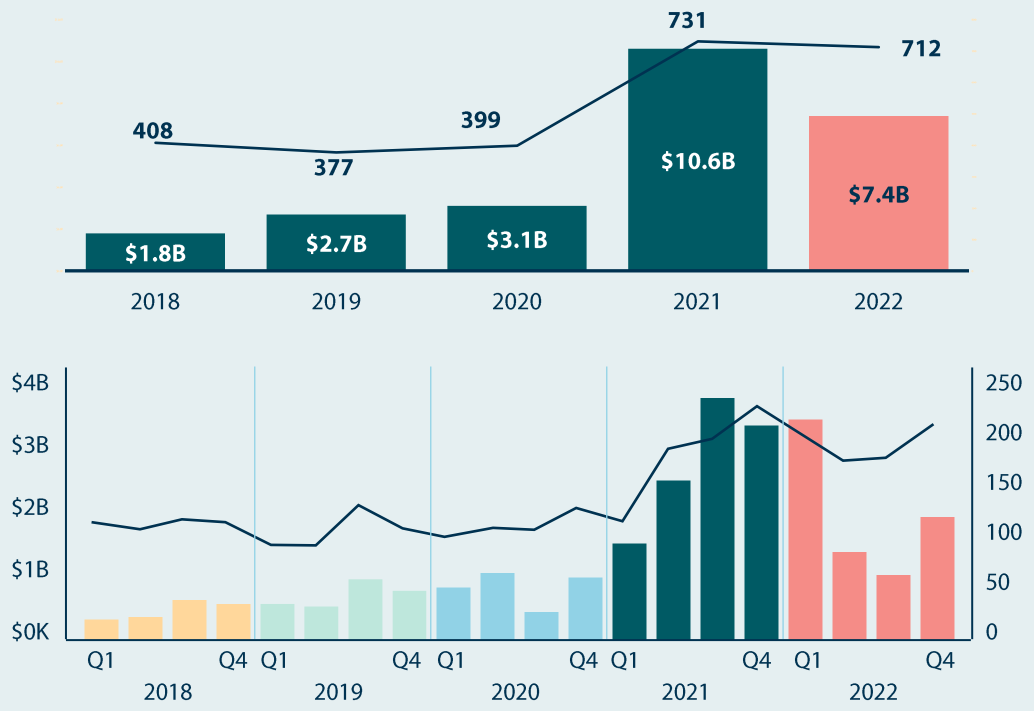
We may see further cyclical declines in 2023 but the rise of the startup in Australia is an inexorable trend with deep roots. We should all celebrate this achievement.

Paul Bassat
Co-Founder & Partner
Square Peg

RECORD-SETTING START TO 2022

The unprecedented funding momentum that continued into early 2022 was derailed by the global slowdown in Q2.

Total capital raised and number of deals – quarterly and annual



As 2022 dawned, it appeared as though the record-breaking deal activity of the previous year would continue. Australian startups were achieving unicorn status at an unprecedented rate. Funding rounds were breaking records left and right. Even monthly funding totals seemed poised to reach new heights.

However, global markets had other plans.

The slowdown hit with a vengeance. Deal announcements in Q2 plummeted to levels not seen since the first quarter of 2021. This local slowdown, which had begun within the funding ecosystem in late 2021, was reflected in the data almost a quarter later. It followed the lead of listed global technology indexes and global venture markets, which all suffered dramatic declines.

Uncertainty took hold during the first and second quarters of the year. Deal times extended, rumours of pulled term sheets surfaced, and megadeals, which had become commonplace, all but disappeared. A gap emerged between founder and funder price expectations, and deals slowed considerably as the market struggled to recalibrate in real time.

However, a late surge in large deals in the fourth quarter suggested that the pricing recalibration might have occurred, and that founders who had been sitting on the sidelines were once again entering the field.

By year's end, Australian startup funding had reached $7.4 billion, marking a 30% decline from the $10.6 billion invested in 2021. Despite the slower funding environment in 2022, investors poured in $4.3 billion more than they had in 2020, and the market exhibited a resilience not seen in prior global downturns.

EARLY-STAGE FUNDING NEVER STRONGER

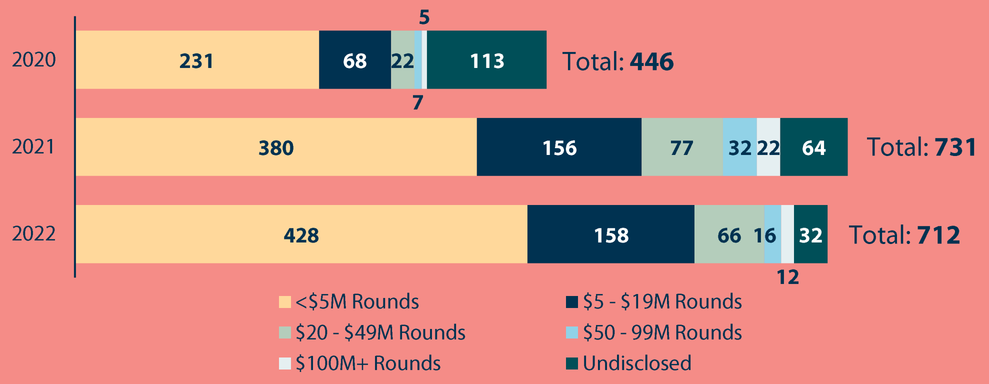
Total deal count and capital funded at the earliest stages hit a record high in 2022.

The number of deals announced in 2022 fell just 3% from the record number achieved in 2021. Sub-$5M rounds drove growth, rising by 13%, while $5-20M rounds remained steady. Deals larger than $20M saw a significant drop of 27% from 2021 levels.

Australia's early-stage funding defied global trends. Funding for pre-seed and seed stages dropped in the US and Europe.

Australia now boasts a robust pool of local professional venture funds, family offices, angel networks, and experienced individual investors willing to back startups at their earliest stages. This includes both new funds and existing funds that shifted their focus to earlier stages or doubled down on their early-stage mandate.

Even in the face of local and global funding market uncertainty, conditions were ripe for launching a startup or raising a small early-round in 2022.



13% Increase
in disclosed deals <$5M vs. 2021 (428 vs. 380)

$530M Total funding
to deals <$5M in 2022 (up 7% on 2021)

52% Decrease
in disclosed deals >$50M vs. 2021 (28 vs. 54)

Despite the mid-year slow down, **2022 was a record year for the very earliest deals.**

There has been a real maturing in Australia's early stage investing landscape. Now, we just need to make sure we have the funds to support through the pre-Series A valley of death.

Kylie Frazer
Co-Founder & Partner
Flying Fox Ventures

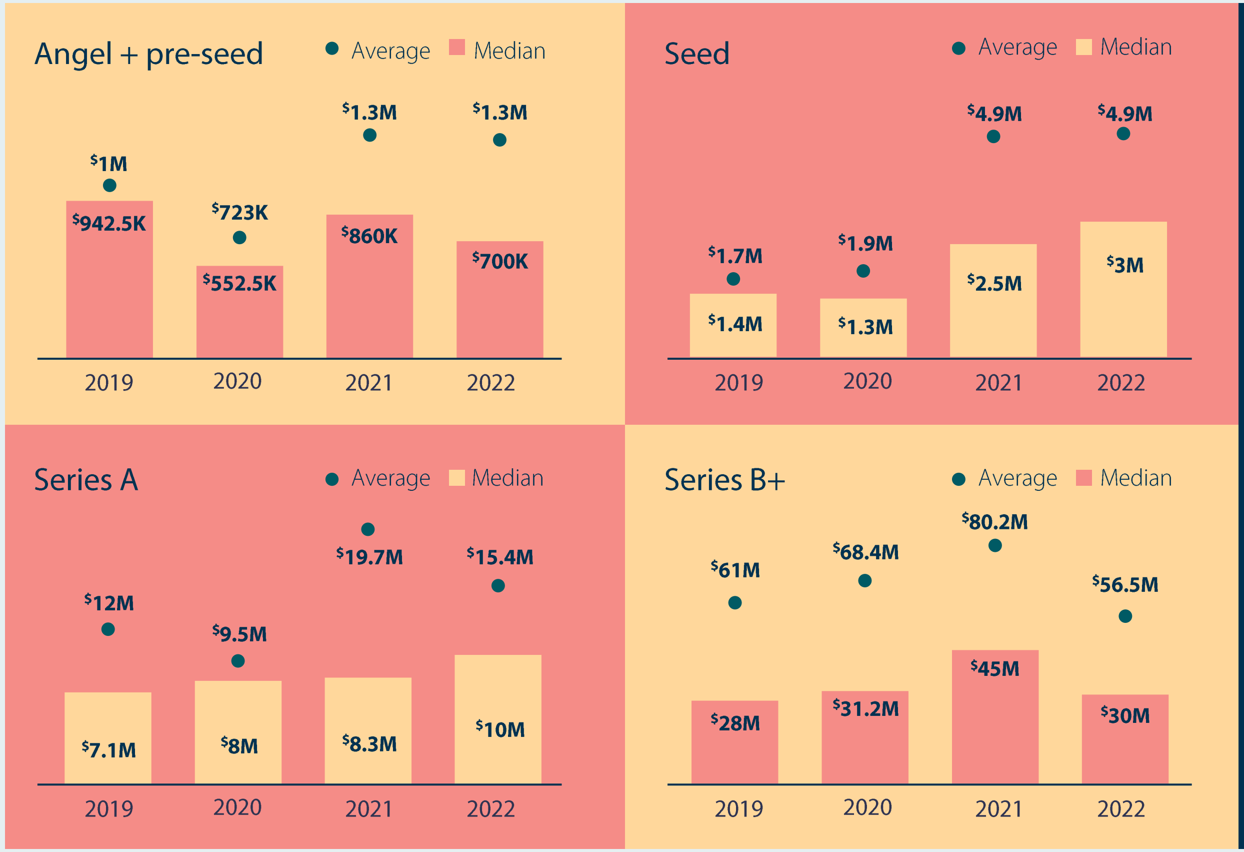
EARLY-STAGE DEAL SIZE HOLDS STEADY, LATER STAGE COOLS

The deal sizes of late-stage deals plunged, with many of Australia's largest startups sitting on the funding sidelines.

Without publicly available deal valuation data, we use the shift in average and median deal size as a proxy for changes in valuations. The size of the spread between averages and medians reflects the prevalence of outlier deals.

The fall in outlier deals across all stages resulted in average deal sizes shifting downward at all stages. Investors reported that competitiveness in later-stage deals fell dramatically. Paired with the fall in megadeals, this meant that the median Series B or later deal dropped by 50% while the average-to-medium spread also fell by 25%.

Whilst reported competition at the earlier stages also fell, the influx of capital at those stages counteracted this. Median seed and Series A deal sizes increased year-over-year.



35% of investors felt that pre-seed and seed deals became more competitive in 2022.

17% felt Series A and B deals became more competitive.

2% felt Series C+ deals became more competitive.

MEGA DEALS TANK, WITH LATE FLURRY IN Q4

The second and third quarter marked the period of 'peak pricing disconnect' between founders and funders.

Mega deal activity fell in 2022, but from an incredibly high base. To put things in perspective, 2021 saw more $50M+ deals than the prior three years combined, with 22 deals between $50-100M and a further 32 above $100M. Collectively, these 54 deals accounted for 60% of the total invested capital recorded for the period.

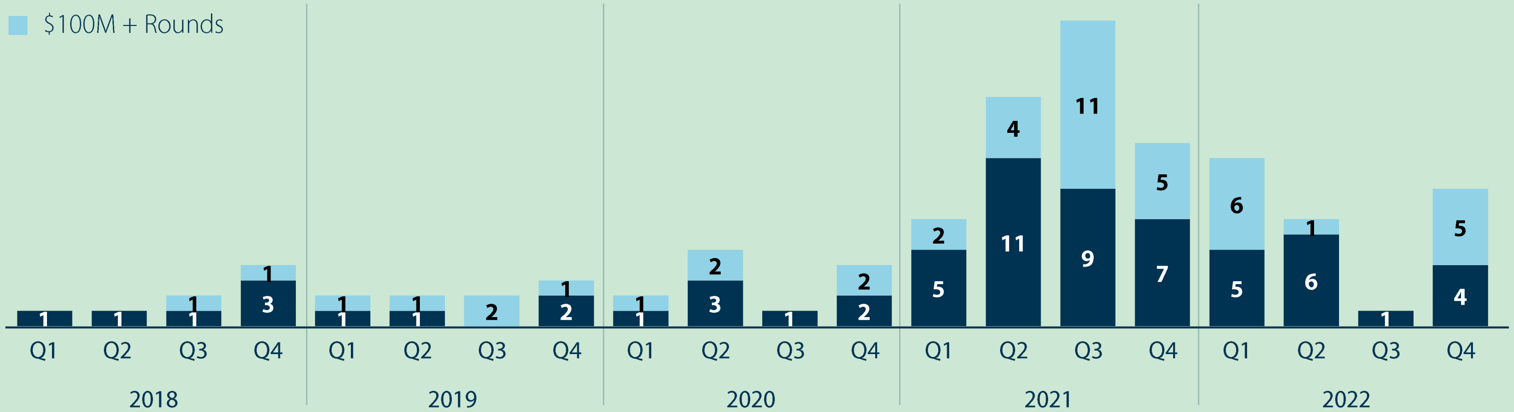
The first quarter of 2022 started with a bang, with 11 large deals announced in quick succession. Q2 rapidly reset the pace, slowing progressively as the quarter continued. To close deals, founders and investors must be on the same page – and they weren't in Q2 and Q3.

In Q3, vertical farming startup Stacked Farm was the lone raise above $50M, raising from a mix of local and US investors. Q4 brought a flurry of large deals: 7 of the 10 startups that raised had previously raised within the last 12 months.

28 Announced deals of >$50M **(2021: 54)**

47% of total capital accounted for by 28 largest deals

Count of deals >$50M – by quarter



In 2022, later stage private deal valuations have been more sensitive to the public markets volatility resulting in a general reset in valuations for new primary rounds. Compared to 2021, we saw less exuberance, lower speed to a deal and less 'tourist' investors in the market. We also saw more internal bridging rounds, increased deal structuring and investor selectivity.

Looking forward, 2023 may well be a great vintage year as the pipeline remains robust with companies staying private for longer, and founder and investor expectations converge.

Karen Chan
Portfolio Manager
Perennial Partners

28 DEALS EXCEEDED $50M; RAISING OVER $3.4B

Mega deals rode a rollercoaster: starting at all-time highs, falling to lows not seen in 24 months, and then surging back at the tail-end of 2022.

Despite the dramatic fall in the quantity of large deals, the sector diversity of the startups receiving $50M remained high.

Fintech led the way, accounting for 6 deals, followed closely by Enterprise & Business Software at 5 deals.

16
Industries
represented in
2022 megadeals.

Despite market conditions through 2022, Australian startups have, in general, demonstrated their resilience to trade through the oscillations of the economy.

We continue to see the rise of the Australian entrepreneur as a long running thematic and consider the current period as a "golden age" for Australian technology innovation.

Justin Lipman
Partner
EVP

2022 $50M+ Deals

Startup	Q	Sector	Round
Cyara	Q1	Ent / Biz Software	$499M
Scalapay	Q1	Fintech	$355M
Immutable	Q1	Web3/ Crypto	$280M
Employ' Hero	Q1	Ent / Biz Software	$181M
Morse Micro	Q4	Hard / Robo / IOT	$170M
Airwallex	Q4	Fintech	$160M
Linktree	Q1	Social / Media	$152M
Go1	Q2	EdTech / Training	$145M
Synchron	Q4	Biotech / MedTech	$110M
Adv Navigation	Q4	Hard / Robo / IOT	$108M
Zeller	Q1	Fintech	$100M
Cover Genius	Q4	Fintech	$100M
Karbon	Q1	Ent / Biz Software	$92M
MILKRUN	Q1	Ecommerce / Retail	$75M

Startup	Q	Sector	Round
Performio	Q2	Ent / Biz Software	$75M
Carma	Q2	Ecommerce / Retail	$75M
Vow	Q2	Food / Beverage	$74M
HappyCo	Q1	ProTech / RealTech	$72M
Shippit	Q2	Trans / Logistics / Supply	$65M
Dovetail	Q1	Ent / Biz Software	$63M
Eucalyptus	Q1	Healthtech	$60M
Stacked Farm	Q3	Food / Beverage	$56M
Viridios Capital	Q4	Climate Tech / CleanTech	$55M
Catheon	Q4	Gaming / Esports	$55M
Samsara Eco	Q4	Climate Tech / CleanTech	$54M
Tic:Toc	Q4	Fintech	$54M
Regrow Ag	Q2	Agriculture / Agtech	$50M
Stake	Q2	Fintech	$50M
		Total	**$3.4B**

SECTOR BREAKDOWN

Capital-efficient Enterprise & Business Software closes in on Fintech as the dominant sector.

Fintech again led in terms of total capital and deal count in 2022. However, it also experienced a more significant fall in investment than the following ten furthest-falling sectors combined. The fall in capital flows to Fintech constituted 38% of the total fall in funding.

This trend mirrored sentiment globally, as US funding for the sector dropped 46%, and Europe experienced a similar decline. The fall in Australia was largely driven by the absence of megadeals in the sector. This was due to a cataclysmic fall of publicly-listed Fintechs globally and a change in sentiment against the buy-now-pay-later segment.

Enterprise/Business Software was a big gainer and moved within striking distance of Fintech. The appeal of these businesses, which are typically capital-light and globally scalable, meant more deals were transacted at flat to slightly larger deal sizes.

Other winners included Climate/CleanTech, which maintained its popularity among investors, and Crypto/Web3, which started the year strong but faded in 2H due to global turbulence and controversy.

See page 34 of the report for deep dives on some of the biggest movers.

$1.2B ▼

Decrease in funding to Fintech companies **vs. 2021.**

$350M ▲

Increase in funding to enterprise software companies **vs. 2021.**

Investment by sector (arrow indicates change from 2021)

Sector	2022 Total Funding		2022 % of Funded Deals	
Fintech	$1.26B	▼	12.24%	▼
Enterprise / Business Software	$1.25B	▲	7.17%	▲
Hardware / Robotics / IOT	$553M	▲	5.24%	▲
Blockchain / Cryptocurrency / Web3	$510M	▲	5.24%	▲
Biotech / MedTech	$380M	▼	5.42%	▼
Climate Tech / CleanTech	$364M	▲	7.52%	▲
Ecommerce / Retail	$297M	▼	4.55%	▼
Healthtech	$297M	▼	6.29%	▼
PropTech / RealTech / Construction	$295M	▼	4.20%	▼
EdTech / Training	$291M	▼	4.20%	▲
Transportation / Logistics / Supply Chain	$253M	▲	2.27%	▲
Food / Beverage	$216M	▼	7.69%	▲
Social Networking / Media	$215M	▲	2.80%	▼
Gaming / Esports	$204M	▲	2.27%	▲
Cybersecurity / Data Privacy / Digital ID	$142M	▼	2.62%	▼
Marketplace	$139M	▼	4.72%	▼
Agriculture / Agtech	$120M	▼	2.80%	▼
Artificial intelligence / Big Data	$113M	▲	2.45%	▲
MarTech / AdTech / SalesTech	$92M	▼	3.32%	▼
DevTech / Developer Tools	$82M	▼	1.22%	▼
Consumer Product (non Food / Bev)	$55M	▼	1.92%	▼
Design / Publishing / Collaboration	$48M	▼	1.75%	▼
Space / Aviation / Defence	$42M	▼	1.05%	▼
Legaltech	$23M	▼	0.70%	▼
Deep Tech	$18M	▼	0.35%	▼

GREEN SHOOTS FOR WOMEN FOUNDERS

Divergent outcomes at early and later-stages highlights long road ahead for pursuit of parity.

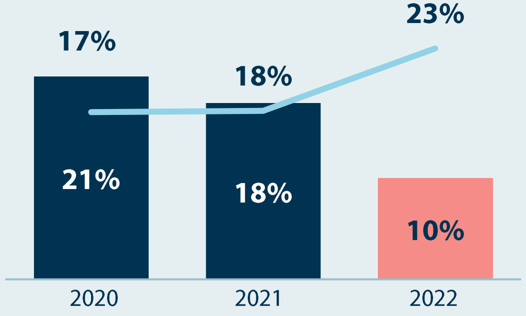
The participation of women founders in deals reached a record level in 2022, nearing one in four. In contrast, the share of total funding for these women-led startups has dropped to a level not seen in many years and is significantly lower than the global average.

However, there is reason to be hopeful. The fall in share is almost entirely due to a small number of record-breaking deals conducted by all-male teams at the beginning of the year. Participation in later-stage deals declined, while early-stage deals skyrocketed.

Industry participants remain hopeful that the surge in early-stage share today will be followed by a surge in later-stage share in years to come.

Share of capital raised and # deals to founding teams with at least one women founder

- Percentage share of capital raised
- Percentage deals announced



33% of angel + pre-seed funding was received by women.
(vs. 21% in 2021)

8% of Series B and later funding was received by women.
(vs. 20% in 2021)

33% of women founders feel supported by the ecosystem.
(vs. 50% of males)

We are seeing an increase in women stepping up to found their own companies and with the various ecosystem initiatives, including LaunchVic's own Alice Anderson Fund, more women are being supported.

However, there is more work to be done including seeing this translate into later stage investments and more women-led scaleups.

Dr Kate Cornick
CEO
LaunchVic & Alice Anderson Fund

WINGLESS UNICORNS ON THE HORIZON?

Unicorn birth rate slows globally, and not all current unicorns are safe from losing status.

Six new unicorns were publicly minted in Australia. However, all but one of these unicorns achieved status before global startup pricing and valuations recalibrated mid-year.

The topic of unicorn dehorning, via down rounds, became increasingly prevalent globally. This caused the valuations of many of the estimated 1,148 global unicorns to drop. Even the largest global unicorns, such as Stripe and Instacart, lowered their valuations, though they remained highly valued and were not at risk of losing their unicorn status.

Australia's own decacorn, Canva, made headlines when investors marked down the value of the startup, which was out of step with a funding round. Airwallex, which has raised more equity capital than any Australian startup in history, successfully raised again in Q4, at the same valuation as its 2021 raise.

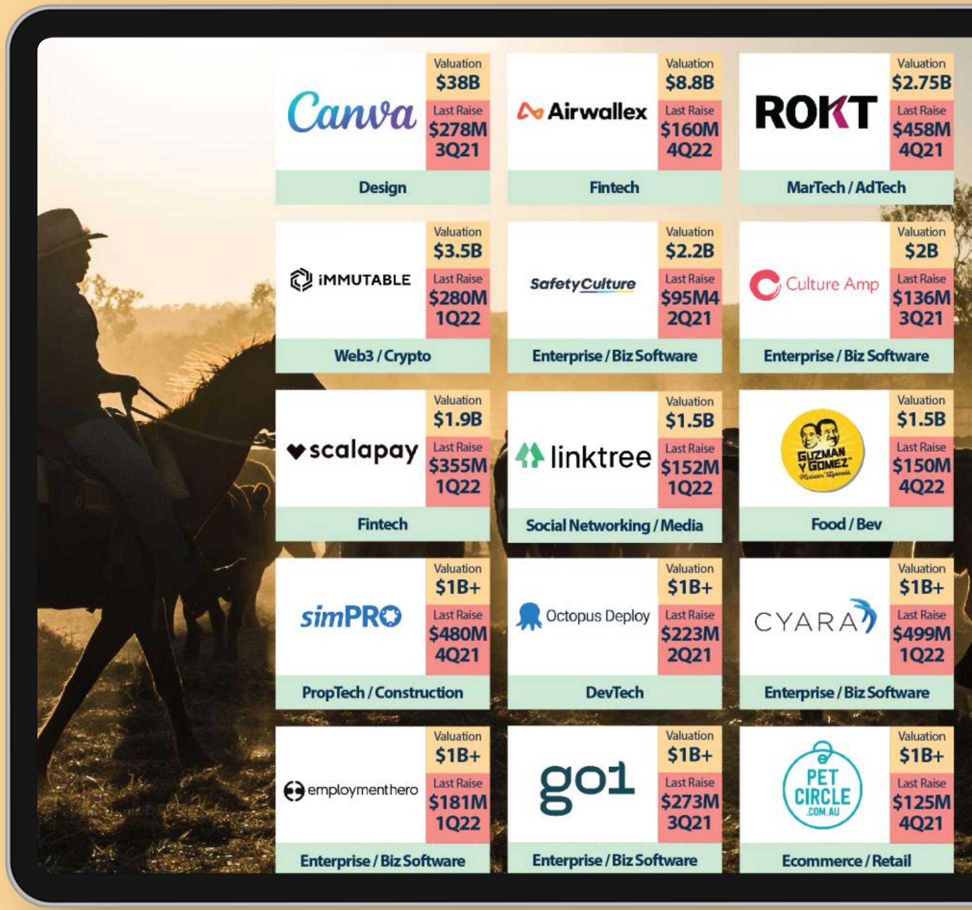
Despite this, the trend of down rounds was prevalent globally. As we enter 2023, market conditions appear to indicate that the unicorn status of some Australian startups is at risk.

The Australian startup ecosystem is coming into its own as startups become scaleups and compete on the global stage. AirTree alone now has **7 unicorns** in our portfolio and 51 portfolio companies that have scaled to more than 50 employees.

Jackie Vullinghs
Partner
AirTree Ventures

The funding landscape has changed significantly over the last 12 months. Several venture-backed companies have closed their doors, and many more have had to revise their expectations around valuation and capital requirements.

Tristan Terry
Director
Aura Ventures



While the year ended with much uncertainty in the venture capital market, at Main Sequence, we believe that **good companies will endure**.

This is especially true for deep tech companies that can prove true differentiation through novel science and engineering innovation.

Although not immune to market changes, companies whose value stems from solving deeper issues for the planet, through proprietary science and engineering, will likely see better commercial returns in the long run.

For any founders who are navigating this tumultuous time, it's incredibly important to stay focused on their mission and continuously refine how to be a magnet for customers, capital and talent that can propel growth in the year ahead.

Gabrielle Munzer
Partner
Main Sequence Ventures

Since launching Rampersand ten years ago, the ecosystem in AUS/NZ has boomed.

We now have a culture that believes in the power of backing early-stage technology founders and views startups as commercially and socially acceptable.

Despite shaky market conditions, founders still have brilliant ideas and funds have capital to deploy.

Paul Naphtali
Co-Founder & Managing Partner
Rampersand

THE STATE OF AUSTRALIAN STARTUP FUNDING

OVER 800 INVESTORS PARTICIPATED IN FUNDED DEALS

The number of investors recorded across all deals dropped by just 8% from the record level number hit in 2021.

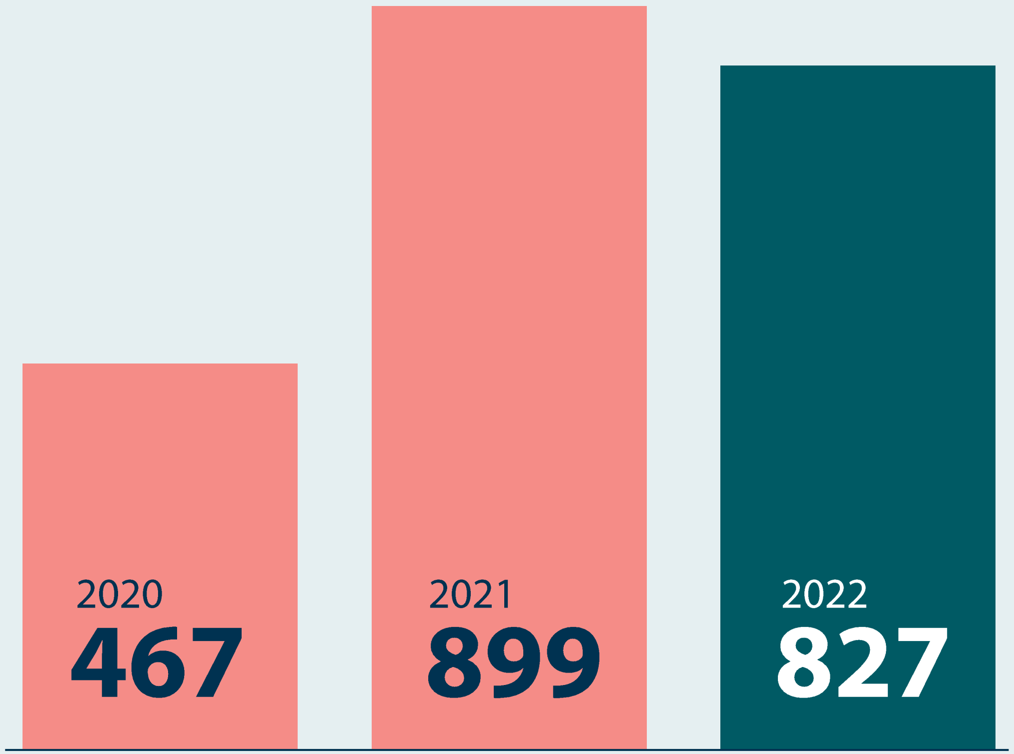
The depth and breadth of the startup investment community was cornerstone to the relative resilience seen in the market compared to many other ecosystems globally.

29
investors that made more than 5 investment in 2022 (vs 41 in 2021)

2
of Top 50 most active investors of 2021 who announced no new investments in 2022

82%
of Top 50 most active investors who announced fewer investment in 2022 than 2021

Number of investors recorded across all deals



MORE DRY POWDER THAN EVER

There are more dedicated startup investment vehicles than ever, but deployment is expected to slow.

Dry powder – capital raised by venture capital funds that has not yet been deployed – hit record levels in 2022. There are more Australian venture capital funds sitting on more undeployed capital than ever before, but there is no telling at what rate it will be deployed. Most venture funds have a seven-to-ten-year lifespan, and so professional startup investors have the luxury of taking their time to deploy.

Uncertainty often breeds inaction, so while global uncertainty persists, one should expect many funds to remain on the sidelines.

18% of investors said they announced a final close on a new fund in **2022.**

38% of investors said they are currently raising a new fund.

40% of fund Partners reported that LP appetite for Australian VC stayed stead or increased

While the amount VC funding deployed in Australia has increased exponentially, growth in the number of VC funds has been linear at best.

We still lack a 'market maker' for first time funds; a fund-of-funds that can cornerstone funds, encouraging the deepening bench of credible and diverse prospective GPs to shoot their shot.

Jessy Wu
Principal
Afterwork Ventures

NOTABLE PULLBACK FROM INTERNATIONAL INVESTORS

"It's not you its me". International investors turned their attention to the home markets in the second half of the year.

The most active global venture capital firms dramatically reduced their investments in the Australian ecosystem in the second half of 2022. The 11 most active VC firms in Australia since 2020 made just 6 investments during the second half of the year, compared to a peak of 33 in the second half of 2021.

This departure was not unique to Australia, as large global firms turned their focus toward managing their existing portfolios. In an environment of uncertainty, the added uncertainty of investing overseas caused many venture firms to declare foreign markets out-of-bounds in the short term.

The resolve of these firms, many of which were involved in the largest funding rounds of 2021, will likely be tested in 2023 as portfolio companies return to market looking for capital.

42% **of local investors**

expect overseas startup investors to increase activity in Australia in 2023.

(down from 86% for 2022)

21% **of 2H 2022 deals**

included at least one international investor in the round.

(down from 27% for 2H 2021)

Participation by most active global investors in Australia since **2020**

	1H20	2H20	1H21	2H21	1H22	2H22
Tiger Global	0	1	2	7	7	**1**
Global Founders Capital	0	2	4	4	6	**0**
Sequoia Capital	2	2	0	7	0	**1**
Insight Partners	0	1	3	2	2	**2**
Index Ventures	1	1	2	2	1	**1**
Techstars	6	0	0	2	0	**0**
In-Q-Tel	3	1	0	2	2	**0**
Framework Ventures	0	1	3	2	1	**0**
Felicis Ventures	2	0	0	4	0	**0**
CVC Capital Partners	0	0	2	1	2	**0**
General Catalyst	1	2	0	0	1	**1**
Total	**26**		**49**		**28**	

CORPORATE VCs REMAIN ACTIVE PLAYERS

Corporate venture slowed with the broader market in 2022. A softer economy in 2023 will test their resolve.

Global CVC-backed funding dropped in line with broader venture funding in 2022. And much like in the broader venture market, total deals involving CVCs fell from their 2021 high, but at a slower rate.

Locally, total funding in deals participated in by CVCs fell by almost half, from $2.0B in 2021 to $1.1B in 2022. This figure represents total deal values where at least one CVC participated, not CVC investment totals. Total deal participation fell 22% from 47 to 37 deals year-over-year.

As a percentage of all deals, this represented ~5%. Fintech again topped from a deal count perspective, but mirroring the broader market, saw total funding fall significantly by 70% from the level hit in 2021. Climate/CleanTech and Hardware/Robotics/IOT saw the most significant ascent, with five completed deals involving CVCs and a more than 200% funding increase.

The most active local CVCs in 2022 were Main Sequence, NAB Ventures, Salesforce Ventures (which shut down local operations in January 2023), Reinventure, and W23.

With 2023 shaping up to be one characterised by economic uncertainty and softness, the behaviour of the parent companies behind local CVCs will be worth watching. The level of support they provide to these CVC units may be a barometer for their confidence in the startup ecosystem and willingness to continue investing in innovation.

In 2022 we saw corporate participation in venture increase globally, but still play a fairly traditional role in the Australian ecosystem. Looking ahead, we expect pull factors will lead to more collaborative and creative modes, like we see in the US with Collab SOS or the Frontier Fund borrowing from healthcare to accelerate ClimateTech.

We're excited for the Australian ecosystem to take advantage of the unique win-win of short and long term returns that corporate participation can provide.

Lynn Thompson
Global Head of Strategy & Partnerships
QBE Ventures

It's been an important year for the Australian Venture Capital and startup ecosystem.

The fact that the early-stage funding market has stood up is a testament to the quality of startups being established and the quality of the local investing community – something that institutional capital is increasingly taking notice of.

Damian Fox
Partner
Carthona Capital

We are excited to see the Australian ecosystem increasingly moving to the Pre-Seed stage as this gives increasing opportunities to founders at the earliest stage.

Antler's focus has always been as a Day-Zero investor. This was cemented in 2022 as the fund made its largest number of investments both locally and internationally. In nearly all cases it operated as the founder's foundational backer providing the first money into a company.

Adele Moynihan
Associate Partner
Antler

Australian tech is 'coming of age' and becoming globally recognised. Despite the market downturn we've seen increased interest and competition in seed rounds. More than double the amount of founders have pitched us year on year, and there is increased awareness from top-tier investors around the world in our portfolio.

We're excited to work with more local and international funds to back then next generation of companies that will come to define how the world operates in the next market cycle.

James Alexander
Co-Founder & Partner
Galileo Ventures

INVESTORS SLOWED DOWN AND PRIORITISED PORTFOLIO

Valuations sink, as a more measured pace and traditional due diligence style returns to the market.

-30%

Over **60%** of investors believe valuations have declined by **30%** or more.

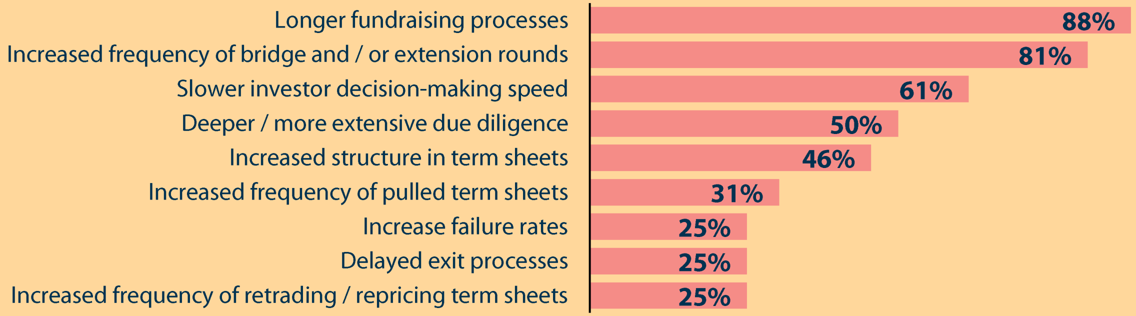
Over 60% of investors believe valuations have declined by 30% or more.

Valuation data is not publicly available. However, our anonymous survey of 116 Australian venture capitalists found that more than half think valuations fell by at least 30% compared to 2021. 17% of respondents believe valuations dropped by more than 50%. On average, investors saw a 29% drop.

Overall, investors slowed their investment cadence, and shifted to prioritize the wellbeing of their current portfolios. More than half of respondents reported making more than half of their 2022 investments in startups they were already invested in. 17% reported that at least 70% of their investments were into their current portfolio.

Investor insights: observations on market environment in **2022**

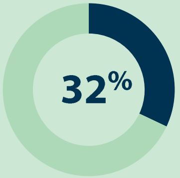
Changes in dynamics in **2022**



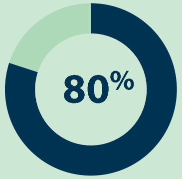
>50%

of investors said they had sped up their investment process. (diligence and time to term sheets) in 2021

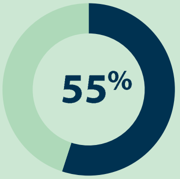
How investors changed their behavior in **2022**



reported making fewer investments than expected.



reported doing at least one internal or bridging round that went unannounced.



reported that at least half of their investments were follow-on investments in current portfolio companies.

INVESTOR ADVICE: EXTEND RUNWAY

The funding door shut for some startups, and the search for alternative paths to sustainability kicked-off.

For many startups, the shift in funding conditions in 2022 meant a need to change their strategy. The assumption that "the next funding round" would be there when needed it went away, and a wave of austerity swept over the startup ecosystem.

- Just 4% of surveyed VCs reported that they told companies within their portfolios to continue with their strategies unchanged.
- More than 90% of investors told their portfolio companies to reduce spending, to increase their cash runway.
- One in four investors told portfolio companies to seek additional equity or debt finance ASAP.

The second half of 2022 brought several announcements of layoffs throughout the technology sector – including by many of the best funded Australian startups of the prior 24 months.

Investor insights: mixed operating and funding outcomes

34%
of investors saw a portfolio company fail in **2022.**

32%
of investors participated in a down round in **2022.**

Investor insights: advice to founders in 2022

91%
of investors advised their portfolio to reduce burn to extend their cash runway .

4%
of investors advised their portfolio not to change their strategy at all.

A key message for the startup community as we enter 2023:

"what got us here, won't get us there".

For the last few years, revenue growth has been a strong driver of valuation and performance in the technology sector. In an era of expensive capital, the focus needs to come back to business and product fundamentals.

We focus on value creation, margin capture, disruption opportunities and world class technology products for customers - delivered with innovative, efficient growth models. We are entering a phase where startups will be revered for closing large customers, rather than closing large funding rounds.

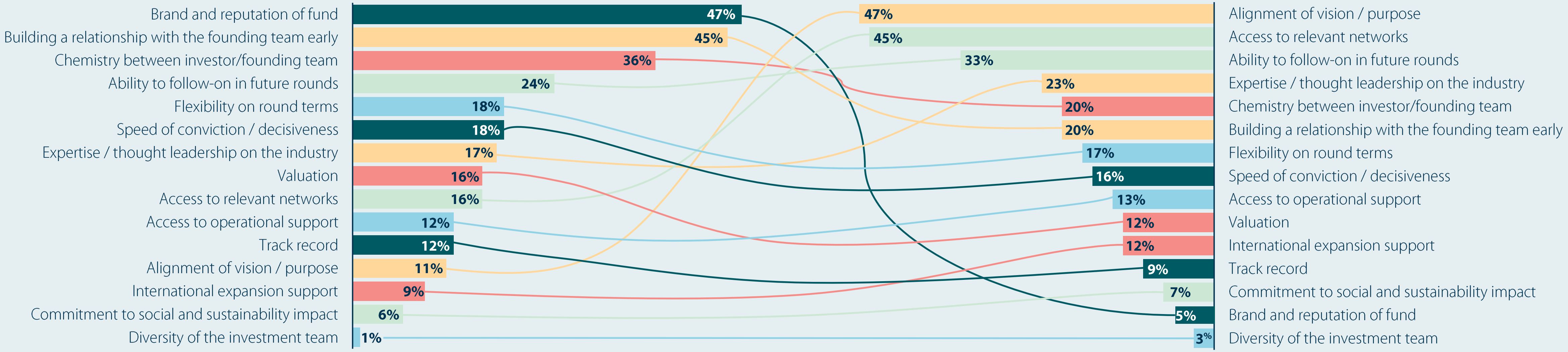
Georgie Turner
Partner
Tidal Ventures

DIVERGENT INVESTOR/FOUNDER VIEWS ON INVESTOR VALUE

Founder & investor insight:

INVESTORS What in your opinion have been the most decisive factors to winning in a competitive deal situation?

FOUNDERS Which of the following do you see as most important when choosing an investor?



59% of founders don't believe there are many **funding** options available to Australian startups.

58% of founders don't feel **supported** by the wider entrepreneurial community and startup ecosystem in Australia.

62% of founders don't believe investors have lived up to the **promises** of 'non-capital' value-add they said they would provide.

WHAT INVESTORS WERE EXCITED ABOUT AT END OF **2021...**

In December 2021, following a record 12 months, more than 100 venture capitalists made their predictions for the year ahead.

We conducted last year's survey before the global pullback kicked in. Investors remained bullish about 2022:

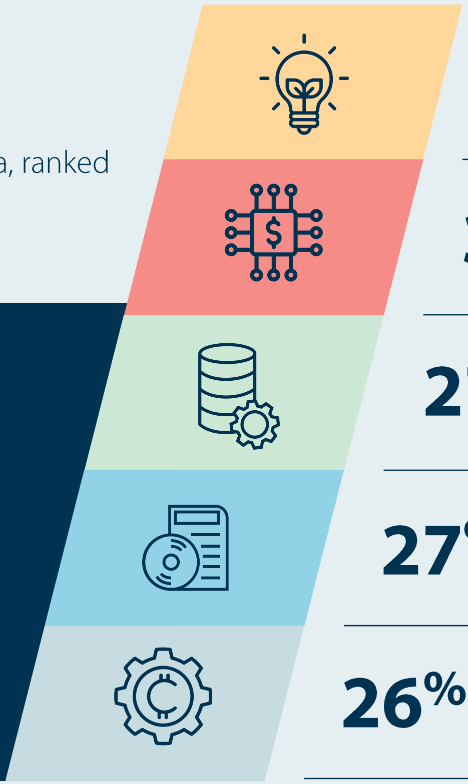
> 90% of investors expected investment into Australian startups to increase from 2021 levels.

> 52% of investors predicted that their own pace of investment would pick up in 2022.

> 86% thought international investors would increase their deployment of capital into Australia.

4 of the 5 sectors investors were most excited about, appeared in the top 6 most invested sectors of 2022. The fifth, AI/Big Data, ranked 18th in total funding in 2022 but increased its overall share of the funding pie.

Sectors investors said they were most interested in **at the end of 2021**



55% Climate tech /Cleantech

32% Fintech

27% AI /Big data

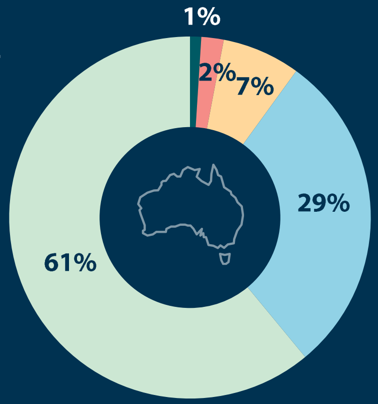
27% Enterprise /Biz Software

26% Blockchain /Crypto/ Web3

Crystal ball: investors' predictions for 2022 revisited

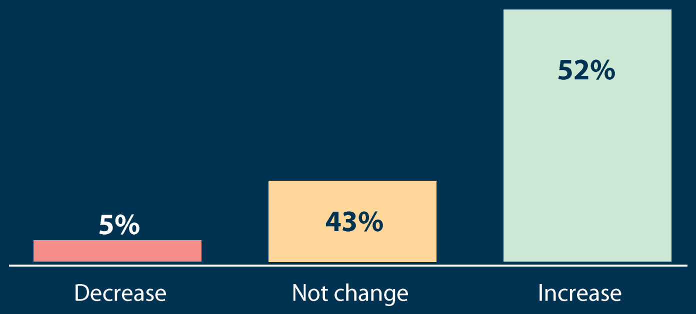
Sectors are you most excited about in 2022

In 2022, do you expect to see startup investment activities in Australia?



- Significantly decrease
- Slightly decrease
- Not change
- Slightly increase
- Significantly increase

In 2022, do you expect the cadence of new investments to:

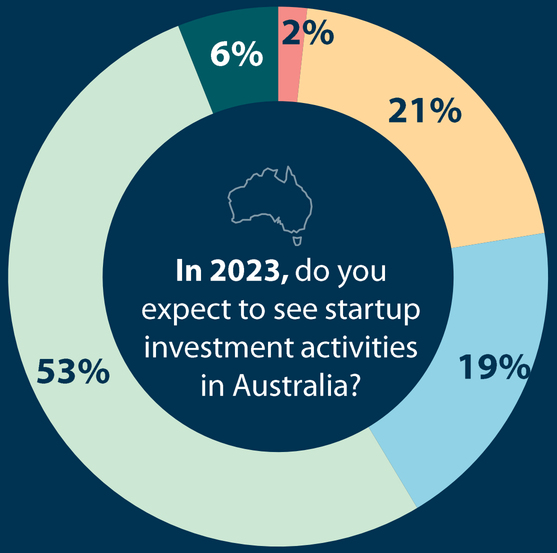


ONWARDS AND UPWARDS TO **2023**

Local investors are cautiously bullish about 2023, with Climate/Cleantech and capital efficient software segments most exciting.

Crystal ball: investors' predictions for 2023

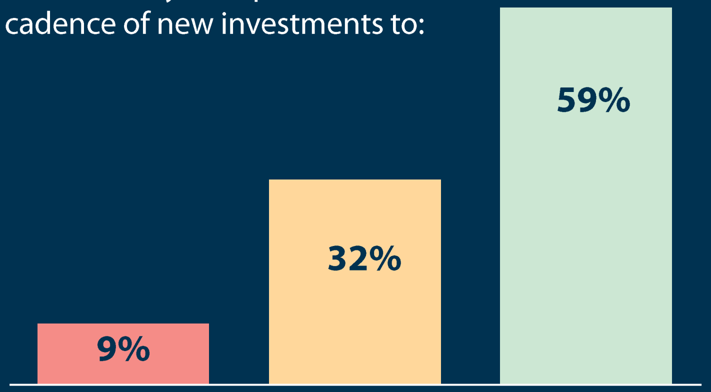
Sectors are you most excited about in 2022



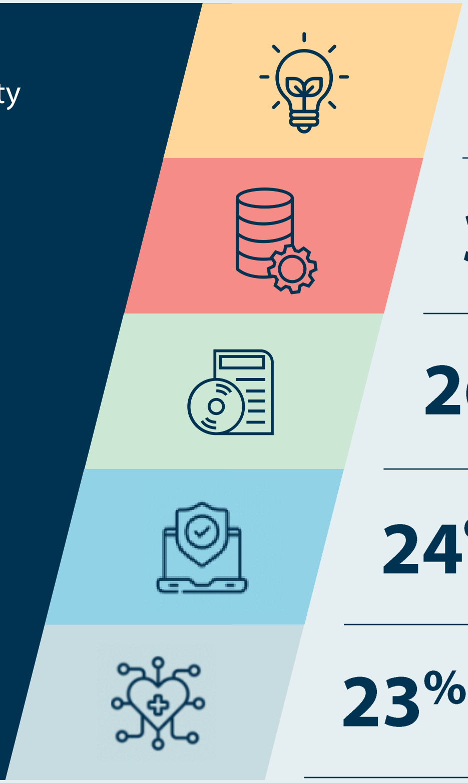
- Significantly decrease
- Slightly decrease
- Not change
- Slightly increase
- Significantly increase

42% Expect international activity to increase in 2023

In 2023, do you expect the cadence of new investments to:



Sectors investors said they were most interested in **for 2023**

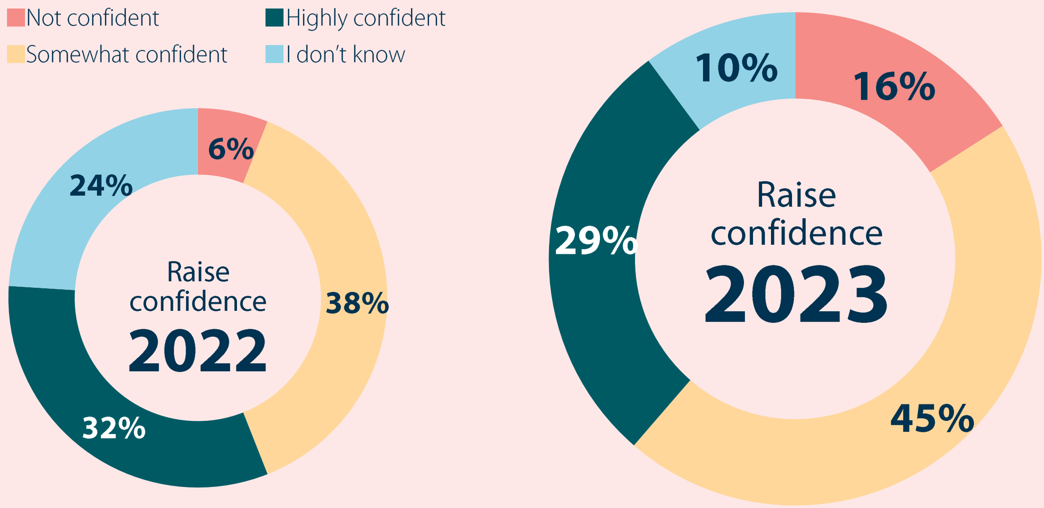


- **61%** Climate tech /Cleantech
- **30%** AI /Big data
- **26%** Enterprise /Biz Software
- **24%** Cybersecurity /Data Privacy /Digital ID
- **23%** Health Tech

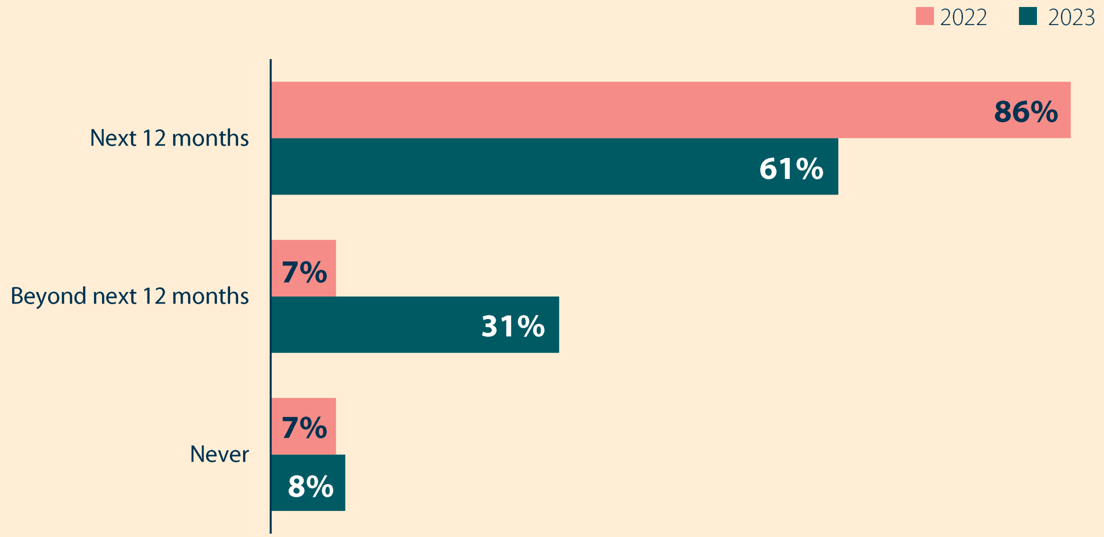
FOUNDERS MORE CONSERVATIVE HEADING INTO **2023**

Confidence remains, but an acknowledgement of a shift in conditions is clear.

Founder insight:
How confident are you that you will successfully raise your next funding round?



Founder insight:
When do you think you'll next raise?



>2x Percentage of founders **not confident** they will raise their next round.

>4x Percentage of founders **not planning to raise capital** in the next 12 months **(vs. 2021).**

The key to prosperity in investing is to exercise discretion in the acquisition of assets at a financially advantageous price point, and subsequently, to divest oneself of said assets at a higher valuation.

The present moment presents a prime opportunity for investment, as the current market conditions are more favorable than those at the peak of 2021.

I am grateful to my wife for her unwavering financial support in my endeavors.

Rayn Ong
Partner
Archangel Ventures

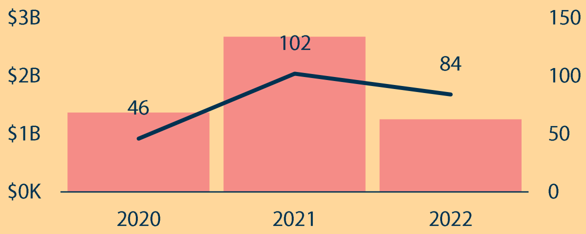
It has been proven that Australia has both product and technical talent that is globally competitive. Market cycles don't mean this talent all of a sudden disappears, or that large, global problems don't still remain.

If anything, the best talent comes to the fore to solve those problems when markets are tough (which they are right now) and more creativity emerges when there are further constraints.

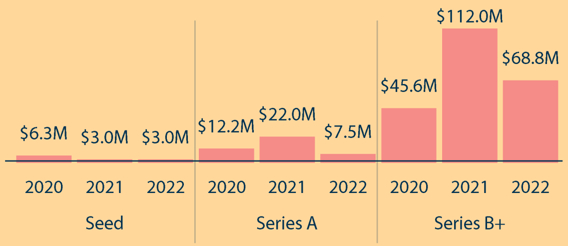
Stew Glynn
Co-Founder & Partner
TEN13

SECTOR DEEP DIVE: FINTECH

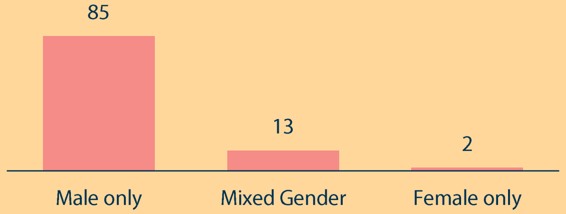
Deal count and total capital funded



Median deal value



Deal count by gender – 2022



The year 2022 marked the lowest level of Fintech funding in Australia since the global pandemic began.

This should not be a major surprise to those close to the sector. Due to favourable market conditions and investor contagion from a wide range of new sub-verticals, the sector experienced unprecedented interest during 2020 and 2021. It was always going to be hard to maintain this momentum.

In 2022, however, some investors exited this segment because of the public valuation descent of these sub-verticals (such as BNPL, and the volatility of cryptocurrency markets). Instead, they moved into sectors with better long-term profitability and capital efficiency.

The top ten deals by size accounted for 78% of the sector's total funding – a rate much higher than in previous years. The 10th largest raise for the year was Sydney-based OwnHome at $31m, meaning 56 other Fintechs raised a cumulative total of $304m – an average of less than $6M per round.

Clearly, there is a huge disparity between the quantum of deal flow and the actual size of rounds, with a large funding portion going to fewer startups.

Despite all this, Fintech funding in Australia reached north of $1 billion in 2022 – a milestone that continued for the third year straight, against an increasingly volatile macro backdrop. No other Australian startup sector has come close to this.

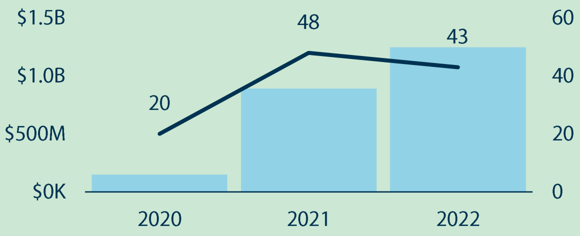
The strong balance sheets of local banks and their desire to continue to innovate sets up 2023 as a year of potential consolidation: a year where we may see more M&A and engagement from the banking sector.

This, combined with other continued participation from corporate venture capital, family offices, venture capitalists and high-net-worths, means there remains the possibility of a bullish investment environment which counter to the subdued funding environment for Fintech we saw at the end of 2022.

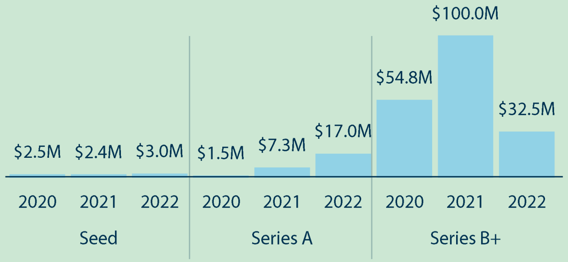
Chris Titley
Director
Sub11

SECTOR DEEP DIVE: ENTERPRISE / BUSINESS SOFTWARE

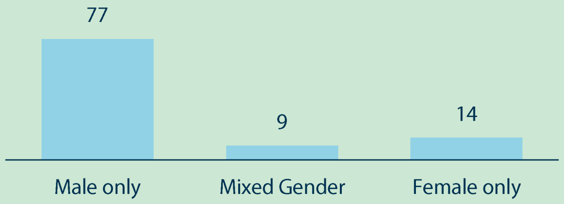
Deal count and total capital funded



Median deal value



Deal count by gender – 2022



B2B SaaS continues to be the engine that moves the Australian ecosystem forward. The next wave of globally-minded Aussie B2B SaaS startups will build on the enormous impact on our ecosystem already made by B2B software companies like Atlassian, Canva, and SafetyCulture. In the current environment, having a proven buyer-set and well-understood unit economics is a must, and B2B SaaS consistently delivers.

Ed Bigazzi
Head of Venture, Five V Capital

Australia has long punched above its weight when it comes to building export-quality B2B SaaS. With customers looking for ways to do more with less, reduce risk and delight customers, mission-critical SaaS is hotter than ever, and Australian founders have the proven muscle memory to outperform internationally, even when times are tough.

Matthew Browne
Managing Partner, Black Nova VC

With less than 20% of enterprise IT spending moving to the cloud so far, the runway for B2B SaaS is immense. We see particular potential in the near term for companies in machine learning infrastructure, security, dev tools and the future of work. We're excited to keep backing the product-focused founders that are shaping these industries.

Adam Cook
Investment Partner, Skip Capital

Australia will continue to produce high quality B2B SaaS businesses that create business efficiency and lead to better decision making.

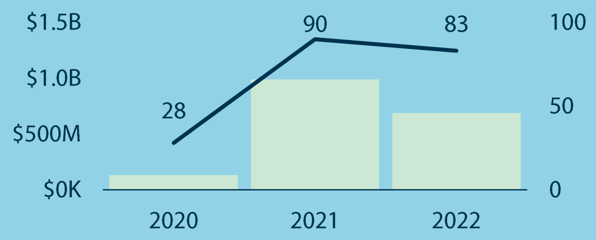
We have invested in companies that create efficiencies through automation – whether from a HR perspective such as Employment Hero; business planning and forecasting, such as Phocas or by unblocking software development in DevOps teams, such as with Buildkite.

We also see opportunities for more specialised platforms, what we might call vertical SaaS businesses that target just one industry niche, such as educational platform Edrolo .

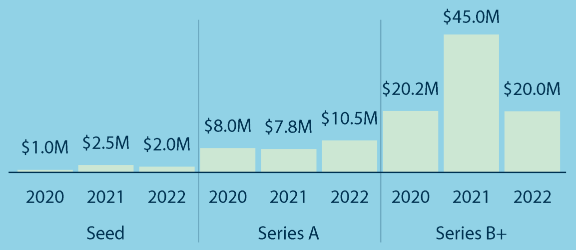
Dr. Michelle Deaker
Managing Partner
OneVentures

SECTOR DEEP DIVE: HEALTHTECH + BIOTECH / MEDTECH

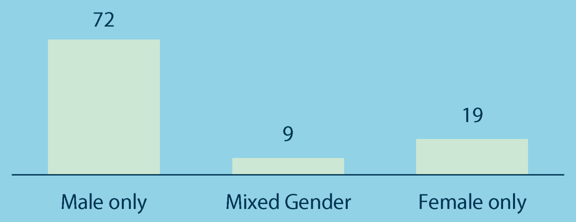
Deal count and total capital funded



Median deal value



Deal count by gender – 2022



Health & life sciences funding had a moment in 2021, largely thanks to COVID. But it wasn't going to last forever, especially in a small, early-stage and public-based health market like Australia.

2021 saw deal size and numbers explode, with many new funders entering the game deploying almost ~$1B, up from just ~$133m in 2020. Ft. heaps of hype and new angles. But 2022 followed the global macro and industry trends, with a pullback on all fronts, seeing companies and funders conserve cash, to see where the cards fall. Whilst proof of traction and clinical evidence came back in fashion.

Health is HARD. And a long game
With long sales cycles, endless stakeholders, extra rules and regs, clinical trials, and a need for far more capital and time intensive than other industries.

We're at the very beginning of the digitization and innovation era in health - and there will be lots of trial and error as we figure out what works.

But, is Australia positioned to boom?
Compared to the global drop of ~50% YoY funding in 2022 (startup health), we fared well and have a lot going in our favour.
With $676.7m deployed, our largest deals including Nutromics, Seer, Eucalyptus and Synchron all expanding to international investors and markets. And as we get more wins on the board, investors, talent and institutions will take the industry and opportunity more seriously.

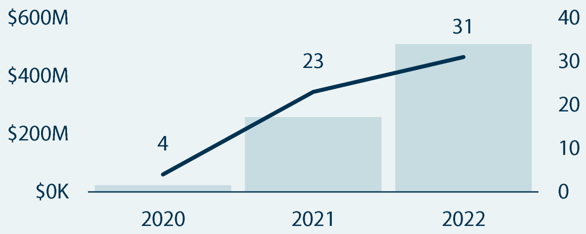
The government is also getting more in the game, with rollouts of more state and federal-based funds, grants, education and commercialisation programs. And more collaborations between research groups, hospitals and business leaders. Hopefully to capitalise on our world-leading academic research, talent, clinical trial facilities and our Tax R&D incentives. But Medicare and public health systems, University structures & funding mechanisms - remain a lynch pin and may make or break.

TL;DR
Though it will likely be a tough few years for health, if we invest in the right places and truly get into the global game - Australia could be set to thrive. Or we risk letting our previous position, as health and life science leaders, slip away.

Emily Casey
Founder, What the Health
Principal, Side Stage Ventures

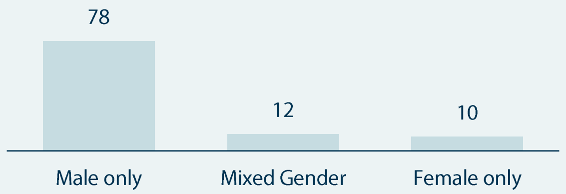
SECTOR DEEP DIVE: BLOCKCHAIN / CRYPTO / WEB3

Deal count and total capital funded



Median deal value

Deal count by gender – 2022



After rising to renewed prominence in 2021, crypto dominated news headlines in 2022 for all the wrong reasons: exuberance, fraud, contagion and collapse. The industry was struck by the failures of large entities including FTX, Alameda Research, Celsius, 3AC and Terra Luna. These events contributed to the freefall of the overall cryptocurrency market cap from USD $2.1T to around USD $750B by year's end.

The contagion and fallout from 2022 is ongoing and the near-term outlook remains gloomy. But in many ways, this is the cleansing the sector had to have.

On a longer time-horizon, the potential for Web3 remains - and the 2021/22 bull markets gave us glimpses of the potential of open finance (DeFi), digital property (NFTs) and other use cases. At the protocol level, fundamental growth continues.

Developer activity remains at an all time high at the end of 2022 - albeit redistributed to Ethereum Layer 2 protocols, and some growing alternative layer 1 chains. Users continue to pay for blockchain products and the use of blockchains themselves - Ethereum fees resulted in around USD $4B revenue in the last year. 43 of the top 100 global brands already have ventured into blockchain via loyalty and NFTs, signaling a growing user base and interest.

This burgeoning growth is mirrored on home soil. Australian founders have produced global leaders such as Immutable, Synthetix, Illuvium, Magic Eden and others. Entrepreneurial talent has flocked to the sector and the number of projects founded continues to grow rapidly.

2023 will be a trying year for Web3 startups. The hangover and contagion from 2022 will continue to work through the system, creating ongoing volatility. Increased regulatory attention is a (welcome) inevitability - the sector is desperate for clarity. Various Australian policies like the Digital Games Tax Offset will also stimulate local development.

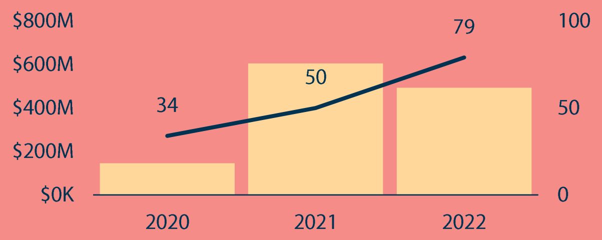
The best founders we have spoken to intend to put their heads down and build through a period of extended market volatility. We expect many more web3 success stories with local roots to emerge in the years to come.

John Henderson
General Partner
AirTree Ventures

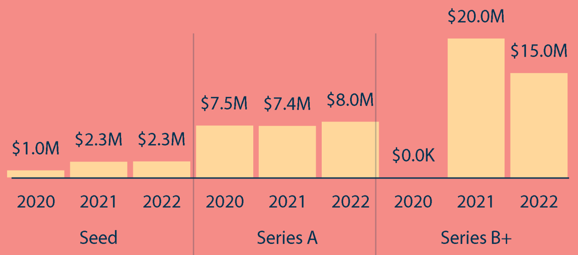
DOWNLOAD SECTOR MAP

SECTOR DEEP DIVE: CLIMATE TECH / CLEANTECH + AGTECH

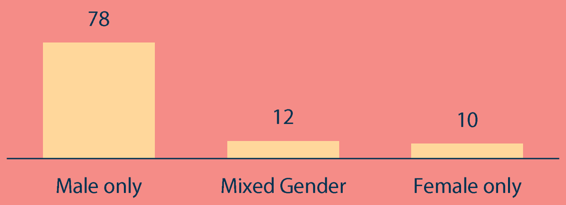
Deal count and total capital funded



Median deal value



Deal count by gender – 2022



It's no secret that Australia has the potential to become a climate superpower. We have the resources, skills, infrastructure, and are developing the technology to be a sector leader on the global stage. We're transforming our lucky country into an opportunistic one.

A sector on the rise
Climate tech is burgeoning amidst the global VC slowdown. Year-on-year funding dropped only 3% according to CTVC compared to a -35% decrease across VC (Crunchbase). The combined urgency for action and tailwinds for climate tech investment indicate a long-term, upward trajectory.

Nearly 25% of global VC funding poured into Climate tech (PwC) with the mandate expanding beyond well beyond energy. This year also saw funding for companies across electrified transport, precision agriculture, minerals processing, renewable materials, waste/recycling, and more. As the challenges we face touch every economic sector, so too must the solutions.

Blustering tailwinds
Corporates are taking action, pursuing partnerships, products and acquisitions to help them meet their net zero commitments. In the public sector, regulations are tightening in tandem with increased funding and incentives. The US Inflation Reduction Act has set an incredible precedent, with most governments around the world considering measures in response. Nobody wants to be left behind in what is shaping to be an economic leadership race.

Australia is well-poised to become a green technology powerhouse. We have the world's largest rooftop solar penetration, and a sophisticated grid system. We are rich in natural resources, have open land and coastlines. Our agriculture sector has been incredibly receptive to innovation. We have abundant talent, and incredible research begging to be commercialised.

A diverse, passionate ecosystem
We've seen a relatively higher number of women founders in the sector; swaths of young talent aligning purpose with career; and former founders, operators and professionals rethinking their impact and legacy. Climate will win the war for talent.

2022 saw our local sector bloom with dedicated climate tech communities, accelerators, fellowships, and funds sprouting and maturing. Still, there is more we can do. This includes connecting our homegrown businesses to capital, markets, and customers overseas; building connections between corporates, heavy emitters, and the tech ecosystem to drive change now, and of course, increased, bold investment.

Patrick Sieb & Tom Kline
Co-Heads of Climate Tech
Investible

02

THE STATE OF GLOBAL TECHNOLOGY FUNDING

No sector felt more pain in global listed equity markets in 2022 than technology. Across the globe, investors rotated out of fast-growth sectors, and the segments had their worst year since the dot-com crash in 2002.

We see this as important context for what occurred in the local startup funding market. So in this section, we pass the mic to two of the largest and most critical institutions in the global tech ecosystem to provide their insight.

2022 EQUITY MARKETS RECAP presented by J.P.Morgan

A strong U.S. Dollar, record inflation, monetary tightening, and geopolitical uncertainty fuelled market volatility in 2022. That said, fundamentals remained durable as economies reopened after COVID and labour markets remained resilient globally.

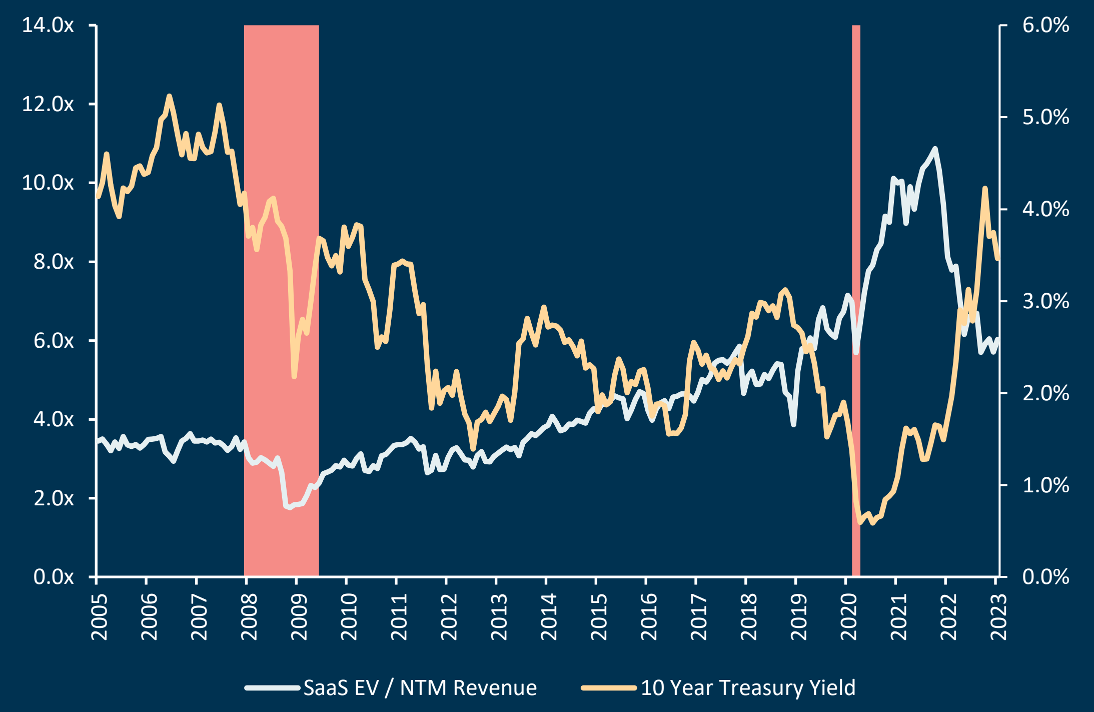
Investors reassessed risk and rotated away from growth sectors, including technology, in 2022. In the United States, some growth segments fell as much as 70-80% from their highs, compared to the broader S&P500, which fell by just 19%.

Here in Australia, the technology sector was similarly impacted, with the ASX All Technology index down 33% in 2022, compared to the S&P ASX200, which finished down 5% for the year.

We also observed the decline in public market valuations translate into private market deals, particularly during the second half of 2022, as investors pivoted to more structured solutions, and increased the overall diligence process.

The chart to the right compares the average EV/NTM sales multiple for SaaS companies against the 10-year U.S. Treasury yield, with U.S. economic recessions overlaid in grey shading. **As interest rates have increased, we have observed market multiples pull back from recent highs.**

SaaS EV/NTM revenue multiple valuations vs. 10-year Treasury yield



Source: Factset as at 24 January 2023

WHAT WE SAW IN 2022 presented by J.P.Morgan

Technology initial public offering (IPO) activity was absent in 2022 globally, while select issuers executed follow-ons on the back of specific catalysts, such as mergers and acquisitions (M&A). This compares to record equity issuance levels globally in 2021, which saw the highest IPO volume on record, and follow-on issuance at the second highest level since the dot-com bubble.

While uncertainty persisted in the public markets during 2022, local private capital markets remained active as both issuers and investors continued to seek alternative capital solutions. For late-stage private companies looking to IPO, some raised further private rounds while others opted for M&A exits to strategic buyers or private equity.

In terms of investor activity, crossover and public-style investors were mostly on the sidelines in 2022, while growth equity and private equity were more engaged.

Over the past year, we saw an increase in debt funding provided to pre-profit technology companies. The trend is expected to continue in 2023, particularly if market uncertainty persists and valuations remain suppressed. This type of debt funding will be of particular interest to companies seeking to shore up their cash positions and avoid raising equity at potentially lower valuations.

Debt funding options vary significantly and may include a convertible or warrants component, and we expect to see a greater emphasis from lenders on a pathway to profitability and sustainable growth. Historically, direct lending funds have been most active, but increasingly banks are becoming more involved in lending to the technology sector, adding options available to pre-profit technology companies.

Notwithstanding volatile market conditions during 2022, M&A deal activity remained relatively strong across the global technology sectors. We have seen transaction multiples recalibrate alongside the broader market, with transactions in the second half of 2022 representing lower multiples and premiums relative to 2020 and 2021.

In Australia, M&A activity was driven by offshore private equity interest, buoyed by a weaker Australian dollar, and targeting listed companies with attractive business models and solid unit economics.

OUTLOOK FOR 2023 presented by J.P.Morgan

We believe much of the re-pricing has taken place, and valuations have contracted down to relatively normal levels. We expect the market is likely to be driven by fundamentals going forward.

Public companies' earnings results and guidance suggest potentially weaker conditions in 2023, however the longer-term fundamentals underpinning the technology sector remain healthy. Cost management remains a key focus, and companies are also prioritising digital transformation projects through software that automates, harnesses data, and boosts productivity.

As we look at 2023, investors remain poised for continued volatility and elevated recession risks. A number of economists expect the U.S. to enter a mild recession in late 2023, with some also expecting the S&P500 to re-test its 2022 lows in the first half of 2023 before recovering later in the year following an anticipated pivot by central banks to cease rate rises.

The specifics of the expected recession (when, how deep, and how long) will drive any upside or downside risks to global markets, and investors will continue to demand profitable growth and mature, stable businesses. Global economic growth will be increasingly driven by 'Digital', with the potential for technology spending to double as a percentage of GDP in the coming decade.

Locally, J.P. Morgan's second annual Australia Business Leaders Outlook Survey found that most Australian midsize business leaders are grappling with rising costs and challenges driven by inflation (71% of those surveyed). At the same time, nearly 59% feel confident about the global and national economy, and most expect their revenue (77%) and profits (74%) to increase in 2023.

Equity Capital Markets activity is showing signs of a cautious recovery as issuers and vendors take advantage of opportunistic windows. Investors have high cash balances and are likely to invest in businesses with strong recurring revenue models and high gross margins. M&A financing is expected to drive equity issuance in the coming months.

There is a strong pipeline of IPO candidates, and a more stable macro and geopolitical environment is expected to support both the reopening of the IPO market and opportunistic vendor sell-downs in existing public companies.

We believe private secondary markets will remain robust as early-stage investors seek near-term liquidity in light of uncertain IPO timing; and we expect to continue to see private companies seek capital via equity in private rounds as they monitor for the right IPO market windows.

We expect Australia to remain an important focus for global technology investors seeking to execute M&A, including private equity sponsors with significant dry powder and global strategics looking to take advantage of more normal valuations and a strong U.S. Dollar

AUSTRALIAN RESILIENCE SHINES presented by svb

A well-known Latin VC recently said, "American founders eat cereal for breakfast, Latin founders eat crisis for breakfast". The same could be said for Australian startups who, thanks to the relative and historic lack of capital access, have proven to become incredibly creative and resilient over the past 15 or so years.

Downturns, like those we started to see in 2022, are often the 'make or break' moment for startup ecosystems. The early signs show that Australia's startup ecosystem is a lot more resilient than it has been previously and stands as a shining opportunity on the global stage as we see through the next 12 months.

Having been around since 1982, Silicon Valley Bank (SVB) has weathered multiple downturns and global volatility. We have actively done cross-border business development in Australia over the last 10 years and it's safe to say that the growth of the ecosystem has been nothing short of remarkable.

The recent growth of funding, startup creation and broader infrastructure in startup ecosystems has resulted in a maturing of the innovation economy in Australia, along with other developing markets like Latin America, India and the Middle East. The downturn is no doubt having an impact but shows the resilience of the local ecosystem compared to its previous state 3–5 years ago, when a similar downturn may have had a larger impact. It is safe to say there is more critical mass today. The technology ecosystem has gotten big enough and matured over the last couple of years that it is now able to withstand such trying times.

We have seen talent mature and emerge from unicorns like Canva and Atlassian, and a dramatic increase in the amount of onshore capital available for founders. The ability of founders and early employees of these companies to invest back into the startup ecosystem, and the stated intention to continue investing in 2023, shows the opportunity to build the ecosystem for the better throughout the next year.

Despite the macroeconomic headwinds, we are still very optimistic as it pertains to the medium to the long-term growth of the innovation economy. Adjusting for the top-of-the-market behaviour in 2021, we expect to see VC deployment return to a more linear growth curve from pre-pandemic levels.

While history may not repeat itself, it often rhymes, and the data suggest that this is the best time to be launching a startup or deploy venture capital. Founders in new and emerging markets have grown up in uncertainty with far less capital available, which makes them that much more creative and resilient. We would bet on these amazing founders and investors all day long.

Andy Tsao
Head of Global Gateway
Silicon Valley Bank

Sara Rona
ANZ + Global Channel Partnerships
Silicon Valley Bank

03

THE STATE OF THE GENDER EQUITY GAP

Female founders still face significant challenges in securing capital.

In 2022, deal participation of women founders hit record levels, but their total share of dollars fell to the lowest level seen in years. This was driven entirely by the divergent outcomes of women founders at the earliest stages of their startup journey vs those at the later stage. Optimists in the ecosystem see the surge in early-stage funding as a leading indicator of female fund participation in the years to come. Only time will tell.

More women are entering the ecosystem as investors, founders and startup employees. Grassroots efforts from organisations like VC Women Down Under and programs like Startmate's Women's Fellowship and Scale Investors' Scale EducatED should see this trend continue.

5 THINGS TO KNOW

01

DEAL PARTICIPATION OF WOMEN FOUNDERS HITS RECORD LEVEL

The share of deals of both mixed-gender and all-women founding teams spring boarded to their highest ever level – and well above levels seen in the US. A significant uplift drove this deal share at the Pre-Seed stage to 33%. Furthermore, women founder participation increased at the Seed (20%) and Series A (19%) stages.

02

BUT THEIR SHARE OF TOTAL DOLLARS TUMBLED

Share of total capital that went to women founders fell to the lowest level seen in years. While participation in Series B and later deal remained in line with the longer-term average, involvement in "mega deals" plummeted. Just one woman-led startup raised more than $100M. In addition, the top five largest rounds involving women founders raised just $286M, compared with $1.3B in 2021.

03

INVESTORS CONFIDENT IN SIGNS OF GREEN SHOOTS

Despite the lack of women founders' share of capital, many investors expressed optimism in the degree of support found by women founders at the earliest stages of their funding journey. If successful, these early-stage startups are the cohort of companies that will raise more significant, later-stage rounds in future years. But, unfortunately, positive movement in their total funding share will likely be a slow burn.

04

WOMEN FOUNDERS FEEL LESS SUPPORTED WITH FEWER OPTIONS

Our anonymous founder survey uncovered a sizeable delta in the support felt by male and women entrepreneurs. For example, just 5% of women founders (versus 28% of men) believe there are many funding options available to founders, and 33% don't feel supported by the startup ecosystem (versus 26% of men). Moreover, 30% of male founders feel highly confident they'll be able to raise again, as opposed to just 10% of women.

05

~ONE-IN-THREE OF TOP VENTURE CAPITALS DIDN'T INVEST IN A WOMAN FOUNDER IN 2022

And only six of the 50 most active VC funds in 2022 allocated more than half of their investments in women-founded startups.

EARLY CAPITAL TAP ON FOR WOMEN-FOUNDED EARLY-STAGE STARTUPS, LATE-STAGE TRICKLES

Mixed results a reminder that funding equity likely a way off.

The share of capital that flowed to mixed-gendered founding teams dropped to the lowest level in several years. All-female founding teams' share edged up slightly from 2021.

Whilst undoubtedly a negative outcome, it's important to note that the downward shift was driven almost entirely by an absence of female founders amongst the $100M+ deals of 2022. Of the 12, only Airwallex included a female founder.

On a share-of-deal count basis, the news was better. Women-only and mixed-gendered teams participated in the highest proportion of funded deals. This was driven by a considerable deal share uplift at pre-seed and seed stages.

Percentage of deals involving women founders

	2020	2021	2022
at least one woman	18%	18%	23%
all women	8%	6%	10%

Percentage of total capital invested in women founder led startups

	2020	2021	2022
at least one woman	25%	21%	10%
all women	6%	2%	3%

Research shows that if women and men participated equally as entrepreneurs, global GDP could rise by up to approximately 6%, which makes sense given diverse teams outperform.

We're proud to have a high proportion of women-led businesses in our portfolio and have released our DEI policy with the goal of other funds following suit – it's time for change.

Rachel Yang
Partner
Giant Leap

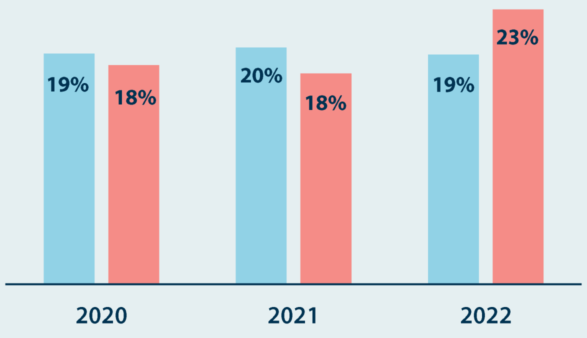
A MIXED RESULT COMPARED TO GLOBAL ECOSYSTEM

Australia led the way globally in terms of female founder deal participation of women but trailed in terms of total funding.

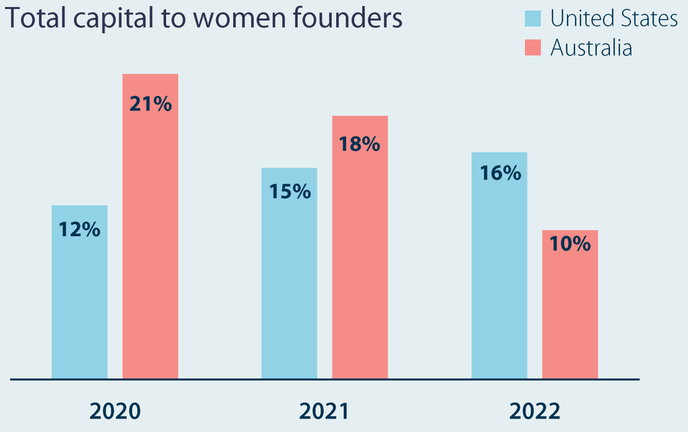
Funding to women founders remains low across the global venture ecosystem. In the US, the share of deals involving at least one woman founder dropped below 20%, while the percentage of total funding edged slightly higher compared to 2021.

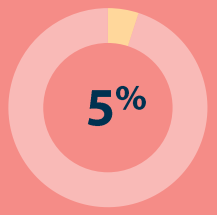
Our founder survey responses showed a dramatic gap still exists between how male and female founders perceive the availability of funding options in Australia.

Deals involving women founders



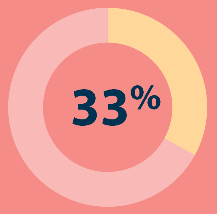
Total capital to women founders





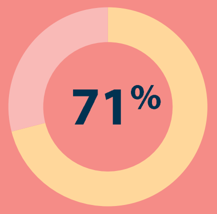
of Women founders Agree there are "Many Funding Options Available for Australian Startups"

(vs 28% of Male founders)



of Women founders do not feel supported by the "Wider Entrepreneurial Community And Startup Ecosystem In Australia"

(vs 26% of Male founders)



of Women founders plan to raise in 2023

(vs 58% of Male founders)

US Data Source: https://pitchbook.com/news/articles/the-vc-women-founders-dashboard

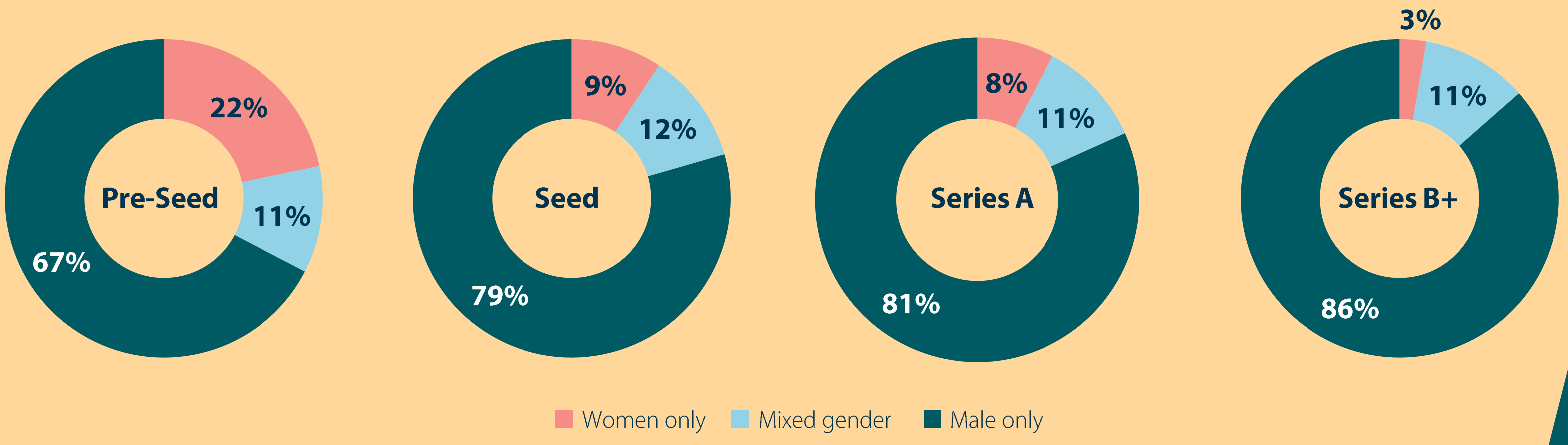
A DELTA EMERGES BETWEEN EARLY AND LATE-STAGE OUTCOMES

Investors optimistic that the Pre-Seed and Seed backed founders of today will be the later-stage success stories of tomorrow.

The strength of women founders' deal participation at the earliest stages is a reason for genuine optimism. These early-stage startups are the cohort of companies that will raise more significant, later-stage rounds in the years to come. Unfortunately, positive movement in participation in later rounds (and, by extension, total funding share) will likely be a slow burn.

As a result of this divergence in outcomes, the median raise from women founders was considerable lower than their male counterparts.

Percentage share of deals by teams with at least one women founder (by stage)



Median deal size by gender

2022

$3.8M
All male founders

$2.3M
At least one woman

2021

$5.4M
All male founders

$3M
At least one woman

2020

$3M
All male founders

$1.3M
At least one woman

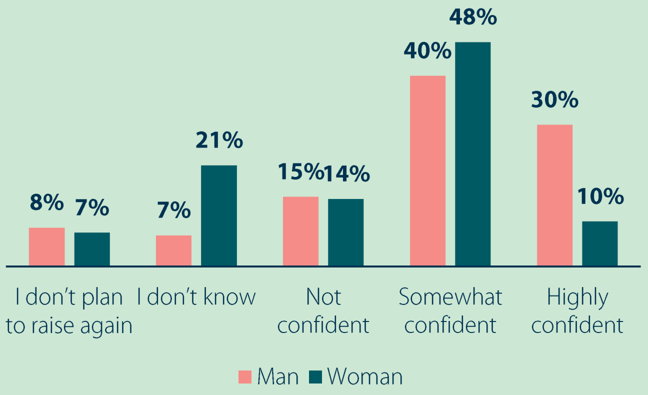
BULK OF LATE-STAGE CAPITAL FLOWED TO A FEW

The divide between the 'haves' and 'have nots' narrowed marginally in 2022, but a handful of women founders still account for a large share of funding received.

Women-founded startups were noticeably absent from the largest deals of the year. Airwallex was the only startup with a woman founder to raise more than $100M. This was a considerable shift from 2021 when 20% of the 50 largest deals of the year involved at least one female founder.

In both 2021 and 2022, a small handful of startups accounted for a large share of the funding received by women-led startups. In 2021 the top five raising startups accounted for 68% of total funding to women founders, and in 2022 this number fell to 38%

How confident are you that you will successfully raise your next funding round?



Top 5 women-founded startups

2021	2022
$1.3B	$286M
Airwallex, Mr Yum, frank body, Octopus Deploy, Canva	Airwallex, lyka, Trade Square, Liquid Instruments, Lumachain

All other women-founded startups

2021	2022
$620M	$481M

At Jelix we recognise that early startups need funding to grow and create jobs and economic prosperity. So we love seeing the seed funding gap closing.

Although women founders often outperform male founders, they receive little funding. So, while it is immensely encouraging to see women founders participate in the the highest rate of deals on record, there is a long way to go on the total funding front.

Andrea Gardiner
CEO & Founder
Jelix Ventures

THE STATE OF AUSTRALIAN STARTUP FUNDING

GAP IN SUPPORT REMAINS

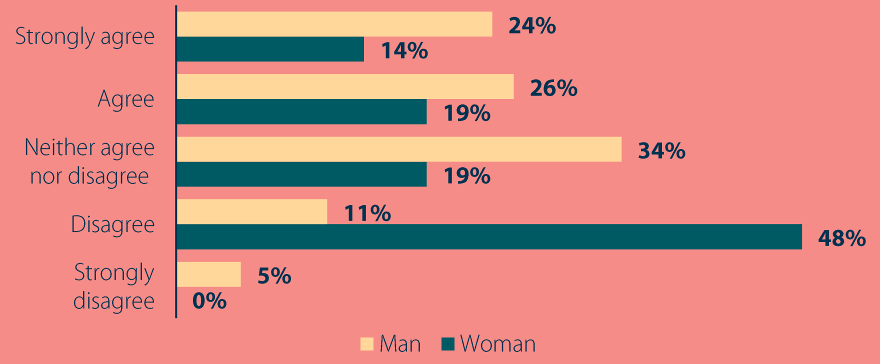
There remains a sizable gap in sentiment towards the investors between women and male founders.

83% of women believe their gender has impacted their ability to raise external capital for their company

VS

14% of men

To what extent do you agree or disagree with this statement: during 2022, I felt supported by my investor(s) and could rely on them for more than just capital?



28% of the 50 most active Australian venture capital funds didn't invest in a woman founded startup in 2022

6 of the 50 most active Australian venture capital funds invested in 50% or more women founded startups

Hope alone won't drive change for women founders.

It's all our responsibility to actively provide opportunities and support through initiatives like Startmate's Women Fellowship. The Fellowship has helped 500+ women jump from consulting, banking, hospitality or retail to startups. The program surrounds Fellows with role models, expands their horizons, and gives them the confidence to take the leap of faith into an early-stage startup. Belief, support and ambition are the catalysing ingredients for meaningful life changes.

Michael Batko
CEO
Startmate

04

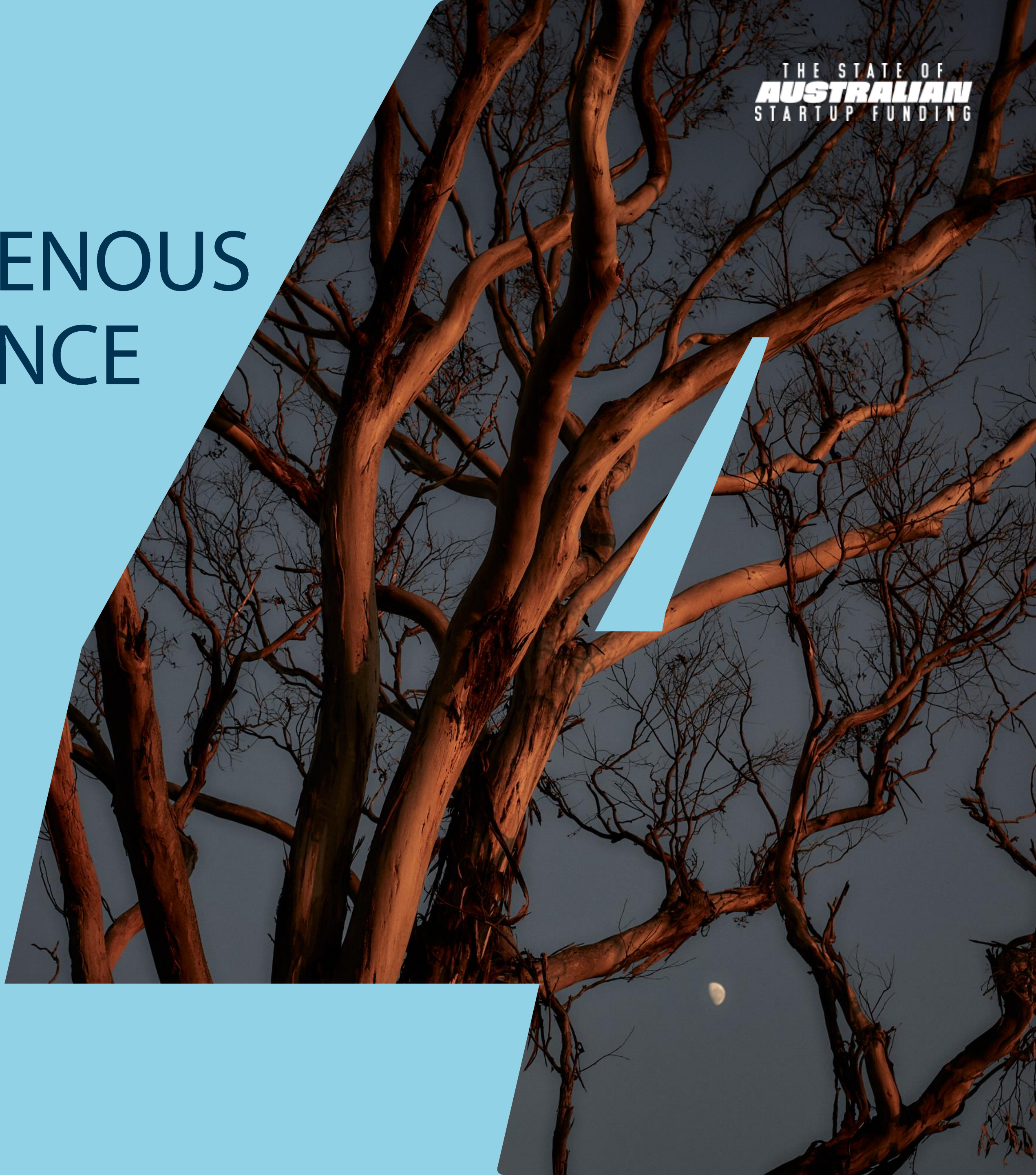
THE STATE OF THE INDIGENOUS ENTREPRENEUR EXPERIENCE

While we do not yet have enough data in order to provide a complete picture of the Indigenous founder experience, we know from the work of dedicated organisations and funds in the space that it is a rapidly growing and dynamic time for Indigenous entrepreneurs.

In this section, we pass the mic to some of the prominent voices who are supporting and investing in Indigenous founders. We hope their analysis will prompt investors to consider their role to play in improving access to capital for Indigenous communities.

If Australia is to establish itself as a truly innovative and sustaining entrepreneurial ecosystem, it must welcome and include talent from all backgrounds, communities and stages of life. Greater representation drives greater opportunities for all Australians. But to get there, we need better data and transparency about where we are today.

We also believe that in seeing more success stories by underrepresented founders, we may see a diversity flywheel take off: their successes can pull more people from different backgrounds into building companies, and therefore bring more diversity into the cheque-writing roles that shape the startups ecosystem of tomorrow.



5 THINGS TO KNOW

01

MEANINGFUL AND ACCURATE DATA IS LACKING.

There is not enough data to comprehensively quantify Indigenous founder experiences or the total capital allocated to Indigenous founders. To create a more accurate picture in 2023 and beyond, we call on all investors in Australia to step up to drive better data collection and transparency.

02

BUT INDIGENOUS-FOUNDED STARTUPS ARE ON THE RISE.

Over the last 12 months, the number of Indigenous startups has grown significantly, driven by more capital pathways, investment allocation, dedicated accelerators, funds and organisations supporting Indigenous entrepreneurs.

03

AND SO ARE ALTERNATIVE CAPITAL PATHWAYS.

A rise in crowdfunding as an avenue for Indigenous entrepreneurs and investors occurred over the past year, with over $3M invested in Indigenous entrepreneurs through crowdfunding. It's worth noting that other alternative pathways to capital have risen in popularity, too, including angel investors.

04

DEDICATED ORGANISATIONS ARE STEPPING UP.

Organisations like the Minderoo Foundation, Ochre Ventures, First Australians Capital, Barayamal and Indigitek have been instrumental in bridging the gap between Indigenous entrepreneurs and access to capital and support needed to scale their businesses.

05

STILL ROOM TO IMPROVE, AND A LONG WAY TO GO.

While Indigenous-founded startups like Pearlii, Vets on Call, Rainstick and Provvy.io received funding in 2022, the work has just begun to create a truly equitable and inclusive ecosystem.

PROGRESS MADE, WITH MORE WORK TO BE DONE

Indigenous business has never been a more interesting and dynamic space, **but more work needs to be done.**

A powerful combination of investment and entrepreneurship has resulted in exponential growth in Indigenous startups over the last 12 months, expanding from a nascent sector to a thriving and rapidly growing space.

While it is difficult to quantify the full scale of investment into Indigenous startups in 2022 due to a lack of data, anecdotally we've seen some key and exciting trends. New and emerging investment mechanisms combined with more traditional investment approaches are creating unique opportunities for Indigenous startups to grow and scale globally. In particular, the expansion of equity investment in 2022 has broadened opportunities for Indigenous investors and Indigenous startups – and has the potential to democratise the sector.

A new wave of accelerators, incubators and dedicated investment funds has seen Indigenous entrepreneurs become more investor-ready and increased investment into their startups.

Programs like Minderoo Foundation's Dream Venture Masterclasses provided $150,000 in seed funding. It has also helped to attract more than $4M of investment for Dream Venture alumni from angel and venture capital, local angels. Startmate alone has invested in five Indigenous startups in the last 18 months including Rainstick, Pearlii, Vets on Call and Provvy.io. Indigenous entrepreneurs and startups also received great exposure when showcased to the world at the Social Entrepreneurship World Forum.

(continued next page)

Leslie Delaforce

Head of Entrepreneurship & Indigenous Business Generation One, The Minderoo Foundation

PROGRESS MADE, WITH MORE WORK TO BE DONE *(continued)*

Over the last 12 months, over **$3 million** of successful crowdfunding investments on platforms such as Birchal, Startsome Good and Equitise have been delivered.

We have also seen the announcement of dedicated Indigenous funds to pave the way for equity investment. These funds focus on scalable, innovative startups that are purpose driven. The need to establish an Indigenous capital investment fund was highlighted in the 2021 Backing Black Business report which was commissioned by Minderoo Foundation's Generation One initiative. Generation One's mission is to create employment for Indigenous Australians within a generation.

From First Australians Capital with a goal of raising a fund of $500M to Australia's First Indigenous Gender Lens Investment Fund with a goal to raise $120M including Worthwhile Ventures. New and emerging funds are being led and created by Indigenous leaders across the country, which is an exciting development for the sector.

From an impact investing standpoint, Yajilarra Foundation, Paul Ramsay and Minderoo Foundation have been investing into dedicated funds including Ochre Ventures which is investing directly into building capacity for Indigenous entrepreneurs and startups. This multi-faceted approach is another mechanism that will strengthen the sector leading to increased investment.

Crowdfunding also continues to be a popular avenue for both Indigenous entrepreneurs and investors. Over the last 12 months, over $3M of successful crowdfunding investments on platforms have been delivered.

At Minderoo Foundation we are also very keen to increase our focus on the emerging space in Indigenous angel investments, and we are confident a program called Blak Angels is set to shift the dial here.

Looking at issues that are holding back the sector, we have found accessing data to measure progress for Indigenous startups remains an issue. We would like to have more government support with this. However, universities such as Melbourne Business School are doing a great job of capturing the investment and revenue of the sector. This work once completed will go some way to giving a more accurate picture.

While all the pieces are there – growth, ambition, and mindset – 2023 will be critical to maintaining progress and that requires both sides – entrepreneurs and investors – to strongly commit to the expansion of the sector because we know this will help our nation reach its potential.

A DIFFERENT ENGAGEMENT APPROACH NEEDED

Worthwhile Ventures is an Aboriginal led organisation that assists Aboriginal entrepreneurs and their businesses to build a strong and vibrant Aboriginal business sector for their families and communities. Our WV Business Community of experienced Aboriginal and non-Aboriginal business mentors provide culturally safe guidance and timely business advice.

Working alongside Aboriginal business owners, WV accelerates growth of both them and their businesses. Some of the areas WV provides expertise are legal, IT, HR, accounting, marketing, and business planning. This model allows a wide variety of assistance giving the Aboriginal business the best chance of success.

The following are my views on the Aboriginal business space from the perspective of being an Aboriginal owner for many years to now assisting Aboriginal businesses.

During my period of business ownership, I was part of the pilot for AIMSC, now Supply Nation. Supply Nation provides a pathway to business opportunities, but many Aboriginal businesses aren't benefitting from these opportunities. A unique hurdle Aboriginal businesses must overcome in this space is the perception that the product or service will be inferior because of biases and lack of knowledge of those handing out the contracts.

Getting an Aboriginal person from an idea to running a successful business takes a long time. There must be access to a wide variety of expertise and ready access to capital. Due to Aboriginal people being new to business, we simply do not have the network of people in our communities that we can call on to get advice, so this service must be provided.

The standard model of doing a business plan and providing a generic business coach has merit but doesn't give the necessary direction to fix the problem in many cases. This model is fine for very capable and educated people who have access to capital, but many Aboriginal people in business aren't at this level.

If the Aboriginal person doesn't have access to the necessary information or guidance, their business will decline and eventually fail. This is where Worthwhile Ventures' approach is different. We have access to many people with extensive expertise to give business owners advice to overcome their problems. We also recognise that Aboriginal businesspeople need more than theoretical advice: they often need hands-on, practical support.

Access to capital has long been a major problem, if not the biggest problem for Aboriginal businesses. Some organisations do provide capital, but the application process can be long and exhausting and still not result in any funds, and business owners simply give up. I believe that far more emphasis should be put on the individual and their attributes and not purely on the business's financials when deciding if funding should be given.

The importance of the social impact benefits to Aboriginal people should also be given significant importance when considering funding requests.

Colin Gordon
CEO
Worthwhile Ventures

KEY CONSIDERATIONS OF THE INDIGENOUS ENTREPRENEUR

Insights prepared by Worthwhile Ventures

Motivation	Indigenous businesses prioritize social impact and long-term goals over short-term financial gain. They focus on community development, cultural preservation, and sustainable practices. Indigenous businesses also aim to create jobs and provide economic opportunities for Indigenous people, limited in many communities due to historical marginalization.
Challenges	Indigenous businesses face specific challenges, such as a lack of support networks, racism, negative stereotypes, and limited access to capital. They may encounter discrimination in the procurement process and face barriers when seeking funding from investors or banks.
Capital	Indigenous businesses face difficulty in accessing capital.
Pace	Indigenous decision-makers tend to think deeply and analyse problems from multiple angles, leading to slower decision-making.
Communication	Indigenous entrepreneurs prefer spoken, and pictorial communication over written communication and tend to think in images rather than words.
The Environment	Indigenous people have a strong connection to their land and are concerned about the environmental impact of their operations.
Age	Age is more respected in Indigenous communities and plays a role in how advice is received and given.

ORGANISATIONS DEDICATED TO SUPPORTING INDIGENOUS ENTREPRENEURS

FIRST AUSTRALIANS CAPITAL

OCHRE VENTURES

Padthaway Ventures

First Australians Capital

First Australians Capital (FAC) is an Indigenous-led organisation that backs First Australians' cultural, creative and economic strength to become full, free agents in driving their own economic futures. FAC provides a range of tailored solutions to build capacity and support the investment readiness of businesses.

FAC also provides access to "Right Capital" through its own catalytic and impact funds and, for those that are ready for mainstream finance, supports referral pathways to banks and financial institutions for co-investment.

Ochre Ventures

Ochre Ventures funds businesses with high growth potential and high Indigenous impact. As a for-profit fund, Ochre helps entrepreneurs and founders realise their vision by providing alternatives to traditional grants to drive business growth.

Ochre operates on the principles of a venture capital fund, with a focus on direct investment in; businesses with substantial Indigenous ownership, joint ventures with substantial Indigenous business participation, platform companies facilitating Indigenous business at scale and other entities which support Indigenous economic development.

Our aim is to create impact by increasing Indigenous employment, increasing Indigenous procurement opportunities and by supporting Indigenous founders who commit to mentorship and/or sector leadership and advocacy.

Padthaway Ventures

Padthaway Ventures is an Aboriginal-owned-and-focused Venture Capital Fund.

The Fund strives to explore unique opportunities where we can partner with Aboriginal-owned and ESG-aligned businesses, where our expertise and insights can drive commercial and social outcomes.

By building meaningful and rewarding relationships, we aim to find opportunistic investments in undervalued businesses where there is significant opportunity to maximise ESG outcomes across sectors.

Note: organisation summaries submitted by each organisation.

ORGANISATIONS DEDICATED TO SUPPORTING INDIGENOUS ENTREPRENEURS *(continued)*

Generation One

The mission of Minderoo Foundation's Generation One is to create parity with and for Indigenous Australians, within one generation. They believe the fastest way to create parity is through meaningful and sustainable employment opportunities – jobs that empower people to take charge of their own lives and create hope. Employment outcomes are support through partnerships that focus on training, education, and social policy reform.

Barayamal

Barayamal is the world's first Indigenous accelerator and is now a world leader in First Nations entrepreneurship. It works with other partners to help close the disparity gap between Indigenous and non-Indigenous people through technology solutions, accelerator programs, free events, a podcast, school-based education and by investing time and funding into Indigenous startups.

Indigitek

Founded in 2015, Indigitek is a not-for-profit organisation that aims to increase the participation and success of Indigenous people in the tech industry. Its community is comprised of Aboriginal & Torres Strait Islander people continuing a proud tradition of 85,000 years of innovation and entrepreneurship in science, technology, engineering, arts and mathematics.

It is not a matter of Indigenous communities not having the power, knowledge, experiences and solutions; fundamentally, it's about power without wealth, equality and justice.

A new economy that values First Australians' cultural values and knowledge is essential for a sustainable, equitable and inclusive future for all Australians.

Leah Armstrong
Managing Director & Chairperson
First Australians Capital

Note: organisation summaries based information from their website.

05

THE STATE OF ANGEL INVESTING

A strong angel investing community forms the bedrock to a startup ecosystem that supports diverse founders at all stages of their entrepreneurial journeys. And in 2022, this ecosystem flourished. Angel activity was higher than it's ever been.

While concrete data on the number of Australian angels in existence is limited, our survey of angels discovered a group that is more diverse and enthusiastic about the opportunity that startup investing presents than ever.

5 THINGS TO KNOW

01

THE NEXT GENERATION IS PILING IN

New angel investing options allow joint angel investments at smaller minimum cheque sizes, which has caused a surge in younger and more diverse angel investors.

More than one-quarter of survey respondents were under 35 years old; more than half earned less than $400K, and 30% were women. In addition, organisations that cater to specific angel cohorts or interest groups are helping to forge a diverse new generation of Australian angels.

02

FEMALE PARTICIPATION IS GROWING, WITH CONFIDENCE

Just 15% of women angels reported slowing their investment cadence, compared to 43% of men.

Moreover, they feel confident about the opportunity ahead – 83% of women plan to increase their investment pace in 2023, compared to 42% of men who plan to do so. Indeed, 90% of women now think Australian startups are fairly or under-valued, compared to 58% of men.

03

THE STARTUP-TO-ANGEL FLYWHEEL IS CRITICAL

An individual with startup experience remains the most significant driver to becoming an angel investor. Just 13% of survey respondents reported zero startup experience. Angels with startup experience invest more and earlier in a startup lifecycle than those without it.

04

CALM, CONFIDENT, AND READY TO INVEST

Angels appear to have kept up their pace of investing more so than their professional investing counterparts. More than half reported having increased their rate of investing compared to 2021.

Like VCs, angels are most eager to invest in Climate/CleanTech in 2023. But, unlike VCs, they remain bullish on Fintech too.

05

IT'S A BET ON PEOPLE

Angels view the startup's team as the most critical factor when evaluating an investment, with 86% listing it among their top considerations. Their interest in a given sector came in a distant second.

The biggest struggle for angels is accessing quality deal flow.

WHO WE HEARD FROM

We received 211 responses to our anonymous State of Angel Investing survey.

The size of the Australian angel investing ecosystem remains a great unknown. We could not find anyone with definitive data on the number of Australian angel investors, or the total capital deployed by angels in Australia annually.

Our aim here is to present a pulse check on the state of the Australian angel investment ecosystem — not to attempt to quantify the market.

These insights are based on survey responses from 211 Australian angels, information gathered from angel investment groups, and Cut Through Venture funding data.

2022 was a game changing year for angel investing in Australia, so understanding the ecosystem as it stands today will be valuable for tracking progress in future years.

30% of respondents were women

28% of respondents were under 35

14% of respondents were over 55

What best describes your startup experience?

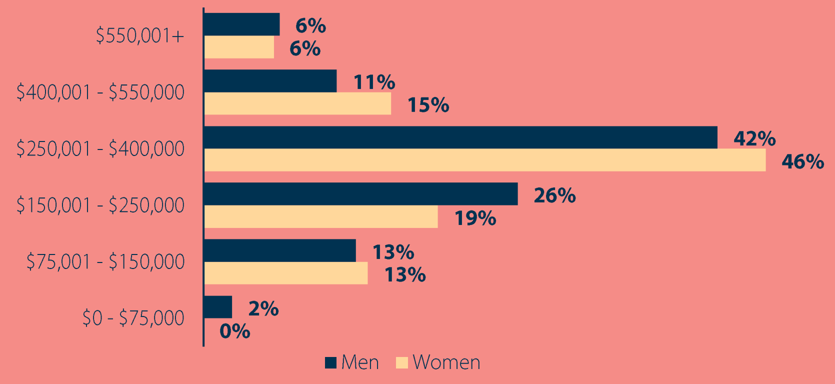
29% founded at least one startup, and still working at a startup I founded

20% currently work at a startup I did not found

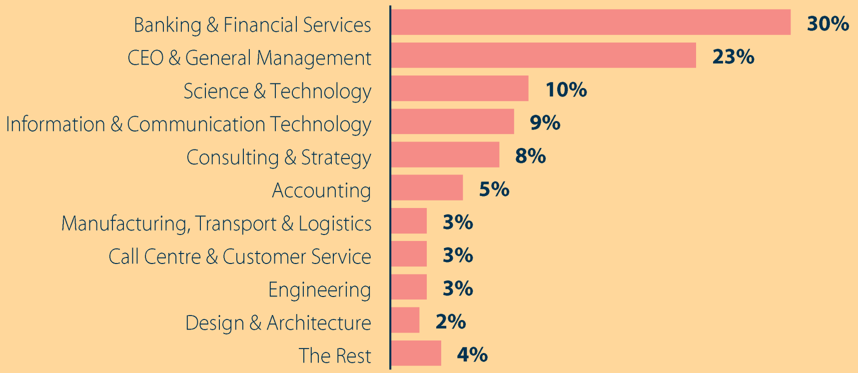
32% founded at least one startup, but no longer working at a startup I founded

20% previously worked at, but did not found, a startup

What is your annual income?



What best describes your profession?



THE STARTUP EMPLOYEE TO ANGEL FLYWHEEL

Angels with startup operating experience invest earlier, and invest more.

Ex-startup employees and founders often transition into angel investing as they have a deep understanding of the entrepreneurial process and a strong network within the startup community.
This combination allows them to effectively assess the potential of early-stage ventures and provide valuable mentorship and support. They know that success in the startup world requires more than just a good idea. They bring a seasoned perspective on risk and reward to their role as angel investors.

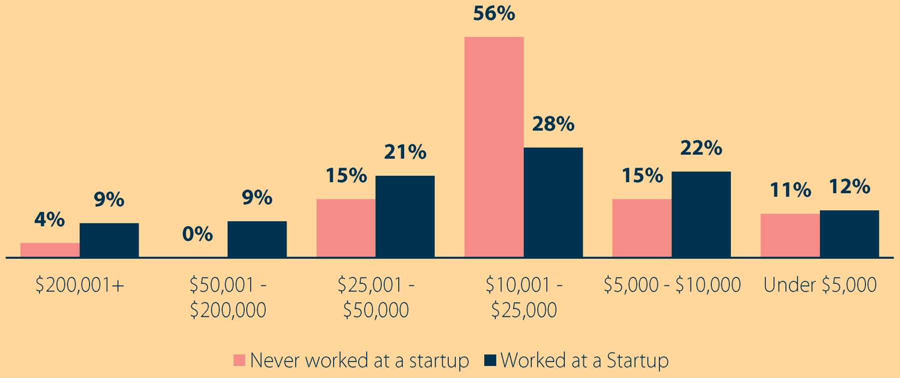
Angels with startup experience favourite stage:

“Launched Pre-Revenue" startups

Angels without startup experience favourite stage:

“Revenue Generating" startups

What is your typical cheque size per company investment?



Willingness to invest in pre-launch startups:

73% of angels with startup experience

VS

44% of angels without startup experience

A thriving angel investment ecosystem relies on the financial success of founders and startup employees. As they exit successful ventures, they become a source of capital, mentorship, and support for new entrepreneurs, **creating a positive feedback loop** that drives innovation and ecosystem growth.

13%

Just 13% of respondents had never worked at a startup

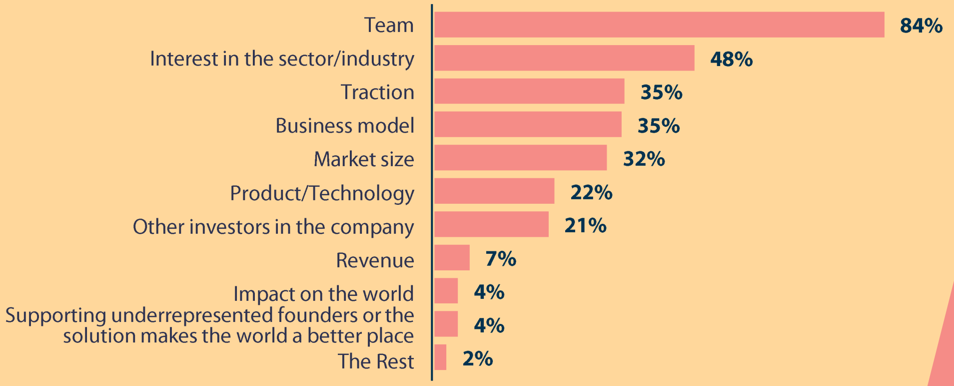
HOW ANGELS ARE INVESTING

67% of male angels reported having made privately sourced direct investments themselves

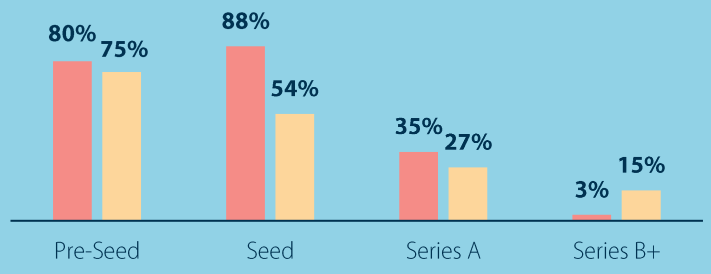
VS

33% of women angels

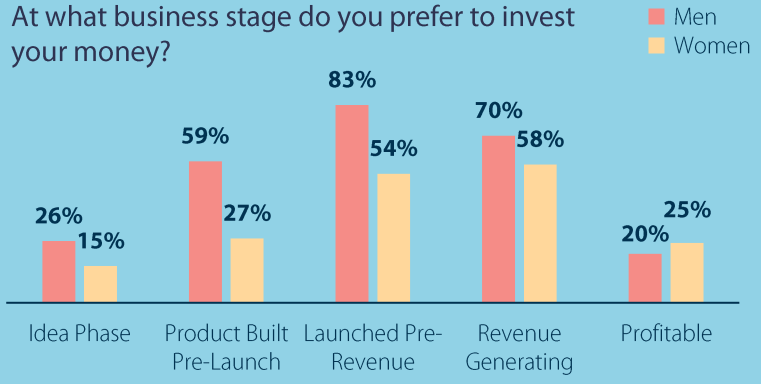
What are your top considerations when considering an angel investment?



At what investment stage do you prefer to invest your money?



At what business stage do you prefer to invest your money?



One of the reasons Scale Investors was founded 10 years ago was to break down the biggest barriers facing women in seeking investment and making investments. There is a lot of strong evidence to suggest that when the investor pool is diverse, founding teams receiving private capital are diverse.

We create a safe environment where women can learn alongside each other and ALL investors who understand the clear economic outperformance opportunities of investing in diversity become the norm and we no longer need to preface 'women' in front of investors nor founders because they simply just are.

Time for action is now, it's never been better.

Samar Mcheileh
Co-CEO
Scale Investors

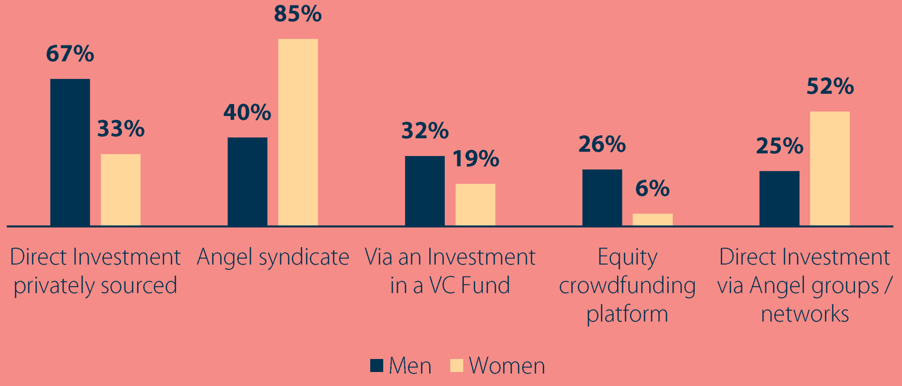
NEW CHANNELS LAUNCHING NEXT-GEN ANGELS

Tech-enabled angel syndicates drive diversity in participation.

The rise of tech platforms that help launch and manage angel syndicates has dramatically changed the Australian angel investment landscape. These platforms streamline the processes of establishing and participating in angel syndicates. They reduce barriers and increase accessibility for a broad range of individuals. This led to a significant increase in angel syndicates and angel participation in 2022. It has also led to a more diverse set of investors with varying backgrounds and expertise, bringing new perspectives and experiences to the table.

The increased breadth of angel syndicates has created more opportunities for early-stage startups to secure funding and mentorship. With the syndicate model, startups have access to a wider pool of capital and a collective of experienced investors who can provide valuable guidance and support.

In 2022, did you make an investment in a startup via any of the following channels?



The platforms powering the next generation of Angel syndicates

Startup Galaxy

aussie angels

TEN13

Cache

Angel syndicates are undoubtedly one of the best ways to drive early-stage venture capital in an ecosystem. They are a fantastic catalyst for opening up angel investing to a diverse group of individuals, including women and younger people, who wouldn't necessarily get access otherwise.

It's important to facilitate diversity within those who are deploying capital to ensure there is diversity in the types of companies funded.

Cheryl Mack
CEO
Aussie Angels

WOMEN ANGELS ACTIVE AND OPTIMISTIC

Women participation increased in 2022, and survey respondents showed enthusiasm for the year ahead.

2022

Increased investment

73% of women VS **44%** of men

Decreased investment

43% of men VS **15%** of women

2023

Plan to increase investment

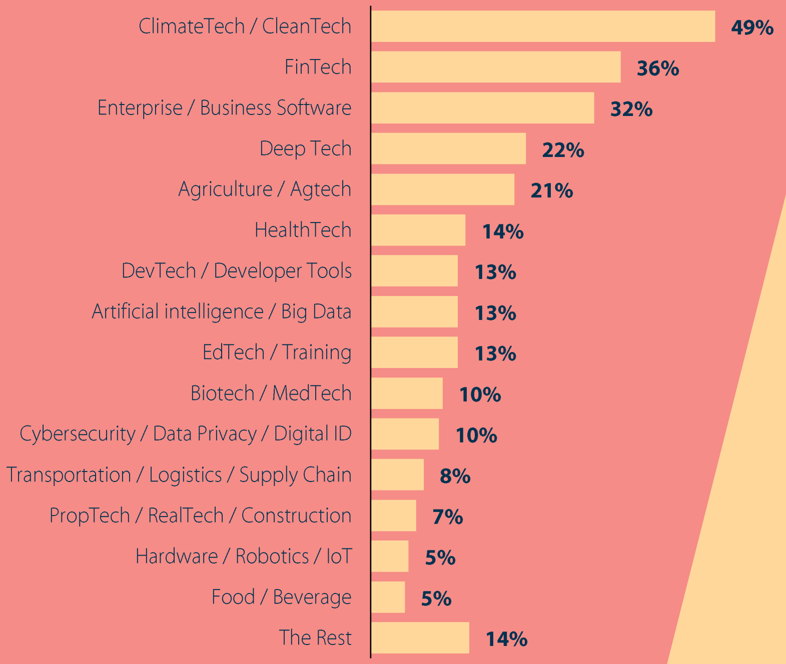
83% of women VS **42%** of men

Plan to decrease investment

14% of men VS **0%** of women

10% of women think Australian startups are currently overvalued versus **32%** of men

In 2023 and beyond, what sectors are you most excited about when it comes to Australia's startup ecosystem?



Despite the growing turbulence across the economic landscape of 2022 angel investors showed resilience, worked smarter and remained optimistic for the year ahead. Australian angel networks continued to be better equipped as they improved processes, adopted tooling and shortened investment timelines to better compete in early-stage deals.

At an individual level we observed an increase in angels writing smaller cheques into venture funds and also accessing secondary sales as their portfolio companies completed follow-on rounds. The outlook for angels in Australia has never been more exciting!

Ed Hooper
Co-Founder & CEO
Startup Galaxy

06

THE STATE OF VENTURE DEBT

It was a boom year for venture debt in 2022.

As the startup ecosystem matured, so too has the ecosystem of capital options. There is now a diverse set of venture debt options in the market for founders to pick from.

A robust understanding of these options amongst founders remains low, but this is changing. For a subset of startups, venture debt provides a viable potential funding alternative or complement to traditional equity funding.

5 THINGS TO KNOW

01

GROWTH YEAR FOR VENTURE DEBT

Australia's venture debt sector saw a rise in activity as startups sought debt financing as a complement or alternative to equity funding. Local startup lenders reported a record year due to endorsement of venture debt by VC investors, the use of debt to extend cash runway before the next equity round, and scaleups using debt for M&A funding and growth.

02

(SOME) VCS SHOW SOME LOVE FOR VENTURE DEBT

In the face of challenging equity market conditions, 24% of respondents to our investor survey said they'd recommended portfolio companies consider venture debt to increase cash balances and runway. In fact, venture debt was among the top 5 recommendation VCs reported giving their portfolio companies in 2022.

03

IT'S NOT FOR EVERYONE

A strong venture debt candidate is a mature startup with a recurring, predictable revenue stream, more than three years in business, a loyal customer base, sufficient cash runway without the venture debt, high gross margins, a clear path to profitability, and support from a venture capital backer.

04

A TOOL AGAINST A DOWN ROUND

Venture debt, which avoids equity dilution, has become a valuable, flexible funding alternative for startups, especially those who last raised at a lofty valuation and now face a potential down round. Debt financing helps alleviate pressure of falling valuations and gives startups runway to reduce cash burn while avoiding equity dilution; they can focus on growth and meeting the next equity round's benchmarks rather than market valuations.

05

AS ALWAYS, THERE ARE RISKS INVOLVED

Venture debt provides a valuable alternative to equity financing for startups, but it also comes with its own risks. The obligation to repay the loan can divert resources from business expansion. A potential economic downturn in 2023, combined with rising interest rates, may make it challenging for startups to cover loan payments and navigate the situation.

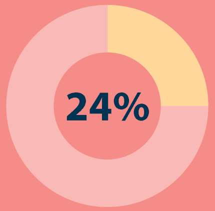
VENTURE DEBT'S TIME TO SHINE

Tougher access to equity paved the way for a record year for many venture debt funds.

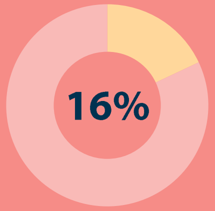
The Australian venture debt sector experienced a significant increase in activity in 2022 as more startups turned to debt as an alternative or compliment to equity financing. While venture debt funding data is limited, all local startup lenders we spoke to reported record years for their respective businesses.

This growth was underpinned by several contributing factors, including the following:

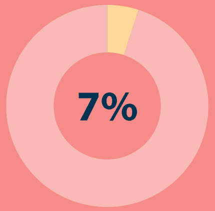
- For certain startups in their portfolios, venture capital investors are increasingly willing to endorse venture debt as a suitable funding source.
- Startups are using debt to extend their cash runway, to buy time before their next equity round, avoiding a potential valuation down round.
- Scaleups are putting debt lines in place to fund M&A opportunities and accelerate their long-term growth plans.



of VCs recommended venture debt to their portfolio in 2022



Series-A or later founders have used venture debt



of Seed or earlier founders have used venture debt

Valuation multiples and the general macro environment continue to moderate, and the take-up of revenue-based funding and venture debt is increasing.

Market conditions along with greater awareness and education around these options mean **founders find alternative funding solutions more relevant and attractive**. VCs are also more supportive of revenue-based financing's potential effectiveness, creating additional tailwinds for our industry's growth. We expect 2023 to follow the emerging growth trend that we saw late last year.

David Salkinder
Co-Founder & CEO
Fundabl

POTENTIAL SOLVE FOR THE CURRENT ENVIRONMENT

For the right startup, debt can deliver flexibility and breathing room to both founders and current investors.

In the current climate, venture debt has emerged as a valuable alternative for startups. It provides a flexible funding option that can help them avoid equity dilution. This is particularly true for those startups that raised funds in 2020-2021, who potentially face a down round due to recalibration of valuations.

In a softer funding market, debt financing can be a useful tool to alleviate the pressure of falling valuations for both founders and current investors. Venture debt can provide runway to startups looking to reduce their cash burn while avoiding dilution of common equity holders. It gives them the freedom to focus on growing their businesses and hitting the benchmarks expected by VCs for their next priced equity round, instead of worrying about the valuation that might be achievable in the open market today.

Higher loan cost / less availability	What makes a good venture debt candidate?	Lower loan cost / More availability
Non-recurring, one-off/upfront payments	Revenue model / Mix	Recurring / predictable revenue stream
< 12 months	Track Record in Business	> 3 years
Concentrated / high churn	Customer base	Enterprise and government / diverse / sticky
< $1m annualised revenue	Traction	>$10m annualised revenue
< 4 months	Cash Runway	> 12 months
<10% y-o-y	Revenue Growth	> 50% y-o-y
< 5% y-o-y	Net Client Growth	> 20% y-o-y
< 30%	Gross Margin	> 75%
Outside 2 years	Profitability	Already profitable
> 4 x monthly revenue	3rd Party Interest Debt	None
Dividend / shareholder payout	Use of proceeds	Growth capital
Unreliable / unsupportive shareholders	Equity backing	Established VC/PE or bootstrapped

In 2022 we experienced a surge in demand for our debt product.

Our business quadrupled and revenues grew 10x.

In 2021 founders were curious about venture debt as an offering. In 2022 they were serious about including debt as part of reducing their overall cost of capital or saving on dilution completely.

Jodie Imam
Co-Founder and Co-CEO
Tractor Ventures

MORE OPTIONS THAN EVER, BUT FOR THE RIGHT CANDIDATES

New market entrants and legacy providers have broadened the debt options available to founders.

Types of Venture Debt

Company Stage: FOUNDING STAGE → ACCELERATION STAGE

ABILITY TO SUPPORT DEBT →

	1.	2.	3.
	Revenue-Based Financing	Working capital Financing	Growth Capital Financing
Description	Post revenue startup, typically used to fund customer acquisition	At or near cashflow neutral typically used to fund operations or inventory	At or near cashflow positive, typically used to fund expansion
Facility	Revloving facility or term loan	Revolving facility	Term loan
Repayment	% of revenue	Monthly based on borrowed amount	Fixed payment schedule
Approval	1-3 Days	1-2 weeks	1-2 months

While venture debt can be a valuable alternative to equity financing for startups, it does come with its own set of risks.

Debt as a financing tool may alleviate concerns of equity dilution, but it comes with the obligation to repay the loan, which can divert resources away from expanding the business.

A potential economic downturn in 2023 could further disrupt startup revenues and make it difficult to cover loan payments. This, paired with a rising interest rate environment, may be difficult for startup founders to navigate.

Venture debt is still a relatively nascent funding solution in Australia but is quickly gaining understanding and popularity. As both equity and debt investors, we have a unique insight into how founders are thinking about capital formation. We are seeing first-hand an increasing volume of high-quality Australian businesses opting to incorporate debt into their growth funding mix, which is in part being fueled by challenging equity market conditions.

Founders are finding that venture debt can offer a flexible, less dilutive and lower cost financing alternative for growth companies.

Alex Mount
Investment Director
MA Growth Ventures

07

THE STATE OF CROWDFUNDING

Crowdfunding experienced a record year in 2022. More successful campaigns were funded, and more capital deployed, than ever before.

Crowdfunding platforms allow investors who do not qualify as Sophisticated Investors to invest in early-stage companies. Crowdfunding has become a reliable source of capital for certain breeds early-stage companies.

4 THINGS TO KNOW

01

A RECORD YEAR FOR THE SECTOR

The equity crowdfunding sector had a record year, surpassing the previous high set in 2021 and hitting $81M total funding across 103 completed campaigns. As in venture capital, H1 was stronger than H2. However, while venture capital saw a slowdown in Q2, crowdfunding sites didn't experience a slowdown until Q3.

02

FOOD & BEVERAGE FOUNDERS FIND RELIABLE SUPPORT FROM THE CROWD

The Food & Beverage sector dominated funding rounds, raising the same amount as the next four performing sectors combined. Breweries, distilleries, and health food brands were a particular hit. It remains to be seen whether these businesses can generate the types of returns commensurate with the riskiness of investing in early-stage companies.

03

WOMEN FOUNDERS SLIP

Similar to the dynamic seen in venture capital, female-founded companies participated in a greater share of completed campaigns compared to 2021 but raised considerably less capital than they did in 2021. The median campaign size of solely female-founded businesses was less than half that of solely male-founded businesses.

04

PLATFORMS WALK THEIR TALK

Platforms VentureCrowd and Birchal both raised successful crowdfunding campaigns on their respective platforms. VentureCrowd, which also conducts raises for alternative asset classes, raised $3.9M from its members and $6.6M from traditional investors. Birchal raised $3M on its own platform from close to 600 participants.

THE STATE OF AUSTRALIAN STARTUP FUNDING

A RECORD-BREAKING YEAR

Crowdfunding continues to develop into an increasingly popular funding source for an entrepreneur subset.

It was the biggest year on record for the equity crowd funding segment, with both successfully completed campaigns and total funding topping the record set in 2021.

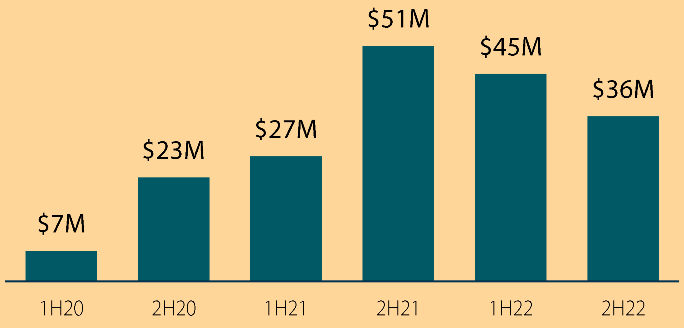
Much like traditional venture capital markets, the first half of the year was stronger than 2H, however (unlike venture capital) total volume funded and deals peaked in Q2. Each quarter performed better than its equivalent in 2021.

There are now four at-scale crowdfunding platform options for investors looking for early-stage investment exposure, as well as several niche platforms.

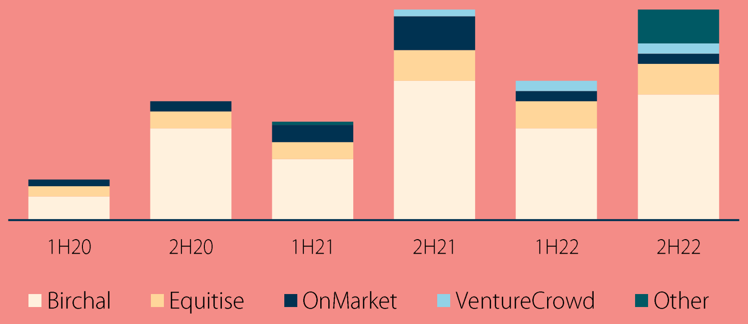
$81M Total capital raised, **up 4% from 2021**

103 Successful campaigns, **up 13% from 2021**

Total capital funded



Total successful campaigns by platform



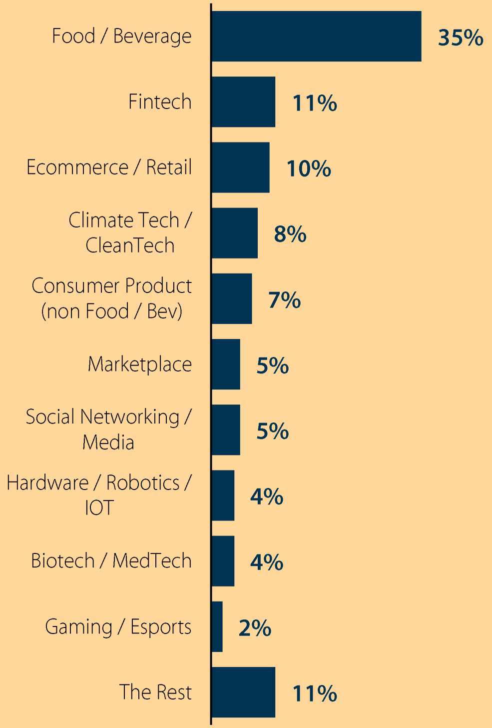
It has been another solid performance for Australia's equity crowdfunding industry in 2022. With record funding volume across the industry; against the backdrop of steep falls in funding volume across other parts of the financial system, the resilience of Australia's CSF industry has been remarkable.

Equity crowdfunding has become an important and valued part of the financial system. Its importance in Australia's startup ecosystem is set to grow in the face of challenging macroeconomic conditions, and a softening in appetite among the traditional funders of startups in Australia.

Matt Vitale
Co-Founder & Managing Director, Birchal

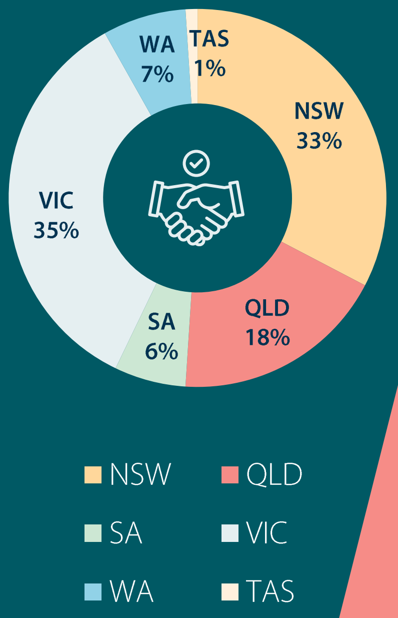
FOOD & BEVERAGE DOMINATE

Food and Beverage upstarts find sweet spot with the crowd. The ability for these business to deliver "venture like returns" remains unproven.



Largest successful 2022 campaigns

STARTUP	SECTOR	INVESTORS	ROUND
Zero Co	Consumer Product	Birchal	**$5M**
VentureCrowd	Fintech	VentureCrowd	**$3.9M**
Montu	Biotech / MedTech	Birchal	**$3.5M**
Neutrog	Climate / CleanTech	OnMarket	**$3M**
Birchal	Fintech	Birchal	**$3M**
Thrive	Fintech	Birchal	**$3M**
Your Mates Brewing	Food / Beverage	Birchal	**$2.5M**
Cannatrek	Healthtech	OnMarket	**$2.5M**
Our Cow	Ecomm / Retail	VentureCrowd	**$2.4M**
Unhedged	Fintech	Birchal	**$2.3M**



Core to the business is providing retail investors the ability to invest in high growth, exciting companies on the same terms of family offices, VCs and well-known Angel investors.

We have always focused on fair and reasonable valuations for companies raising via equity crowdfunding, and this year was no different. Not only is this in the best interest of our investor community, but our companies as well.

Jonny Wilkinson
Co-Founder and Director
Equitise

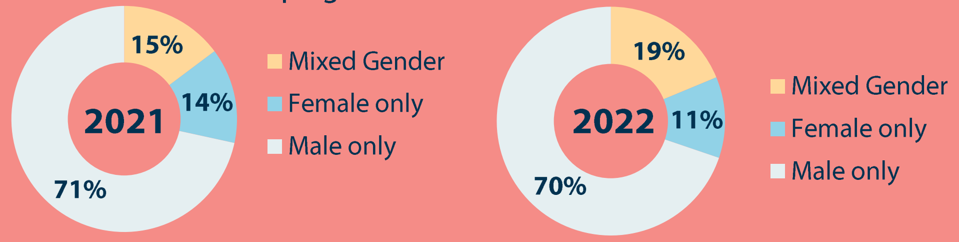
MIXED RESULTS FOR WOMEN FOUNDERS

Outcomes for women founders in the crowdfunding segment mirrored the trend seen in venture capital.

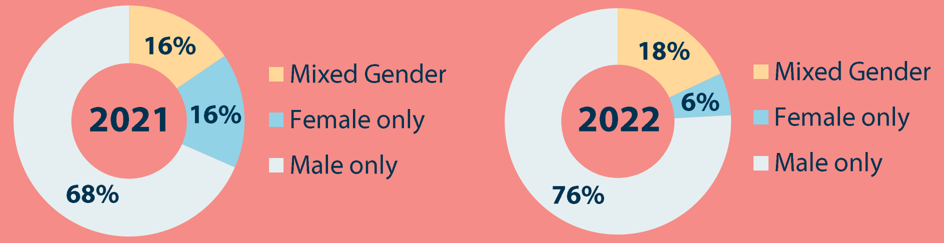
Participation in completed campaigns rose to the highest level ever, hitting 30%. This was within striking distance of the share seen at the Pre-Seed venture stage (33%).

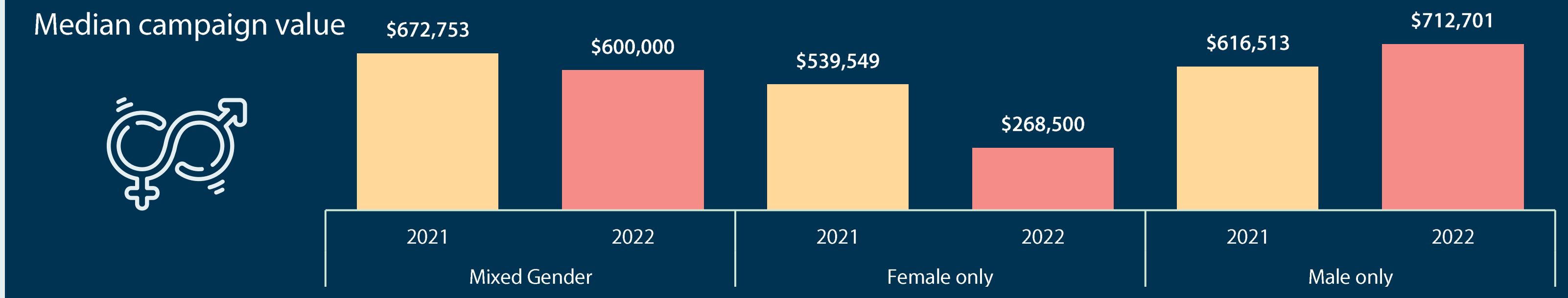
Share of dollars, while still high compared to the levels seen in venture capital, dropped from 32% in 2021 to 24% in 2022. The median campaign size of women-only founding teams halved from 2021 levels and was less than half the median raised by mixed-gender and all-male teams.

Share of successful campaigns



Share of dollars raised





The availability of early-stage capital, together with the efficient and effective deployment of that capital across the entire life cycle of a high-growth company has the potential to shift innovation and entrepreneurship into overdrive, and only when that happens - only when you have a truly thriving innovation and entrepreneurial ecosystem - can we really begin to solve some of the world's most wicked problems and move closer to the utopian ideal of social and economic equality.

Steve Maarbani
CEO
VentureCrowd

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APPENDIX

- Acknowledgements
- Index of active investors
- Data methodology and disclosure

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This report wouldn't be possible without the generous support of a countless number of individuals who made it happen.

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We are grateful for the creative genius of Creatik Design & Branding Studio and Wolff Creative, as well as the amazing photographic talent of Stefan Wellsmore.

We'd also like to thank the 88 venture capital funds and angel syndicates who collaborated with us, and the 500+ members of the startup community who shared their insights by completing our surveys.

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

Disclosure: This list is not exhaustive. There are many more currently active Australian venture capital funds and angel groups. Organisations listed here opted in to collaborate with the creation of this report and submitted their fund details for listing on WeHaveDryPowder.com. We have not verified the information contained here, which the organisation provided. Cut Through Venture does not warrant its completeness or accuracy. Startups should not use this as a basis for deciding which investor is the best for them. A frequently updated list of organisations currently investing is available at WeHaveDryPowder.com.

		Stage	Cheque size	Segments
aethra	aethra.xyz	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Climate / Green, Health
AFTERWORK	afterwork.vc	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
AirTree	airtree.vc	Pre-Seed, Series A, Seed, Series B, Series C+	<$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
ALICE ANDERSON FUND	launchvic.org	Pre-Seed, Seed	<$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
ALIUM CAPITAL MANAGEMENT	aliumcap.com	Seed, Series A, Series B, Series C+	$1M - $5M+	Software, Health, Non Technology
ANTLER	antler.co	Pre-Seed, Seed, Series A	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
ARCHANGEL	archangel.vc	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
artesian	artesianinvest.com	Seed, Series A, Series B	$250K - $5M	Software, Hardware, Climate / Green, Health
Astral Ventures	astralventures.com.au	Seed, Series A, Series B	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology
Athletic Ventures	athletic.vc	Series A, Series B, Series C+	$250K - $1M	Software, Climate / Green, Health, Non Technology
AURAVENTURES	aura.co	Pre-Seed, Seed, Series A, Series B	$250K - $3M	Software, Hardware, Climate / Green
aussie angels	aussieangels.com	Pre-Seed, Seed, Series A	$250K - $1M	Software, Climate / Green
BAILADOR	bailador.com.au	Series A, Series B, Series C+	$1M - $5M+	Software, Climate / Green, Health
birchal	birchal.com	Crowdfunding, Pre-Seed, Seed, Series A	<$250K - $5M	Software, Climate / Green, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
black nova venture capital	blacknova.vc	Pre-Seed, Seed, Series A	<$250K - $1M	Software
Black Sheep Capital	blacksheepcapital.com.au	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Climate / Green, Health
Blackbird	blackbird.vc	Pre-Seed, Seed, Series A, Series B, Series C+	<$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
BridgeLane	bridgelane.com.au	Pre-Seed, Seed, Series A, Series B,	$250K - $3M	Software, Climate / Green, Health, Non Technology
Carthona Capital	carthonacapital.com	Pre-Seed, Seed, Series A, Series B, Series C+	<$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
CP Ventures	cp.ventures	Pre-Seed, Seed	<$250K - $1M	Software, Hardware, Climate / Green, Health
Cut Through angels	cutthroughangels.com	Pre-Seed, Seed	<$250K - $1M	Software, Hardware, Climate / Green, Health
Empress Capital	empresscapital.vc	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Hardware, Climate / Green, Health

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
equitise	equitise.com	Crowdfunding, Seed	$250K - $1M	Software, Climate / Green, Health, Non Technology
evp_	evp.com.au	Seed, Series A, Series B	$1M - $5M	Software, Climate / Green, Health
Five V / Capital	fivevcapital.com	Series A, Series B, Series C+	$1M - $5M+	Software, Climate / Green, Health
Flying Fox	flyingfox.vc	Pre-Seed, Seed	$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
Folklore Ventures	folklore.vc	Pre-Seed, Seed, Series A, Series B, Series C+	<$250K - $5M	Software, Hardware, Climate / Green, Health, Non Technology
fundabl	fundabl.com	Venture Debt	<$250K - $3M	Software, Hardware, Climate / Green, Health
galileo	galileo.ventures	Pre-Seed, Seed	<$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
Gandel Invest	gandelinvest.com	Seed, Series A, Series B	$250K - $3M	Software, Climate / Green, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
GiantLeap	giantleap.com.au	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Climate / Green, Health
Hansa	hansa.network	Pre-Seed, Seed	$250K - $1M	Software
FIREMARK	firemarkcollective.com	Seed, Series A, Series B, Series C+	$250K - $3M	Software
Australia Insurtech Gateway in collab. with Envest	insurtechgateway.com.au	Accelerator, Pre-Seed, Seed	$250K Max	Software, Climate / Green
investible	investible.com	Pre-Seed, Seed, Series A	$250K - $1M	Software, Hardware, Climate / Green, Health
Jelix Ventures	jelix.vc	Pre-Seed, Seed, Series A	$250K - $1M	Software, Hardware, Climate / Green
lighter capital	lightercapital.com	Seed, Series A, Venture Debt	<$250K - $3M	Software
MA Growth Ventures	mafinancial.com	Venture Debt, Series B, Series C+	$3M - $5M+	Software, Hardware, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
MACDOCH VENTURES	macdochventures.com	Pre-Seed, Seed, Series A	$250K - $1M	Software, Climate / Green, Health
MAIN SEQUENCE	mseq.vc	Seed, Series A, Series B	$250K - $5M	Software, Climate / Green, Health, Non Technology
melbourne angels	melbourneangels.com	Pre-Seed, Seed	<$250K - $1M	Software, Hardware, Climate / Green, Health
No Brand	nbrnd.com	Seed, Series A, Series B, Series C+	$250K - $3M	Software, Health, Non Technology
NULLARBOR VENTURES		Crowdfunding, Pre-Seed, Seed, Series A	$250K Max	Software, Climate / Green, Health, Non Technology
OIF	oifvc.com	Seed, Series A	$1M - $5M	Software
1/ ONE VENTURES	one-ventures.com	Venture Debt, Series A, Series B, Series C+	$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
OnMarket	onmarket.com.au	Crowdfunding	<$250K - $3M	Software, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
Paloma	palomagroup.com	Accelerator, Pre-Seed, Seed	$250K - $1M	Software, Climate / Green, Health, Non Technology
Perennial Partners	perennial.net.au	Series A, Series B, Series C+	$1M - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
PLAYBOOK ventures	playbookventures.com.au	Pre-Seed, Seed	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology
r&mpersand.	rampersand.com	Pre-Seed, Seed, Series A	$250K - $1M	Software, Climate / Green, Health
reinventure.	reinventure.com.au	Seed, Series A, Series B, Series C+	$1M - $3M	Software
SCALARE PARTNERS capital . resource . scale	scalarepartners.com	Pre-Seed, Seed	$250K Max	Software, Hardware, Climate / Green, Health
scale investors.	scaleinvestors.com.au	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
SecondQuarter	secondquarter.vc	Series A, Series B, Series C+	<$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
Shearwater	shearwater.co	Pre-Seed, Seed, Series A, Series B, Series C+	$250K - $5M+	Software, Climate / Green, Health, Non Technology
SIDE STAGE VENTURES	sidestage.vc	Pre-Seed, Seed	<$250K - $1M	Software, Climate / Green, Health, Non Technology
SKALATA VENTURES	skalata.co	Seed	$250K Max	Software, Hardware, Climate / Green, Health,
SKIP CAPITAL	skipcapital.com	Pre-Seed, Seed, Series A, Series B, Series C+	$1M - $5M+	Software, Hardware, Climate / Green, Health,
SOUTHERN ANGELS	southernangels.com.au	Pre-Seed, Seed	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology
sprint. founders first	Sprint.vc	Pre-Seed, Seed	<$250K - $5M	Software, Climate / Green, Health,
Square Peg	squarepegcap.com	Seed, Series A, Series B, Series C+	<$250K - $5M+	Software, Hardware, Climate / Green, Health, Non Technology
Startmate	startmate.com	Accelerator, Pre-Seed, Seed, Series A	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
STOIC	stoicvc.com.au	Pre-Seed, Seed	$250K - $1M	Software, Hardware, Climate / Green, Health
StrideEquity	strideequity.com.au	Crowdfunding, Pre-Seed, Seed, Series A	<$250K - $5M	Software, Hardware, Climate / Green, Health, Non Technology
TEN13	ten13.vc	Pre-Seed, Seed, Series A	<$250K - $3M	Software, Hardware, Climate / Green, Health, Non Technology
tenacious ventures	tenacious.ventures	Pre-Seed, Seed, Series A	<$250K - $1M	Software, Climate / Green, Non Technology
The Fund	thefund.vc	Pre-Seed, Seed, Series A, Series B, Series C+	$250K Max	Software, Hardware, Climate / Green, Health, Non Technology
Tidal	tidalvc.com	Pre-Seed, Seed, Series A, Series B, Series C+	$250K - $3M	Software, Climate / Green, Health, Non Technology
touchventures	touchventures.com	Series A, Series B, Series C+	$1M - $5M+	Software
Tractor Ventures	tractorventures.com	Venture Debt	<$250K - $3M	Software, Hardware, Climate / Green, Health, Non Technology

AUSTRALIAN STARTUP INVESTORS READY TO INVEST

		Stage	Cheque size	Segments
VentureCrowd	venturecrowd.com.au	Crowdfunding, Pre-Seed, Seed, Series A+, Venture Debt	$250K - $1M	Software, Hardware, Climate / Green, Health, Non Technology
Wunala Capital	wunalacapital.com.au	Series A, Series B, Series C+	$1M - $3M	Software, Climate / Green, Health

DATA METHODOLOGY AND DISCLOSURE

Startup funding data

Cut Through Venture provided the equity funding data in the report. Cut Through Venture gathers funding data from various publicly available sources, including press releases, social media, and investor memos. Data is also provided directly to Cut Through Venture by Australian startup ecosystem participants, including investors and founders. To be included in the Cut Through Venture data set, all deals must be validated by an investor or founder involved, or via a press release citing parties to the deal. To be included as a funding event, the transaction must result in an infusion of capital into the startup, in return for the investor taking equity in the business. Exits, grants, prizes, and secondary equity transactions are excluded from the data. Cut Through Venture uses publicly available information, including LinkedIn and company websites, to augment the deal data collected. This additional information includes information about the founder(s) of the startup and background information on the startup.

Survey data

Survey data was collected via three surveys:

1. Australian Startup Founder Survey (225 responses)
2. Australian Professional Startup Investor Survey (117 responses)
3. Australian Angel Investor Survey (211 responses)

All survey responses were anonymous, and the survey collected no sensitive information. Participants were asked to self-select their gender identities and provide information related to their age, location, and background for analysis purposes. All questions were optional. Given the anonymity of the responses, it was not possible to validate the authenticity of the responses. The survey tool used was JotForm.