APRIL 2024

CUT THROUGH venture

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AUSTRALIAN VENTURE CAPITAL

FUNDING REPORT

Q1 2024

Supported by

CORRS CHAMBERS WESTGARTH | HSBC | GXE

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Q1 2024

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AUSTRALIAN
VENTURE CAPITAL
FUNDING

$703M
TOTAL FUNDING

66
DEALS

BLOCK | TEXX · Alt. · BAZAA · bugcrowd Crowdsourced Security · CarbonHQ · Cauldron · CLEVERBEAN · 23strands

anni · hatch · Gaia EnviroTech · Gridcog · keeyu. · Heatseeker · FLK IT OVER

dooh.ly · ELEMENT ZERO · hola health · WRAPPR · ProcurePro · marqo · DS

kite therapy · SOLBARI · Marmalade · telemattica · KASU

Saltwater Games · BAE JUICE · NOA THE BRAND · ULTRA VIOLETTE · GigaComm · illuvium

prota THERAPEUTICS · validient · NRN National Renewable Network · Aravax · SOAR

YÜME · VAPAR · deputy · ESPER satellite imagery · FEMTEK · nullify · diraq · GRAVITY DRINKS CO.

tability · Sonder · Preplocal.com · JUPITER IONICS · Learna · ZENN

CARBONAUGHT · FOREVER NETWORK · willow know your world · Bandicoot imaging sciences · GRAPHICS et al. · prophet · Kismet

amber · everbility · Delphinus Lab · Payble™ · getmee · GILMOUR SPACE · constantinople

THANK YOU TO OUR SUPPORTERS

AND AUSTRALIA'S TOP STARTUP INVESTORS FOR THEIR CONTINUED PARTNERSHIP

CONTENTS

TL;DR – FIVE THINGS TO KNOW

Quarterly announced deals hit a more-than-five year low in Q1 2024, dipping to just 66 deals, or 58 with accelerator rounds excluded. Total announced funding, while down significantly on Q4 2024, marginally outpaced that of Q1 2023. An all-time high funding share to all-female founding teams was a bright spot, as was the emergence of two new Australian unicorns.

01

After a lively end to 2023, the start of 2024 saw Australian startup deal announcements fall to their lowest level in more than five years. While funding levels dipped substantially from the final quarter of 2023, they were slightly better than Q1 2023. Q1 deal processes usually kick off in late the previous year, meaning that Q2 data will reveal if 2024 has brought a transaction cadence uptick compared to the last 18 months.

02

Our Q1 Investor Sentiment Survey presented a mixed narrative: the perceptions of portfolio and market health have significantly improved compared to last year, yet there was an increase in reported layoffs and company closures during the quarter. While deal pipelines appear robust, feedback received indicates that transactions are quite often either being delayed or not closing at all.

03

The count of deals under $5M, $20M, and $50M hit five-year lows. Despite fewer transactions occurring, both average and median deal sizes from the Seed stage onwards saw significant rises compared to a year ago. This trend suggests a shift towards higher quality thresholds, with investors preferring to allocate larger cheques to top opportunities, potentially to the detriment of funding for less favoured options.

04

The share of funding directed to all-female founding teams hit an all-time high in Q1. Significant funding rounds for companies like Aravax, Prota Therapeutics, Ultra Violette, and Solbari — all of which have ties to healthcare — played a key role in achieving this positive outcome. Additionally, the deal participation rate of startups with at least one female founder also reached all-time highs at the Pre-Seed and Series A stages.

05

Valuations have stabilised at all stages. This stability should deliver greater certainty, which should in turn encourage transactions. However, for those who raised funds in 2020-21, the challenge remains attracting new investors at a market clearing price which appeals to shareholders wanting to avoid dilution. Two startups, Deputy and Bugcrowd, successfully navigated this, earning their unicorn wings.

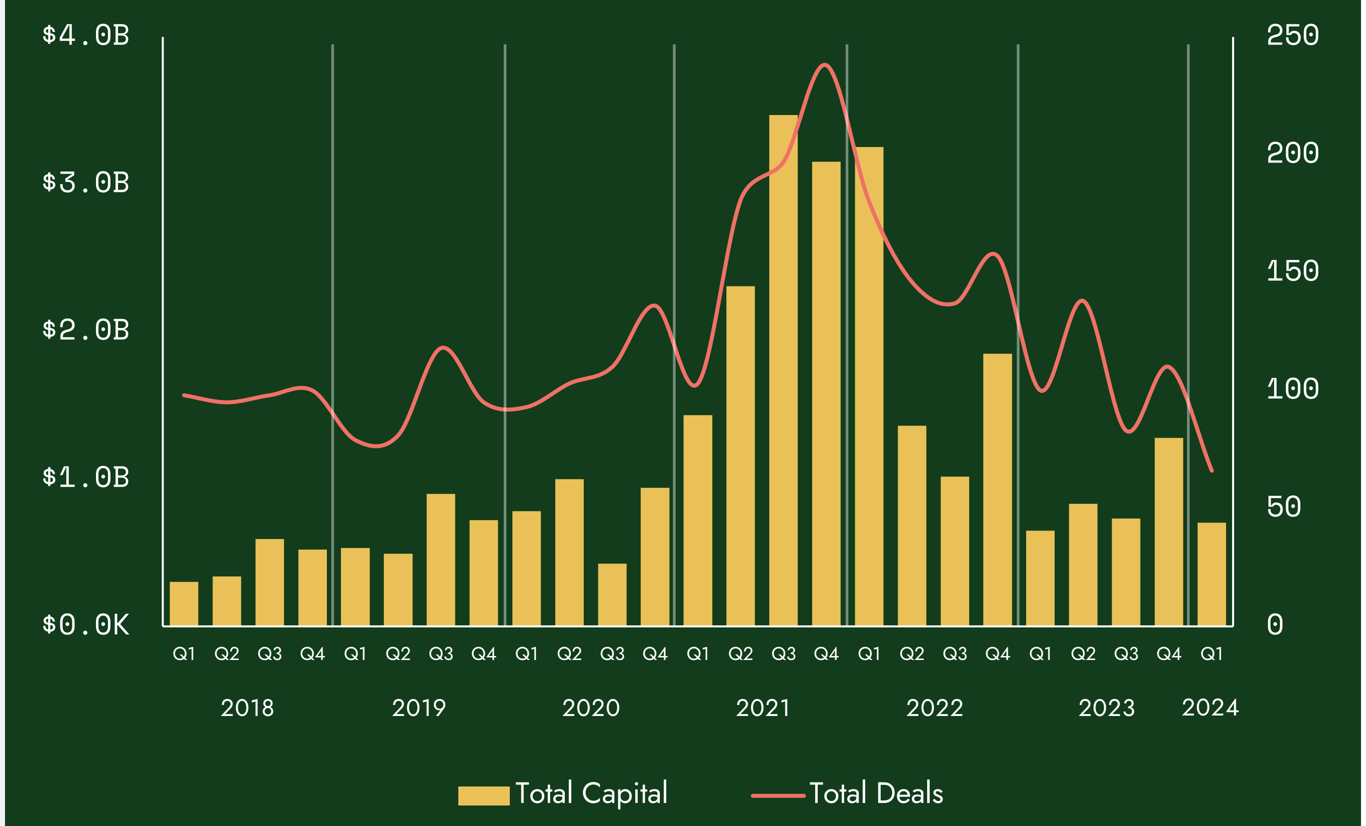
THE HEADLINE FIGURES

In Q1 2024 Australian startups announced

$703M

Capital raised across

66 DEALS



PARTNER INSIGHT:

FIVE KEY TRAP TO AVOID IN CAPITAL RAISINGS

CORRS CHAMBERS WESTGARTH

Raising capital is an exciting milestone for all early-stage companies. However, the capital raising process is full of legal complexities which can be a minefield for inexperienced founders. We've identified five key traps that we commonly see in startup capital raisings.

1. Failing to ensure documentation is properly executed

We sometimes see startup companies have a shareholders' agreement in place but haven't required all shareholders to sign up to that shareholders' agreement before issuing them shares. In many cases, this arises where a company issues convertible securities (e.g. SAFEs or convertible notes), and then fails to have those investors accede to the shareholders agreement when those securities convert to shares.

This mistake can be time-consuming and costly to rectify, but more significantly it can lead to legal disputes and frustrate future capital raisings and exit events. It also means that a shareholders' agreement which has been so carefully negotiated may not have practical value because it can't be enforced against all other shareholders, so for example the drag-along provisions can't be relied on during an exit event.

2. Failing to consider cap table implications

We often see founders giving away more of the company than they expected because they haven't done scenario planning on how their cap table may look in the future. If a capital raising involves the issue of SAFEs or convertible notes, startups need to analyse the impact that any conversion discounts or valuation caps will have under various future fundraising or exit scenarios. Startups also need to ensure they understand the terms of all existing securities on issue, in particular preference share terms and whether any anti-dilution protections will be triggered by the issue of shares in a priced round.

3. Taking on too many shareholders

Startups need to be careful to ensure that their capital raising activities do not result in them having more than 50 shareholders on their share register.

Section 113(1) of the Corporations Act prohibits a private (proprietary limited) company from having more than 50 non-employee shareholders. In addition, companies with more than 50 shareholders (regardless of employee status) are also subject to the takeover provisions in Chapter 6 of the Corporations Act. This can hinder future exit opportunities as potential buyers will be required to make the acquisition through a permitted exception under the takeover rules (such as a formal takeover offer), which is a much more onerous process than a typical private sale.

There are a number of ways shareholdings can be structured to allow a company to take on investment from a large number of individuals without exceeding the 50-shareholder limit, including bare trust arrangements. However, it's usually much harder to remedy these issues once the 50-shareholder threshold has been crossed.

4. Crowdsourced fundings

While crowdsourced funding is now a viable funding path for startups in Australia, with a number of crowdsourced funding platforms available to assist with the process and recent law changes to facilitate these raisings, crowdsourced funding also brings a number of potential pitfalls. A failure to structure and implement the raising properly can exacerbate some of the other traps mentioned above, and a larger shareholder base can also make future shareholder communications and approvals more difficult.

5. Leaving the raise until too late

The timing of capital raisings is one of the most important decisions that founders need to make. While raising money too early can lead to unnecessary dilution, startups with a strong bank balance who are not desperate for cash will usually be in a much better bargaining position with potential investors and ultimately achieve better pricing and terms.

PARTNER INSIGHT:

AUSTRALIA'S POTENTIAL – A GLOBAL INNOVATION HUB

HSBC

It is no secret that many US investors find themselves drawn to the opportunities that Australia presents. Whether it's through personal experiences, academic connections, or encounters with ambitious Australian founders seeking investment partners, the allure of the Australian market is undeniable. Australians, known for their resourcefulness and global mindset, have a knack for opening doors and fostering meaningful conversations.

Once investors have had a taste of working with Australian founders or investing in Australian companies, they often look for more opportunities. Australia's track record of groundbreaking innovations, from the black box recorder to cochlear implants and Wi-Fi, showcases the country's credentials as a hotbed of ingenuity.

As a geographically isolated continent, Australians naturally have an ability to think globally, and often think about offshore expansion earlier than start-ups in other regions. Australian start-ups are also known for their efficient use of capital.

Looking on from afar

Against this backdrop, US investors mostly remain spectators from afar. The challenge lies in capturing the attention of US investors amidst the vast opportunities available on their home turf with over 15,766 venture deals completed in 2023[1].

At a recent Venture Debt conference in New York, I learned that there are over 25 banks providing venture debt financing in the US market alone. This is not to mention the numerous private capital funds actively participating in this asset class, with billions of dollars deployed annually. In 2023, the US witnessed a staggering 1,500 venture debt transactions amounting to US$30 billion, or over 23% of all capital raised[2].

My trip highlighted that in this current climate, US investors are increasingly looking for companies that can efficiently manage towards profitability without jeopardising growth. Australia has a proven track record in this area. Showing investors proof of achieving product market fit before expanding offshore provides an enticing narrative for investment.

Connectivity key to showcase Australia on the global stage

With world-renowned universities, a highly educated workforce, and a tech-savvy population of early adopters, Australia has all the ingredients for success.

To truly unlock Australia's potential, we need the collective efforts of the venture capital ecosystem, government bodies, and corporate Australia to continuously remind the global community why Australia is a globally oriented innovation hub.

This can be challenging when Australian entrepreneurs are focused on building their businesses from the ground up.

Partnering for Success

This is where being supported by the right partners, who open doors and connect you with the right people at the right time. Having partner in your corner who deeply understand the landscape is invaluable. HSBC is one of these partners as our commitment to the Australian tech ecosystem is clear, as the only bank actively deploying growth finance to support late-stage companies in Australia.

We are uniquely positioned to leverage our network across 62 countries and territories to make connections that negate our geographical isolation, bringing Australian's innovation economy closer to the world stage. A recent example of this connectivity was our ability to put an early-stage climate tech company in front of a globally credentialled impact investor. There is no guarantee of success but by opening a door we have put them directly in front of an active investor in their sector.

Leveraging Austrade's landing pads around the world, engaging with investors who already have investments in Australia and leveraging your existing investors / board members global connections are also examples of partners who can help with those first international footsteps.

By harnessing our collective potential, we can ensure that Australia continues to shine as a beacon of innovation on the global stage, attracting the attention and investment it deserves. Let us seize this opportunity and showcase Australia's potential to the world.

Alan Watters
Tech Sector Lead, Australia and New Zealand
HSBC Australia

Source (1,2): Pitchbook-NVCA Venture Monitor Q4 2023

PARTNER INSIGHT:

EVOLVING TRENDS AND TERMS IN VENTURE MARKETS

At GXE we provide an all-in-one platform for managing investment funds, family offices and Investor syndicates. We have observed the following trends based on the transactions we supported across venture this past quarter.

Notes remained a popular investment structure

SAFE notes and convertible notes remained a preferred investment structure for many startups as they allow pricing to be delayed to a future funding round. That said, we are still seeing many priced rounds with the most sought-after investments choosing to price their deals. This dynamic has remained strong over the past 18 months.

More LP co-investment helped support portfolio companies in raising capital

With the combination of new opportunities (especially in the AI space) and existing portfolio company bridge rounds we have seen an increase in co-investment activity where venture funds offer LPs the chance to participate in more deals alongside the fund. The response from LPs has been welcomed as they are able to participate in vetted new deals or access existing portfolio companies that they have followed over time. From a fund manager perspective this allows the fund to demonstrate value to LPs while stretching their committed capital further.

ESIC eligibility continued to be underutilised and complex to manage

The Australian Government offers investors who buy new shares in a qualifying early-stage innovation company (ESIC) may be eligible for tax incentives.

The tax incentives provide eligible investors who purchase new shares in an ESIC with a: non-refundable carry forward tax offset equal to 20% of the amount paid for their eligible investments and modified capital gains tax (CGT) treatment, under which capital gains on qualifying shares that are continuously held for at least 12 months and less than 10 years may be disregarded.[1]

Although very valuable for early-stage investors, many founders and angels are unaware of ESIC. Of those that do utilise it we have observed a variety of challenges as founders find it hard to confirm that they qualify and also correctly submit the required lodgement to the ATO. On the investor side ensuring that they have the required material from the company and claim it on their tax return can also be complex.

Liquidity from secondaries is growing

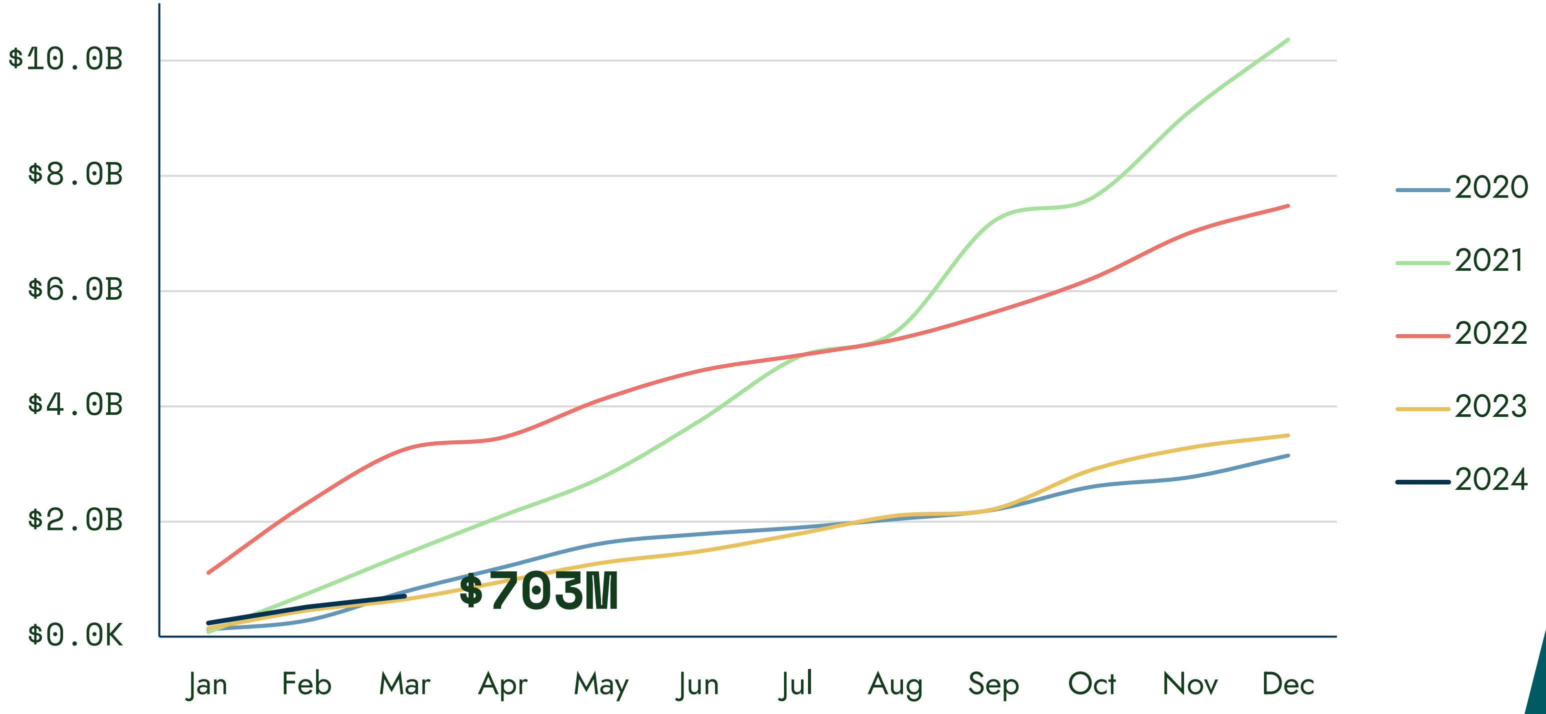
A secondary transaction is the sale of shares in a private company by an existing shareholder to another investor. We are seeing more secondary sale activity across later stage startup funding rounds as investors sell down a portion of their holding to realise a return on their investment.

Demand from super funds, family offices and dedicated secondaries funds such as Second Quarter has underwritten this activity. We've also seen more leadership from companies facilitating these transactions such as the recent US$1.6 billion Canva share sale that rewarded employees and early investors.

Source (1): https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/incentives-and-concessions/tax-incentives-for-innovation/in-detail/tax-incentives-for-early-stage-investors

TOTAL CAPITAL RAISED

Following a bustling finish to 2023, investment in Australian startups experienced a sluggish start to 2024. The first quarter saw the lowest number of announced deals in six years; the extent of to which the Cut Through Venture dataset extends. Funding volume slowed to a lesser extent and was in line with Q1 2023. Typically, deals completed in the first quarter would have initiated their processes in late 2023, accordingly, the data from the second quarter will provide greater insight into whether the new calendar year has fostered a greater willingness and capacity among startups and investors to engage in transactions at a rate faster than what was seen over the last 18 months.



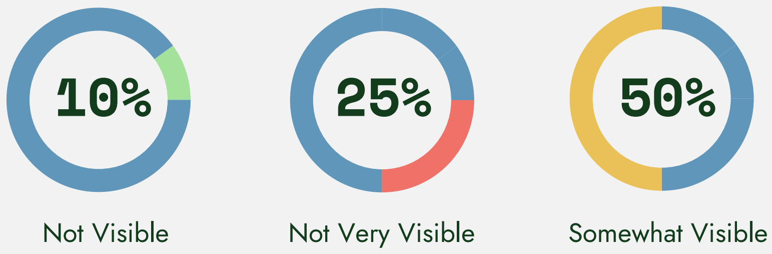
INVESTOR INSIGHT

"At the Pre-Seed and Seed stages, we have seen a consistent and steady flow of top-of-funnel deal flow activity. Under our fund's model, we do not typically lead rounds – and so, one dynamic we've noted is a significant slowdown in the emergence of lead investors for rounds. We are currently committed to three deals, all of which are at a standstill while awaiting the confirmation of a lead investor or for the deals minimum funding threshold required for the raise to be hit."

Investor
Investor Sentiment Survey
March 2024

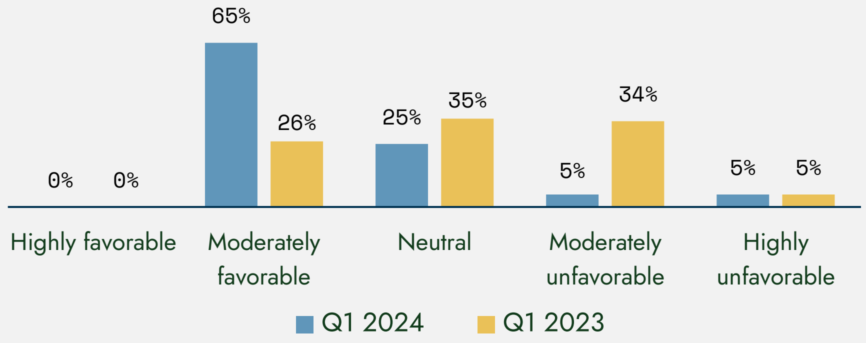
INVESTOR INSIGHTS: DEAL ACTIVITY

How would you describe the level of international investor activity in the Australian startup funding market in Q1?

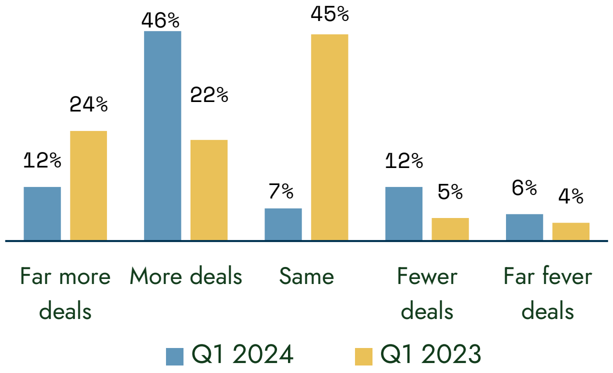


15% Unsure & 0% Highly Visible

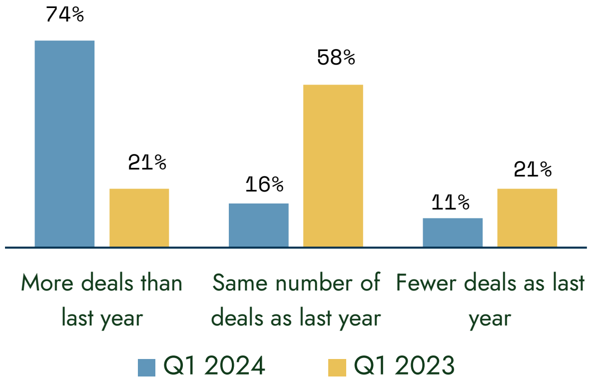
Compared to this time last quarter, how would you describe the current state of the startup funding market?



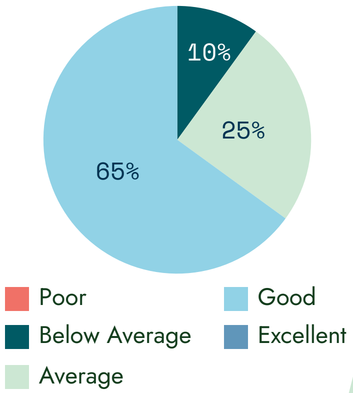
Compared to this time last quarter, how would you best describe the volume of new deals your team is assessing?



What do you believe will best describe your teams deal activity for the remainder of the year?



How would you rate the quality of deal flow in the current market environment?



"Sentiment has definitely improved. Public markets are performing well, and we've even begun to see M&A within the tech sector. However, it is not clear to me that this positive sentiment has translated into increased VC activity levels yet.

Anecdotally, most investors I speak to regularly tell me they're not that busy."

Investor
Investor Sentiment Survey
March 2024

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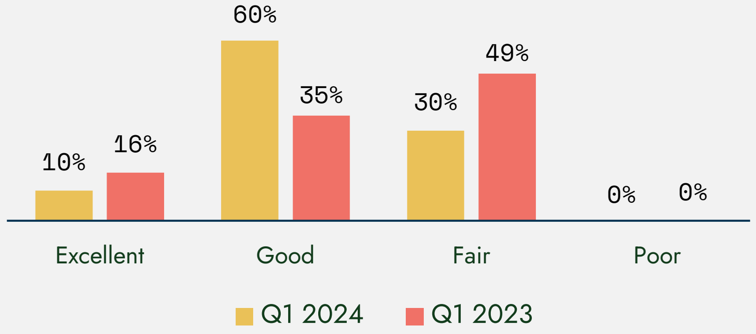
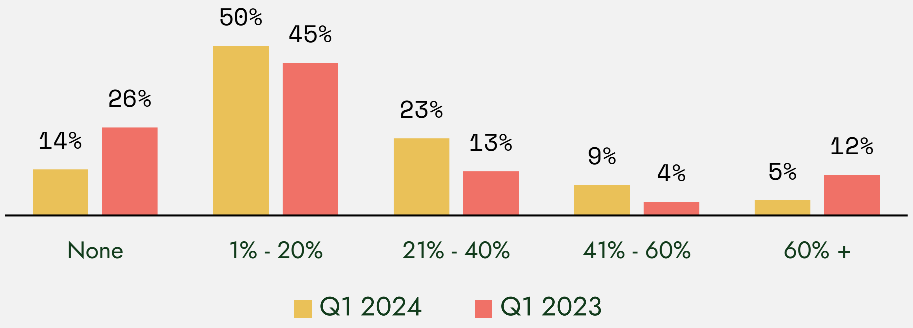
INVESTOR INSIGHTS: PORTFOLIO

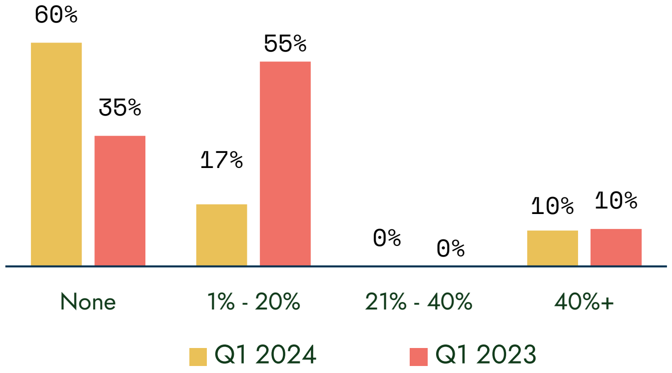
How would you rate the overall health of your current portfolio companies?



What percentage of your portfolio companies have had to lay-off staff this quarter or plan to?



What percentage of your portfolio companies took on venture debt this quarter?



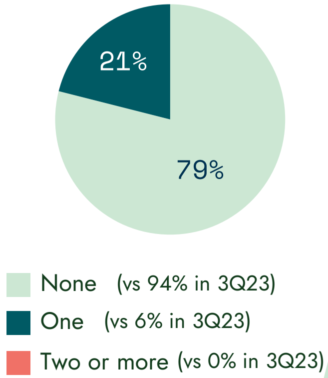
Give market conditions, what is the most common recommendation you've given to founders about their fundraising approach?

55% Raise a bridge round from current investors (vs 43% in 3Q23)

30% Raise as normal (vs 29% in 3Q23)

15% Delay fundraising (vs 28% in 3Q23)

How many of your portfolio companies forced to shut down this quarter?



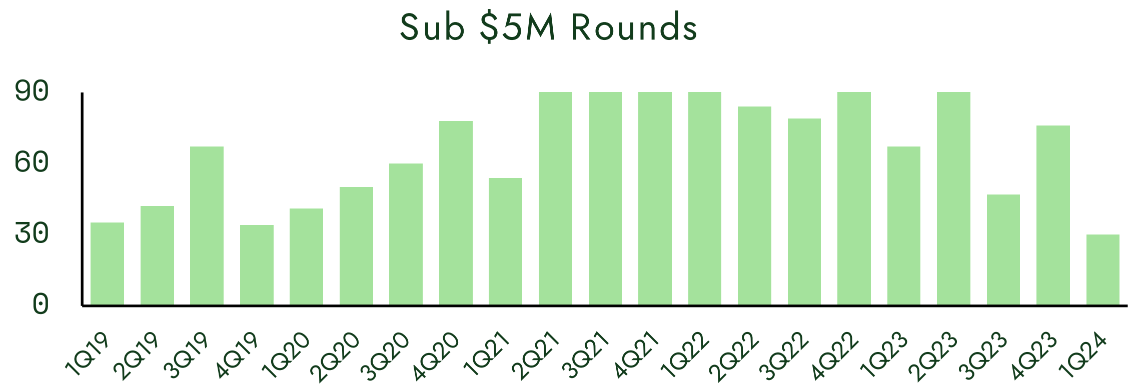
"Last year saw most startups make tough calls to trim their costs, all in a bid to stretch their runway and grow into their valuations. The irony now, though, seems to be that, on average, these businesses aren't growing as fast as you'd normally expect for a traditional venture fund to get excited about.

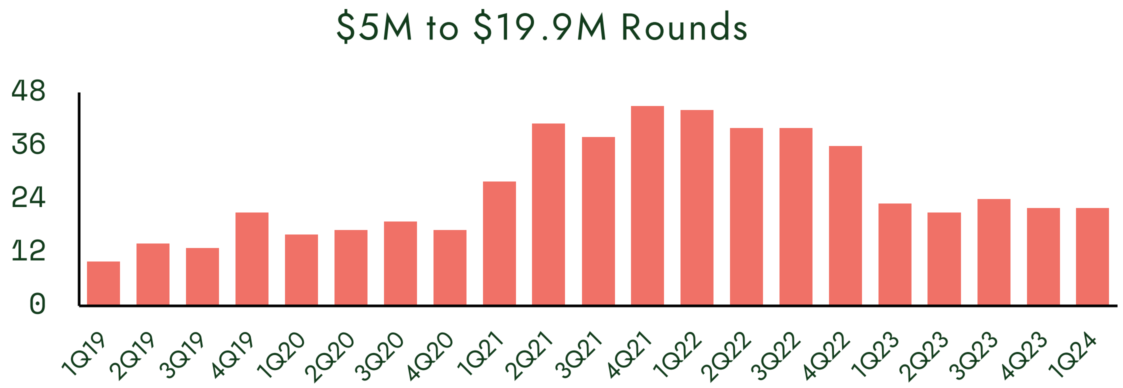
While I don't have the data to back it up, it feels like tougher times are ahead for many startups. For a lot, the main goal might just boil down to surviving, possibly leading to smaller-scale M&A focused on snagging talent or buying up market share."

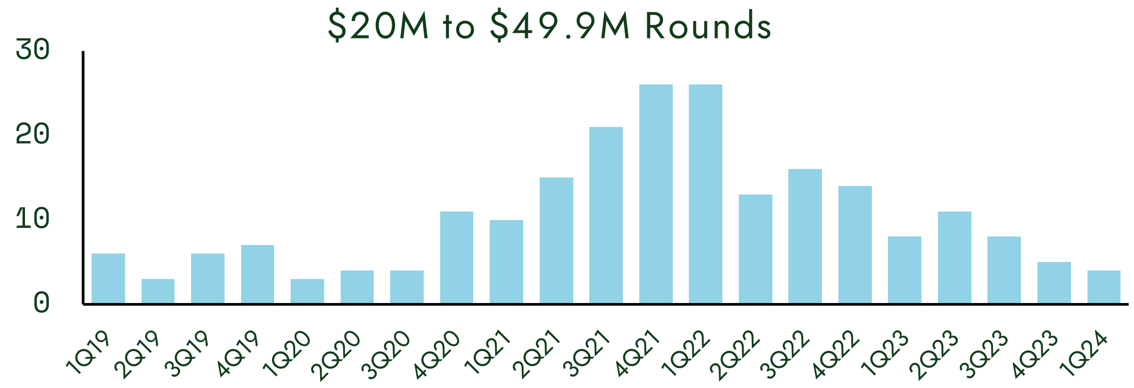
Investor
Investor Sentiment Survey
March 2024

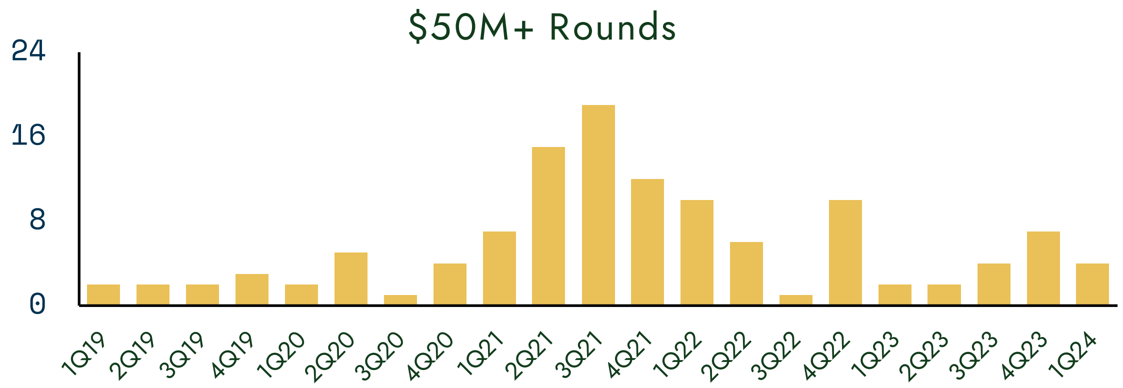
SMALL ROUNDS HIT A LOW POINT

The number of sub $5M rounds dropped to the lowest level seen in the Cut Through Venture dataset. This weakness at the earliest stages meant total count of deals valued up to $50M also hit a five-year low point. While smaller rounds are being underreported in public channels and some founders are actively delaying funding announcements, it's also evident that the quality threshold for investment has significantly increased, with investors showing a willingness to pay a premium for access to higher quality opportunities. Additionally, smaller deals frequently rely on angel investors, many of whom are currently experiencing cost of living pressures, leading to angel investing dropping off the priority list, for now.



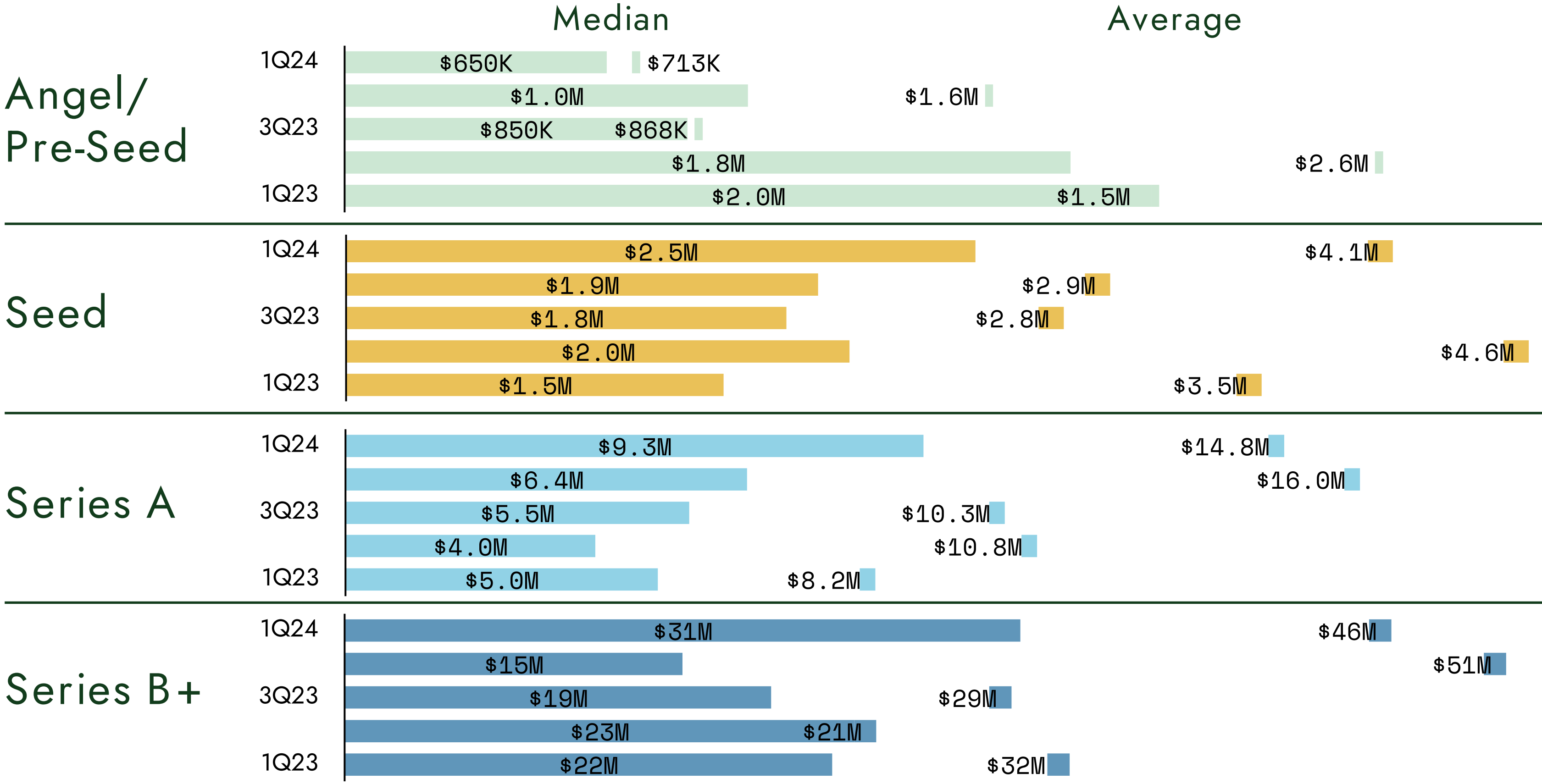






CHANGE IN DOLLARS RAISED BY ROUND

While the number of deals announced was lower, the deals that were announced tended to be larger than those seen over the past twelve to eighteen months. It is premature to declare whether these two contrasting trends are closely connected; that is, whether a "haves and have-nots" phenomenon is occurring, where more competitive deals are securing larger funding rounds to the detriment of less compelling opportunities that are unable to raise at all. This trend was mentioned in our Investor Sentiment Survey; however, more time is required to see if the data supports this claim.



Median 68% down from a year ago

Average 52% down from a year ago

Median 67% up from a year ago

Average 15% up from a year ago

Median 85% up from a year ago

Average 79% up from a year ago

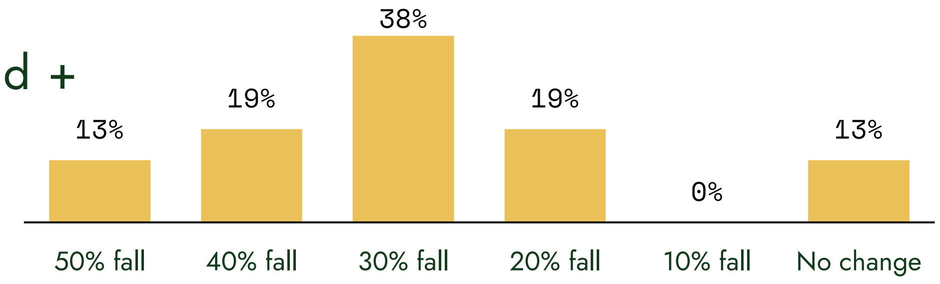
Median 39% up from a year ago

Average 46% up from a year ago

VALUATIONS

INVESTOR INSIGHT:
For deals at the {>>>} stage, what is your best estimate of the valuation change from peak pricing?

Pre-Seed + Seed

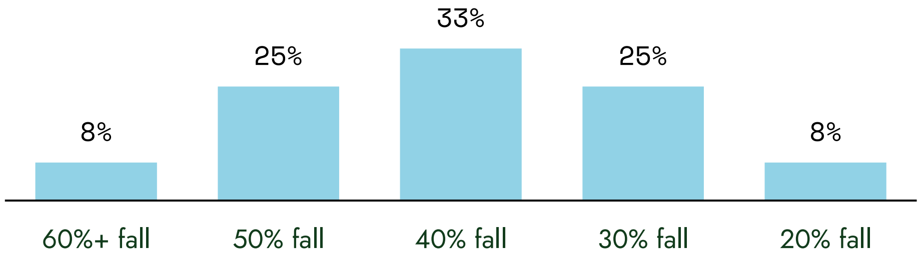


Average fall

29%

vs 33% in 4Q23

Series A + B

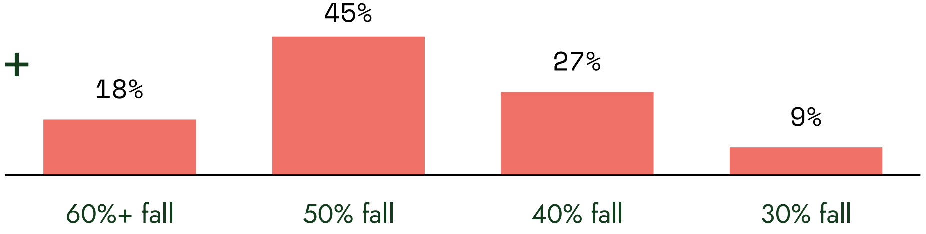


Average fall

40%

vs 41% in 4Q23

Series C+



Average fall

47%

vs 47% in 4Q23

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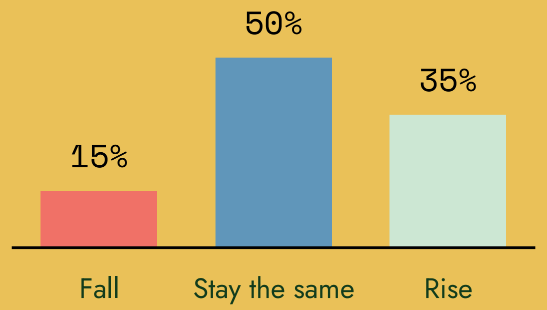
What do you believe will happen to valuations for the remainder of the year?



Cut Through Venture Investor Sentiment Survey March 2024

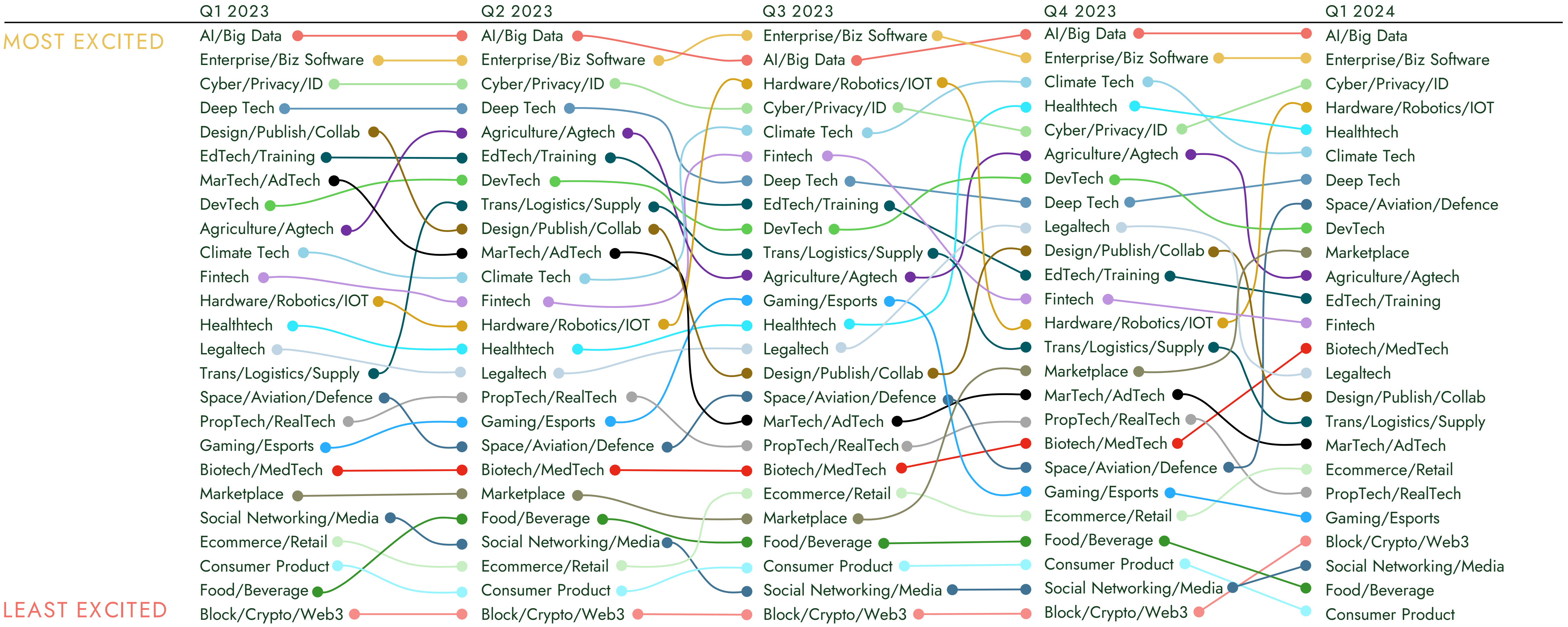
INVESTOR INSIGHT

"Valuations have levelled out. Right now, negotiating power is still firmly in the hands of investors, but the valuations of deals getting done is varying quite considerably, even within the same market segment."

Investor
Investor Sentiment Survey
March 2024

SECTOR SHIFTS IN POPULARITY

INVESTOR INSIGHT: Which sectors are you most / least excited about?



Cut Through Venture Investor Sentiment Survey

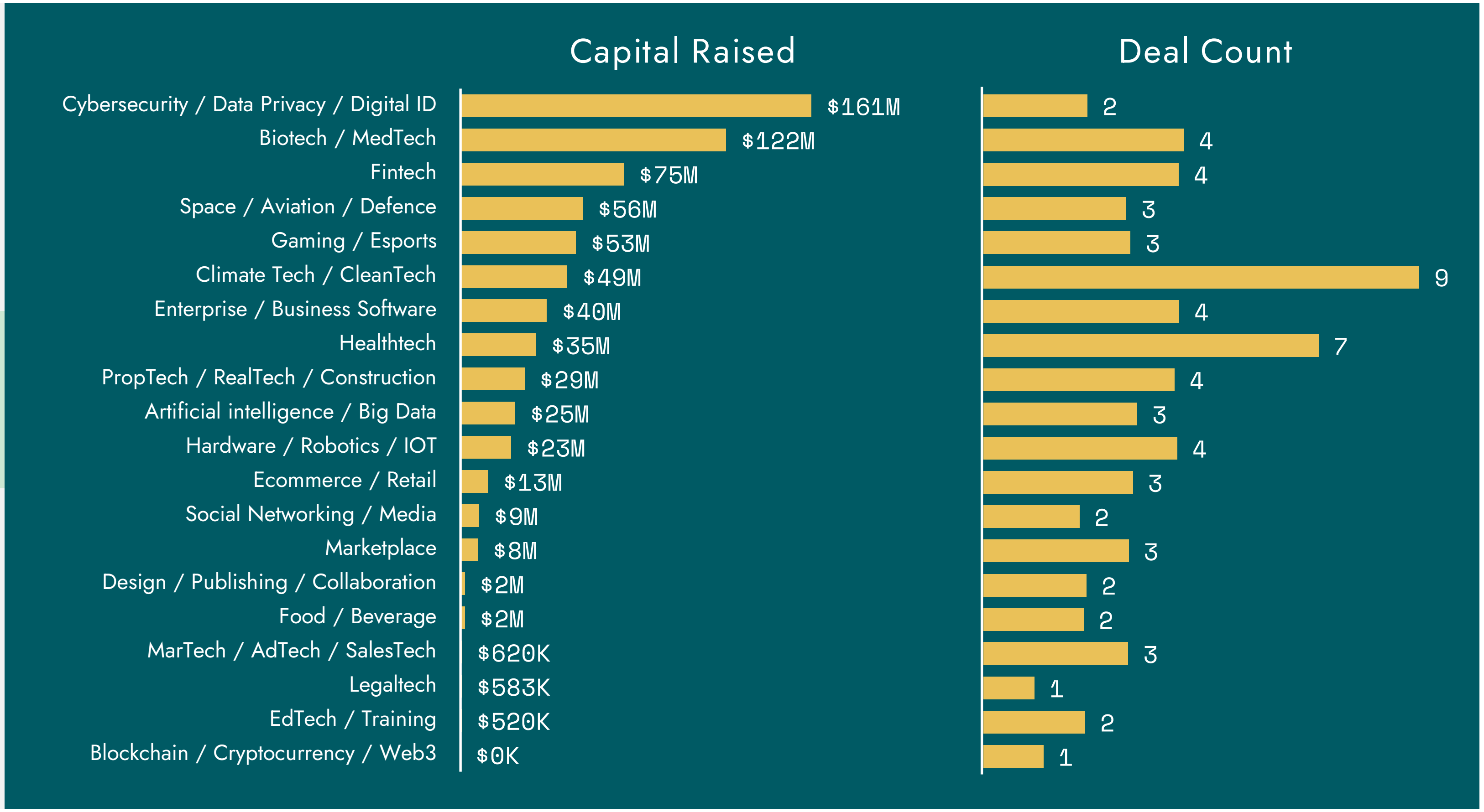
SECTOR SHARE OF FUNDING & DEALS

Climate Tech / CleanTech and Healthtech continued their run of delivering a high number of smaller deals. The largest funding rounds for the month were relatively disbursed amongst the sectors, and so no sectors had a significant breakout quarter from a funding standpoint.

One-Third of funded startups in Q1 mention AI on their website.[1]

"Bubbly AI investing hasn't hit the local market yet. But it's coming. Just watch. It's coming."

Investor
Investor Sentiment Survey
March 2024



Source (1): This was calculated utilising an AI agent created utilising OpenAI's GPT 4.0 API. The data was spot checked for accuracy, but not all 66 company websites were validated by a human.

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SECTOR FUNDING OVER TIME

With the largest deal of the month going to Bugcrowd, Cybersecurity/Data Privacy broke into the top five funded sectors for the first time in more than two years. Fintech and Biotech returned to the top five most highly funded sectors after a six-month break. Climate Tech maintained its top deal count spot for the third quarter straight.

Most Highly Funded Sectors

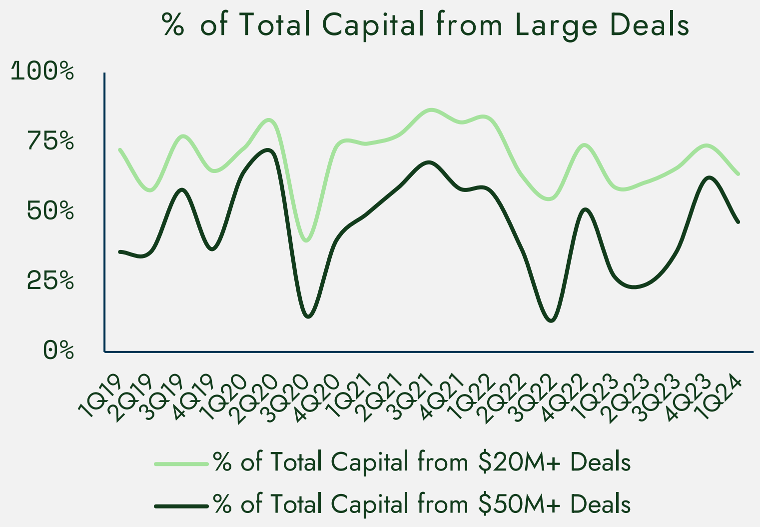
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
1	Enterprise/Biz Software	EdTech	Fintech	Fintech	Fintech	Biotech/MedTech	Climate Tech	Enterprise/Biz Software	Cyber/Privacy/ID
2	Fintech	Ecommerce/Retail	Healthtech	Hard/Robot/IOT	Agriculture/Agtech	Healthtech	Ecommerce/Retail	Block/Crypto/Web3	Biotech/MedTech
3	Block/Crypto/Web3	Enterprise/Biz Software	Food/Beverage	Biotech/MedTech	Hard/Robot/IOT	Fintech	Enterprise/Biz Software	Marketplace	Fintech
4	PropTech	Trans/Logistics/Supply	Biotech/MedTech	Climate Tech	Marketplace	Climate Tech	Hard/Robot/IOT	Space/Aviation/Defence	Space/Aviation/Defence
5	Social/Media	Fintech	Climate Tech	Food/Beverage	Biotech/MedTech	Hard/Robot/IOT	DevTech	Healthtech	Gaming/Esports

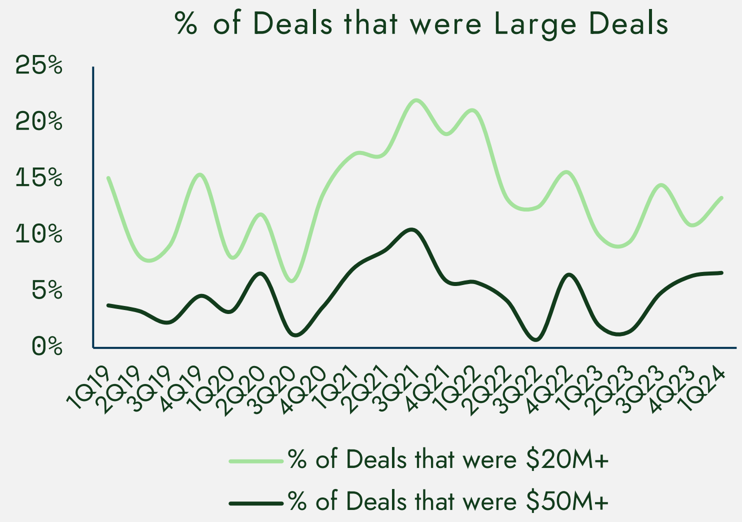
Most Deals by Sector

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
1	Fintech	Fintech	Fintech	Enterprise/Biz Software	Fintech	Fintech	Climate Tech	Climate Tech	Climate Tech
2	Block/Crypto/Web3	Climate Tech	Healthtech	Healthtech	Healthtech	Healthtech	Fintech	Fintech	Healthtech
3	Enterprise/Biz Software	Hard/Robot/IOT	Climate Tech	Climate Tech	Climate Tech	Climate Tech	Hard/Robot/IOT	PropTech / RealTech / Construction	= Biotech/MedTech, Enterprise/Biz Software, Hard/Robot/IOT, Fintech, Proptech
4	Climate Tech	Enterprise/Biz Software	Marketplace	Biotech/MedTech	Marketplace	= EdTech, Biotech/MedTech, Enterprise/Biz Software, Hard/Robot/IOT	Healthtech	= Enterprise/Biz Software, Healthtech, Marketplace	
5	Hard/Robot/IOT	Healthtech	Biotech/MedTech	Fintech	Biotech/MedTech		Biotech/MedTech		

SIGNS OF LIFE AT THE LATER STAGES

There was one deal exceeding $100M, four above $50M, and eight surpassing $20M, making Q1 one of the strongest quarters for large deal announcements in two years. The are currently more than 200 startups which have raised at least $20M in funding but have not announced a funding round since 2021 or 2022. For the startups that have neither closed their doors, achieved a successful exit via IPO or M&A, nor shifted to profitability, they will need to seek additional capital or pursue an exit strategy eventually. The question is, when?





3 Average $100M+ deals per quarter in 2022.

0.5 Average $100M+ deals per quarter in 2023.

1 $100+ deals in Q1 2024.

INVESTOR INSIGHT

"We've noticed an uptick in larger deals hitting the market, primarily led by international investors. Local funds are often participating just to maintain their pro rata or being fill out the funding round. This isn't meant to criticise the local investment scene; I think it's positive to see a renewed vigour in international interest.

The pace of these transactions is a different matter altogether. I suspect these deals are unfolding more like a private equity process, rather than the rapid-fire approach we saw in the 2021 boom."

Investor
Investor Sentiment Survey
March 2024

CUT THROUGH venture

30 LARGEST DEALS OF Q1 2024

Bugcrowd and Deputy joined Australia's unicorn pack, becoming the first new editions since 2022. 'Bug bounty' platform Bugcrowd saw its valuation increase above the mythical $1B mark, following an investment from US-based General Catalyst, Rally Ventures and Costanoa Ventures – while Deputy enjoyed support from a US-based global staffing and labour hire company.

bugcrowd Crowdsourced Security	Aravax	Gilmour Space	constantinople	deputy
Cybersecurity / Data Privacy / Digital ID	Biotech / MedTech	Space / Aviation / Defence	Fintech	Enterprise / Business Software
$156M	$66M	$55M	$50M	$37M
Series E	Series B	Series D	Series A	Series C

Startup	Sector	Round	Stage
Prota Therapeutics	Biotech / MedTech	$32.0M[1]	Series B
Amber Electric	Gaming / Esports	$29.0M	Series C
Diraq	Hardware / Robotics / IOT	$23.0M	Series A
Marqo	Artificial Intelligence / Big Data	$19.4M	Series A
Illuvium	Gaming / Esports	$18.4M	Series A
Willow	PropTech / RealTech / Construction	$18.2M	Series D
Marmalade	Fintech	$16.0M	undisclosed
Sonder	Healthtech	$16.0M	Series B
Ultra Violette	Biotech / MedTech	$15.0M	undisclosed
Kismet	Healthtech	$12.6M	Seed
Solbari	Ecommerce / Retail	$10.0M	undisclosed
National Renewable Network	Climate Tech / CleanTech	$10.0M	undisclosed
Element Zero	Climate Tech / CleanTech	$10.0M	Seed

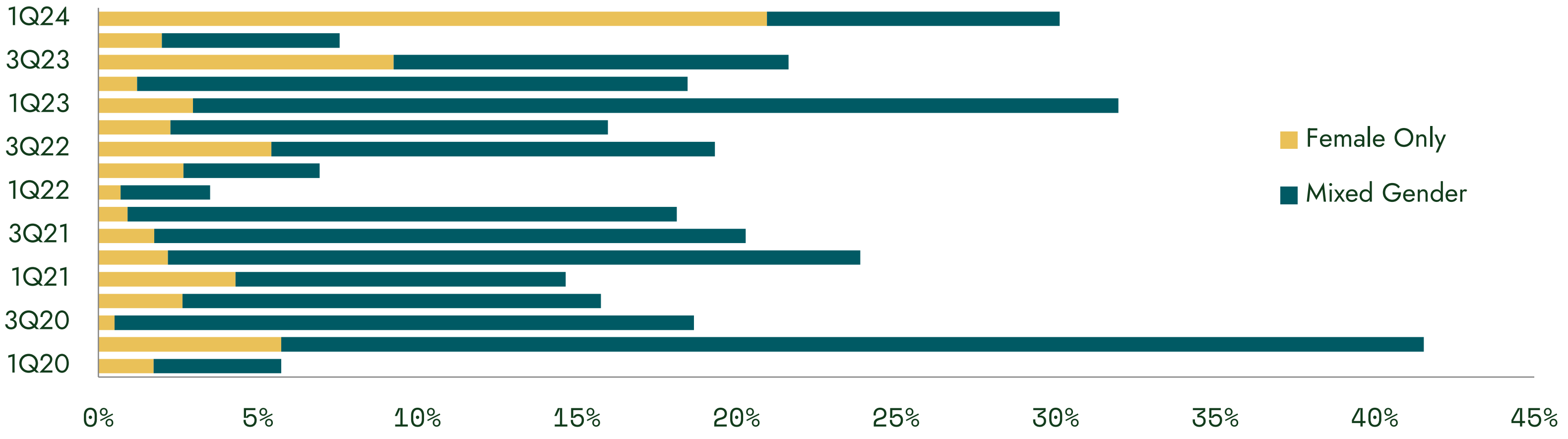
Startup	Sector	Round	Stage
Cauldron Ferm	Climate Tech / CleanTech	$9.5M	Series A
Jupiter Ionics	Biotech / MedTech	$9.0M	Series A
Hatch	Marketplace	$7.0M	Seed
BlockTexx	Climate Tech / CleanTech	$7.0M	Series B
Gridcog	Climate Tech / CleanTech	$6.4M	Series A
ProcurePro	PropTech / RealTech / Construction	$6.2M	Seed
Payble	Fintech	$6.0M	Seed
Forever Network	Social Networking / Media	$6.0M	Series A
Saltwater Games	Gaming / Esports	$5.5M	Seed
Nullify	Cybersecurity / Data Privacy / Digital ID	$5.2M	Seed
Prophet	Artificial Intelligence / Big Data	$5.0M	Seed
VAPAR	PropTech / RealTech / Construction	$5.0M	Series A

(1) Includes undisclosed debt component

FUNDING TO FEMALE FOUNDERS

Funding for female-only founder teams reached its highest ever percentage contribution by a substantial margin. Q1 also marked the largest quarter ever in terms of absolute dollars received by these teams. This figure reached $147 million, more than doubling the previous funding record. Among the eighteen startups that raised over $10 million, six were led by founder teams that included at least one female leader.

Percentage share of total capital raised by female founders



Q1 2024 largest rounds by female founders

Aravax	constantinople	prota THERAPEUTICS	ULTRA VIOLETTE	Kismet
$66M	$50M	$32M	$15M	$13M
Series B	Series A	Series B	Unknown	Seed

Percentage share of total capital raised by female founders

2024 YTD
30% at least one female
21% female only

2023
23% at least one female
5% female only

2022
10% at least one female
3% female only

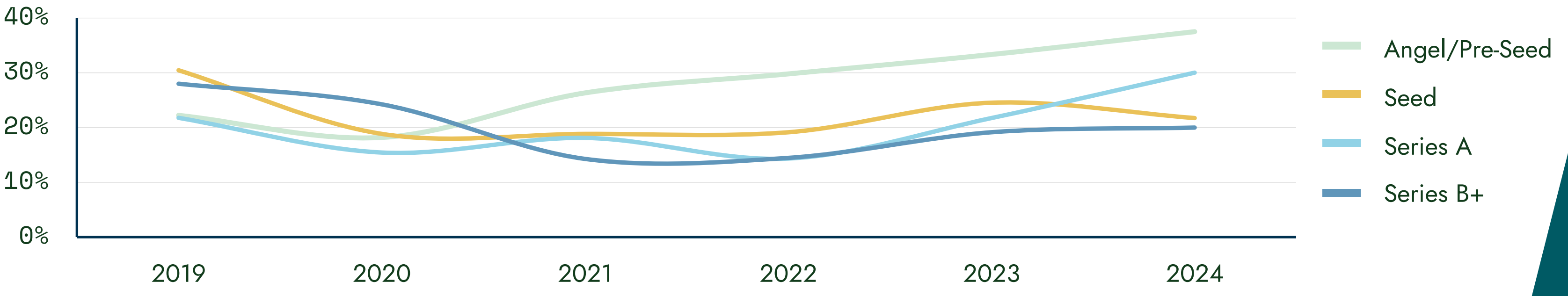
2021
21% at least one female
2% female only

2020
25% at least one female
6% female only

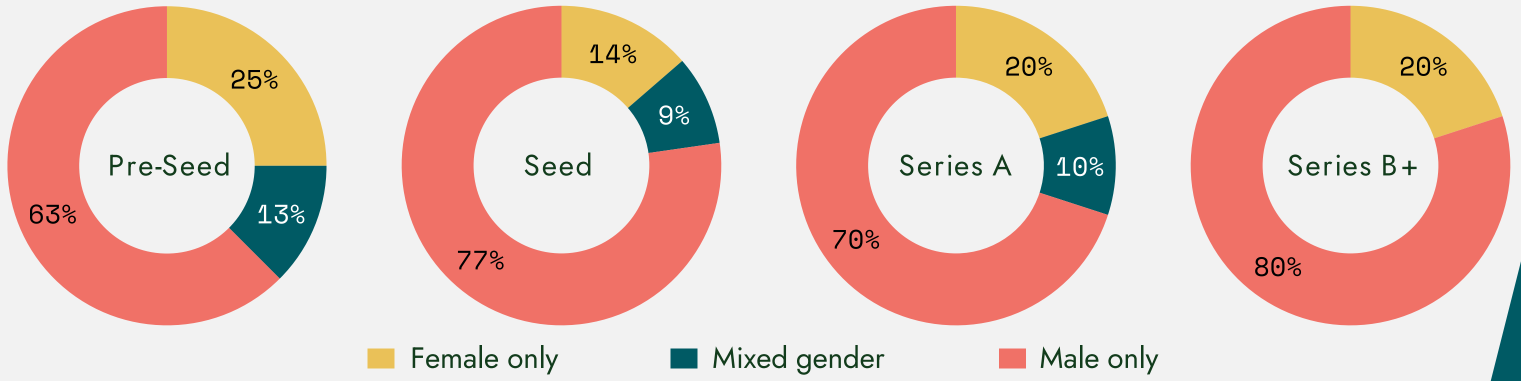
FEMALE FOUNDER DEAL PARTICIPATION

Female founder deal participation hit new highs are the Pre-Seed and Series A stages. However, median deal sizes for teams with female and mixed genders were significantly lower compared to those of all-male teams. Female founders were more actively involved in smaller rounds, particularly those $1M or less.

Share of deals by teams with at least one female founder



Q1 2024 share of deals by teams with at least one women founder



Median deal size by gender

	All male	Mixed gender	All female
2024 YTD	$5.5M	$0.8M	$2.0M
2023	$3.0M	$1.0M	$0.7M
2022	$6.0M	$3.0M	$1.6M
2021	$5.0M	$2.9M	$2.5M

SUPPORTERS

CORRS CHAMBERS WESTGARTH

Corrs Chambers Westgarth is Australia's leading independent law firm. Corrs provides legal services across the full spectrum of matters, including major transactions, capital raisings, intellectual property, employment law and disputes.

Corrs has a cross-disciplinary team which has a deep understanding of the needs of startups and high growth companies. We act for both startups and a range of investors, including local and international venture capital funds, strategic investors and universities. We have experience advising from seed rounds through to larger raises and exits.

Corrs has also developed CorrsEdge, a cutting-edge online platform which gives start-ups the legal support they need at the early stage of their growth cycle. The platform offers access to over 30 intelligent legal documents with dynamic automation capabilities which enables users to generate bespoke documents and tailor them for their business. The Corrs Edge platform saves times and money, allowing startups to ensure that they have high quality legal documents without the typical costs of using a top tier law firm.

For more information: corrs.com.au/capabilities/m-a-capital-markets/venture-capital-markets

HSBC

HSBC is one of the world's largest banking and financial services organisations, with assets of US$3,014bn as of 30 June 2023.

In Australia, the HSBC Group offers an extensive range of financial services through a network of 33 branches and offices. These services include retail and commercial banking, trade finance, treasury and financial markets, payments and cash management and securities custody.

HSBC works to support innovative companies to grow quicker, easier and more efficiently by combining decades of experience banking startups with a global focus on technology coverage and an international footprint, including capabilities in 62 countries.

HSBC offers start-ups a range of specialised banking services designed to meet the specific needs of innovative companies, including access to a range of APIs and digital payment solutions, the award-winning HSBCnet digital platform, and digital onboarding.

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SUPPORTERS

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At GXE, our mission is to build the operating system for unlisted assets and fund management. We provide investors, fund managers, and family offices with the tools they need to succeed and enable them to focus on their portfolios and investors whilst GXE takes care of everything else.

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For more information: gxe.com

Work with Cut Through Venture

For partnership opportunities, please contact us at team@cutthroughventure.com

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 from venture capital firms, angel syndicate leads, and family offices.
80 participants completed the survey.

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.

Disclosure:

This report was prepared based upon data and other information, from sources believed to be reliable, but Cut Through Venture does not warrant its completeness or accuracy. Any opinions and estimates constitute the judgment of the contributors as of the date of this material and are subject to change without notice. This report does not provide any financial product or investment advice, does not consider the investment objectives, financial situation or needs of any person and is not intended as an offer or solicitation for the purchase or sale of any financial instrument.

The editor of this report, Chris Gillings, is an investor at Five V Capital and Cut Through Angels. He may be an investor in some of the startups or a Limited Partner in some of the funds mentioned in this report.

CUT THROUGH venture

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