July 2025

Cut Through Quarterly

Australian Venture Capital Funding Report

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1Breadcrumb – Announced a Series A Extension round in Q2 2025

Q2 2025

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Q2 2025 CUT THROUGH venture

AUSTRALIAN VENTURE CAPITAL FUNDING

$812M TOTAL FUNDING

76 DEALS ANNOUNCED

PREVE, Property.Credit, ProSeek Bio knowledge to diagnostics, Quintessence Labs, RAYGEN, Relevance AI, RISE, RoundTable, securely group

Seer, SICONA Battery Technologies, SiSU HEALTH, SKYBORNE TECHNOLOGIES, Springboards, superhero, SUPPORT FUSION, TERMINA, Umps

UNLEASH, UPTICK, viapay, Vively, VOLTAVATE, WeMoney, YORK ST BRANDS, zyft

Thank you to our Partners

AI Partner

Partner profiles and contact information are found on page 25

And Australia's top startup investors for their continued support

Table of contents

TL;DR - Five Things to Know

Skyborne Technologies– Announced a Series A round in Q2 2025

01

Q2 2025 delivered $812 million across 76 announced rounds, a sharp pull-back from Q1's bounce-back quarter. Deal count fell to a two-year low, and it took only $4.5 million to sneak into the top-30 raises. The slowdown ended three straight quarters of incremental improvements in dollars deployed and underlines just how patchy the post-2022 recovery remains.

02

Investor mood stayed surprisingly upbeat. 90% of respondents rated current deal flow "good" or "excellent", and 55% expect to ink more deals than in 2024. More than half think they'll do more deals than last year, and just 3% of investors think valuations will trend downward over the remainder of the year.

03

AI is no longer a niche. It entered the top five most funded sectors for the first time and ranked second by deal count, with more than half of all software companies now pitching an AI-enabled product on their website. The line between "AI" and "software" is fading fast; with many investors treating use of the technology as table stakes for funding.

04

Female-founded teams endured one of their worst quarters on record. Female-only founding groups attracted less than 0.5% of total dollars, and just 11 announced deals involved a woman founder at all. Strip out Airwallex, and only $29 million flowed to mixed-gender teams.

05

Early-stage is where the action is. While sub-$5 million rounds slumped to an 18-month low, investors report some pre-seed raises closing in weeks and often off a lightweight deck. With late-stage supply thin, many multi-stage funds are doubling down on angel and seed bets they hope will blossom into 2026-27 Series A pipelines.

Cut Through's view

Today's Australian startups hold their own in transition from Seed to Series A

The good people at fund and equity management platform Carta regularly produce useful insights on the US funding landscape. This month, we decided to run a similar analysis using our data to understand how Australia stacks up, specifically looking at the graduation rate of seed-stage companies to Series A.

In what is somewhat of a narrative violation of what we and others often say, the good news for Australian startups is this: since the boom period of 2021, Australian seed-stage companies have outperformed their US counterparts in transitioning to Series A. From Q3 2021 to Q1 2024, Australian startups in each cohort outpaced their US peers in nine of the 11 quarters.

It's a dramatic shift compared to earlier vintages, particularly in 2019, where US graduation rates consistently led. While it's difficult to pin down the exact reason for the reversal, a big factor seems to be the ongoing professionalisation of the Australian venture ecosystem since 2020. Most notably, there's been a clear increase in the number of credible Series A investors locally. Additionally, since the COVID pandemic, there has been a noticeable uptick in overseas funds seeking to deploy capital into slightly de-risked Australian opportunities at Series A and beyond.

One theme that remains consistent across both markets is the importance of timing. The data makes it clear: if a startup hasn't raised a Series A within 24 months of its seed round, the chances of doing so drop off steeply. Most slow burners don't eventually convert — they stall.

This dynamic isn't just important for founders; it also matters for funds. More than 75% of Series A activity happens within the first 12 to 18 months after the seed round. That front-loaded pattern raises questions about traditional reserve strategies. Holding capital to follow on in "winners" may become less effective if those follow-ons only materialise in year three or four. The best opportunity to back winners may come much earlier than many funds plan for.

So, what does this mean for founders?

1. The narrative that Australia is a tough place to raise Series A capital, and that startups should look offshore early, isn't supported by the data. Since 2021, Australian startups have shown stronger graduation rates from Seed to Series A across most cohorts.
2. The adage "always be fundraising" rings true. If you're planning to follow the venture track, you should be actively building relationships with potential Series A investors from the day your seed round closes. Sharing updates early and consistently gives you the best shot at raising your next round within that critical first or second year.
3. It might sound obvious, but from the moment your seed round lands, it's crucial to go pedal to the metal on growth. Maintaining or improving performance during this period is crucial. There's no honeymoon phase. The data a Series A investor will care most about is what you did with your first real chunk of capital, and how fast you turned it into traction.

Ultimately, the data challenges a few long-held assumptions and shows how much the local ecosystem has matured. Australian founders are proving they can raise and scale at home, provided they move quickly, stay focused, and build investor relationships early. For both founders and funds, the takeaway is clear. The window to raise a Series A is tighter than many expect, and the best opportunities come to those who are prepared to act early and with intent.

United States – Carta data [1]

	% of startups that raised Series A				
Seed Round	Year 1	Year 2	Year 3	Year 4	Total
Q1 2019	14%	16%	15%	5%	**49%**
Q2 2019	10%	20%	16%	6%	**49%**
Q3 2019	8%	20%	17%	4%	**49%**
Q4 2019	9%	23%	11%	5%	**47%**
Q1 2020	12%	22%	10%	3%	**47%**
Q2 2020	17%	22%	9%	4%	**52%**
Q3 2020	19%	21%	6%	3%	**48%**
Q4 2020	19%	17%	5%	3%	**43%**
Q1 2021	15%	14%	5%	3%	**38%**
Q2 2021	14%	12%	6%		**32%**
Q3 2021	10%	9%	6%		**25%**
Q4 2021	6%	8%	9%		**23%**
Q1 2022	5%	8%	7%		**20%**
Q2 2022	3%	8%			**12%**
Q3 2022	5%	11%			**16%**
Q4 2022	5%	9%			**15%**
Q1 2023	4%	12%			**15%**
Q2 2023	6%				**6%**
Q3 2023	7%				**7%**
Q4 2023	4%				**4%**
Q1 2024	8%				**8%**

Australia

	% of startups that raised Series A					
Seed Round	Year 1	Year 2	Year 3	Year 4	Total	Outperform
Q1 2019	11%	0%	5%	5%	**21%**	United States
Q2 2019	9%	9%	0%	9%	**26%**	United States
Q3 2019	15%	10%	5%	0%	**31%**	United States
Q4 2019	8%	8%	0%	4%	**20%**	United States
Q1 2020	15%	31%	8%	0%	**54%**	Australia
Q2 2020	25%	20%	0%	0%	**45%**	United States
Q3 2020	29%	29%	8%	13%	**79%**	Australia
Q4 2020	36%	11%	0%	0%	**46%**	Australia
Q1 2021	10%	17%	3%	0%	**30%**	United States
Q2 2021	13%	7%	9%	2%	**31%**	United States
Q3 2021	17%	12%	3%		**33%**	Australia
Q4 2021	11%	11%	4%		**27%**	Australia
Q1 2022	15%	5%	3%		**23%**	Australia
Q2 2022	8%	4%	2%		**15%**	Australia
Q3 2022	15%	5%	3%		**23%**	Australia
Q4 2022	11%	8%			**19%**	Australia
Q1 2023	15%	12%			**26%**	Australia
Q2 2023	15%	7%			**22%**	Australia
Q3 2023	4%				**4%**	United States
Q4 2023	10%				**10%**	Australia
Q1 2024	3%				**3%**	United States

[1] VC-backed founders: speed from Seed to Series A definitely matters. | Peter Walker | Carta

CUT THROUGH venture

Q2 2025 Headline Figures

Venture deals
65

Accelerator rounds
11

Announced funding
$812M

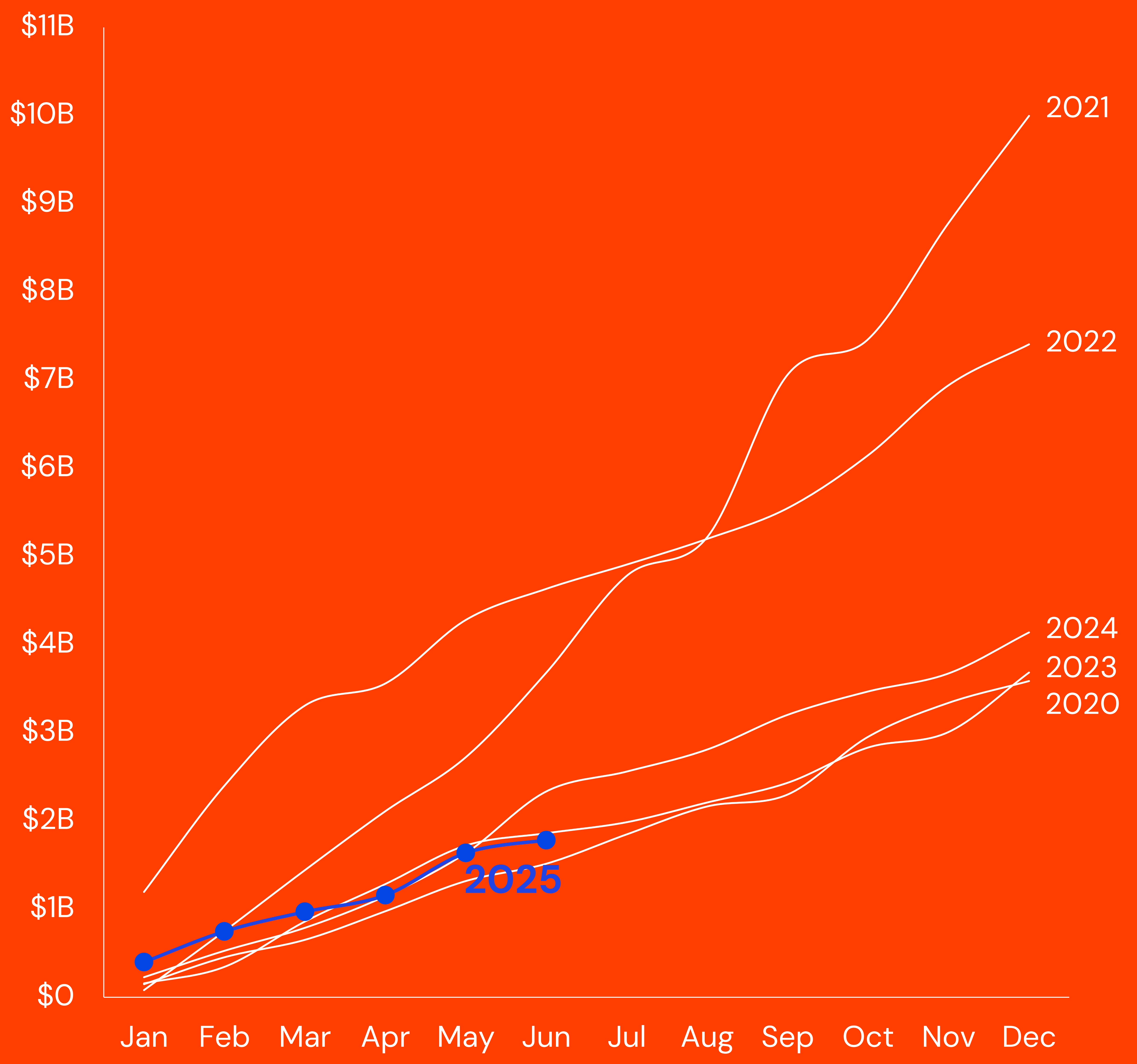
Total capital raised

After Q1 got 2025 off to its fastest start since 2022, Q2 delivered one of the weakest deal counts and funding levels in more than two years. This follows three consecutive quarters of incremental growth in total capital raised. The low volume of capital deployed was largely due to a lack of mega-deals. Only one company raised over $100 million, and just one other cleared the $50 million mark. To make it into the top 30 largest deals of the quarter, a company only needed to raise $4.5 million.

Despite the softer numbers, investor sentiment remains high and improved across several indicators. More than half of investors expect to do more deals in 2025 than they did in 2024, and 78% say they reviewed more opportunities in Q2 than in Q1. These signals give some hope that the second half of the year could deliver stronger outcomes across both capital raised and deal count.

Amber Electric – Announced a Series D round in Q2 2025

Umps Health – Announced a Seed round in Q2 2025



Partner perspective

CORRS CHAMBERS WESTGARTH

Super tax – not so super for VC investment in Australia

The Federal Government is expected to soon pass legislation to impose an additional 15% tax on the earnings in superannuation funds that relate to the proportion of the super fund balances that exceed $3 million, including unrealised capital gains. The proposed changes have caused alarm in the venture capital community, with prominent venture capitalists suggesting that the changes have the potential to have a chilling effect on super fund investment in Australian start-ups.

In this article, we provide a brief overview of the proposed tax reforms and their potential impact on start-up investment. We also outline practical solutions the Federal Government could adopt to minimise this impact, while still meeting its objective of ensuring high-net-worth individuals contribute their fair share of tax.

What are the changes?

The key aspects of the Federal Government's proposal, which would involve inserting a new Division 296 in the Income Tax Assessment Act 1997, are that:

- a new 15% tax will be imposed on deemed earnings on super fund balances, based on the proportion of a super fund's balance which exceeds $3 million;
- the tax will capture unrealised capital gains – i.e. increases in the value of super fund assets (including shares in unlisted companies) that haven't been sold; and
- the $3 million monetary threshold will not be indexed.

Implications for venture capital investment

The importance of super funds to the Australian start-up ecosystem cannot be understated. Nearly every cap table we've seen over the past two years has included at least one super fund (institutional or SMSF) or super backed VC fund. Recent Australian Investment Council data also supports the view that super funds are a critical investor cohort in the Australian venture capital market.

In its current proposed form, the new tax is particularly problematic for super funds which hold illiquid assets, such as shareholdings in start-up companies. Some issues that may arise include:

- **Liquidity issues:** any increase in the value of shares in an Australian start-up may be immediately taxable, despite the fact that the underlying investment may not be realised for several years (or at all) given the illiquid and volatile nature of VC investments. Affected super fund members will likely need to fund the tax liability by liquidating other assets, including potentially assets held outside their super fund. This could put a brake on high net worths investing in start-ups through SMSF structures.
- **Valuation issues:** the proposed new 15% tax will be levied on the increase in an individual's total super balance each year, which requires an annual valuation of each unlisted company in a super portfolio. The difficulties associated with valuing start-up companies are well known. The last investment round may not be the best benchmark for a current valuation, and different share classes may have different values. The ability to recoup prior taxes when the company's valuation subsequently falls is also problematic unless the super fund has offsetting gains from other portfolio companies.

Possible solutions

The impact of the reforms appears to undermine successive governments' previous efforts to encourage start-up investment in Australia through initiatives like the ESVCLP tax offsets, ESIC concessions, Division 83A start-up tax concessions and R&D tax incentive programs.

Some potential solutions are:

1. **Changes to Division 296:** There may be amendments to the proposed rules as part of the process for passing the legislation. There are already a number of proposed exemptions to the Division 296 tax, and it would be possible to add a further exemption for venture capital investment-related assets (ie shares held in unlisted early-stage start-ups) from super balances for the purposes of the Division 296 changes. As an alternative, there could be concessional treatment for startup investments (for example, only say 25% or 50% of the value of startup investments could be counted for the purposes of determining super balances). Grandfathering rules to exclude startup investments made under the existing rules could also be considered.
2. **Increasing other startup tax concessions:** If there are no exemptions or concessional treatment for startup investments under the Division 296 tax, the government could mitigate the impact by increasing the scope of other startup tax concessions (which may also encourage investment in startups using funds from outside the super system). This could include extending the scope of the existing ESIC rules, R&D and ESVCLP / VCLP tax concessions and other incentive programs. Other new tax concessions could also be introduced, particularly for early-stage investment.

In our view, further consideration is required under the proposed rules in relation to asset classes which are highly illiquid, including startup investments and other assets such as farms. Startup investors appear to be collateral damage in the government's broader policy objective to curb the superannuation system, in contradiction of various tax laws which have been implemented to encourage start-up investment in Australia. Hopefully the government will view the reforms through the lens of investor classes who will be most impacted to see how they can help to mitigate some of the unintended consequences.

Partner perspective

Notion

Raise-ready from day one – a deeper look at why operational discipline, not your next term sheet, is the real moat

The silent drain on runway

Software used to be a leverage play; now it is one of the fastest-growing cost centres. The latest Businesses at Work 2025 report shows the average company runs 101 separate cloud apps —the first time the global figure has cracked triple digits. Licensing those point solutions isn't cheap: benchmarks from Zylo's 2025 SaaS Management Index put per-employee SaaS spend at US$4,830 (≈ A$7,300), up 5 % year-on-year.

For a ten-person Aussie startup, that's roughly A$73k a year—capital that could fund another engineer or extend runway by months.

The cognitive cost of switching

Money isn't the only resource leaking out. A survey across 2,000 professionals found workers are interrupted 31.6 times every day. University of California–Irvine researchers add that each interruption costs an average 23 minutes 15 seconds to regain full focus. Add it up, and a lean five-person founding team can forfeit more than one full workday every week simply shifting context.

The 10-to-15-person cliff

Internal interviews with 500 APAC founders map a clear inflection: what feels nimble for two people turns brittle once headcount nudges past the 10-to-15 mark. Visibility splinters, onboarding slows, and leaders "lose the ability to know intimately what everyone is working on." At precisely the stage you need tighter alignment, scattered tools and undocumented decisions begin to fight growth.

Fundraising now rewards the prepared

The capital cycle has stretched. Carta's data shows the median gap between Seed and Series A has ballooned to 766 days—its longest on record. Founders in our own study report 3-to-12-month processes even for healthy metrics. In practical terms, investors expect diligence-ready data rooms, provable execution systems, and a burn rate that signals restraint.

The 3-V operating discipline

The most resilient teams practise what we call Visibility, Velocity, Verification:

- **Visibility** – Goals, decisions and metrics live in one shared workspace, eliminating the need for status meetings and slide decks.
- **Velocity** – Tasks, docs and lightweight CRM flow through the same pipelines; integrated AI summarises stand-ups and flags blockers before they snowball.
- **Verification** – A living data room – cap-table, board packs, compliance docs – stays investor-ready, version-controlled and instantly shareable.

Why consolidation compounds

A single connected workspace that handles documentation, project tracking, CRM and AI search allows you to:

- Sunset redundant subscriptions (even four mid-tier apps at ~A$120/month frees ≈ A$5,700 annually per tool.
- Slash context switching: linked databases mean a task update automatically rolls into roadmap views, stand-up summaries and investor updates.
- Automate repeat admin: AI-generated minutes, auto-filled due diligence checklists and real-time financial snapshots replace manual exports.

The payoff is both tangible (cash savings) and intangible (more focus hours, clearer narrative).

The bottom line for Australian founders

Capital markets may ebb and flow, but operational excellence is a lever you can pull today. By consolidating knowledge, work and AI-powered insight into a single system, you keep burn low, clarity high, and due diligence perpetually one click away.

Whether you're bootstrapping out of Brisbane or eyeing a Sydney seed round, getting raise-ready isn't about polishing a deck—it's about running a company so organised that investors see discipline and execution excellence before they even open the data room.

Consolidate first. Fundraise on your own terms—if you still need to.

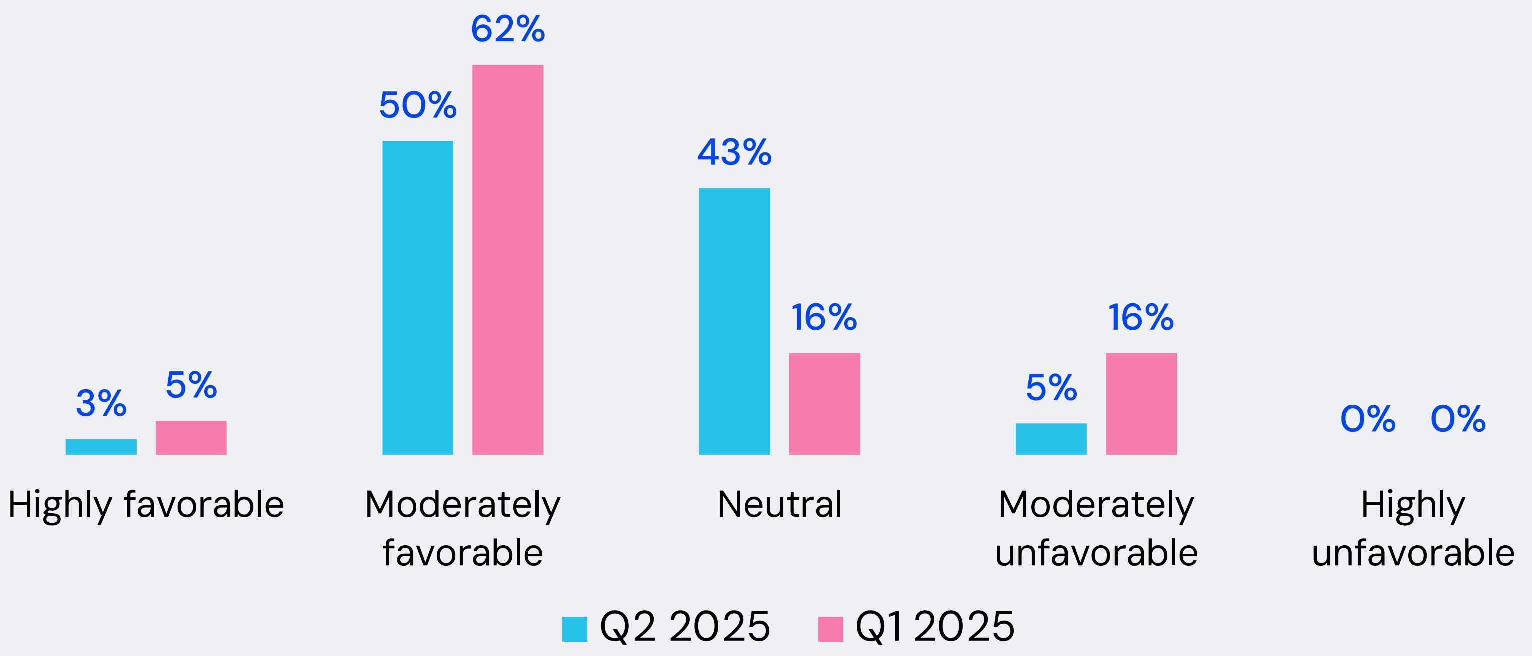
Investor insights: Deal activity

Investor sentiment remained optimistic in Q2 2025, with 75% rating deal flow as “good” or “excellent” — consistent with perspectives in Q1. While the share of teams seeing more deals dipped slightly, 55% now expect to complete more deals than last year, the highest level in several quarters. Most continue to focus on investing in new opportunities and keeping portfolios well-capitalised, while fundraising from limited partners has dropped to the lowest priority for the first time in years.

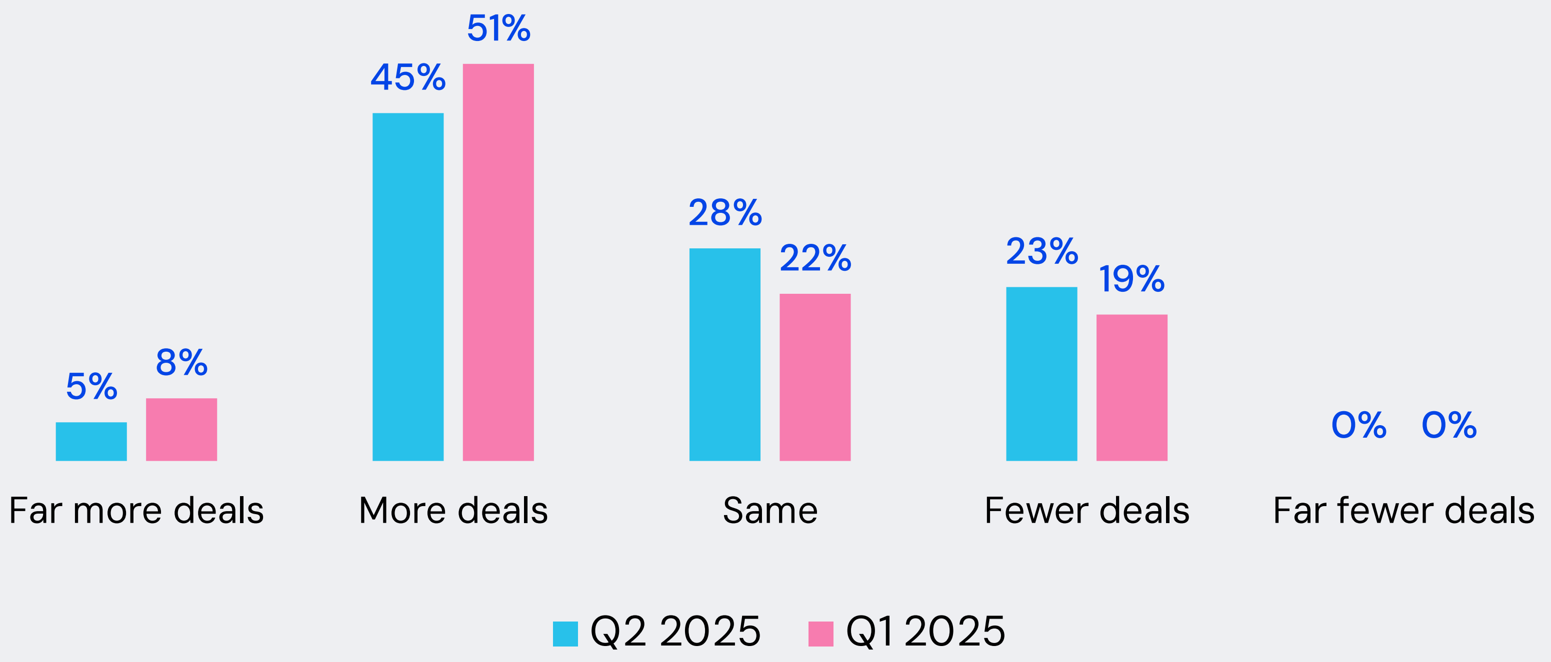
What are your team’s top priorities for the quarter ahead?

1. Invest in new startups
2. Ensure current portfolio is well capitalised
3. Marketing and business development
4. Internal firm initiatives
5. Fundraising from LPs

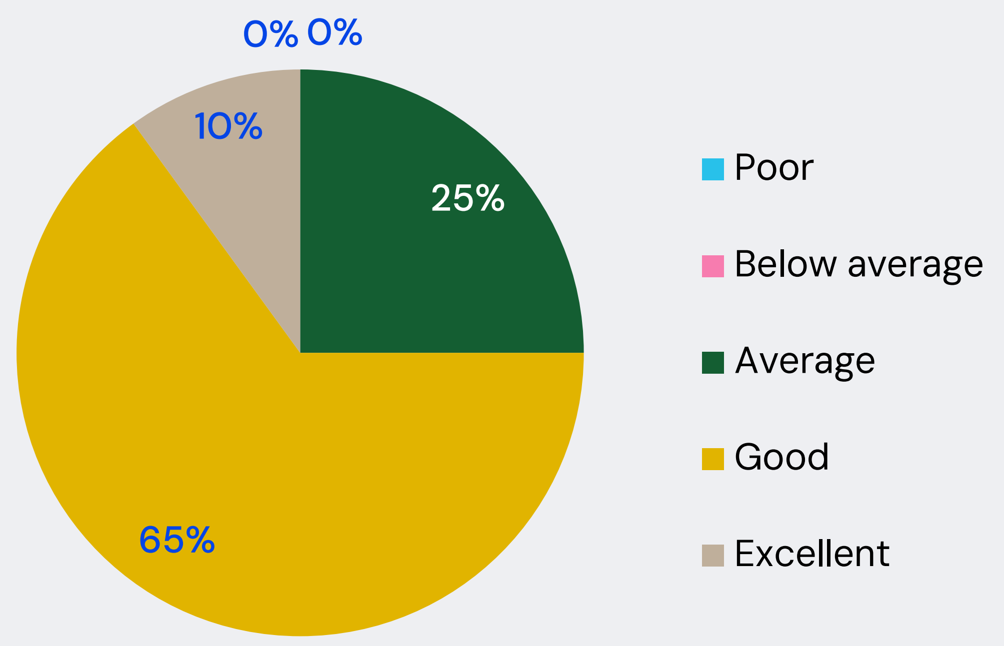
Compared to this time last quarter, how would you describe the current state of the startup funding market?



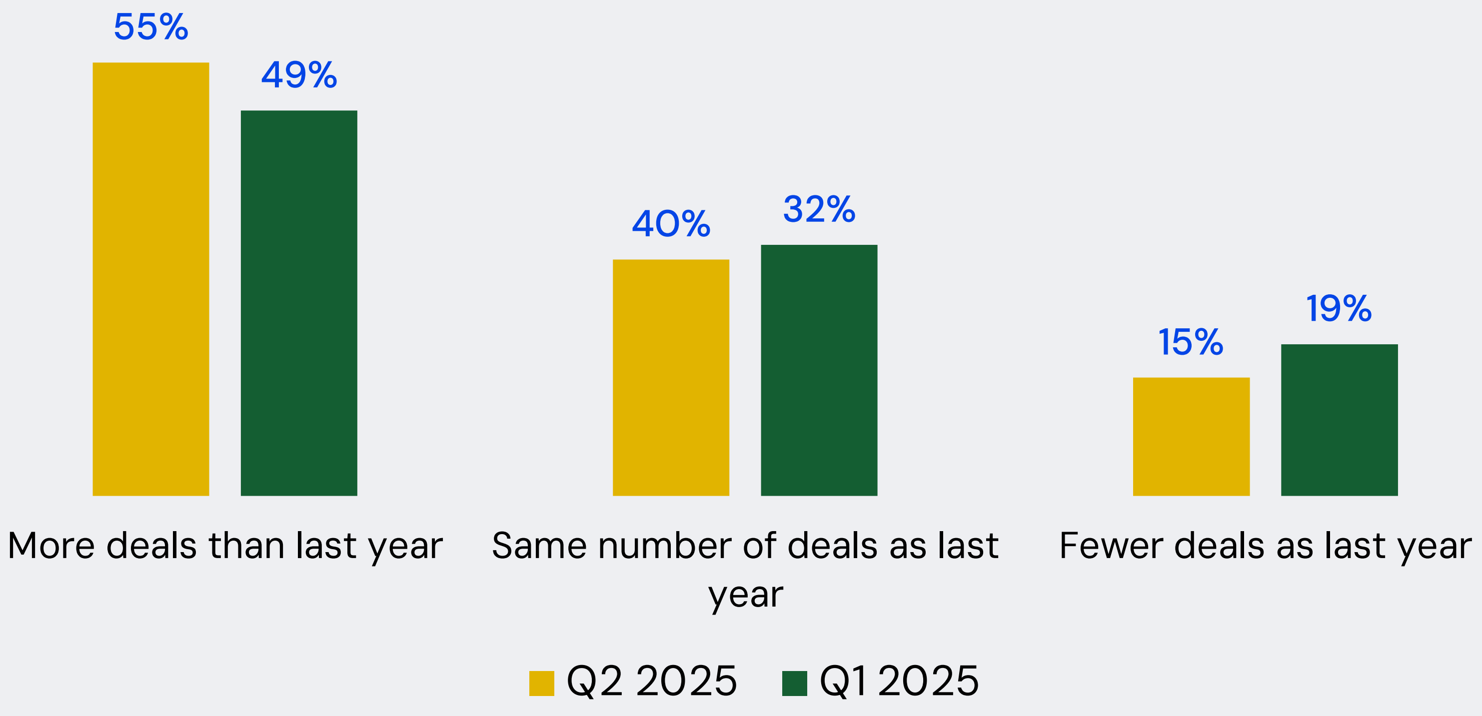
Compared to this time last quarter, how would you best describe the volume of new deals your team is assessing?



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



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



“Australian scaleups need to be driven by the absolute problem or outcome they are aiming to solve, how to go to market most effectively, and what capital they need to get there. Momentum in traction, continuous product innovation, and GTM execution are key. There's no value in focusing on AI as an endpoint.”

”There are plenty of teams and even bigger dreams being funded right now. But they’re launching in one of the most exciting and unforgiving eras we’ve ever seen. Foundation models are advancing so quickly, and this velocity will either make these AI-native startups or break them just as quickly.”

Investors
Investor Sentiment Survey
June 2025

Cut Through Venture Investor Sentiment Survey June 2025

CUT THROUGH venture

Investor insights: Portfolio health

Portfolio health held steady in Q2 2025, but signs of stress are re-emerging. Layoffs have eased, but 30% of investors reported at least one company shutdown, more than double the rate last quarter. The share of investors recommending companies delay fundraising fell to its lowest level since the venture market slowdown in 2022. Reports of portfolio companies using venture debt, an increasingly popular alternative funding source since 2022, also declined to levels not seen in several years.

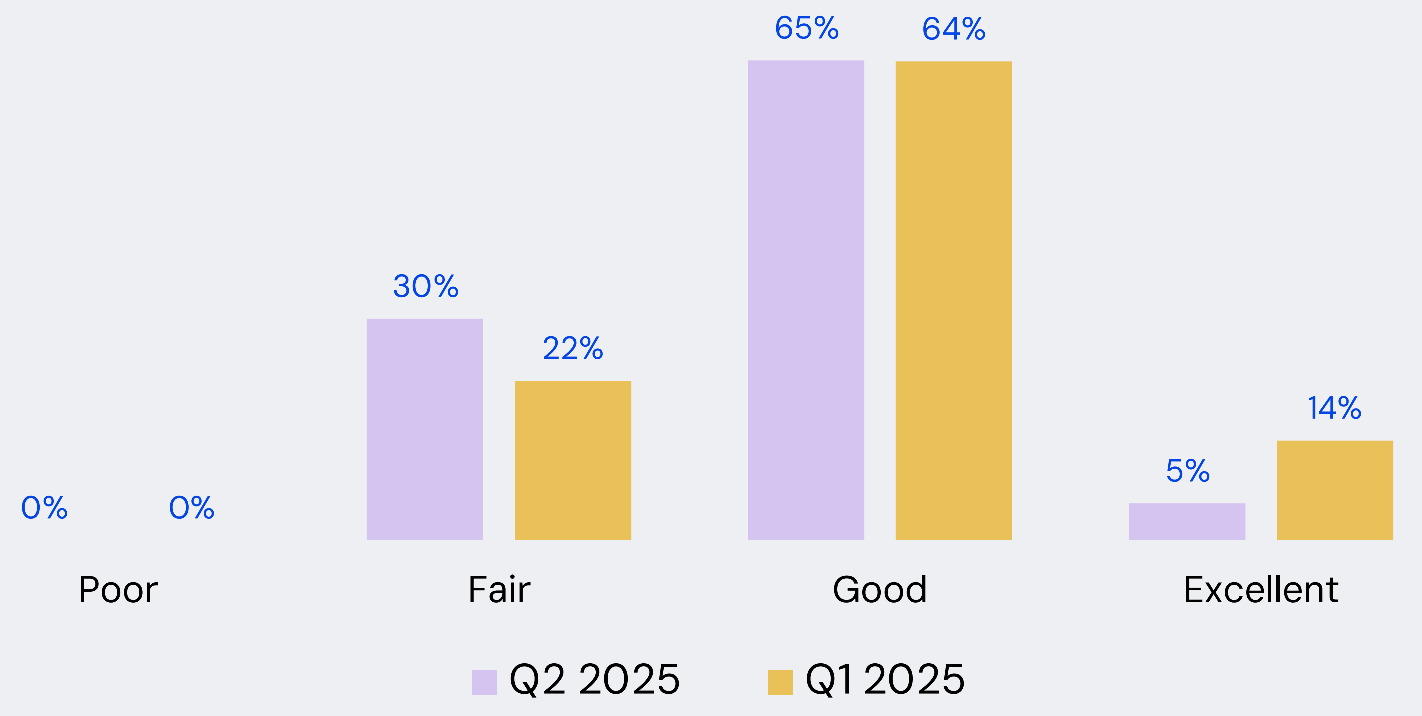
Given market conditions, what is the most common recommendation you've given to founders about their fundraising approach?

31% Raise a bridge round from current investors. (vs 26% in Q1 25)

64% Raise a normal. (vs 58% in Q1 25)

5% Delay fundraising. (vs 16% in Q1 25)

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



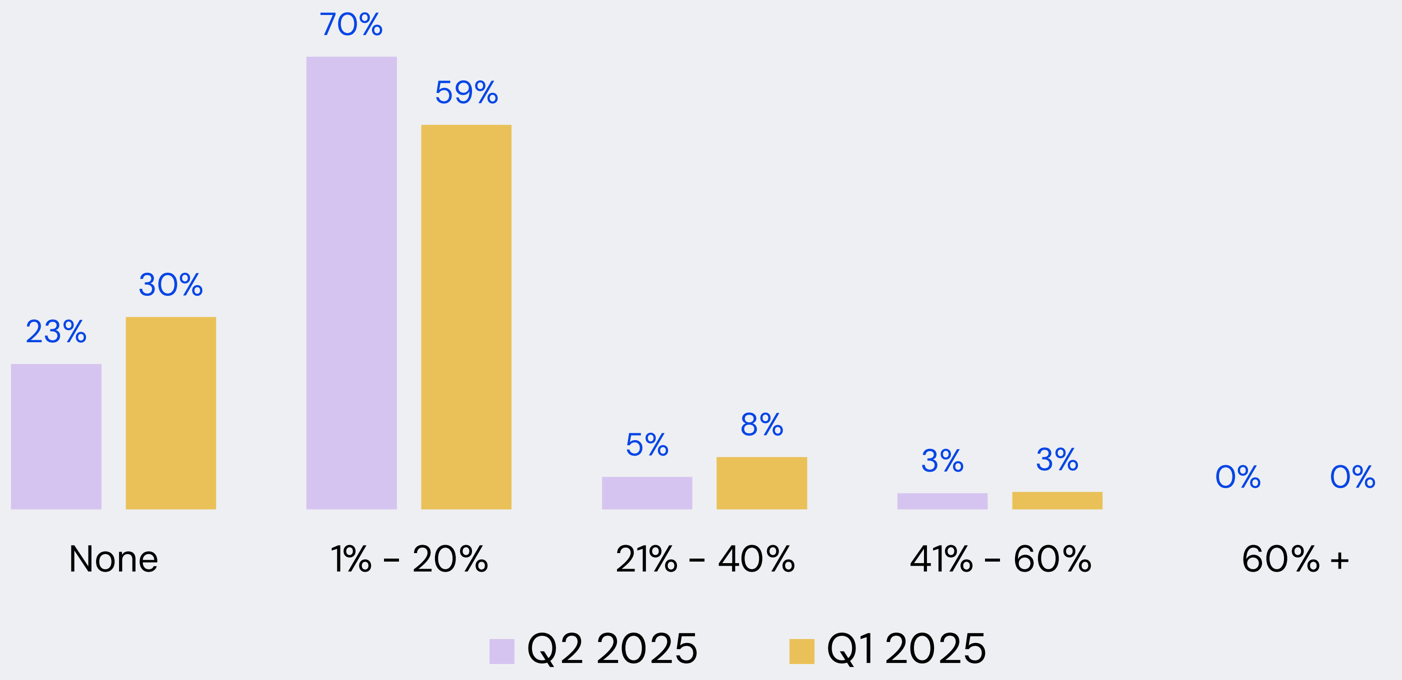
> "The 2021 venture class didn't just overpay for startups – they turned promising founders into accidental zombies. These companies are too successful to die but too structurally damaged to raise. It's venture capital's version of a medical malpractice crisis, except the patients are still walking around."

> "We're seeing a lot of activity in the Pre-Seed space with founders leaning heavily on AI to build quickly and get an MVP in front of customers. Lots of internal discussion on long-term defensibility has seen several deals being passed on."

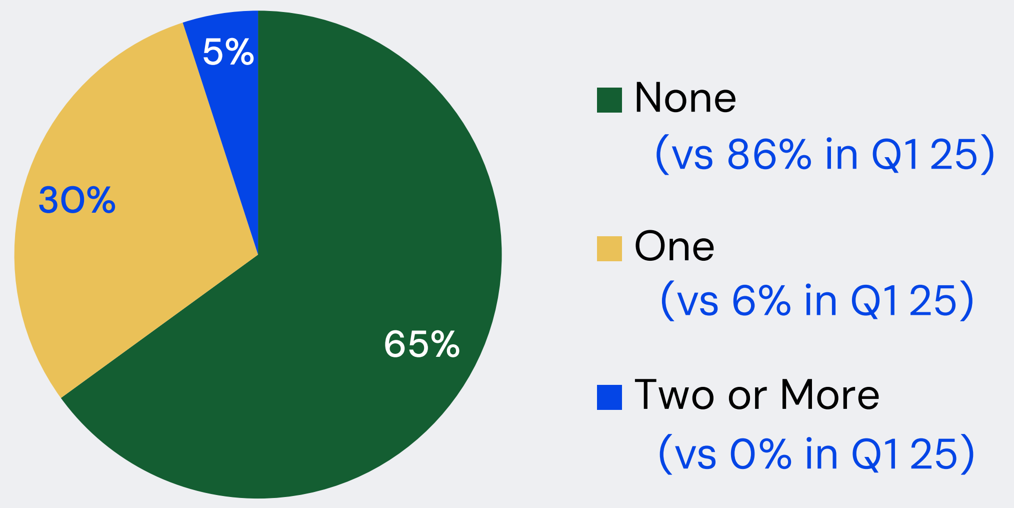
Investors

Investor Sentiment Survey
June 2025

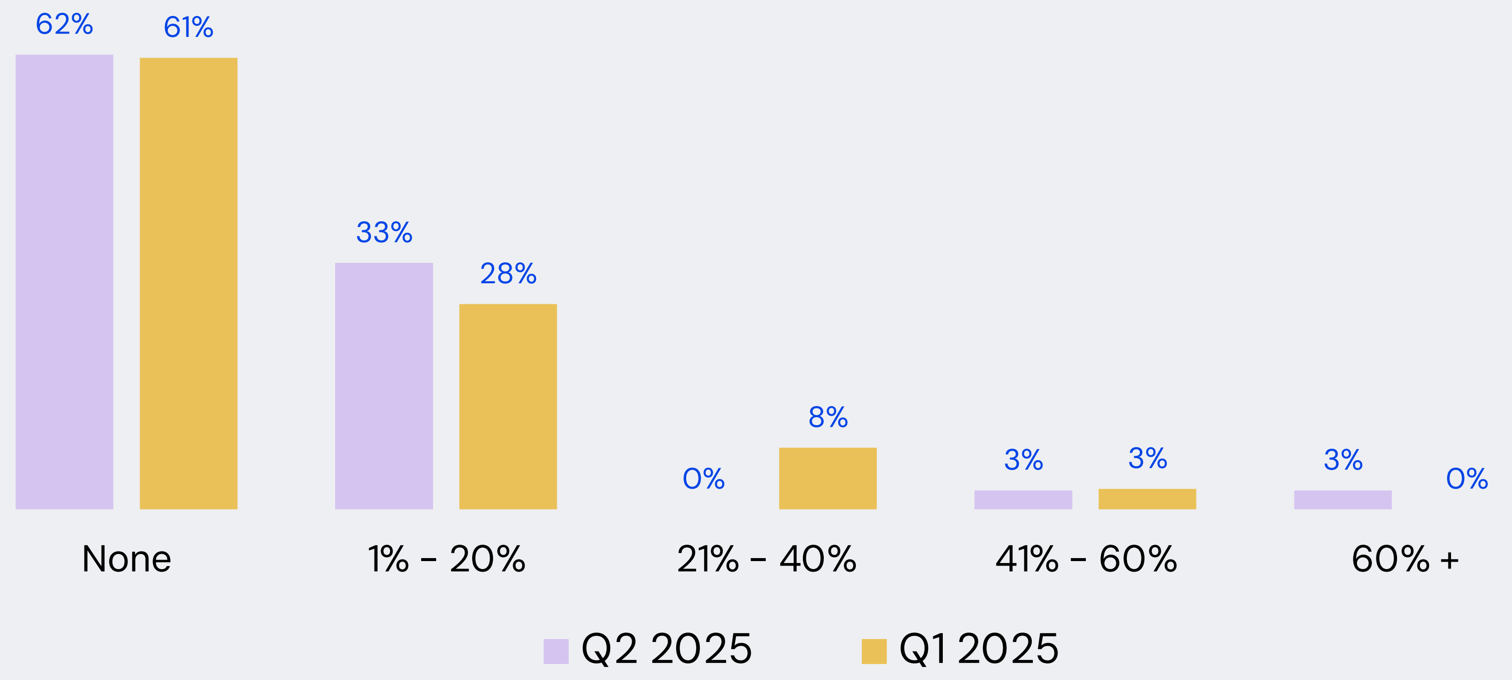
What percentage of your portfolio companies had to lay-off staff this quarter or plan to?



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



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



Cut Through Venture Investor Sentiment Survey June 2025

Partner perspective

How startups can scale smarter when every hire counts

Growing a company has never been simple, but for many Australian founders, the stakes feel higher than ever. While capital is more readily available after the funding freeze of previous years, a major challenge is still causing headaches: talent. Experienced operators are scarce, salaries have climbed, and every incremental hire counts. Given investors feel the same squeeze, they now reward teams that can scale revenue without inflating payroll.

When Australia's domestic market caps out (which can be quick for some) founders must test international waters while local ARR is still modest. With our research finding that the majority of companies hiring (89%) are looking overseas for talent, many founders must contend with scaling operations efficiently while focusing on innovation and growth.

At the same time, technical talent is in hot demand and short supply, pushing the cost of hiring remarkably high. A single mis-hire takes significant time and money to recoup. The result is a hiring environment where each new role must be a calculated bet - anchored to revenue, measured against opportunity cost, and defensible at the next investor meeting.

How high-performing teams layer growth

The common pattern is "systems before seats". Rather than stand up an overseas entity and hire a country manager on day one, savvy founders spin up a small experiment - often contractors or EOR employees. This can be supported by an integrated platform that automates onboarding, payroll, devices and access.

If the market signal is weak, the experiment can wind down with minimal sunk cost. When it's strong, the same infrastructure can quickly be extended to full-time hires without too much additional cost. That flexibility turns market entry from a capital expense into an operating test – precisely the sort of capital efficiency investors want to see.

Flexibility is now the hiring edge you can't ignore

Even the best companies can fail if they can't hire the right people. Nowadays, workplace flexibility is becoming a crunch point for Aussies choosing whether or not to join a company. In fact, our recent survey shows 34% of workers would reconsider an employer that doesn't include hybrid options.

For many, flexibility is just as important as salary - and when salary differences are minimal, people will prefer a company that lets them balance commuting costs, caregiving responsibilities and have more choice over their working hours.

Startups may have a natural advantage here, as policy is often still fluid and workplace culture is still forming. But flexibility should be baked into workflows, with clear policies on after-hours messages and benefits that travel with employees across state borders or timezones. A unified platform makes that consistency and communication possible without creating policy silos or payroll exceptions.

The key checkpoints on every termsheet

Investors have shifted the focus of their due diligence to match this reality, and are looking for three key signals:

- **Capital efficiency per employee:** They want clear evidence that each salary dollar converts into revenue, helped, not hindered, by automation.
- **System readiness to scale:** They want meaningful proof that your company can run payroll, ensure compliance and protect data in multiple jurisdictions. Founders who use consolidated platforms for HRIS, payroll and device management under one roof can satisfy due diligence faster than a patchwork of point tools.
- **Talent retention capability:** Investors have seen too many teams scale from 25 to 100 headcount, and then stall. They want to know how your business will maintain engagement as the number of layers increases. Founders need data to answer - onboarding flows, check-ins, and pulse surveys can help provide leading indicators before churn becomes a problem.

The smart scaling playbook

In today's environment, the growth-at-all-costs model is dead. But capital-conscious ambition can still drive momentum, if founders focus on scalable foundations without bloat. Here's how:

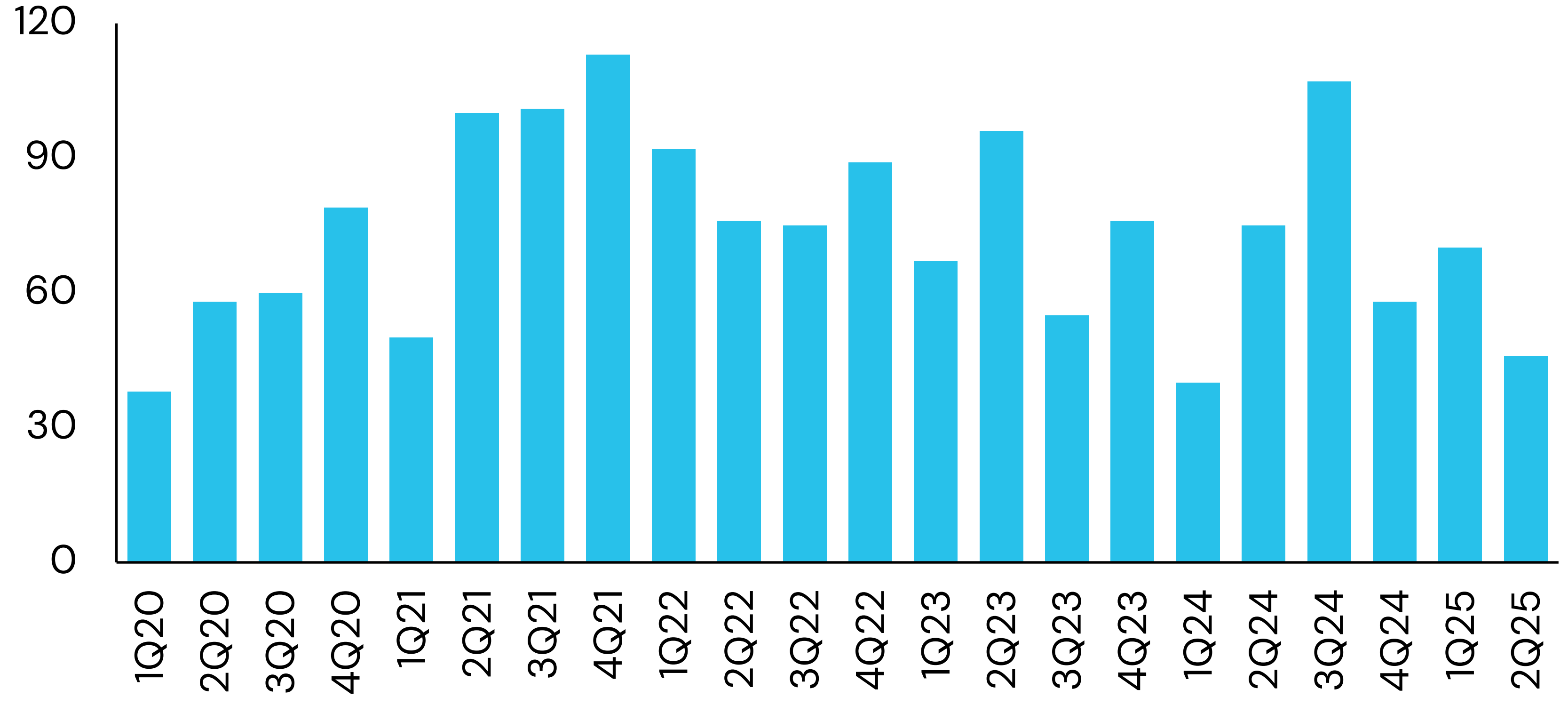
- **Automate first.** Every hour you save today compounds as you add markets tomorrow. Put document collection, compliance reminders and app provisioning on autopilot so your people can focus on customers.
- **Build one global view of employee data.** When information lives in multiple systems, decisions can slow to a crawl. A single source of truth lets founders model scenario costs and investors verify them quickly.
- **Package flexibility as policy, not perk.** Spell out hybrid rules, stipends and asynchronous norms just as clearly as you define SLAs for customers. The clarity itself becomes a hiring magnet and a retention hedge, especially when living costs keep rising.

Disciplined ambition creates a different kind of flywheel. When every hire is strategic, every system needs to be scalable. Founders who get this right won't just move faster – they'll build the kind of operational muscle that attracts talent, earns investor confidence, and gives them a longer, stronger runway into global markets.

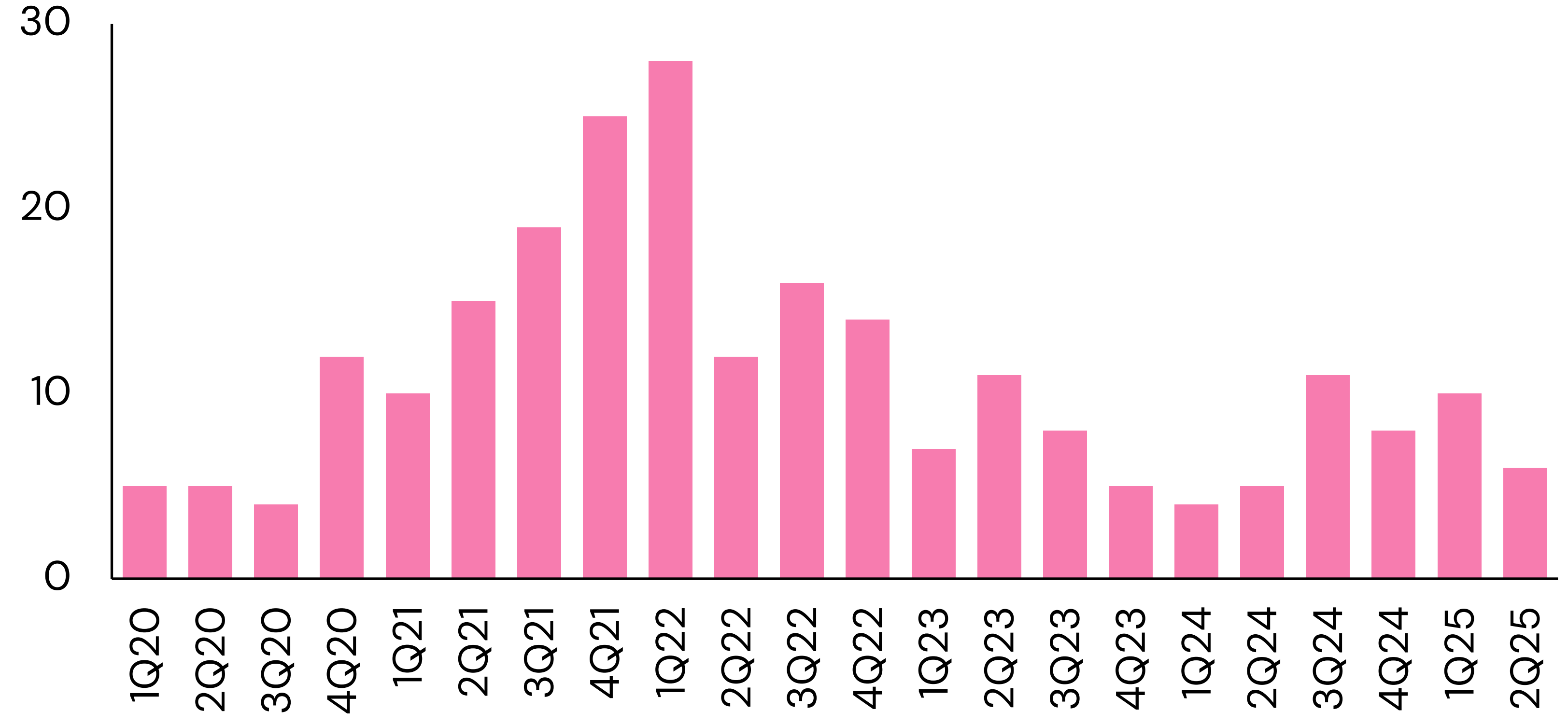
Announced deals slow across the board

After a fast start in Q1, deal pace slowed significantly in Q2. The only slight uptick was in the $5–19.9 million bracket, which saw a marginal lift compared to last quarter. Despite 11 accelerator rounds being announced, sub-$5 million rounds dropped to levels not seen since Q1 2024. Rounds of $50 million or more fell to a low not recorded in over two years. This mirrors what we're seeing in global venture markets more broadly, where deal flow has normalised at much lower levels. Outside of ongoing enthusiasm for AI, there's little to suggest a near-term rebound. Analysts in other markets have pointed to persistent softness in limited partner interest as a key factor. With fundraising still tough, many VCs are becoming increasingly selective in deploying capital to extend the runway of their existing funds.

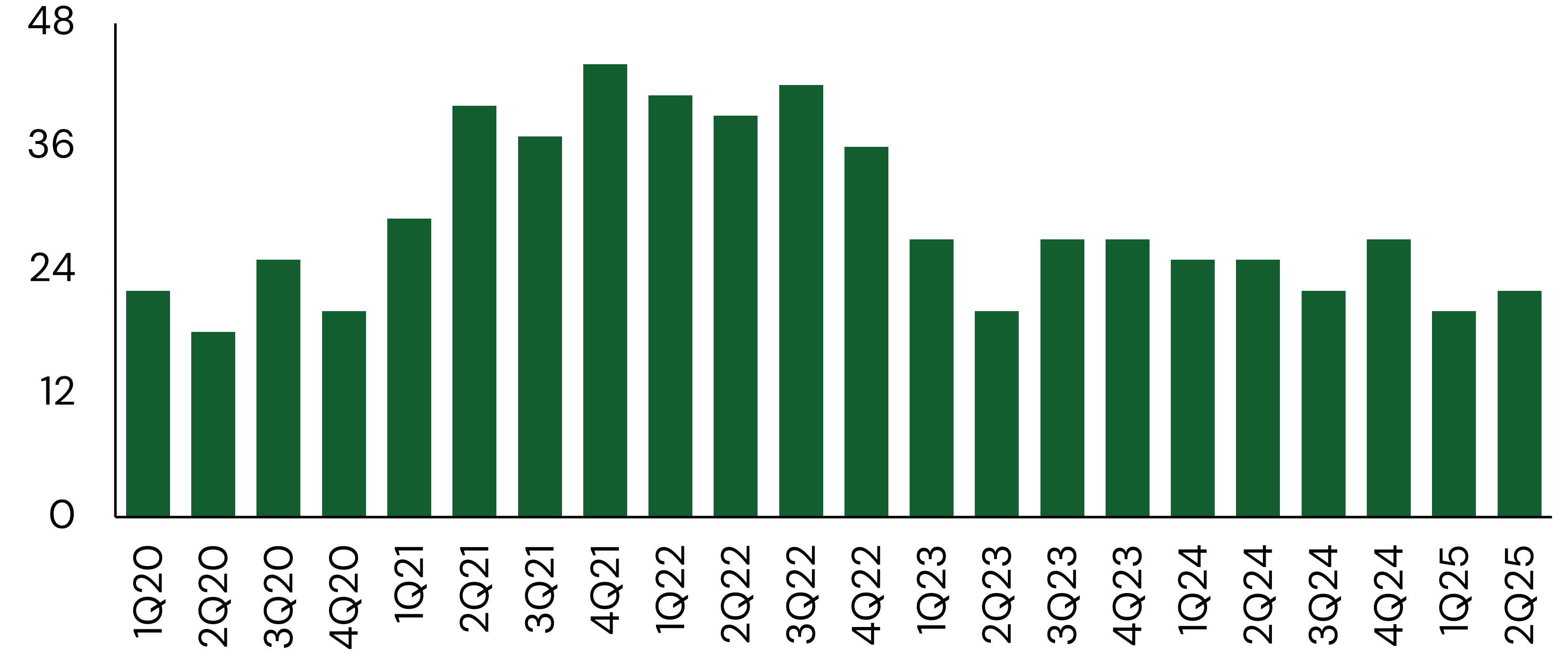
Sub $5M Rounds



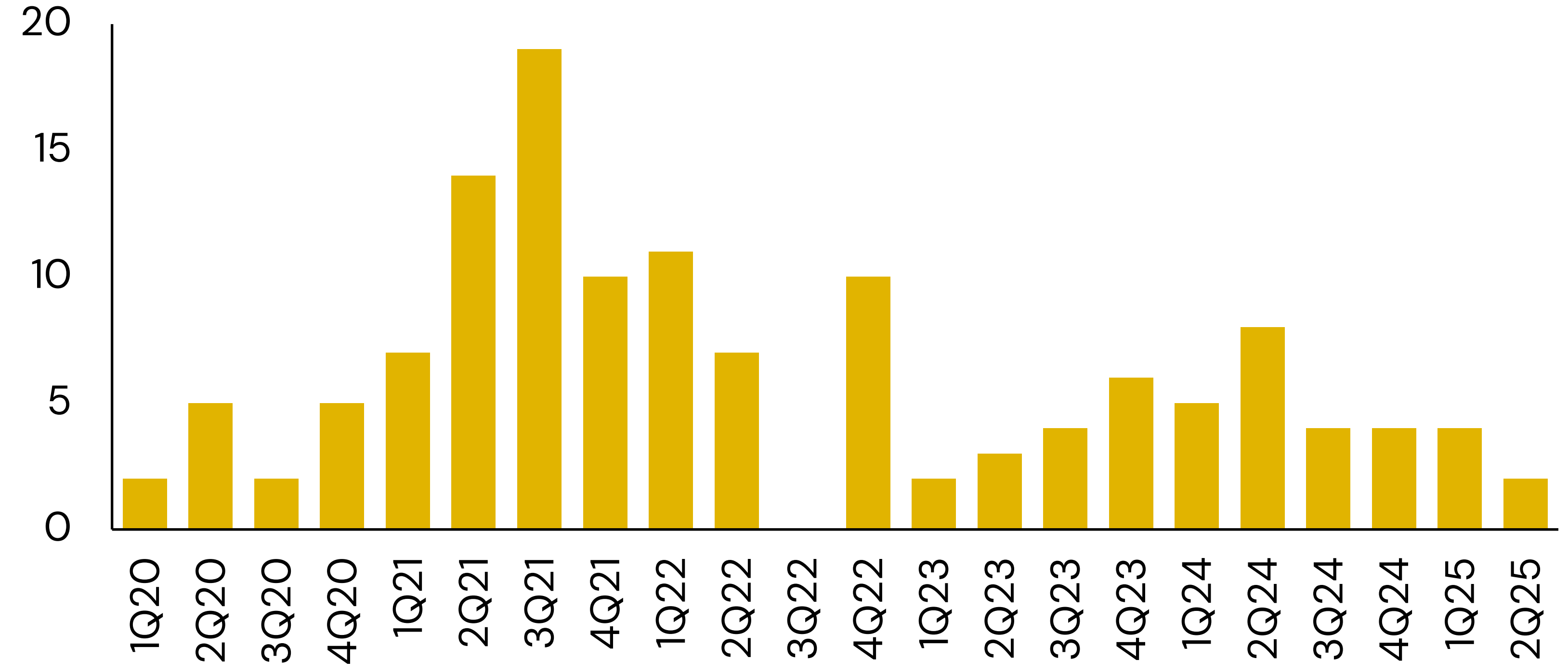
$20M to $49.9M Rounds

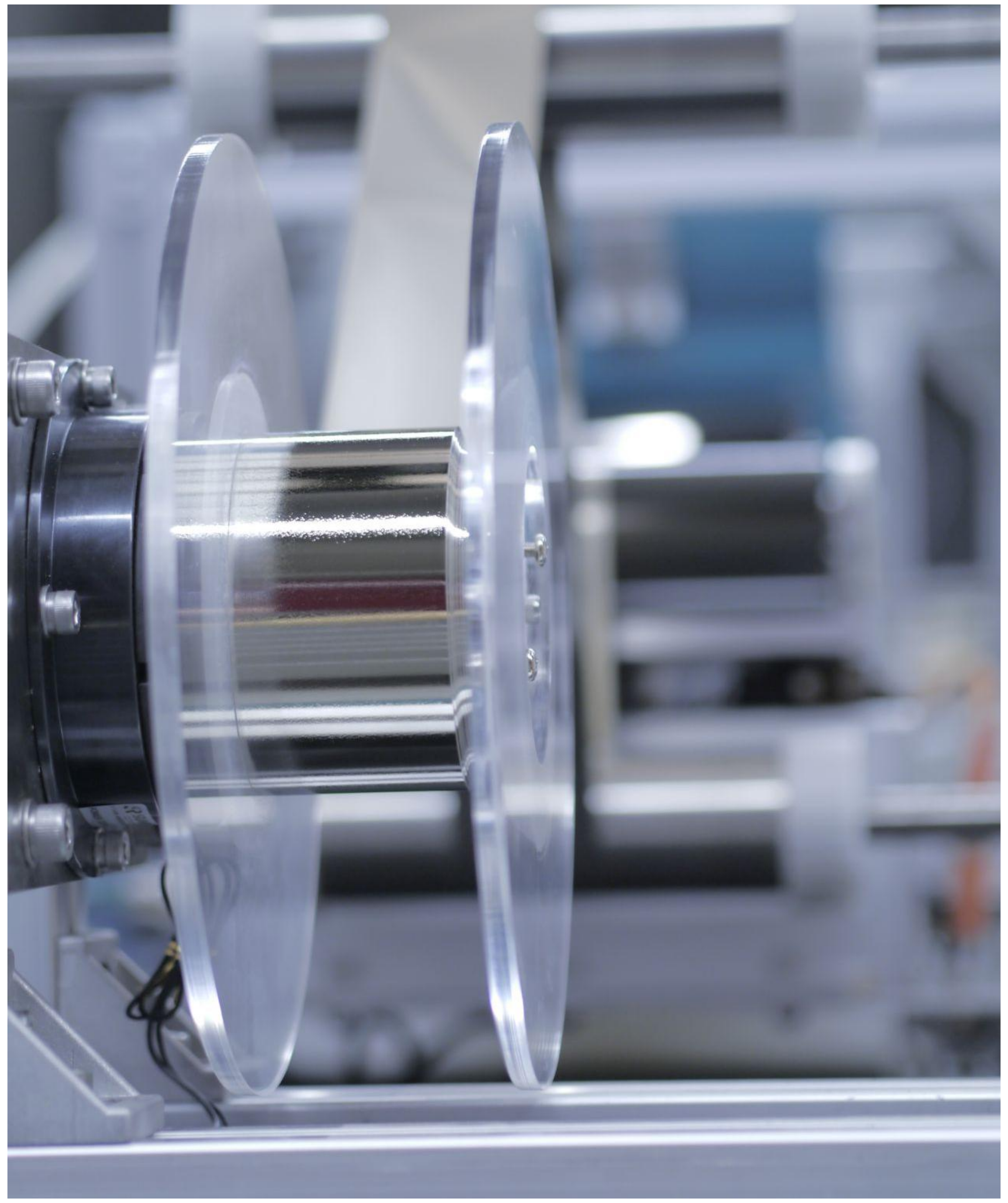


$5M to $19.9M Rounds



$50M+ Rounds

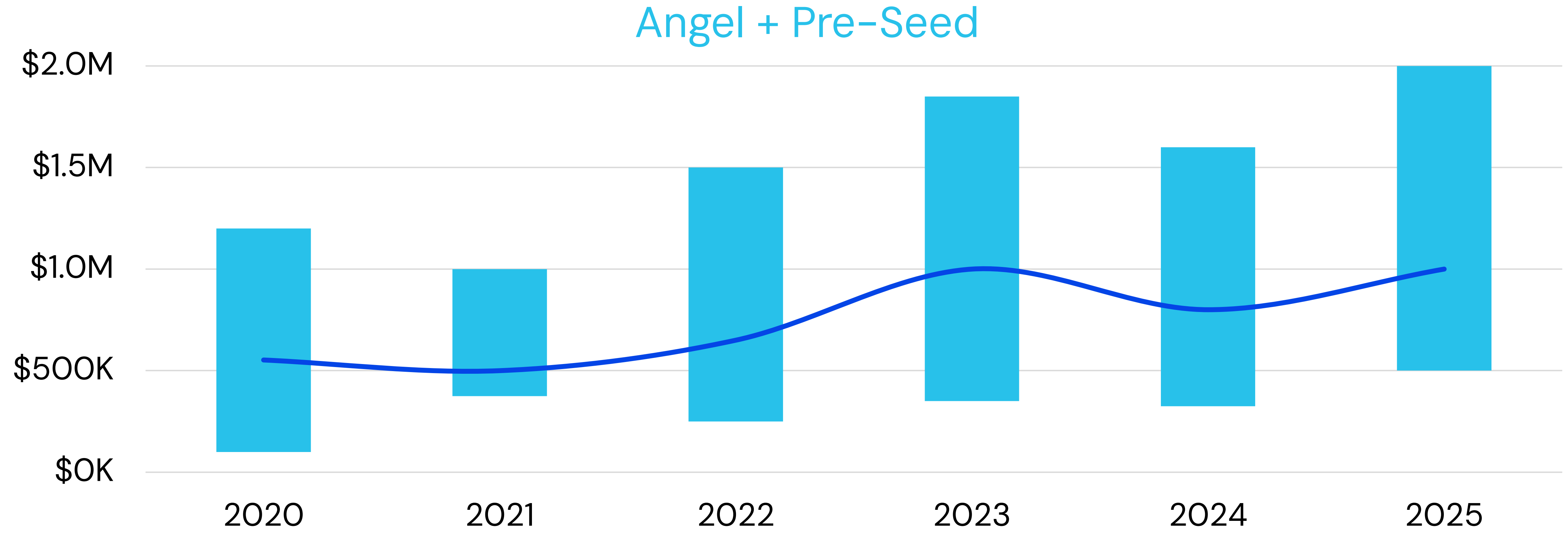


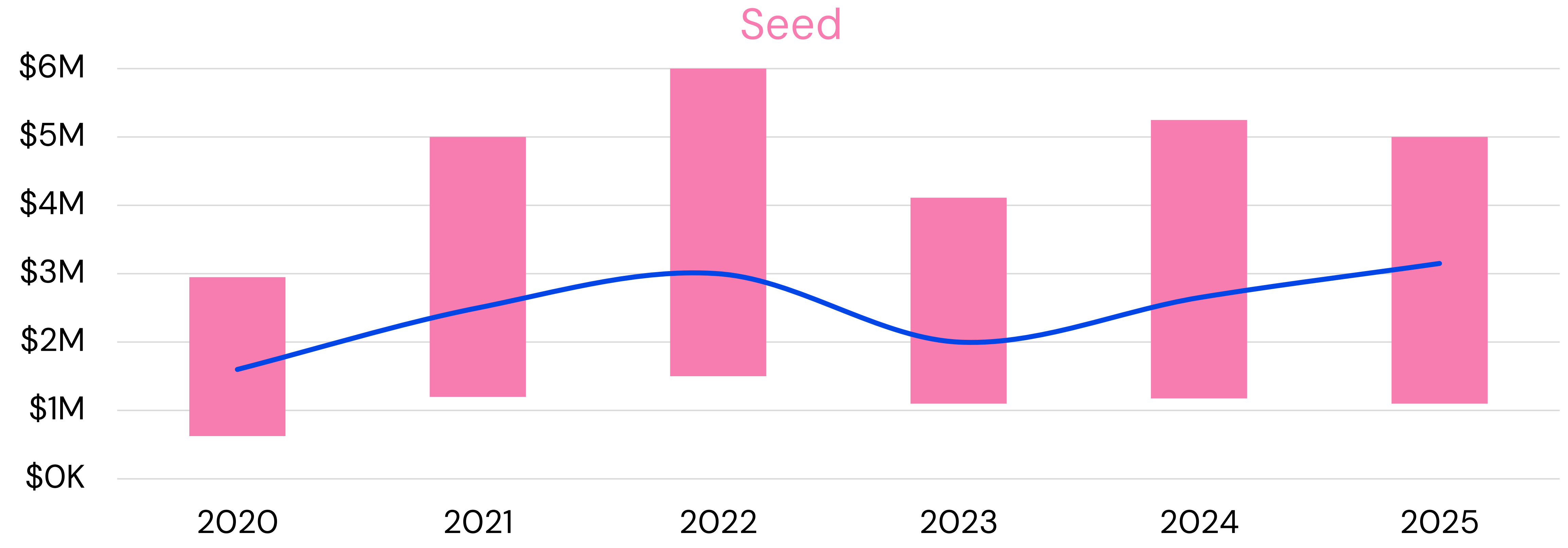


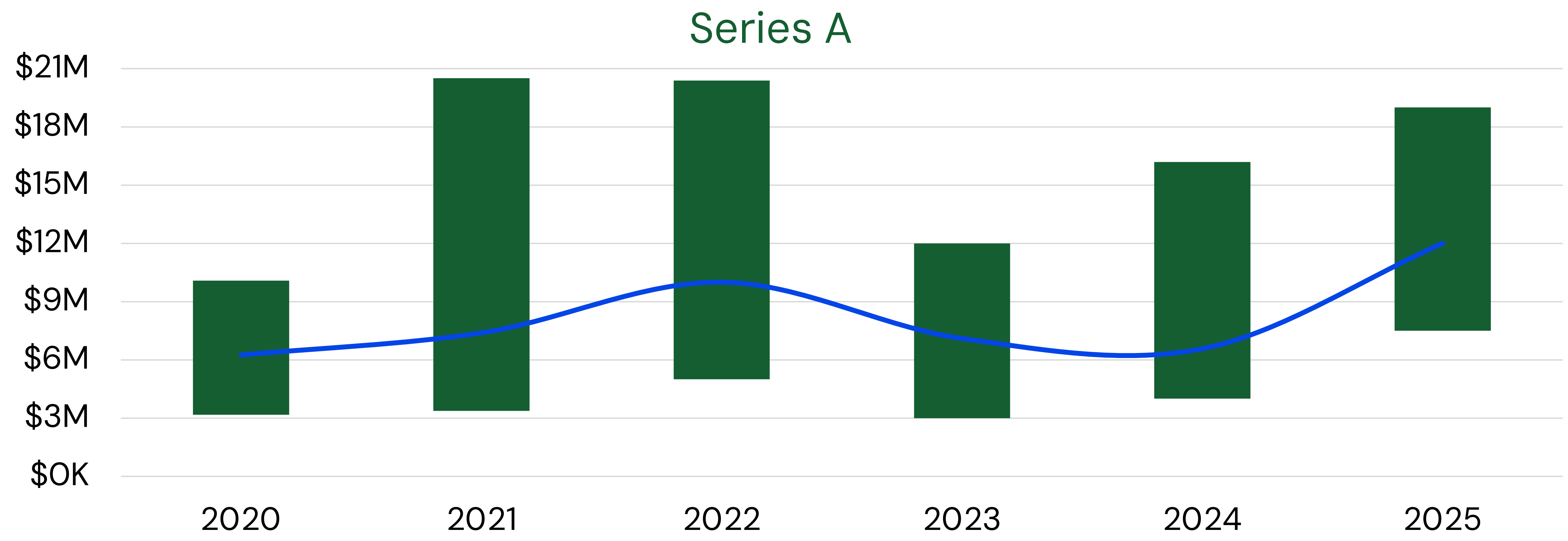
Kite Magnetics - Announced a Seed round in Q2 2025

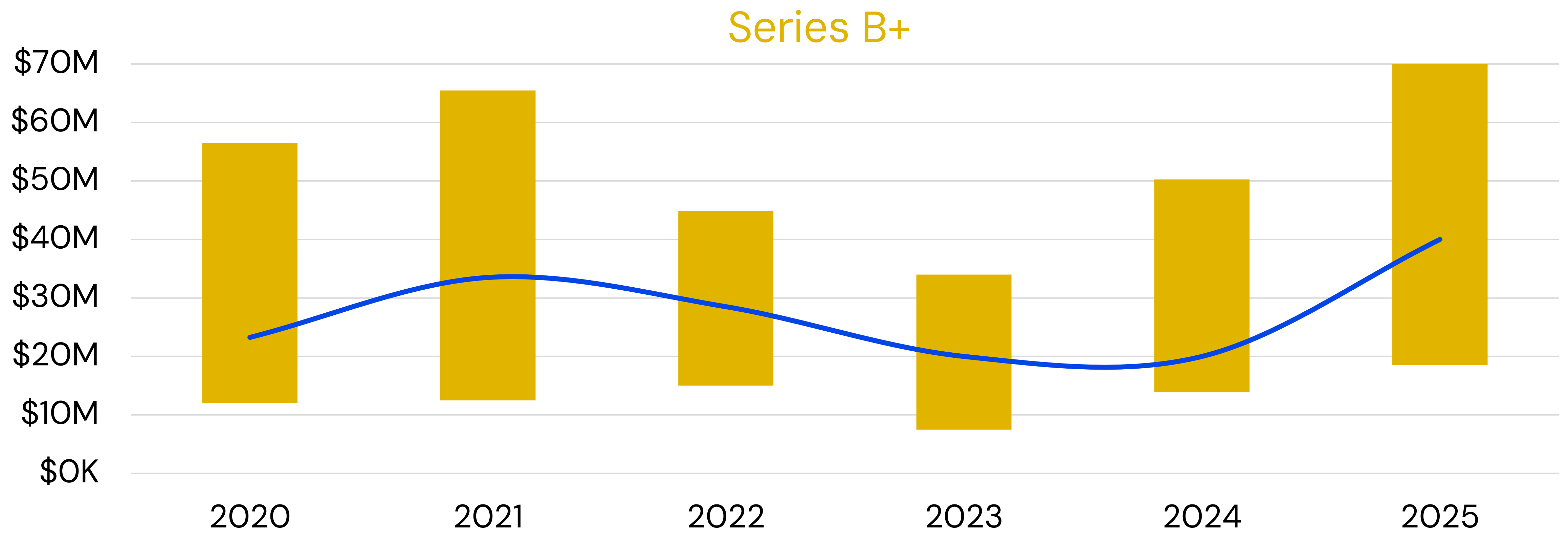
Deal sizes across stages

Median deal sizes continue to trend higher in 2025, though Q2 saw smaller reported deals at the pre-seed, seed and Series A stages compared to the all-time highs in Q1. Series B and later deal sizes edged up slightly, though based on a limited number of transactions. Variance in deal sizes across all stages remains high and hasn't normalised downward as we forecasted that they would last quarter. The spread reflects a wide range of outcomes, with some startups attracting strong investor demand and raising larger rounds, while others settle at the lower end of their targets.







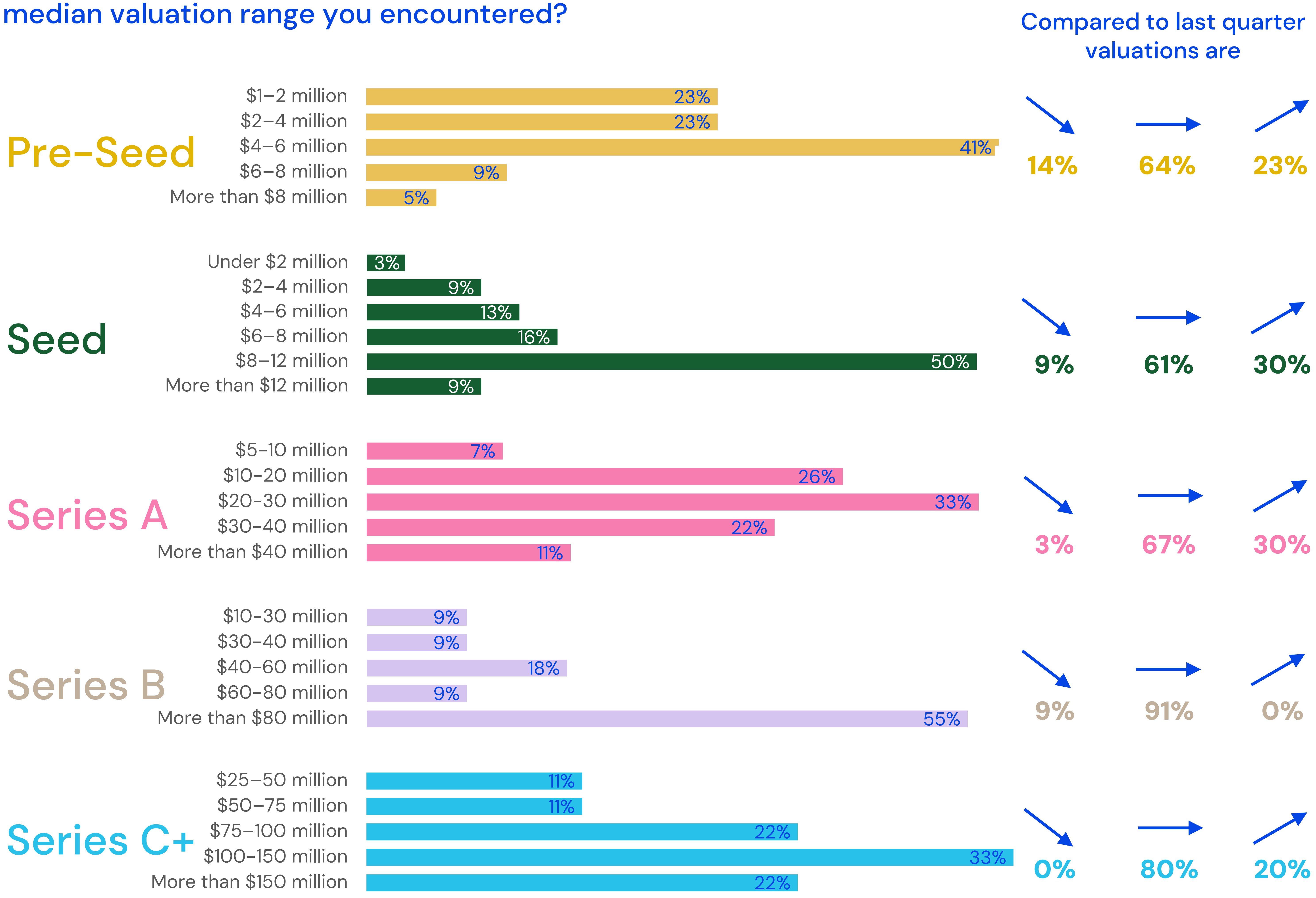


25% to 75% Quartiles

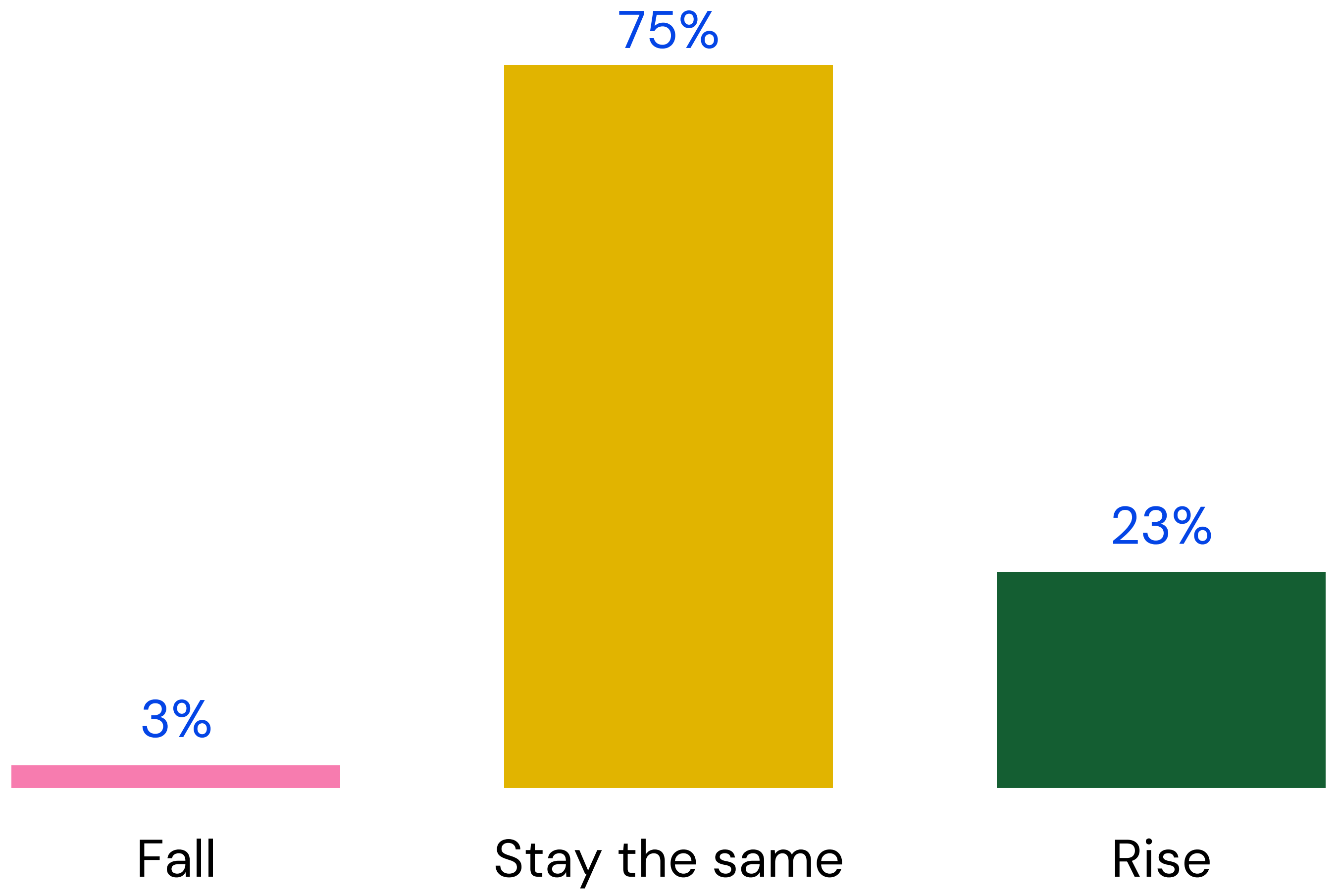
Median

Investor insights: Valuations

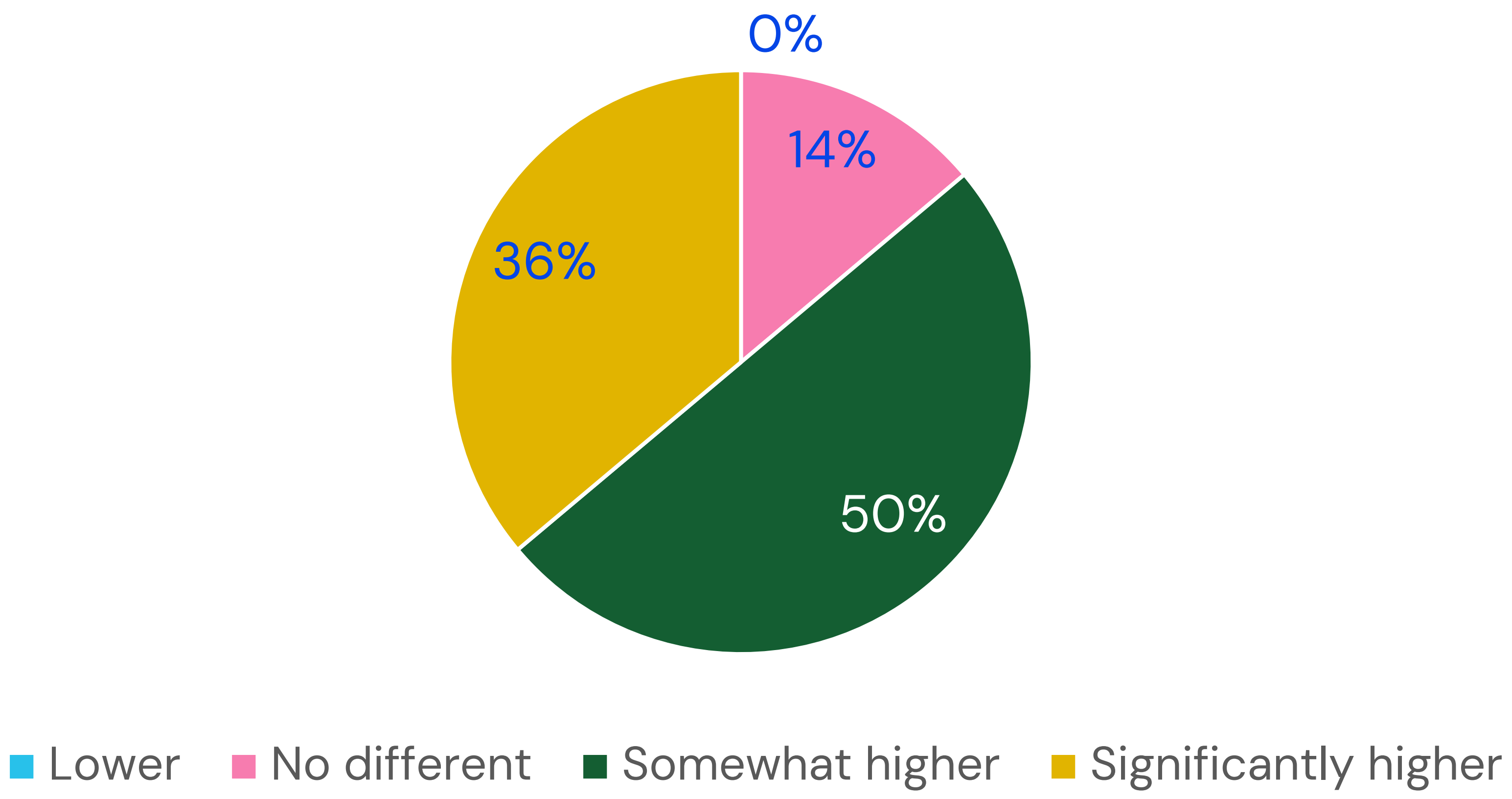
Of the deals you actively evaluated this quarter, which best describes the median valuation range you encountered?



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



Valuation expectations for "AI-first" startups compared to non-AI startups



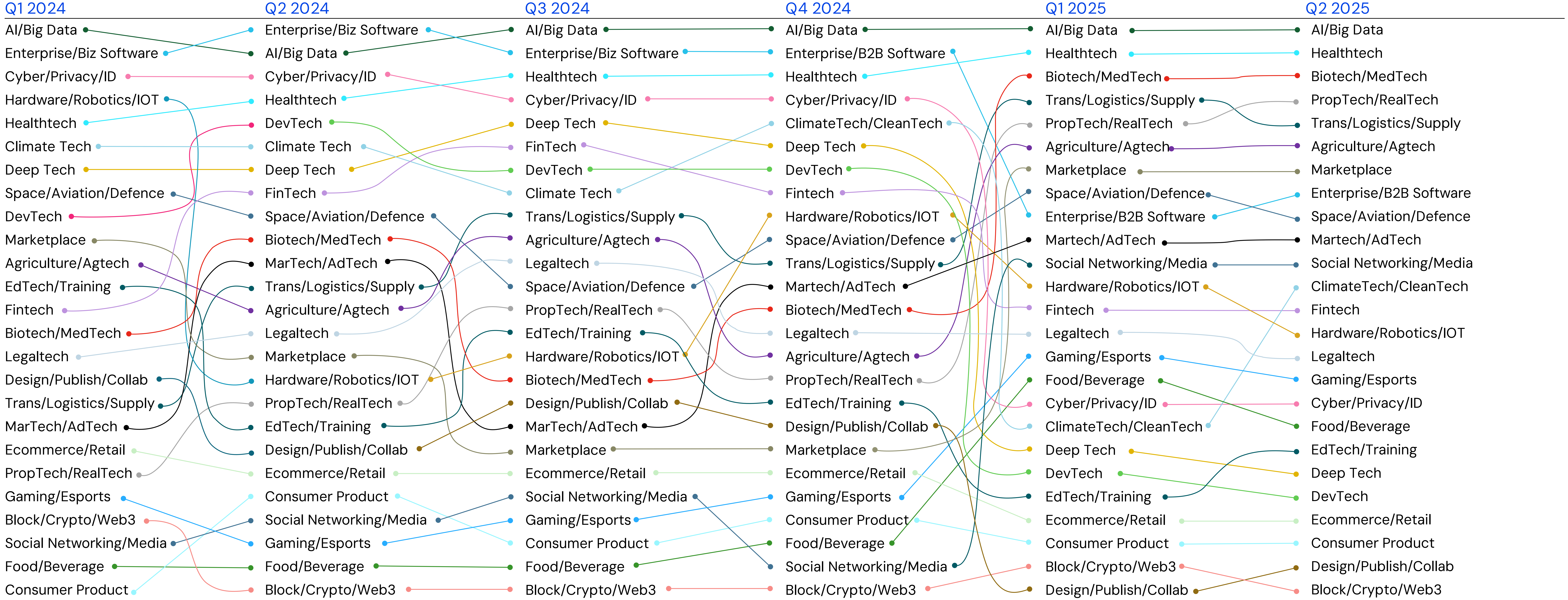
Cut Through Venture Investor Sentiment Survey June 2025

CUT THROUGH venture

Investor insights: Sector shifts in popularity

Which sectors are you **most / least** excited about?

Most excited



Least excited

Cut Through Venture Investor Sentiment Survey June 2025

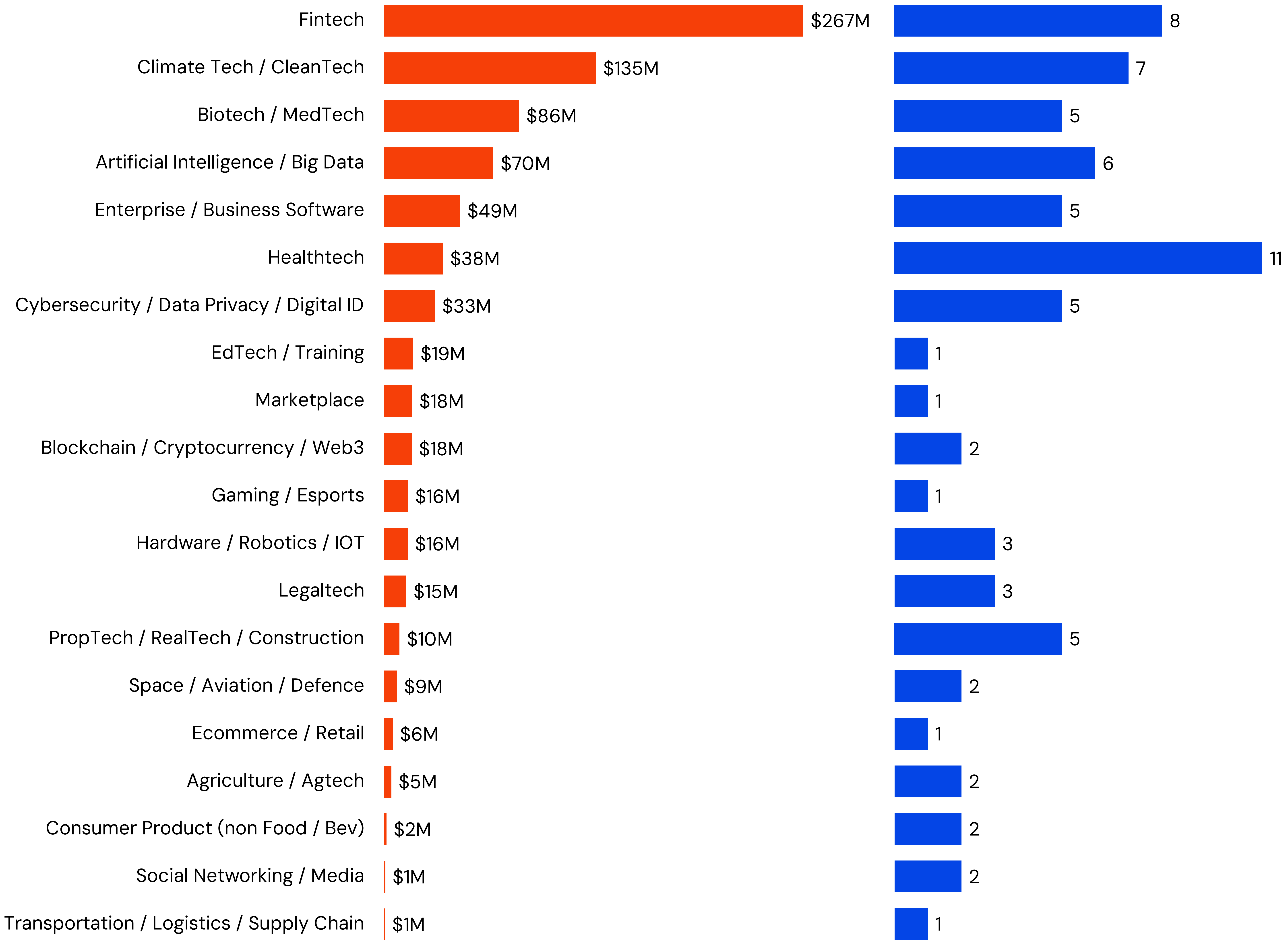
Sector funding and deal count

Fintech topped the capital raise charts this quarter, driven largely by Airwallex's mega round, which accounted for most of the investment into the sector. By deal count, health tech and climate tech again stood out as key areas of investor interest for the second consecutive quarter. Pure-play AI companies continued to feature heavily among announced deals. More than half of software companies that raised capital referenced an AI-related product on their website, a trend seen across nearly every sector. Companies adopting AI now clearly outnumber those that do not. This supports our thesis that it is only a matter of quarters, not years, before the distinction between software companies with or without AI disappears. AI is rapidly becoming a standard part of the tech stack.

Lyrebird Health – Announced a Series A round in Q2 2025

Top 20 Sectors

Capital Raised / Deal Count



CUT THROUGH venture

AI, health and climate dominate deal flow as fintech takes the funding crown

Fintech returned to the top of the funding charts this quarter after dropping out of the top five in Q1. Climate tech extended its run as a top-five sector for the fifth straight quarter. AI entered the top five most funded sectors for the first time and held its spot by deal count for the second consecutive quarter. Enterprise software rejoined the top five by both funding and deal count for the first time in nine months. Biotech and Healthtech maintained strong flows, with biotech holding a top-five position for over two years.

Most Highly Funded Sectors

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
1	Climate Tech	Enterprise/Biz Software	Cyber/Privacy/ID	Fintech	Fintech	Fintech	Biotech / Medtech	Fintech
2	Ecommerce/Retail	Block/Crypto/Web3	Biotech/MedTech	Climate Tech	Enterprise/Biz Software	Climate Tech	Climate Tech	Climate Tech
3	Enterprise/Biz Software	Marketplace	Fintech	Biotech / MedTech	Climate Tech	Food / Beverage	Healthtech	Biotech / Medtech
4	Hard/Robot/IOT	Space/Aviation/Defence	Space/Aviation/Defence	Food / Beverage	Block / Crypto / Web3	Biotech / Medtech	Ecommerce / Retail	AI / Big Data
5	DevTech	Healthtech	Gaming/Esports	Hardware / Robotics / IOT	Healthtech	Hardware / Robotics / IOT	Hardware / Robotics / IOT	Enterprise/Biz Software

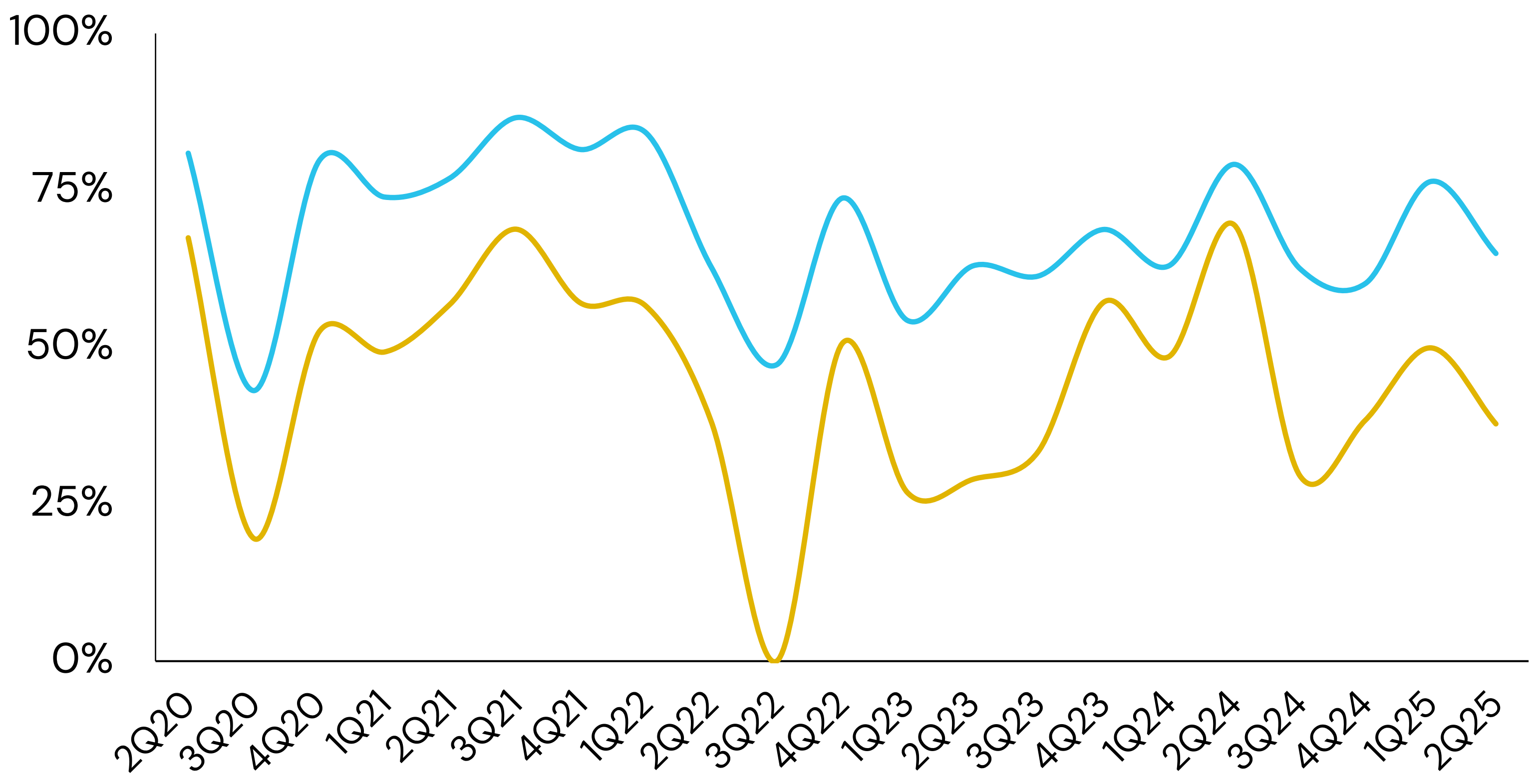
Most Deals by Sector

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
1	Climate Tech	Climate Tech	Climate Tech	AI / Big Data	Climate Tech	Climate Tech	AI / Big Data	Healthtech
2	Fintech	Fintech	Healthtech	Climate Tech	Fintech	= PropTech, Healthtech	= Biotech / Medtech, Climate Tech	Fintech
3	Hard/Robot/IOT	PropTech	= Biotech/Medtech, Enterprise/Biz Software, Hard/Robot/IOT, Fintech, PropTech	Biotech / MedTech	Healthtech			Climate Tech
4	Healthtech	= Enterprise/Biz Software, Healthtech, Marketplace		= Healthtech, PropTech, Fintech	AI / Big Data	Biotech / Medtech	Healthtech	AI / Big Data
5	Biotech/MedTech				Legaltech	Edtech / Training	= Hard/Robot/IOT, Fintech, Enterprise / Biz Software, MarTech	= Biotech / Medtech, Enterprise / Biz Software, Cyber, PropTech

Influence of large deals

After a flurry of mega deal announcements in Q1, deals over $20 million dropped sharply in Q2, with only eight companies announcing raises above that mark. Airwallex and RayGen were the only companies to announce rounds above $50 million. The lack of mega rounds was the key factor behind the lower total capital raised for the quarter. While the dip is notable, it remains within the range seen over the past couple of years since the market reset in 2022.

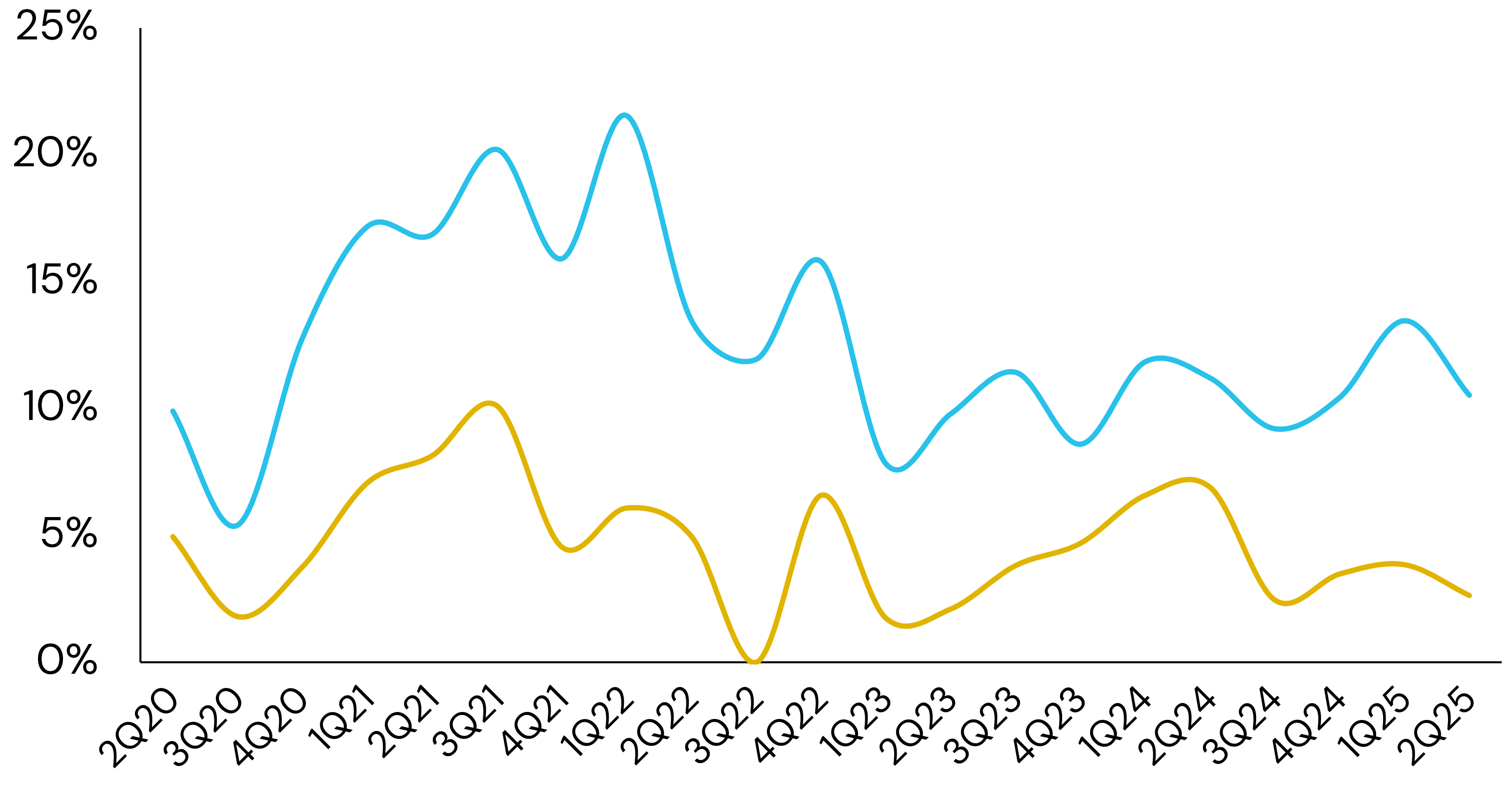
% of Total Capital from Large Deals



Deals % of Total Capital from $20M+ Deals

Deals % of Total Capital from $50M+ Deals

% of Deals that were Large Deals



Deals % of Deals that were $20M+

Deals % of Deals that were $50M+

1.5
Average $100M+ deals per quarter in 2023

2
Average $100M+ deals per quarter in 2024

1
$100M+ deals in Q2 2025

“We're a multi-stage fund, but right now we're really focused on deploying at the earliest stages our mandate allows. There's a wave of really interesting companies launching with small teams, gaining early traction, and in many cases, selling successfully to customers without yet catching the attention of investors.

Outside of supporting our existing portfolio, we don't expect to see a large volume of later-stage deals hitting the market this year. That's why we're focused on the early stage, where we think we can back strong businesses early. We believe many of these will return to market seeking a sizeable Series A in late 2026 or early 2027.

It's a super fun time to be investing.”

“Pre-seed deals are moving really quickly right now. I've been part of rounds where a startup has raised one to two million dollars off the back of a 10-page deck in under two weeks.”

Investors

Investor Sentiment Survey
June 2025

Largest deals of the quarter

There was a near absence of mega-deals in Q2, with only Airwallex announcing a raise above the $100 million mark. Climate and biotech startups rounded out the top five sectors by funding, while software-focused segments like Fintech, AI, Cybersecurity and Legaltech featured prominently among the top 30 rounds for the quarter.

Airwallex	Raygen	Amber	PolyActiva	Seer
Fintech	Climate Tech / CleanTech	Climate Tech / CleanTech	Biotech / MedTech	Biotech / MedTech
$232M	$75M	$45M	$40M	$40M
Series F	Series D	Series D	Series C	Unknown

Startup	Sector	Round	Stage
Blinq	Enterprise / Business Software	$39M	Series A
Relevance AI	Artificial Intelligence / Big Data	$37M	Series B
QuintessenceLabs	Cybersecurity / Data Privacy / Digital ID	$20M	Unknown
Acorn	EdTech / Training	$19M	Series A
EatClub	Marketplace	$18M	Series A
Unleash Live	Artificial Intelligence / Big Data	$17M	Series B
Betr	Gaming / Esports	$16M	Unknown
Sicona Battery Technologies	Hardware / Robotics / IOT	$15M	Series B
CloudTech	Blockchain / Cryptocurrency / Web3	$14M	Series A
Lyrebird Health	Healthtech	$12M	Series A
WeMoney	Fintech	$12M	Series A
Superhero	Fintech	$11M	Unknown
Securely Group	Fintech	$9M	Series A

Startup	Sector	Round	Stage
Circumvent	Cybersecurity / Data Privacy / Digital ID	$9M	Seed
Gridsight	Artificial Intelligence / Big Data	$8M	Series A
Zyft	Enterprise / Business Software	$8M	Unknown
Allume Energy	Climate Tech / CleanTech	$7M	Unknown
NexusMD	Healthtech	$6M	Seed
Flagship	Ecommerce / Retail	$6M	Seed
Haast	Legaltech	$6M	Seed
Hola Health	Healthtech	$6M	Series A
Plexus	Legaltech	$6M	Unknown
Springboards AI	Artificial Intelligence / Big Data	$5M	Seed
Skyborne Technologies	Space / Aviation / Defence	$5M	Series A
Celleo	Biotech / MedTech	$5M	Unknown
1Breadcrumb	PropTech / RealTech / Construction	$5M	Series A Ext

Partner perspective

HSBC

Driving greater representation in the venture ecosystem – from the investor's perspective

In a shared commitment to increased representation across Australia and New Zealand's founder and investor communities, HSBC and Innovation Bay partnered to launch Ignite Innovation earlier this year.

Ignite Innovation gives six selected entrepreneurs and investors the opportunity to join the Innovation Bay network and access HSBC resources, experts and the bank's global footprint.

Sophie Blyth, Director, Tech & Venture Coverage at HSBC said that as the venture ecosystem across Australia and New Zealand matures, there is an opportunity to drive greater innovation and stronger outcomes by building a more inclusive venture community.

"There is so much discussion about how to address this long-standing and multi-faceted challenge. One small but important aspect is showcasing a broader range of voices by regularly offering a platform to underrepresented communities to share their ideas and perspectives," Blyth said.

"While this won't build a more inclusive ecosystem on its own, amplifying diverse voices encourages greater participation, fosters creativity, uncovers overlooked opportunities, challenges entrenched biases, and ultimately results in stronger, more resilient businesses and investment portfolios."

Lisa Fedorenko, Head of Impact Investing at Save the Children Global Ventures, is one of this year's recipients.

Lisa sat down with HSBC to talk about the importance of helping underrepresented communities access the venture ecosystem and the tangible actions we can take to make a positive difference.

Lisa, thanks for your time. Tell us about yourself, and how you built your career?

I'm naturally analytical and have always been drawn to the intersection of numbers, technology, and business. I've consistently sought out environments where I can apply both logical and creative thinking. I really enjoy that combination of left and right brain challenges.

I've worked across public and private markets, from equity research to venture capital and impact investing. I'm passionate about equal opportunity, integrity, and transparency, and I've always been committed to supporting women in finance and tech.

What prompted your move into venture, and how did you make it a reality?

After several years in public equities, I made the move to private equity and venture capital because I became interested in how company culture shapes long-term success and wanted to be more involved in building businesses from the ground up.

I also noticed a significant imbalance in leadership: at the time, there were more CEOs named Peter in the ASX200 than women CEOs.

I wanted to get closer to the source of these issues and help drive change from within the industry.

Why do you think there are so few women in venture?

When I began my career, there were far fewer women in venture capital than today. While participation has improved, leadership roles are still underrepresented by women. One of the biggest barriers is the requirement for general partner buy-in. Often, to become a partner, you need to start your own fund, which is a significant hurdle for many.

Do you notice anything different when evaluating startups led by women or other underrepresented people?

I work actively to reduce bias in evaluating startups led by any gender; however, I have observed implicit imposter syndrome sneak through the process. For example, female founders are often more likely to present realistic, base-case growth projections, while male founders may present more ambitious, blue-sky scenarios. This can create an apples-to-oranges comparison for investors, so I always dig deeper to understand the assumptions behind the numbers.

Venture capital also relies heavily on pattern matching. Investors tend to back markets they understand and problems they relate to, and since most funders are still male, female-centred problems often remain underfunded.

What is your view on how we can solve these challenges to create a more level playing field for all founders?

I believe in a two-part solution. Firstly, we need to increase transparency. I co-founded Equity Clear in 2023 with the aim of creating a reporting standard for the industry on whether funds are backing female founders.

It highlights potential unconscious biases, so that investors can make fairer, more informed comparisons. You can't change what you can't measure, and it will take collective honesty to achieve this.

The second solution, and ultimately what I believe to be the real solution, is to address the root causes of inequality.

We can choose to back businesses which design products for everyone, creating opportunities for women at every stage of their lives, and recognising the economic value of the care economy, which is predominantly shouldered by women. We need a systems change, not a band-aid.

Great, thanks for your time, Lisa.

Ensuring greater representation and equitable funding for diverse founders is not the sole duty of a select few; it is the responsibility shared by us all in the venture ecosystem.

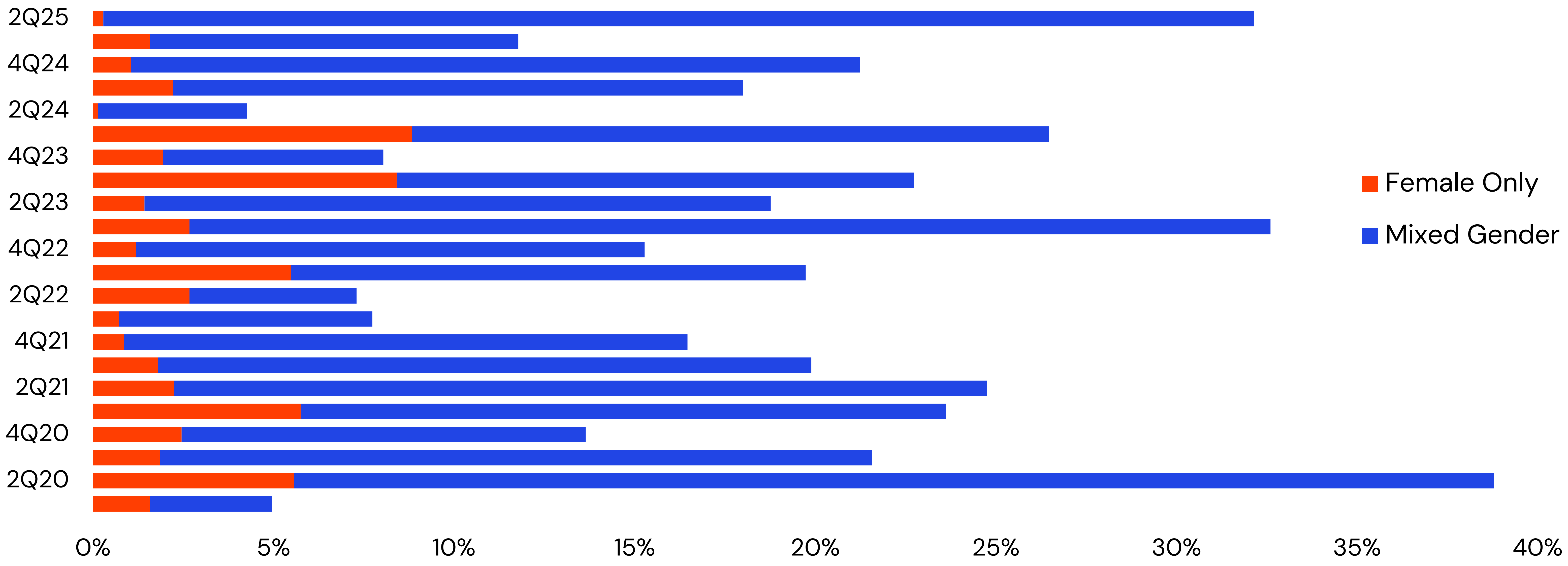
When each of us reflects on the role we play and commits to meaningful action (however modest it may seem), we contribute to a powerful collective movement.

It is through sustained, individual efforts that the foundations of systemic change are laid, ultimately paving the way for transformative progress.

Funding to female founders

It was a particularly weak quarter for female-led companies, with female-only teams accounting for less than 0.5% of total capital raised. At the current pace, 2025 is tracking to be the lowest year on record for capital raised by female-only founding teams. Mixed-gender founding teams performed better, although nearly 90% of that capital went to Airwallex. In total, only 11 announced deals involved a female founder. Excluding Airwallex, just $29 million in capital flowed to female-led companies over the quarter.

Percentage share of total capital raised by female founders



Q2 2025 largest rounds by female founders

Airwallex	CLOUDTECH GROUP	Springboards	RISE	Heatseeker
$232M	$14M	$5M	$4M	$2M
Series B+	Series A	Seed	Seed	Angel + Pre-Seed

Percentage share of total capital raised by female founders

2025 YTD
20% at least one female
<1% female only

2024
15% at least one female
2% female only

2023
18% at least one female
3% female only

2022
11% at least one female
2% female only

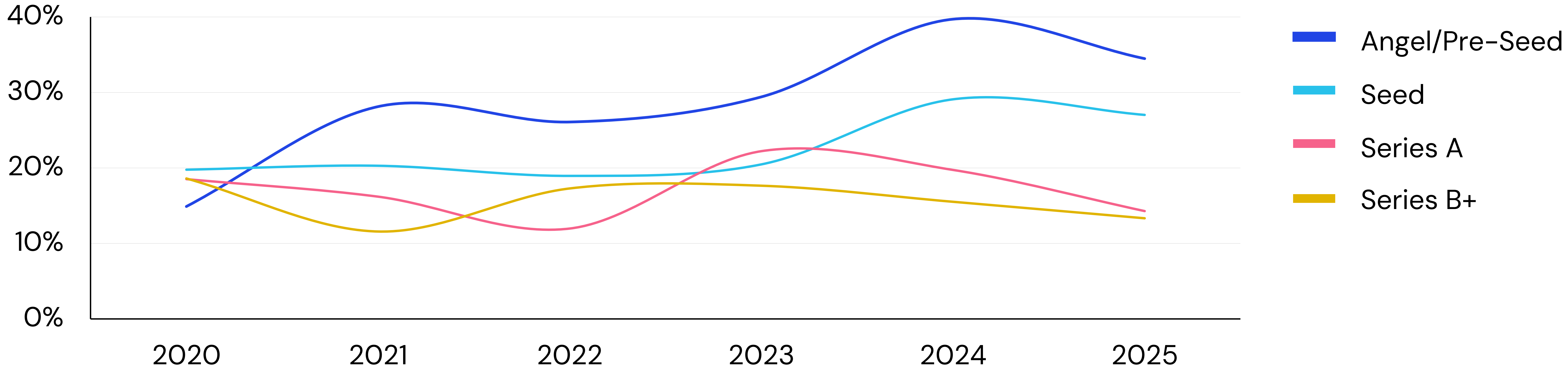
2021
21% at least one female
2% female only

2020
20% at least one female
3% female only

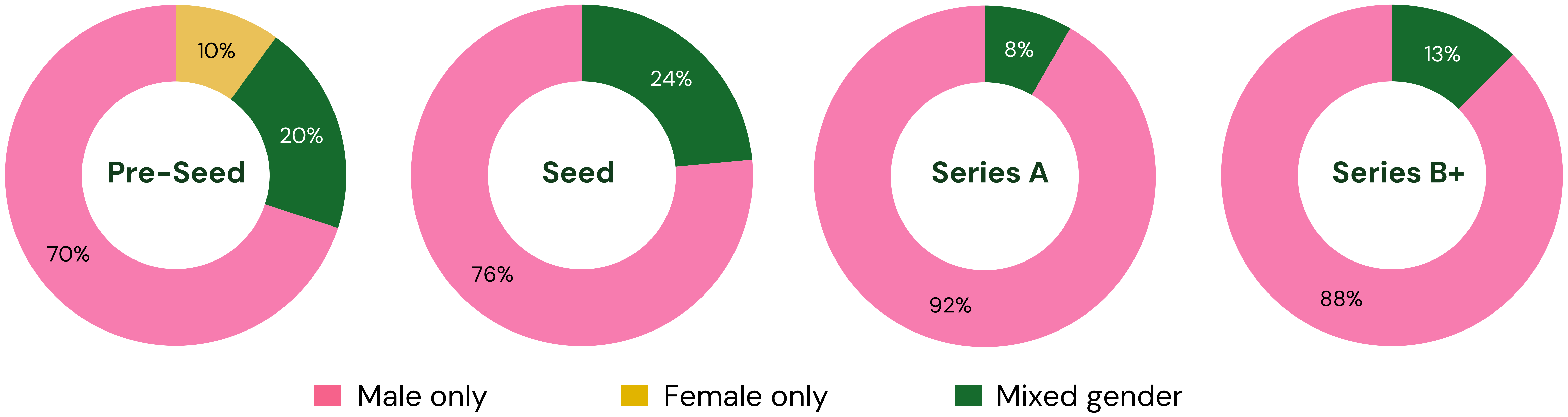
Female founder deal participation

Female-founded deal participation fell across all stages except pre-seed. No female-only founded companies raised a round at the seed stage or later. Pre-seed participation rose slightly quarter over quarter, although 2025 remains behind the peak reached in 2024. There were few bright spots in the headline numbers, with just 11 companies led by at least one female founder raising a round in Q2. Outside of Lucy Liu from Airwallex, no female-founder teams raised more than $15 million.

Share of deals by teams with at least one female founder



Q2 2025 share of deals by teams with at least one women founder



2025 YTD

$4.0M All male	$1.6M Mixed gender	$1.7M All female

2024

$4.6M All male	$2.0M Mixed gender	$1.5M All female

2023

$3.2M All male	$2.8M Mixed gender	$1.0M All female

2022

$4.0M All male	$2.4M Mixed gender	$1.4M All female

2021

$3.8M All male	$3.0M Mixed gender	$1.1M All female

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 time 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 visit 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$3,017bn at 31 December 2024.

In Australia, the HSBC Group offers an extensive range of financial services, including retail and commercial banking, trade finance, treasury and financial markets, payments and cash management and securities custody.

HSBC works to support innovative businesses unlock their potential, and access new global opportunities by combining decades of experience banking startups with our international footprint across 58 countries and territories.

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For more information visit business.hsbc.com.au/en-au/campaigns/technology

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Rippling is the unified platform for modern companies to run HR, IT, and Finance – all in one place.

Instead of stitching together dozens of siloed tools, Rippling brings everything into a single system: payroll, onboarding, device and app provisioning, expense management, and more. That means companies can automate every part of the employee lifecycle – from offer letter to offboarding – with real-time data, rich insights, and powerful workflows.

Take onboarding: you can hire an employee anywhere in the world, set up their payroll, computer, and software stack like Slack or Microsoft 365—all from a single dashboard, within 90 seconds.

Based in San Francisco, CA, with offices on four continents, including Sydney, Australia, Rippling has raised $1.4B from the world's top investors—including Kleiner Perkins, Founders Fund, Sequoia, Greenoaks, and Bedrock, with users in over 185 countries.

For more information visit https://www.rippling.com/en-AU

Supporters

Vanta

Vanta is the trust management platform that helps growing tech companies automate security and compliance, enabling you to close deals faster with fewer resources. By investing in compliance early, you protect sensitive data and simplify the process of meeting industry standards, ensuring long-term trust and security.

Vanta offers tailored support for SaaS tech companies with ISO 27001, SOC 2, CPS 234, PCI and Essential 8. In addition to 35 other pre-built frameworks like so you can establish customer trust from the start.

With 375+ integrations, Vanta proactively monitors your security posture, ensuring continuous compliance and making it easy to maintain. Focus on growing your business while we make compliance simple.

For more information visit vanta.com or **contact:**

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- Konner Fritz | Sales Manager Vanta | konner@vanta.com
- Andrew Antal | Marketing Vanta | andrew.antal@vanta.com

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TrueState is the AI-first data platform replacing slow, manual data work with intelligent automation. Built for speed and scale, TrueState combines agents and copilots to help overstretched data teams deliver dashboards, models, automations and insights in days, not months. No extra headcount, no bottlenecks, just faster results.

Founded by ex-McKinsey and CSIRO engineers, TrueState was built after decades of building and leading elite data teams. The platform delivers end-to-end workflows, from raw data to production-grade analytics, with native integration into your stack and zero heavy lifting.

Already trusted by fast-growing mid-market and enterprise teams, TrueState helps companies turn their AI ambitions into production outcomes. If you're trying to do more with less, we're the team behind your data team.

For more information visit truestate.io

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 ASIC filings, press releases, social media, and investor memos. Australian startup ecosystem participants, including investors and founders, also provide data directly to Cut Through Venture. 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 considered a funding event, the transaction must result in an infusion of capital into the startup in exchange 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. OpenAI and Llama LLM models are utilised to support data cleansing and validation.

Survey Data

Survey data was collected from venture capital firms, angel syndicate leads, and family offices. 115 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 is not possible to validate their authenticity. 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 an angel investor. He may be an investor in some of the startups or a Limited Partner in some of the funds mentioned in this report.