CUT THROUGH QUARTERLY

Australian Startup Funding Report

Q1 2026

Capital is flowing, but it is not evenly distributed.

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CUT THROUGH VENTURE

Q1 2026

AUSTRALIAN STARTUP FUNDING

$1.8B TOTAL FUNDING

26 ACCELERATOR ROUNDS

81 VENTURE ROUNDS

FLYONE, FMT, Future Minds, GIGACOMM

Guin, HabitTrade, HAMR ENERGY, hapana

InvestStream, Jumpstart Fertility, KAST, KREPKO

Macropod, markup.one, Mary Technology, MGA THERMAL

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Tendor, THERMAL DAWN, UpGuard, Veyor, VIXIA, Whistl., WIINGMAN, Zabidou

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The Headline Numbers: Q1 2026

Venture deals
81

Accelerator rounds
26

Announced funding
$1.8B

Announced Funding and Total Deals Over Time

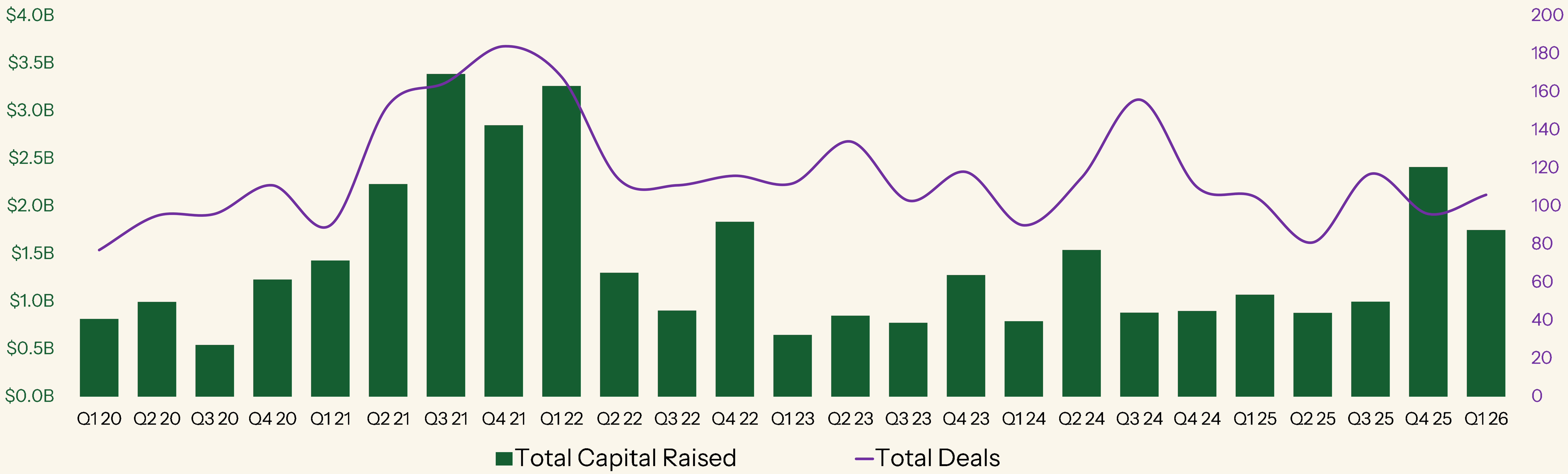


Table of contents

Vixia – Announced an Accelerator round in Q1 2026

TL;DR - Five Things to Know

Advanced Navigation – Announced a Series C round in Q1 2026

01

The first quarter of 2026 got off to a flying start, with $1.8 billion raised across 81 venture deals and 26 accelerator rounds. While it's clear that the market is open for business again, it's selective. Capital is flowing, but investors are being very picky about which startups receive it.

02

A small group of big deals accounted for most of the funding. The top 10 deals got almost 60% of all the money raised, and, in all, Q1 was one of the most concentrated quarters we've seen. A gentle reminder to read beyond the headline figures: while capital deployment is way up on recent prior years, venture capital deal count remains flat at best.

03

While vertical SaaS still holds a special place in local investor hearts, many of the biggest investment rounds are now going beyond the usual software segments. Areas like defence, space exploration, computer hardware, and cybersecurity dominated the top of the funding charts. This shift suggests that the next wave of Australian mega success stories might not just be software-focused but also technology companies deeply integrated into vital systems. For those software pure plays, vertical trumped horizontal… and it wasn't even close.

04

We've recut our sector taxonomy to reflect that AI is now (almost) everywhere, and not just a standalone segment. AI-first and AI-enabled companies accounted for more than half of Q1 deals, and investors reported significant valuation premiums going to companies where AI meaningfully impacts the product, economics or customer workflow. For companies born in the last two years, an absence of AI in the product stack was rare.

05

Our deep dive into startup age at each funding stage found that startups are raising their first venture round earlier, but it's getting harder and taking longer to reach the later stages. What we don't know is whether it's investor expectations or founder preferences driving the delay. Still, the significant shift upward in age at the time of a Series B suggests that to get there, companies have spent early capital in a more measured fashion and come to market with a more mature proof of concept.

Cut Through's view

Nobody knows what's going on

Every podcast, social post and event panel discussion right now seems to end up in the same place. Someone asks what AI means for software. Another person says agents are coming – then another person yells back that they've already arrived. Someone else points to public SaaS multiples. Then everyone nods with a level of confidence that well and truly exceeds the evidence. The change is real, but, really, nobody really knows what is going on.

I don't either, but I'm pretty sure of a few things. AI is not killing software. It is raising the standard for what counts as good software. Customers won't pay for jaw-droppingly magical looking demos, they will pay for AI that solves painful problems, reshapes workflows, improves economics, and builds products they cannot easily walk away from. Customer value still decides everything. Pretty uncontroversial stuff.

And, at the risk of letting this page of the report age very badly, I'm also pretty certain of a few things that are harder to swallow. Almost every white-collar job can become more productive with AI tools. Some tasks will be done better by software than by people, and the jobs that are just a string of those tasks in a person's daily to-do list won't exist anymore. Some companies should reduce headcount. Some startups that expected to burn cash, show momentum and raise again should rethink that plan and learn how to operate in a world where no further external capital is coming. AI has changed the cost of work, and that has changed the cost structure and value proposition of many software companies.

The market and its various experts keep turning true observations into conclusions that I don't think we can make yet. AI is changing software quickly, but SaaS is not dead. All software will not go to zero either. Different categories will be affected in very different ways. Software that only coordinates work, records activity, or sits lightly on top of a process looks more at risk. Software that owns deep workflow, proprietary data, regulated processes, infrastructure, or painful operational complexity looks much more durable. AI will compress some advantages and strengthen others.

The same logic explains why enterprise adoption has been slow. Agents that use tools, process data and execute real work need clean systems to plug into… a thing that almost no enterprise has. Company data is messy and is spread across tools that don't talk to each other, and zero processes were designed to be completed by autonomous software. At least right now, the companies moving fastest are the ones picking a few specific workflows and automating them well, not the ones running broad scale operational reinvention. Attempting that would take judgement, technical capability and change management capabilities – a three-piece combo that most organisations don't have.

Founders and investors also need to be careful about the scorecards they use. The percentage of code written by AI, number of agents deployed, tokens consumed and features shipped per sprint all signal activity without telling you whether a company is building something valuable. The question is not whether AI lets you move faster, because it almost certainly does. The question is whether it improves your judgement, your product and your economics, or simply helps you make mistakes at greater speed.

I am definitely not saying that founders can afford to sit back and wait for perfect clarity. I meet a lot of companies taking a defensive posture: protect what you have, optimise what works and wait for the market to settle. This is just as risky as taking the activity for the sake of activity approach. The market is confused, but it is not standing still. Customers are learning, competitors are shipping, and enterprises are starting to reassess budgets and ways of working.

I think founders should play offence, but with discipline. Make sure you're learning faster than the environment changes. Use new tools to solve old problems in better ways. Build for real customer workflows, not demos. Design for outcomes, not novelty. Be honest about whether customers use the product because "it is AI!!" or because it actually solves their problem.

No one knows exactly what's going on. But I am almost certain that the winning startups will be those that recognise the uncertainty, avoid gimmicky AI-slap-on features, and keep building around the one thing that has not changed: customers pay for products that make their lives meaningfully better.

Chris Gillings
Founder, Cut Through Venture
Managing Director, Five V Venture Capital

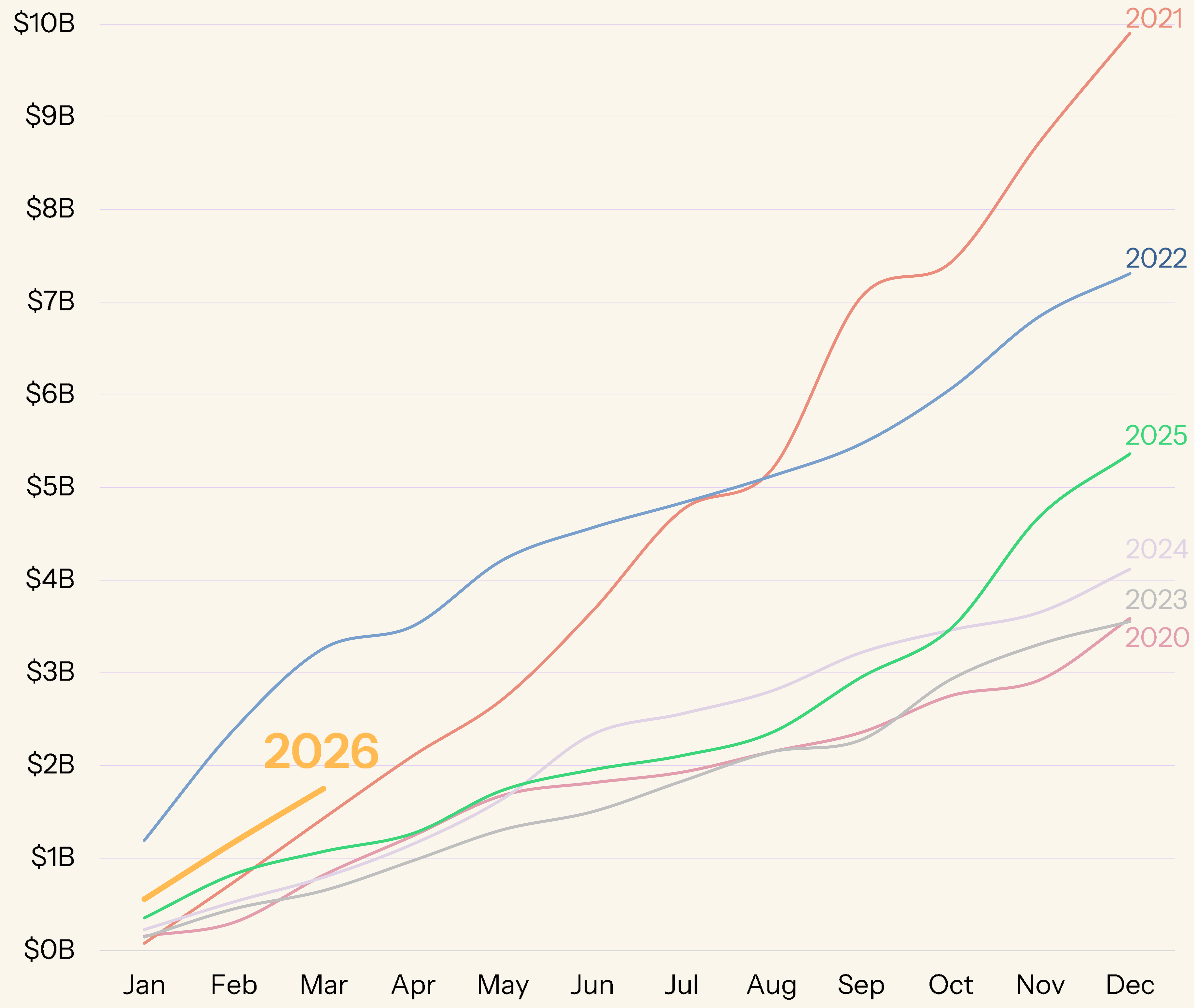
Off to a flying start

Funding to Australia's startup ecosystem is off to its strongest start since the 2022 peak. Funding hit $1.8 billion in the first three months of 2026 — up 63% on Q1 2025's and more than double Q1 2024 and Q1 2023. The cumulative trajectory is now tracking clearly above every post-boom year and is the second-fastest Q1 start in the past seven years, trailing only the boom-time 2022 cohort.

AI-first and 'non-software' rounds anchored the headline numbers, but breadth across stages and sectors indicates this is more than a single-theme rally.

Breaker – Announced a Seed round in Q1 2026

Total Capital Raised by Year



Ecosystem perspective

It's Time to Build Australia

Our nation has found itself in a moment of great significance. One that increasing numbers of Aussies are starting to feel in their bones. Our national pulse is one of heightened anxiety, cultural malaise. As we examine the state of our institutions, our position in the world, and reflect on our collective spirit, many of us are understandably questioning what our future holds.

Australia's industrial and cultural strength is trending toward decline. Economic stagnation, incentives skewed toward passive assets, and GDP growth driven purely by the public sector all mean the next generation inherits lower living standards. The 'fair go' feels a distant memory, fading into nostalgia.

A culture and news cycle that defaults to low ambition is driving brain drain and killing creative energy. Young Australians feel this most, and will be the ones forced to reckon with the new realities they have inherited.

We are one but we are many

Build Australia enters this scene as a force to help steer our country toward a brighter one.

A future and national character grounded in optimism, defaulting toward unity and inherently ambitious. A culture invigorated with possibility and togetherness. A collective voice of 'yes, and', which drowns out the "we can'ts" and the "what about's" that have become such common refrains.

Build Australia is a movement to shake us out of stagnation and reignite Australian industry, creativity, and ambition. We exist to ensure our luck persists for generations to come.

This is us planting a flag. We hope others will see it, approach it with their own perspectives, and join us in taking agency over our future.

From little things big things grow

This project was born of a group of once-disconnected Aussies who have, from different perspectives, reached a similar conclusion: it's time to build Australia.

Countless writers and thinkers have leaned on the framing of this country as lucky. It is powerful. It is apt. What Australia is feeling echoes what many countries are reckoning with in the modern age.

Momentum from early group chats and pub meetups now evolves into this formal launch of a new movement for all Australians who believe we can and must do better. Today we establish our base camp, tomorrow, we start our ascent.

Build Australia champions value creation through hard yakka, entrepreneurship, creativity, industry, and a thread which ties it all together. We back the removal of barriers toward these ends — regulatory, cultural or in mindset. We call for investment into new research, invention and capacity. We want moonshot projects to believe in, jobs that offer equity and ownership, and a culture of abundance and shared prosperity.

Doing this will require a rejection of the tall poppy syndrome that has grudgingly become commonplace. Step change can't happen in bite-sized pieces. Look up, be proud, and strive!

Small N nationalism

To feel pride and gratitude for your home and what it represents to you is human. It's unfortunate that some in our society see being patriotic in a negative light. Patriotism does not mean carte blanche support for a government's policies, or superiority in a relative sense. That's where a line should be drawn.

What patriotism looks like varies enormously depending on who you are and how you got here. Someone whose family has been on this land for generations experiences it differently from someone who arrived last year and has chosen to call Australia home. Both are legitimate. All belong.

Because the concept of love of one's homeland has become tainted and politicised, Build Australia is explicitly non-partisan.

The tone of this movement will signal certain things in contemporary shorthand. There will be critics who attempt to file it away as part of something it is not. We expect that. Build Australia is independent, non-profit, and vigilant in maintaining our political independence. Our platform welcomes divergent and conflicting voices. We celebrate transparent and open debate.

Finding common ground

The sentiment that Australia is heading in the wrong direction is shared across the ideological spectrum. Frustrations at the slippage in living standards, zero-sum debates dominating our media, and the rise of new political factions capitalising on the moment, all point to the same underlying restlessness.

We all agree on the disease, but propose very different cures. At Build Australia, we don't pretend to have all the answers. Solutions should be debated freely and without ideological gatekeeping. We're building the venue for that debate, and will do so alongside other wonderful organisations and individuals with similar values and missions.

As technological change accelerates and geopolitical norms fracture us into a newly multi-polar world, some questions genuinely don't have answers. This however, is not a reason to stop asking them. It is the pessimism, doomerism and inaction that are leading to a terminal diagnosis for our nation.

Thank you for being with us. Let's Build.

What we do and how you can help

Build Australia is a member-driven organisation. Our ambition is to influence culture, and the narratives around Australian potential and its place in the world. At the core of these aims are people.

You may be asking "so what does Build Australia actually do?" In practical terms, we do three things.

We celebrate and promote Australian innovation, creativity, and ambition through content, data and software projects, and discourse. We bring people together through events, programs and activities focussed on entrepreneurs, builders, creatives, and others who believe in Australia. We champion shifts in society, policy and law that remove barriers to productive enterprise, entrepreneurship and cultural leadership.

Embedded in this project's launch is a call out for participation. A call against the culture wars and the zero-sum thinking that comes with them. A call for genuine earnestness, collaboration, and ambition.

Here are some ways to get involved:

- **Sign up** — Join our email list to stay across our activity and programs.
- **Spread the word** — How many degrees of separation exist between 27 million Australians? If someone in your network may resonate with what we're building, start a conversation. The more people we connect and energy we muster, the better.
- **Submit an essay** — If you have something to say about Australian ambition and values, bring it in. This is a platform for education and ideas, and we'd love to hear from you.
- **Contribute to a project** — We're always looking for new ways to visualise and analyse what matters to Australia. If you want to build or submit a project idea, get in touch.

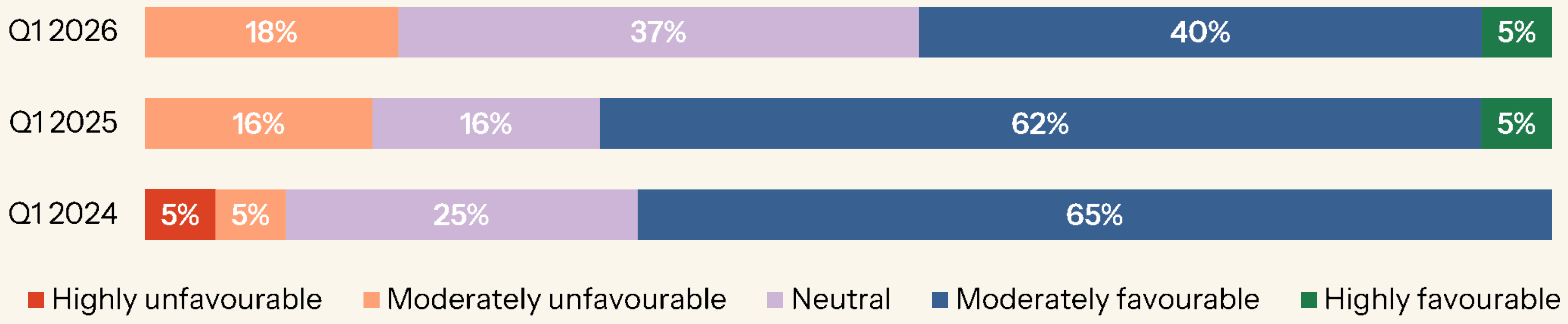
Learn more at: buildaustralia.com

Confidence cracks: investor optimism takes a step back

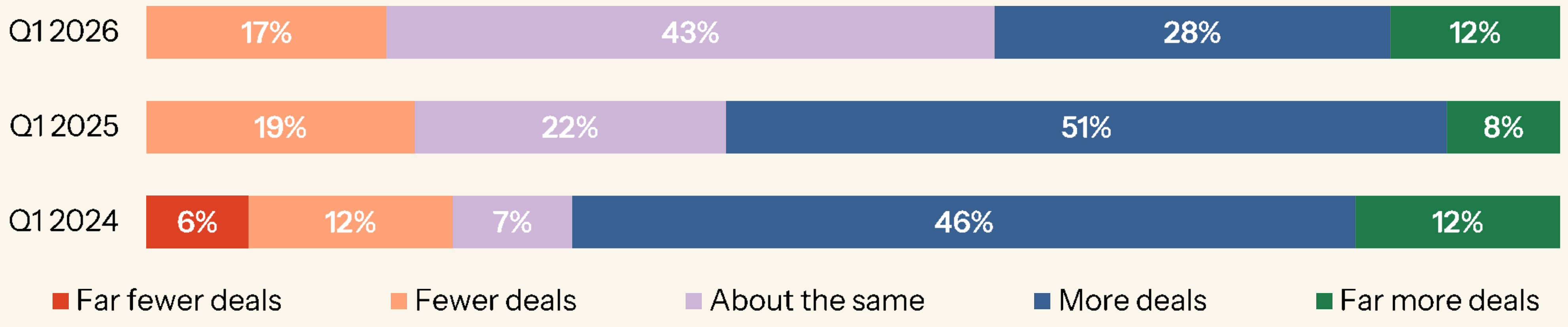
Investors are less confident than they were last year. They still plan to put their money into projects, but are now being more careful. Instead of being very optimistic about everything, they are being more selective about the startups and market segments where they believe defensibility exists. Volume of opportunities is not the constraint to getting deals done.

Insights from Cut Through Quarterly Investor Sentiment Survey

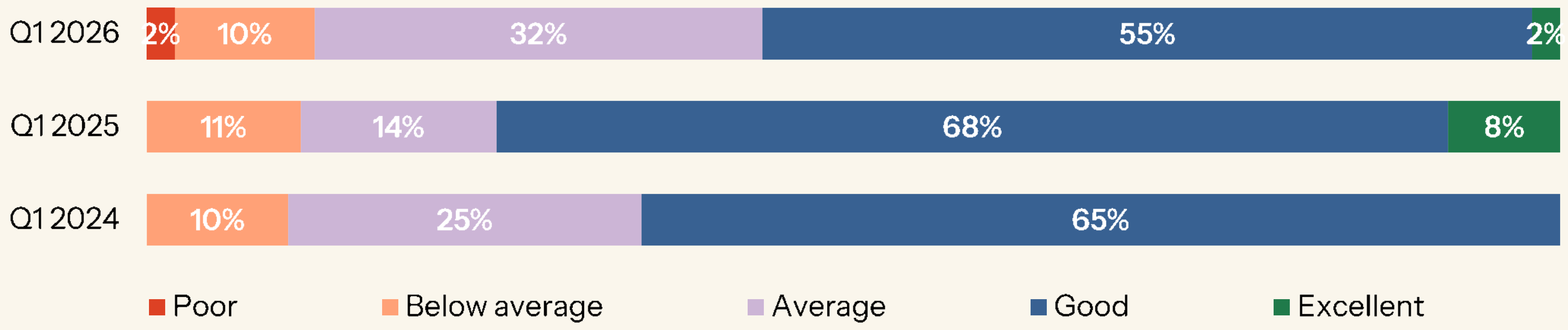
Market sentiment shift



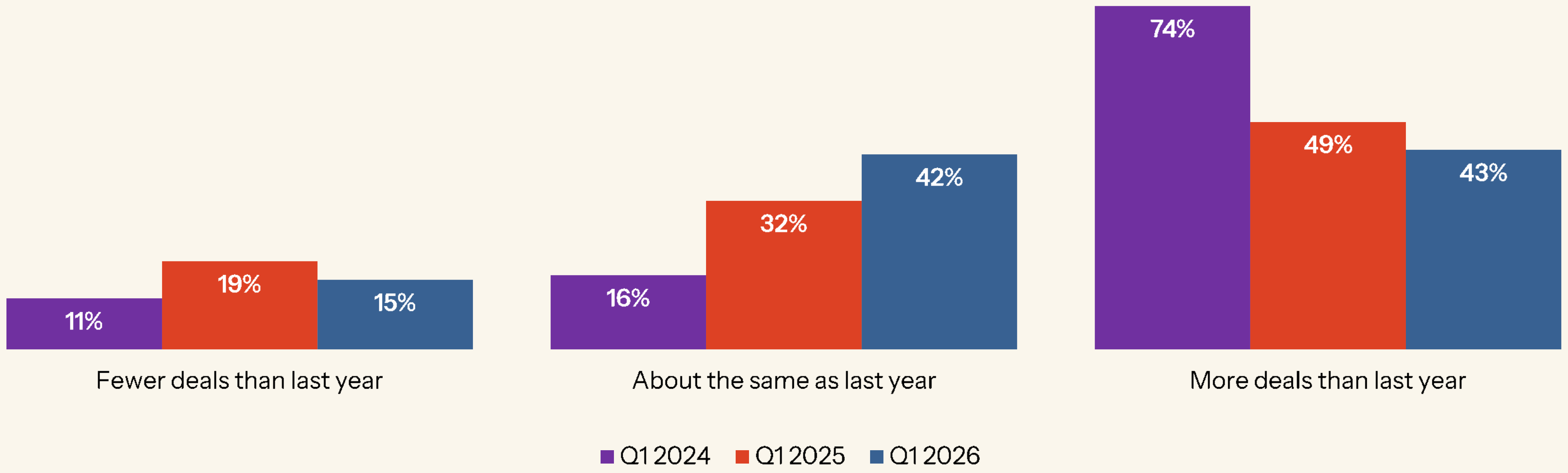
Deal volume shift



Deal flow quality



Predicted deal volume of your fund in 2026



Your fund's top priority for the quarter

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

> *The market is in a strange place right now. We're seeing strong top of funnel activity, but deals are moving slowly and I assume many startups are finding it hard to close the deal they set out to. We're looking at earlier-stage opportunities than what we have previously because of the quality of the products being delivered by extremely small teams at the Pre-seed. – Investor, CTQ Investor Sentiment Survey – March 2026*

Mega-rounds dominate funding share

Q1's huge headline funding result was shaped by a small number of very large rounds, with the largest 25 deals accounting for a substantial share of the $1.8B raised. The sector mix is notable for being different from what we're used to down in Australia. Capital flowed well beyond traditional SaaS, with space, defence, robotics, AI infrastructure, cybersecurity, biotech and climate all represented among the quarter's biggest raises.

Gilmour Space	Space & defence	$217M	Series E
Advanced Navigation	Hardware, robotics & sensors	$158M	Series C
KAST	Crypto, Web3 & stablecoins	$113M	Series A
UpGuard	Cybersecurity, compliance & digital identity	$105M	Series C
firmus	AI models & data infrastructure	$100M	Strategic

neara	Vertical business software	$90M	Series D
AutoGrab	Vertical business software	$80M	Series B
lyka	Consumer brands	$67M	Series C
GIGACOMM	Vertical business software	$65M	Strategic
Applied EV	Hardware, robotics and sensors	$58M	Series B
fluentcommerce	Vertical business software	$46M	Series C
splose	Healthtech	$46M	Series A
Disruptive Packaging	Climate and energy	$44M	Unknown
checkbox	Vertical business software	$35M	Series A
InvestStream	Fintech	$31M	Seed

PlasmaLeap Technologies	Hardware, robotics and sensors	$30M	Series A
EatClub	Vertical business software	$27M	Series B
OncoRes Medical	Life sciences and biotech	$27M	Series B
affinda	Horizontal business software	$25M	Series B
dataro	Vertical business software	$20M	Series A
Silicon Quantum Computing	Hardware, robotics and sensors	$20M	Strategic
diraq	Hardware, robotics and sensors	$20M	Series D
o&t Omniscient Neurotechnology	Healthtech	$20M	Series D
Cauldron	Life sciences and biotech	$19M	Series A - Ext
hometime	Vertical business software	$19M	Series B

A new cohort of unicorns emerges beyond the SaaS pack

The first quarter's $1.8 billion result wasn't really a sign of whole market exuberance. The topline number was thanks in large part to a few large investments that made a big impact. The companies that got the most money show how much the local market has changed from just being about software as a service. Areas like space exploration, defence, robotics, artificial intelligence, cybersecurity, biotechnology, and climate change all received a lot of attention and funding.

New unicorns

Advanced Navigation

Builds AI-enabled navigation and autonomous systems for defence and industrial applications. Its technology sits at the intersection of software, hardware and national security infrastructure, reflecting a global shift toward sovereign capability and dual-use technologies that are now attracting disproportionate capital.

A$1.5B Valuation

Gilmour Space

Developing sovereign launch capability through vertically integrated rocket manufacturing and launch services. Unlike the prior SaaS cohort, this is a capital-intensive, infrastructure-led model aligned with a global resurgence in space investment driven by defence budgets and strategic autonomy.

A$1.5B Valuation

Neara

Provides critical infrastructure modelling software used by utilities to simulate, predict and manage grid resilience. While software-led, its value sits in deep integration with physical assets, reflecting a broader trend toward "software + infrastructure" rather than pure SaaS abstraction.

A$1.1B Valuation

These three companies share a common thread: they are all deeply embedded in physical-world systems, marking a clear departure from the prior generation of Australian unicorns, which were predominantly SaaS and fintech businesses building in the world of bits rather than atoms. The shift mirrors global venture dynamics, where capital is concentrating in AI infrastructure, defence, and hard-tech adjacencies, and where fewer but larger rounds dominate overall funding.

The Australian unicorn stable

Airwallex	bugcrowd	Canva
Culture Amp	CYARA	deputy
employmenthero	firmus	go1
Immutable	Linktree	petcircle
ROKT	SafetyCulture	scalapay
SIMPRO	synchron	zeller

The prior cohort of Australian unicorns was overwhelmingly defined by SaaS and fintech, with businesses such as Canva, Airwallex, SafetyCulture, and Deputy scaling through software distribution, global go-to-market, and capital efficiency.

Ecosystem perspective

Innovation reform is on the agenda and it could reshape how you fund R&D

Australia's R&D Tax Incentive is the subject of a reform proposal following the Ambitious Australia report. Here is what founders and investors should understand now and why it matters.

Australia's R&D Tax Incentive (RDTI) is under renewed attention following the release of the Ambitious Australia final report from the Strategic Examination of Research and Development. The independent panel discusses that Australia's research, development and innovation system is fragmented and under-scaled, and proposes a package of reforms, including a redesign of the RDTI, now being considered by government. The report is not government policy, no legislative changes have yet been announced, and the final design of any reforms could differ materially from what the panel has proposed. That said, the proposals are detailed enough that founders and investors should begin to understand what they could mean in practice.

What the panel proposes

A key recommendation is a dedicated start-up stream. Under the current RDTI, eligible companies receive a refundable tax offset calculated once per year which is a structure that typically requires founders to fund R&D upfront and wait. The report recommends moving to quarterly cash payments (rather than an annual refund cycle), extending eligible expenditure to cover development, deployment, and early commercialisation activities, and increasing the refundable offset rate. For a capital-constrained start-up in its early stages, these recommendations represent a meaningful shift in how the incentive could function as a cash flow tool.

For scaling companies, the panel recommends lifting the turnover threshold for refundable offsets from $20 million to $50 million, introducing performance-linked eligibility tied to revenue growth, and removing the cap on eligible R&D expenditure for larger companies. The panel also recommends removing rules that currently reduce RDTI benefits when companies receive government grants which has been a structural friction that has affected founders seeking to access multiple forms of government support simultaneously.

Why it matters for founders and investors

The sectors attracting serious capital in Australia, like hardware, biotech, climate tech, and AI infrastructure, are among those the panel identifies as underserved by current RDTI settings. These are capital-intensive businesses building deep intellectual property with long development cycles and genuine translation risk. The proposed start-up stream is specifically designed to better support them.

For investors, the portfolio implications are worth considering. A start-up accessing quarterly RDTI payments alongside venture capital could support longer runway and may reduce near-term dilution pressure between milestones. If the reforms proceed as proposed, the RDTI may become a more material input into how early-stage companies are capitalised and how investors model their path to the next round.

Where things stand and what to consider now

While the report's direction has been reflected in recent public commentary by the Minister for Industry and Innovation, it remains subject to any firm government action. While reform is unlikely to be immediate, the proposals signal a potential shift, with substantive reforms to revitalise the RDTI and strengthen the broader innovation ecosystem. Founders and investors with a long-term view may find it useful to be across relevant key themes the panel recommended: the case for quarterly rather than annual cash flow timing; the potential broadening of eligible expenditure into commercialisation activities; and how performance-linked eligibility could affect scaling businesses currently accessing the incentive.

EY's Government Incentives team is tracking the proposals and their practical implications for start-up cash flow, eligibility, and audit readiness. If you would like to discuss how the Ambitious Australia report recommendations might affect your funding runway or portfolio assumptions, we would be happy to help. For further reading, visit EY's full commentary on the proposed reforms or contact EY's Government Incentives team.

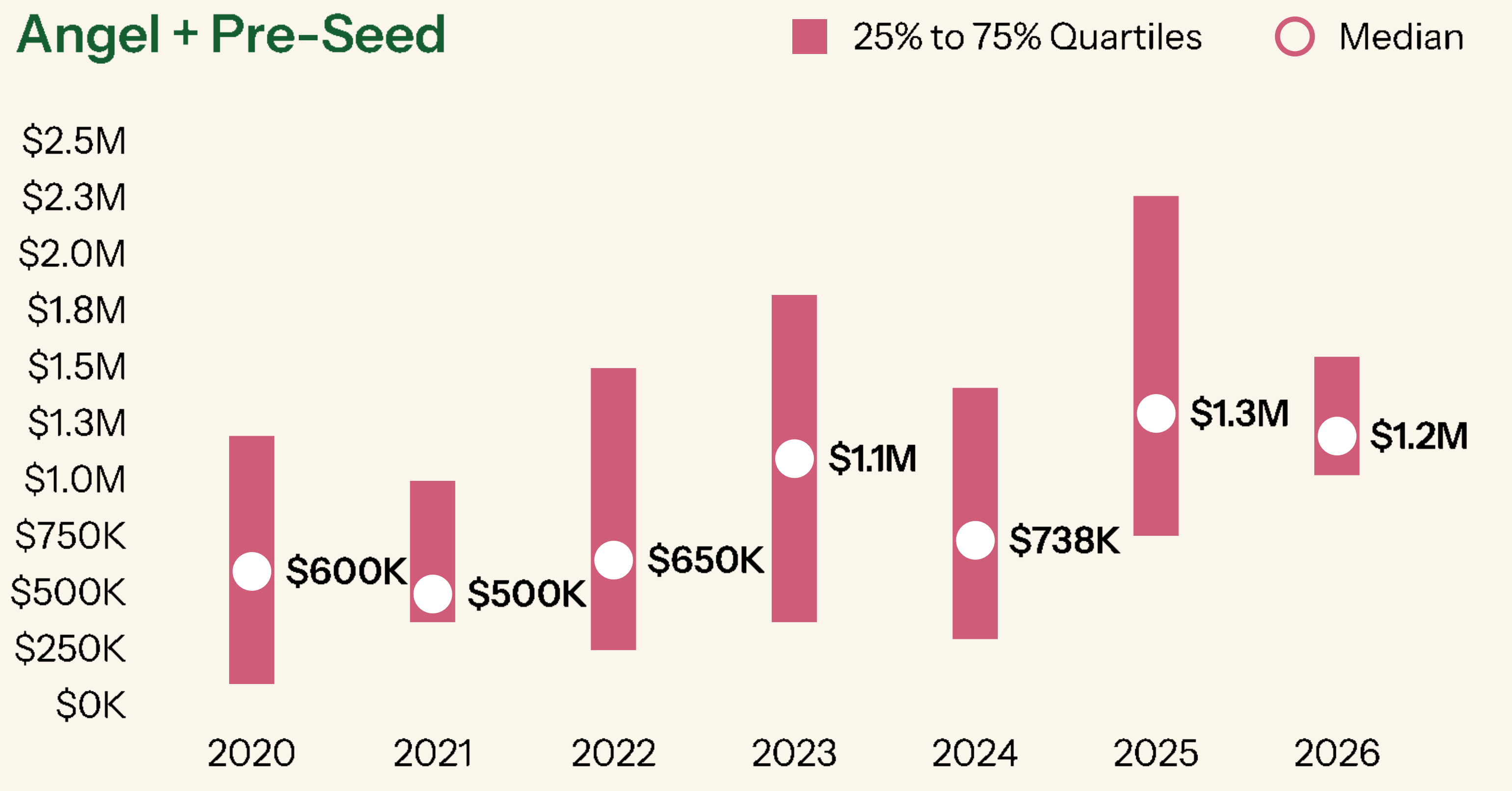
Cameron Reid
Partner, Government Incentives
EY Australia

Malia Forner
Partner, Government Incentives
EY Australia

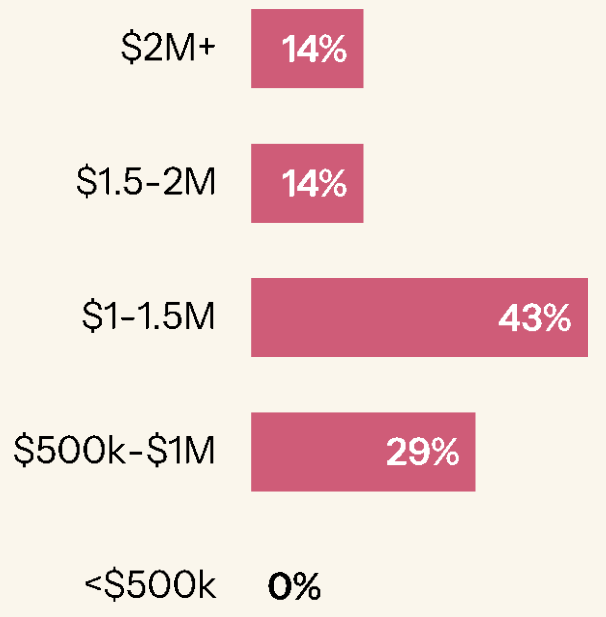
Cheques get bigger from Seed through Series A

Cheque sizes lifted most clearly at Seed and Series A in Q1, while Pre-Seed remained broadly stable and Series B+ stayed elevated but off last year's recent peak. Seed saw the sharpest rise, with more than half of Q1 rounds above $5M, suggesting investors are willing to fund larger early rounds where conviction is high. Across stages, the data points to a more selective market rather than a retreat from deployment. Capital is still moving, but larger cheques are being concentrated behind companies that clear a higher bar.

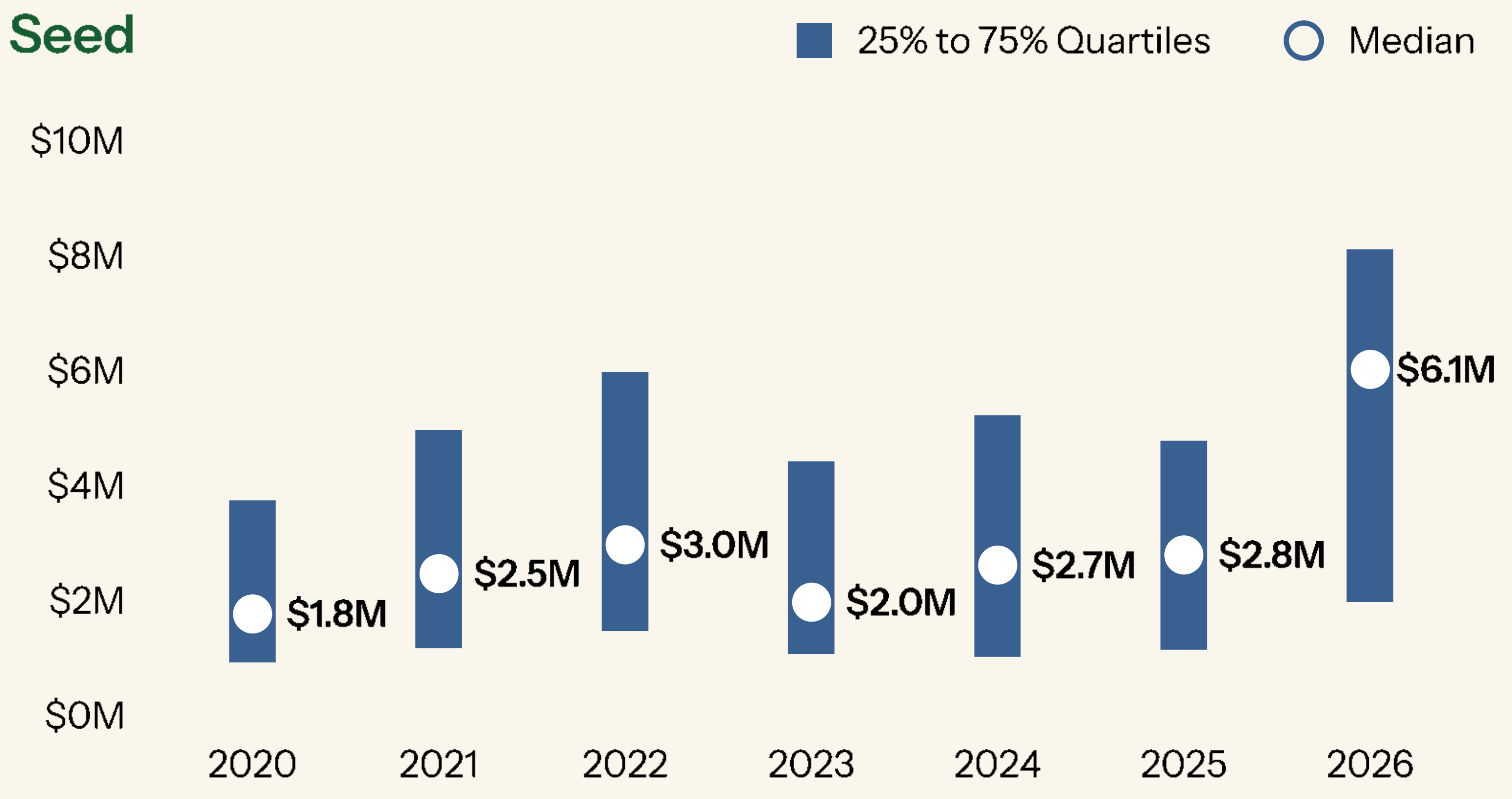
Angel + Pre-Seed



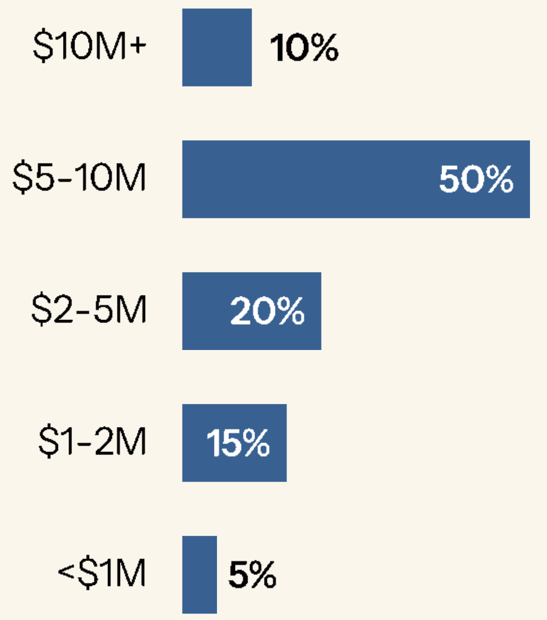
Q1 2026 Deal Size Distribution



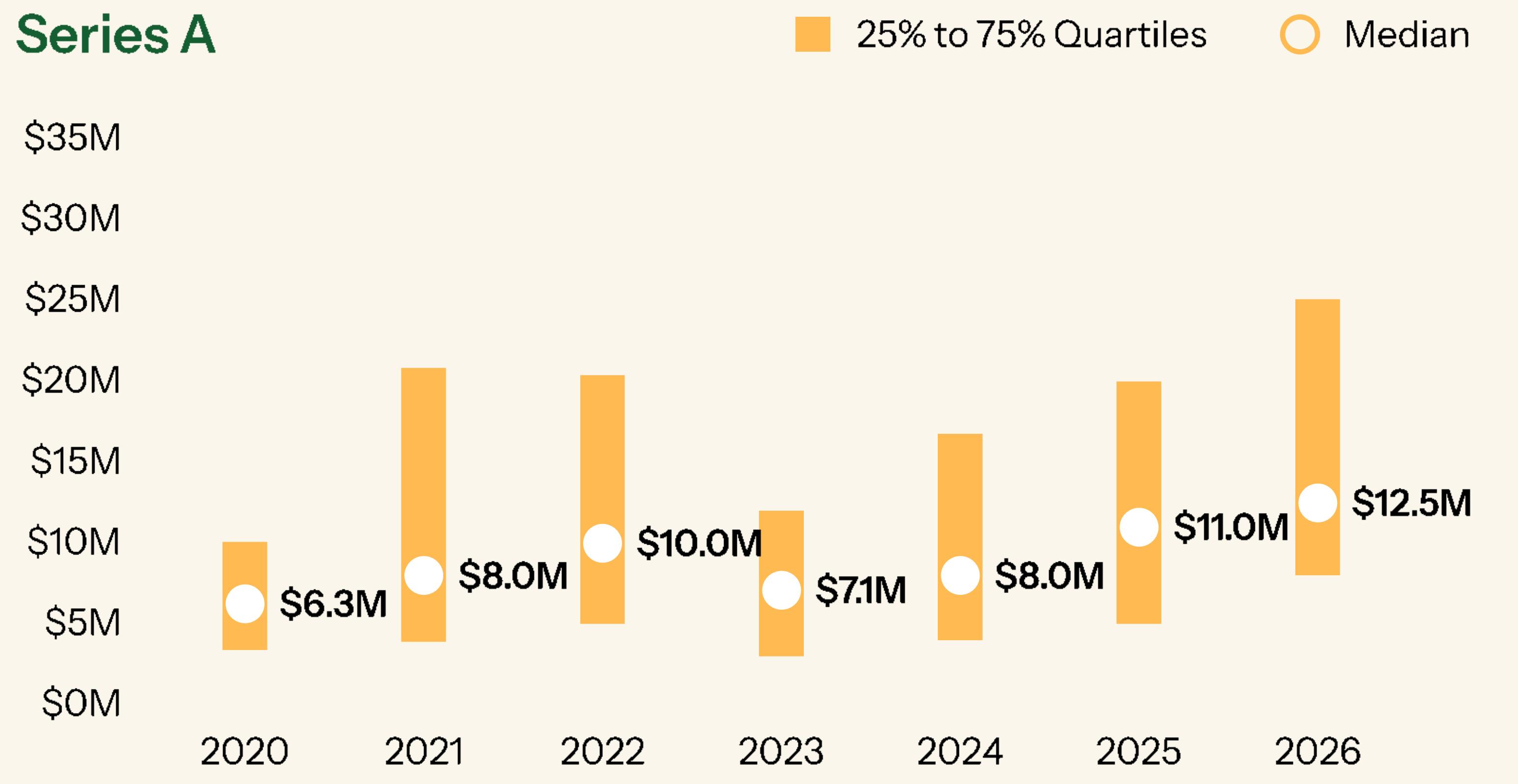
Seed



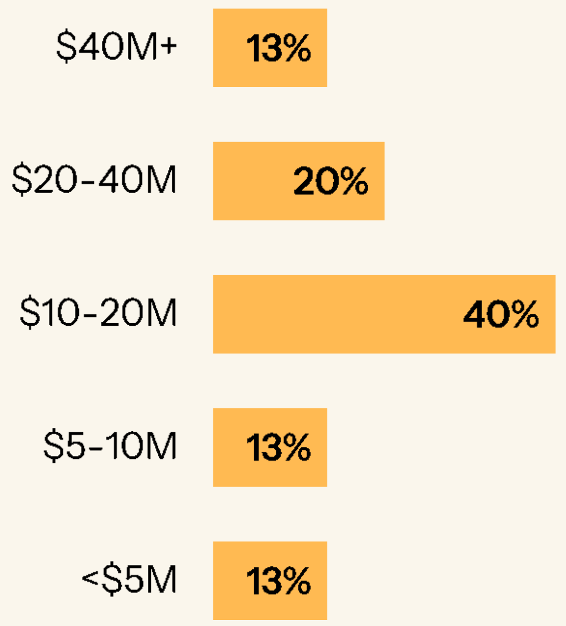
Q1 2026 Deal Size Distribution



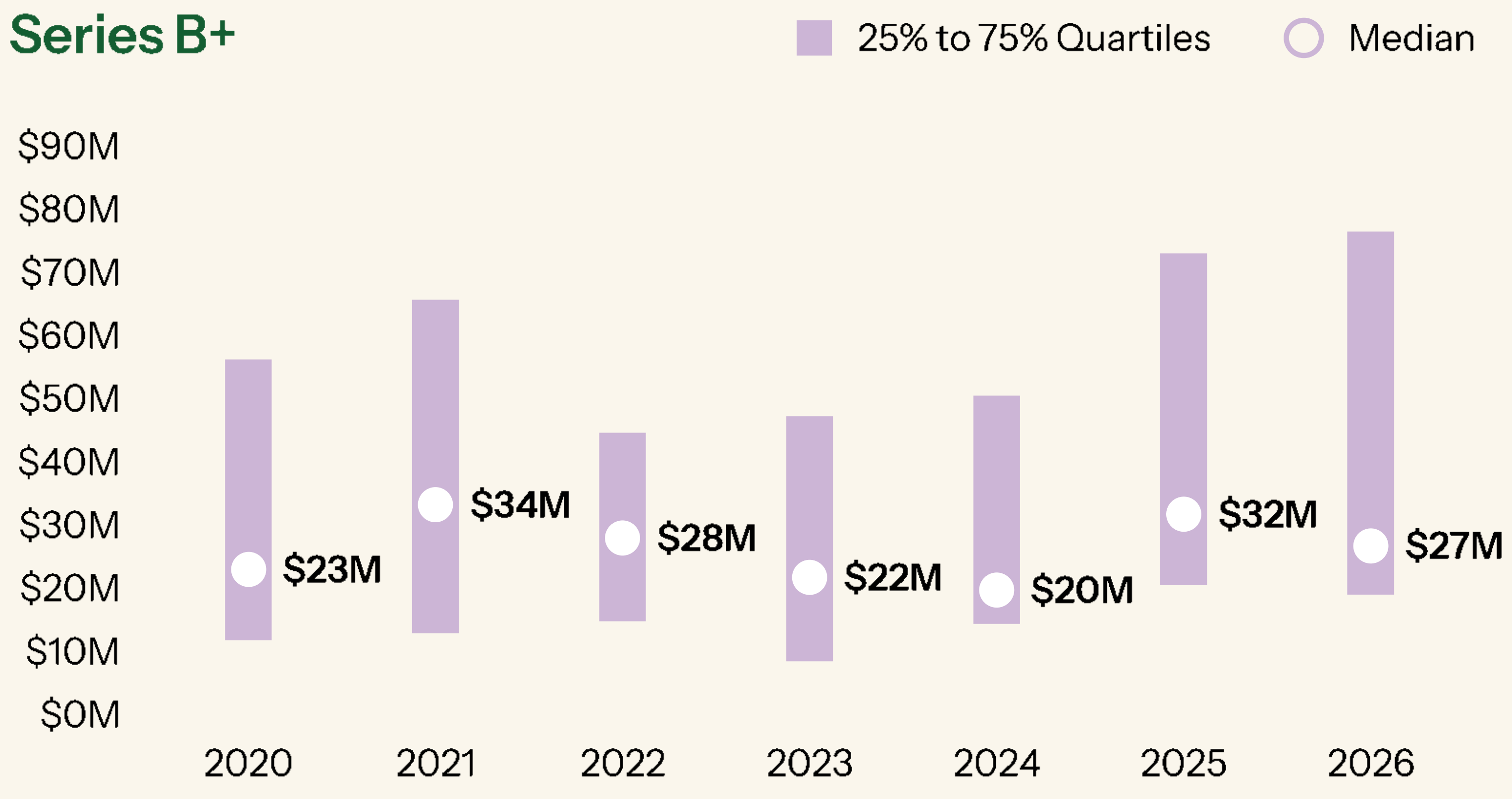
Series A



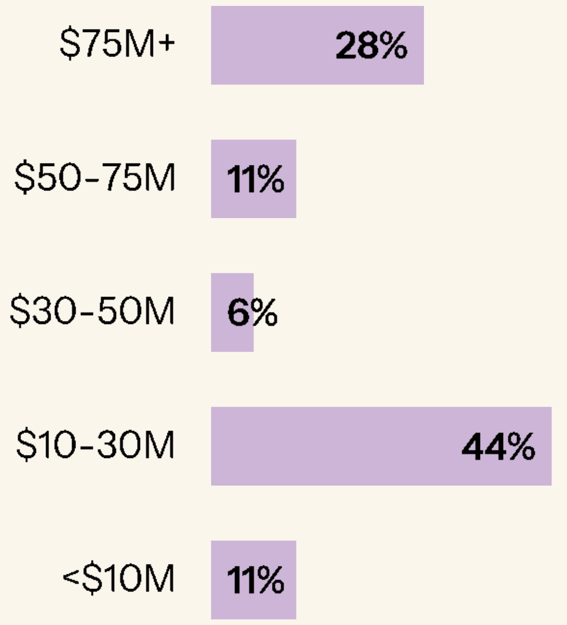
Q1 2026 Deal Size Distribution



Series B+



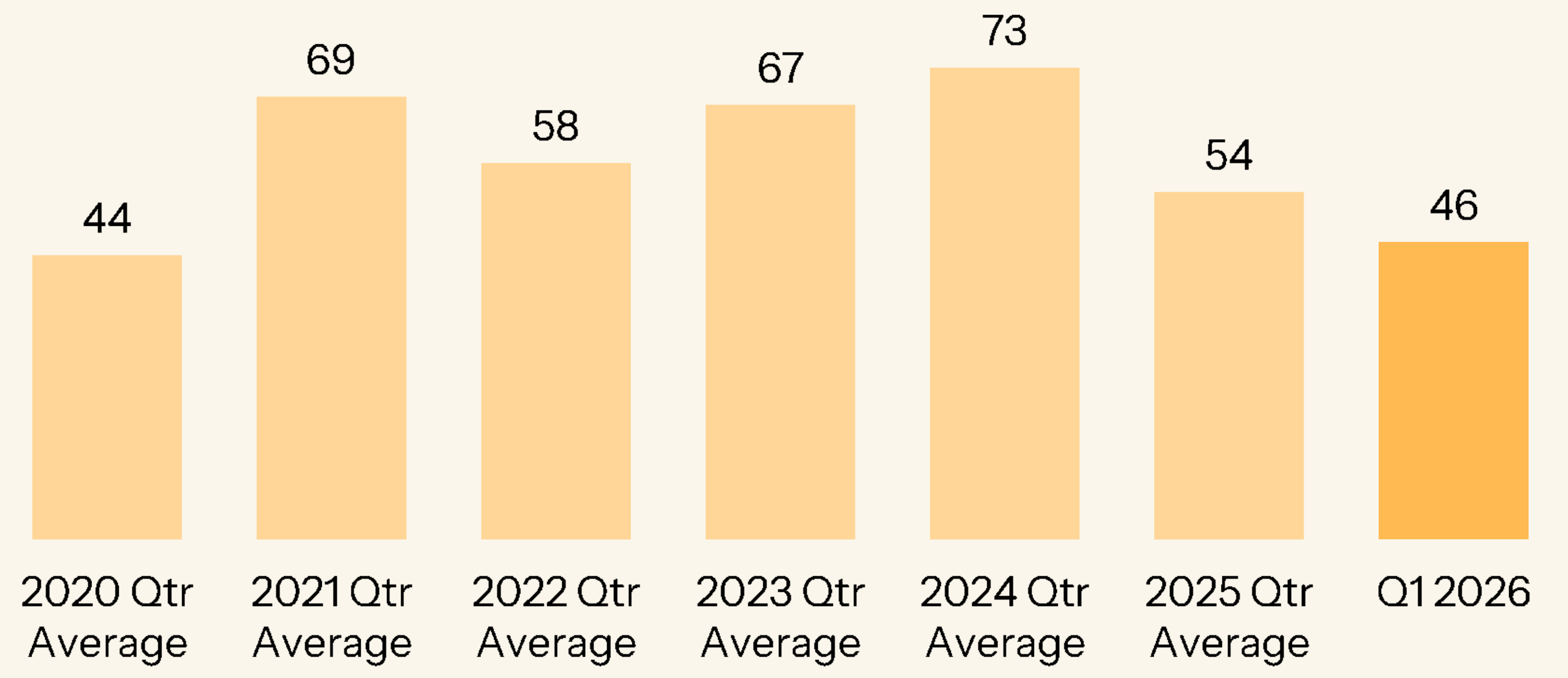
Q1 2026 Deal Size Distribution



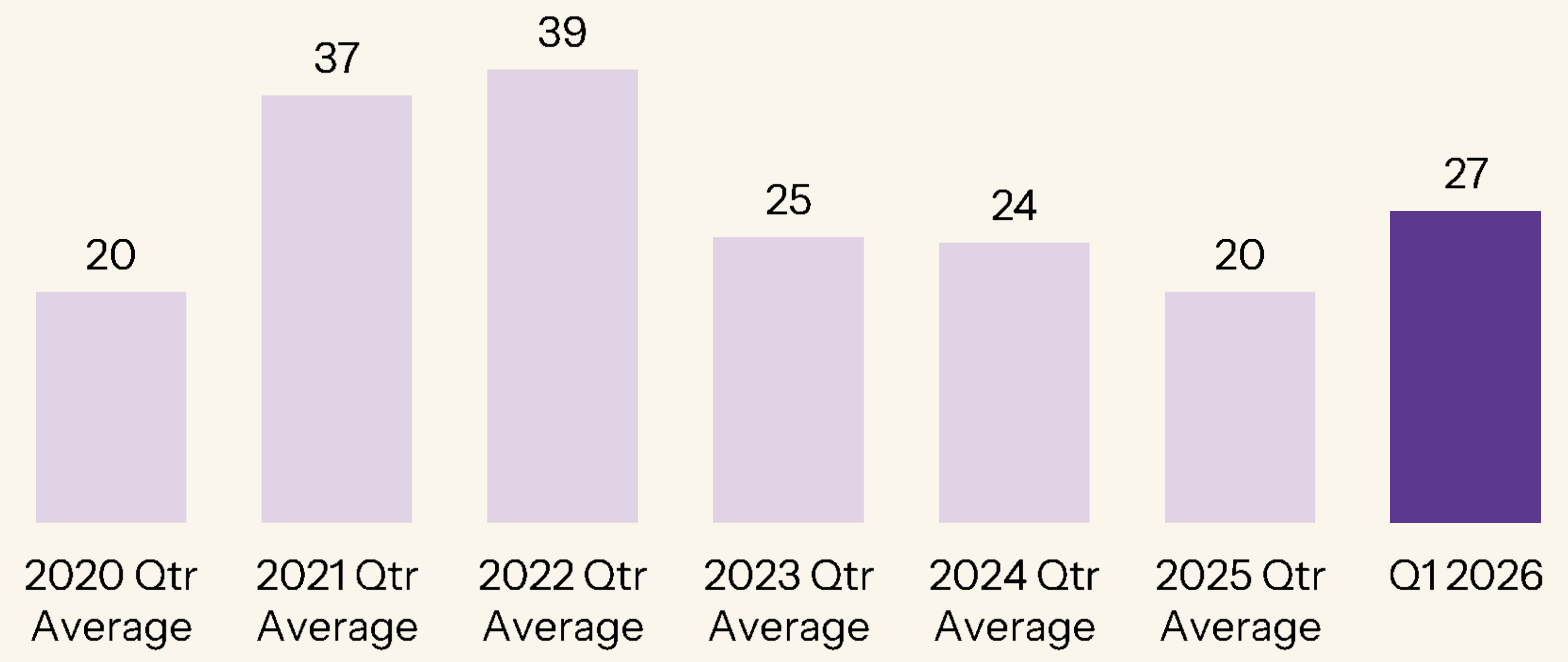
Big rounds rebound while small rounds keep shrinking

Q1 saw a clear split in the market, with small rounds falling and larger rounds continuing to climb relative to recent history. Sub-$5M activity was at its lowest quarterly level since 2020, aligning with the earlier-stage data showing Seed rounds shifting into larger cheque sizes. At the other end, every round size above $5M reached a three-to-five-year high, suggesting the recovery is being led by companies raising with enough traction, ambition or capital intensity to justify a bigger round.

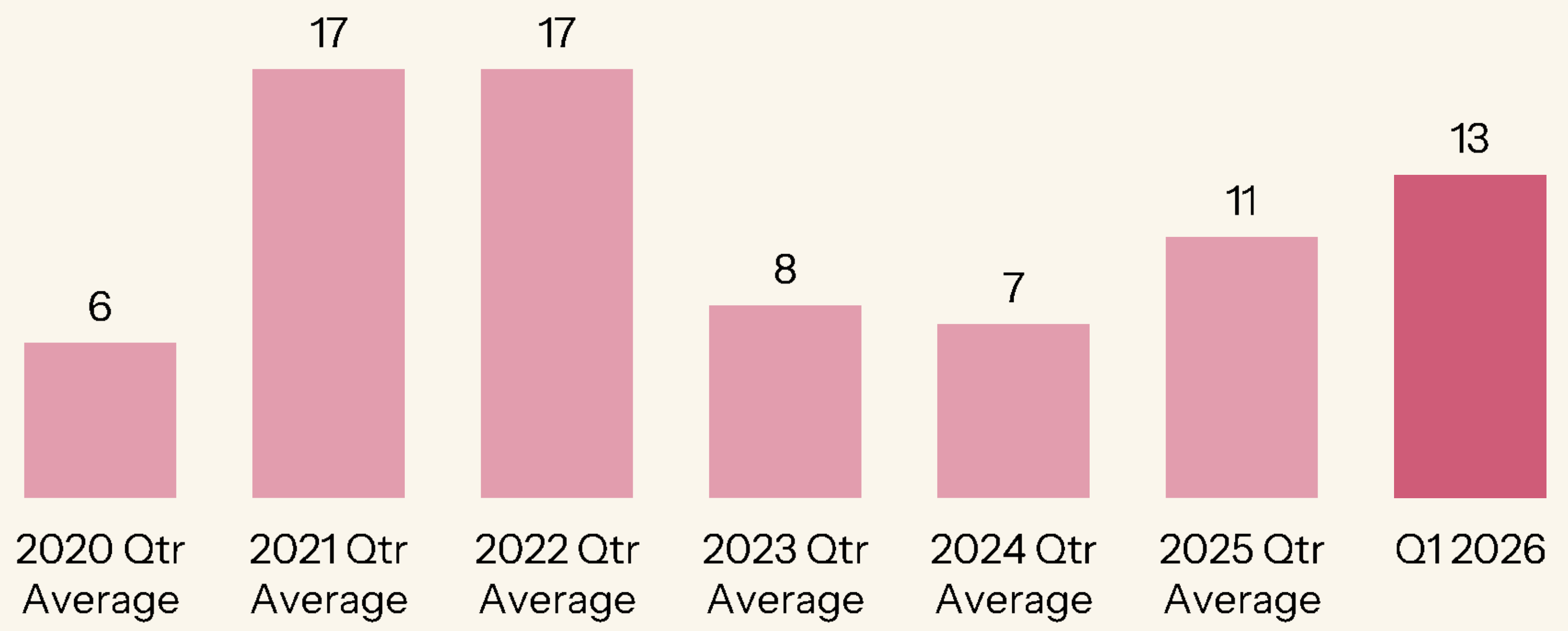
Sub $5M Rounds



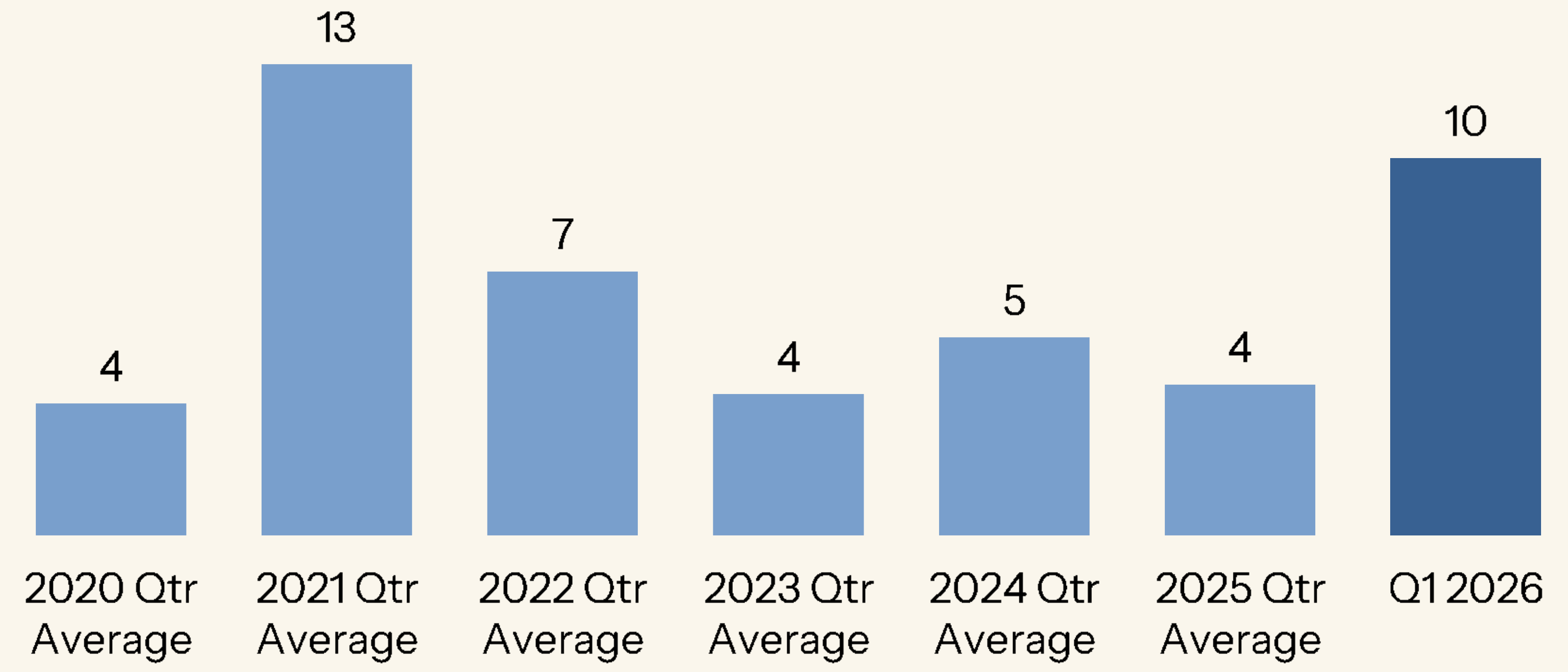
$5M–$19.9M Rounds



$20M–$49.9M Rounds



$50M+ Rounds



A strong fourth quarter in 2025 appeared to set the stage for an even stronger start to 2026. However, uncertainty around the impact of AI on software companies has tempered expectations. While most listed software businesses have felt the effects of the so-called "SaaS-pocalypse" the impact is far from uniform.

AI is unquestionably reshaping the software landscape - compressing development cycles, lowering barriers to entry, and increasing competitive intensity, particularly for horizontal SaaS businesses and products serving SMEs or consumer markets. In these segments, differentiation can erode quickly as AI-native competitors emerge and feature sets commoditise. For companies without strong distribution, proprietary data, or meaningful switching costs, these concerns are well-founded.

That said, the dynamic is markedly different for enterprise SaaS businesses operating in regulated verticals and mission-critical workflows. These companies are deeply embedded in customer operations, often integrated into core systems of record, and subject to stringent regulatory, compliance, security, and audit requirements. In such environments, purchasing decisions are driven as much by trust, governance, and continuity as by incremental functionality.

Looking ahead, a number of high-quality companies are preparing for IPOs this year. Successful listings - alongside an easing of geopolitical tensions, such as a resolution to the conflict in Iran - could play an important role in restoring positive market sentiment. – Investor, CTQ Investor Sentiment Survey – March 2026

Ecosystem perspective

HSBC Innovation Banking

The need for speed: What the pace of VC investment means for Australia's startups and scaleups

Venture capital is moving again, but not evenly. Across the US, momentum has returned quickly, driven in large part by record levels of investment into AI. Conversations with founders and investors during our recent visit to San Francisco and the Montgomery Summit in Santa Monica highlighted just how different the current environment feels compared to even two or three years ago.

To me, three observations stood out that are relevant for Australian founders:

1. Liquidity is concentrated at the top

The reopening of the IPO market is high on the agenda for investors. While there is a clear need for liquidity events, this excitement is largely concentrated at the very top end of the market. There's optimism around the mega IPOs in the pipeline, but the market feels very top-heavy.

2. AI is not the only game in town

AI is increasingly dictating valuations across every sector – as listed software companies in both Australia and the US have discovered all too painfully. That said, many investors are looking to alternatives to pure AI plays to diversify their exposure or capture more attractive valuations. Climate tech, deep tech, and hardware are seen as less susceptible to AI disruption.

3. The market is moving at light speed

The speed of technological progress is raising top-end AI valuations faster than anything we have ever seen in Australia. Large language models (LLMs) now ship updates in weeks or months, not years. Where companies used to raise funds every 18 to 24 months, some AI companies are now raising capital two or three times a year – each time at a multiple of the previous round.

The benefits of this are debatable: at the top end, such rapid valuation growth could create unrealistic expectations, while other sectors are being crowded out. Large VC funds are raising tens of billions, while smaller boutique funds are deploying small, high-risk bets targeting 100x returns.

But there is a "missing middle", as mid-sized deals — often in the US$30–$50 million range — are struggling for attention.

The Australian Advantage

For Australia's startups and scaleups, this environment could present some interesting opportunities.

Many of the US VCs we met in March are wary of current valuations but don't want to miss a generational company. They are actively looking further afield to find the next 100x opportunity.

Outside the US, companies like European startup Mistral AI – which has a partnership with HSBC[1] – are benefiting as countries and regions look to build their own models. And globally, a large number of investors are still looking to support founders who are solving difficult problems, and capital continues to flow into areas when the use case is compelling.

Australia's mature, multilayered ecosystem is an attractive fit. The superannuation sector is increasingly connecting with major global VCs and the startup pipeline is strong, with Australia's universities producing high-quality research and expertise in areas including deep tech, climate tech and frontier innovation. The recent Series A fundraising for PlasmaLeap Technologies, a pioneer in green fertiliser production spun out of the University of Sydney, shows that capital is available for this kind of technology.[2]

For Australian founders, though, there's still a strong case for having a presence in the US — particularly in San Francisco — given the speed and intensity of the VC ecosystem. The "velocity gap" is real: what feels fast in Australia can feel strangely slow in the Bay Area.

This message has clearly registered with founders; 66% of Australian fundraisings now include at least one international investor, mostly from the US.[3] As we discussed on a recent US webinar, engaging these global networks early helps position companies for later-stage funding and provides a more deliberate pathway to scale.

Many successful teams now operate across both markets — maintaining engineering or research capabilities in Australia while establishing a commercial or fundraising presence in the US. Early exposure to that environment can significantly accelerate a company's trajectory.

Differentiated opportunities

The scale of capital flooding into AI is extraordinary, but we are increasingly hearing investors question whether it can be sustained. Geopolitical risks are distorting capital flows, which could have a delayed impact on venture funding. And ultimately, we're operating in a world of narrow AI, with artificial general intelligence (AGI) still theoretical. Whether this is a bubble or a structural shift will only become clear in hindsight.

What is clear to us is that the market is moving along two different tracks. At the top end, we are in a high-speed AI race to reach AGI and superintelligence that is consuming ever-greater sums of capital. Yet there is also a quieter, but still vibrant, ecosystem for companies with a defensible moat that are embracing AI to solve big problems. Australia's startups and scaleups can play in both – as long as they can keep up.

Alan Watters
Head of Innovation Banking
HSBC Australia and New Zealand

(1) https://www.hsbc.com/news-and-views/news/hsbc-news-archive/we-re-partnering-with-ai-powerhouse-mistral
(2) https://www.plasmaleap.com/series-a-close
(3) https://2025.australianstartupfunding.com

AI-first commands a premium; everyone else holds steady

Investors reported that valuations remained broadly steady through Q1, but stage-level averages indicate pockets of upward pressure in the market. Seed, Series B and Series C+ moved higher, while Pre-Seed and Series A stayed essentially flat on what was reported at the end of 2025.

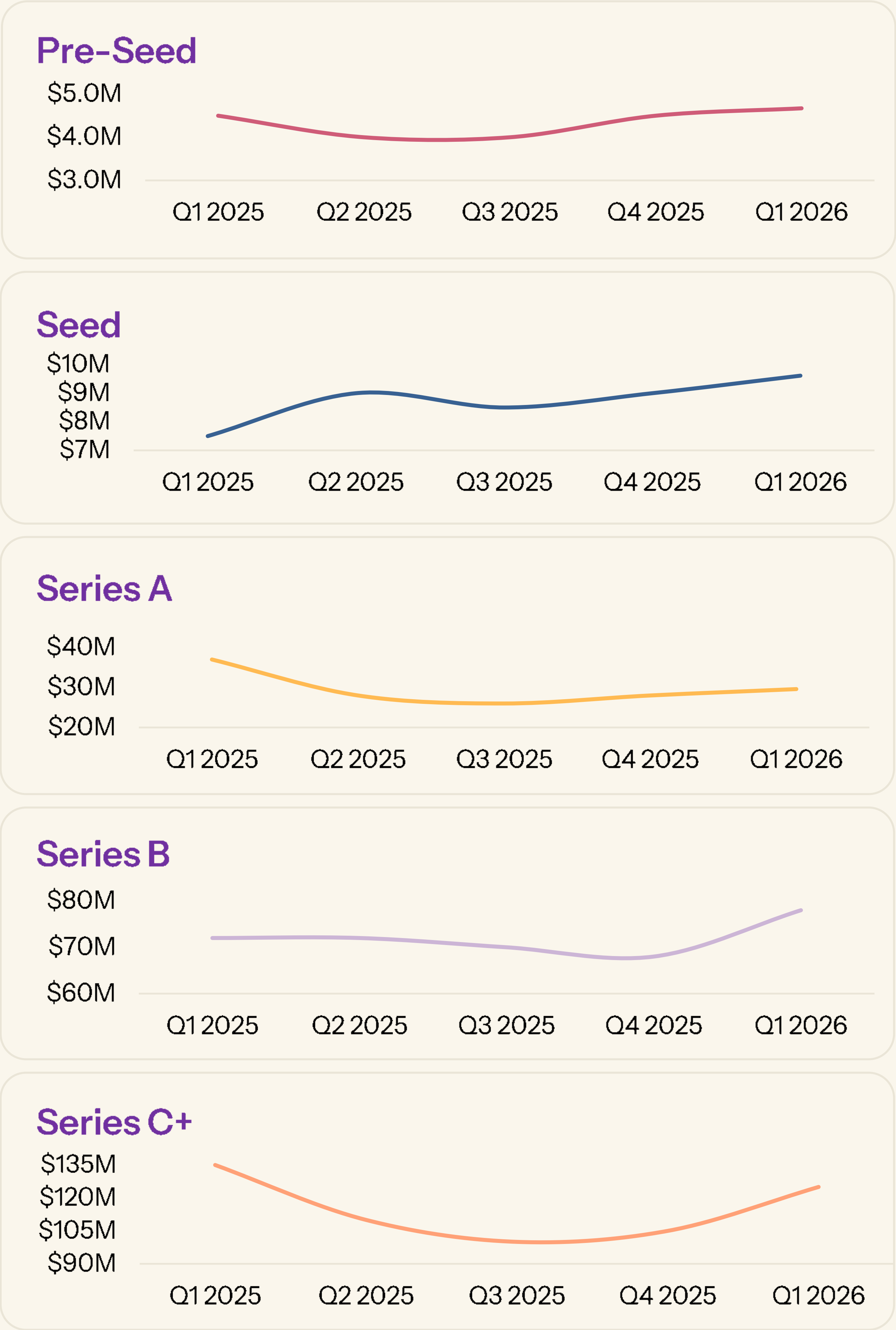
This somewhat conflicted with the broader survey question of how investors felt valuations had moved over the quarter, which most investors felt valuations were unchanged versus Q4 2025. The likely read is that pricing has not reset across the whole market, but more highly competitive rounds are pulling the perceived averages.

AI-first companies remain the clearest exception to an otherwise stable pricing environment. Investors overwhelmingly reported AI-first startups commanding higher valuations than non-AI peers, even as broader valuation expectations for the rest of the year remain measured.

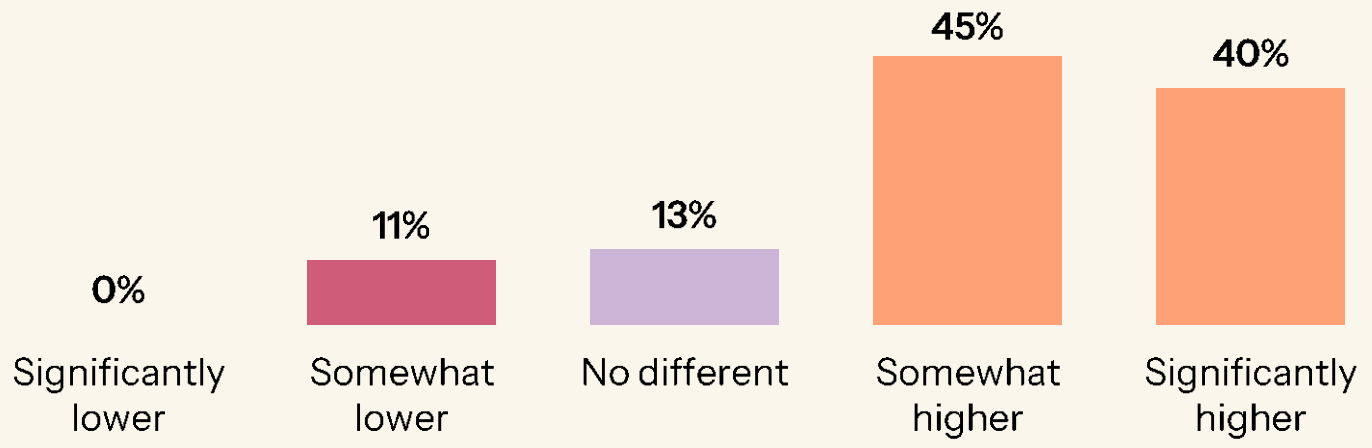
In short, Q1 does not point to a full valuation rebound, but it does show a market willing to pay up when AI exposure, traction, or stage maturity make a stronger case for higher pricing.

> *There has never been a bigger dislocation between public and private valuations, particularly in software. How do you counter the argument: "why are we paying 20x ARR for this unproven company when I can go into the public market and buy as much ServiceNow as I want for 7x revenue?" – Investor, CTQ Investor Sentiment Survey – March 2026*

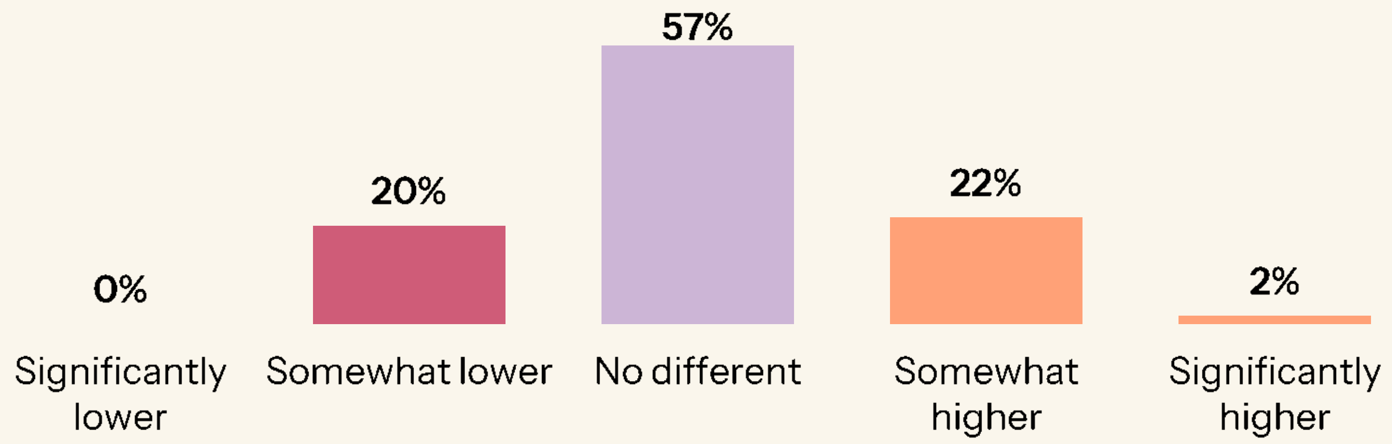
Investor Reported Valuations – Weighted average



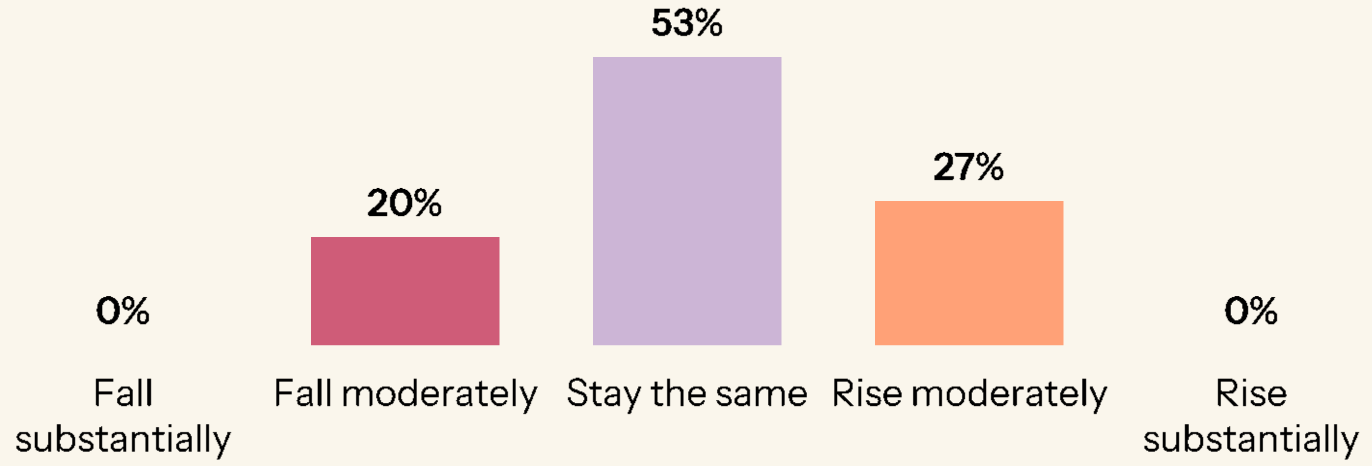
AI-first vs Non-AI Valuation Expectations



Valuations vs Last Quarter



Expectation of Valuations for Rest of Year

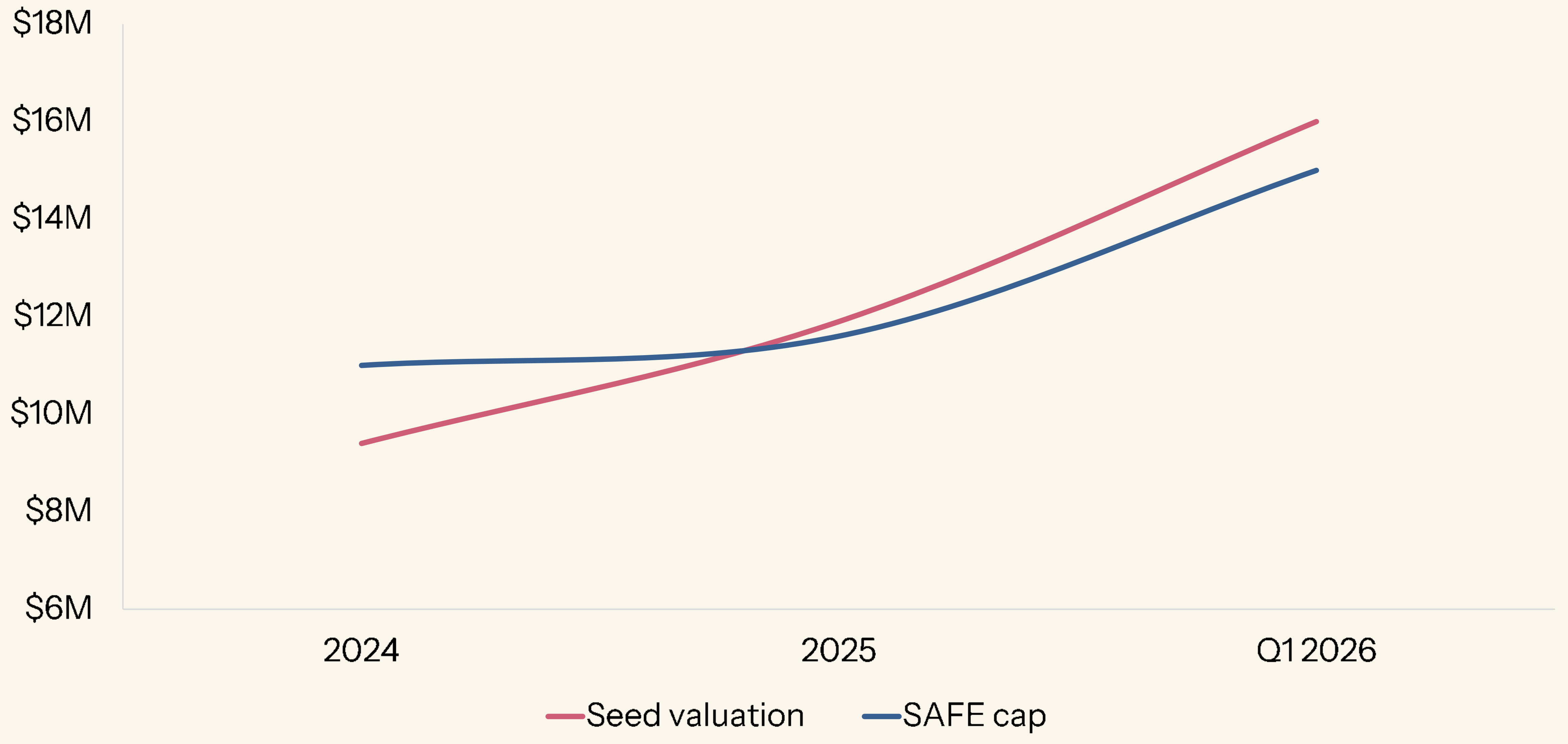


Ecosystem insights cake.

Seed valuations and SAFE caps moved higher into Q1 2026

Cake Equity's data shows early-stage pricing has strengthened into 2026, with median seed valuations more than doubling from Q1 2024 and SAFE caps lifting back to the mid-teens. On a smoothed annual view, both instruments point to a clearer upward move after a choppy 2024 and 2025.

Average quarterly median post-money seed valuations and SAFE caps



Q1 2026 snapshot

$16M
Median seed valuation

$15M
Median SAFE cap

+35%
Median seed valuation increase vs 2025 average

The takeaways

- Median seed valuations have more than doubled from $7.7M in Q1 2024 to $16.0M in Q1 2026. Median SAFE caps increased from $10.0M in Q1 2024 to $15.0M in Q1 2026, despite moving unevenly from quarter to quarter.
- The annual view smooths the quarterly volatility, with seed valuations rising from $9.4M in 2024 to $11.9M in 2025, then stepping up again in Q1 2026. SAFE caps were broadly stable across 2024 and 2025, averaging $11.0M and $11.6M, before lifting to $15.0M in Q1 2026.
- By Q1 2026, priced seed rounds and SAFE caps had converged around the mid-teens, suggesting stronger early-stage pricing across both instruments.

Seed valuation
Post-money valuation for priced seed rounds. This is the company's value after the round has been completed, based on the valuation records provided in the Cake Equity dataset. It is important to note that pre-money valuation median estimates are cited on the prior page.

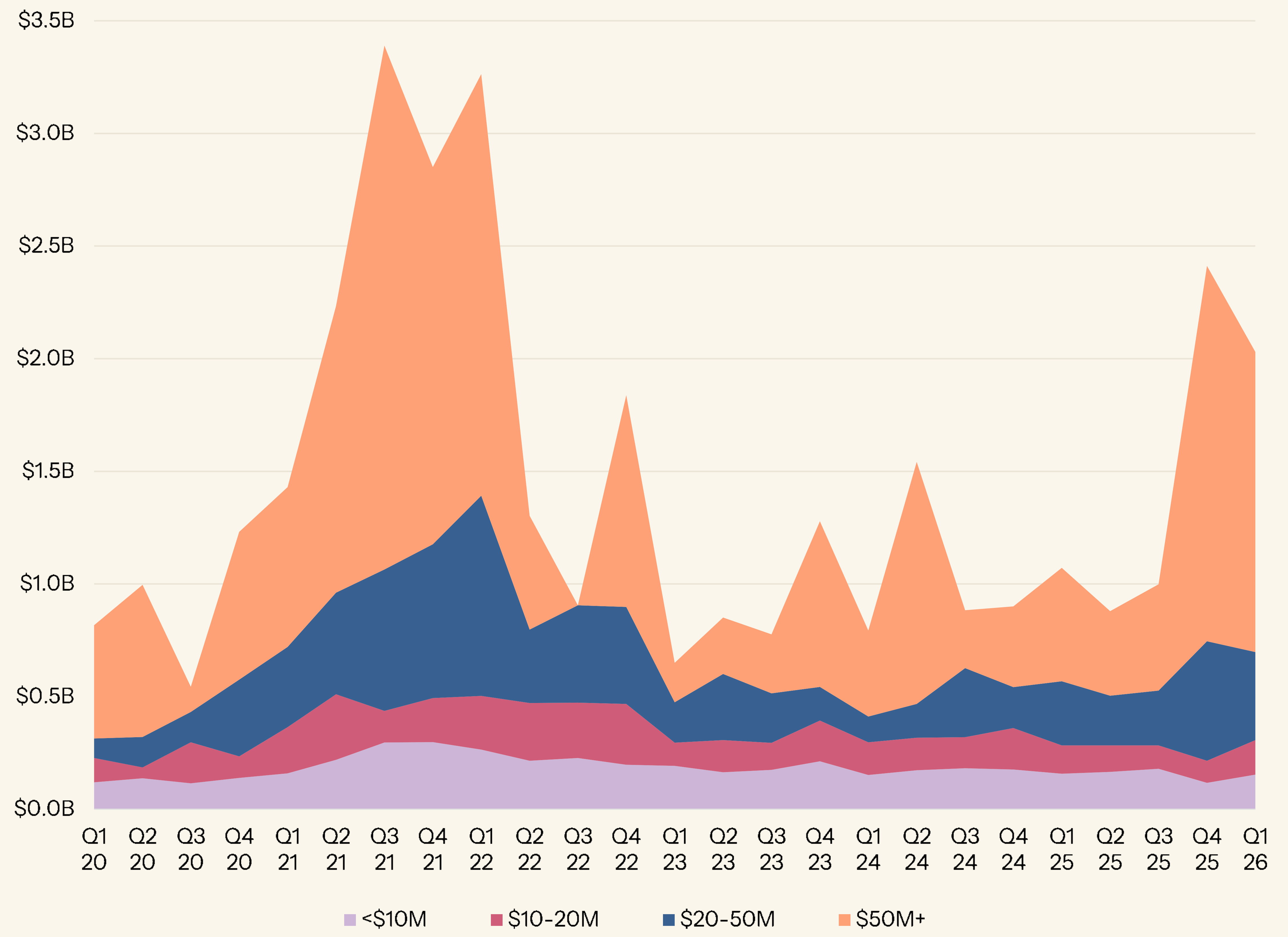
SAFE cap
A SAFE cap sets the maximum valuation at which a SAFE converts into equity in a future priced round. It is not the same as a priced-round valuation, and the dataset does not disclose whether individual SAFEs used pre-money or post-money cap mechanics.

Disclosure: The data on this slide was provided to Cut Through Venture by Cake Equity in anonymised summary form. Cut Through Venture conducted the summary analysis, which has not been independently validated. Cake Equity did not provide any company-level data, and no private company information was shared with Cut Through Venture.

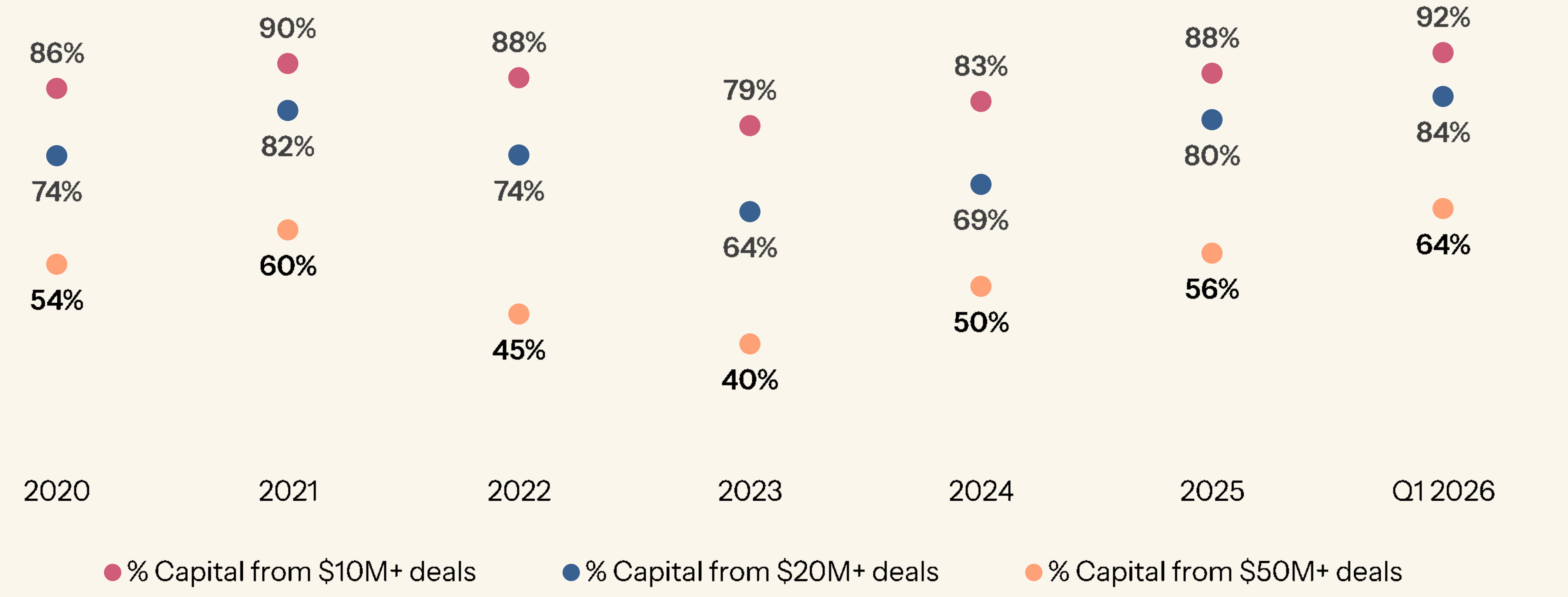
Capital piles into fewer, bigger deals

The headline funding rebound of the last two quarters was driven by the top end of the market, not by a broad recovery in round activity. Sub-$10M rounds contributed their lowest share of capital in five years across Q4 2025 and Q1 2026, and 2026 has opened with the highest level of large-deal concentration in over seven years. That makes the market look stronger at the top than it feels across the market, especially for companies raising smaller early rounds. This extreme concentration may normalise as we move through the year, but for now, the ability to post big funding quarters depends heavily on whether a small number of large rounds get done.

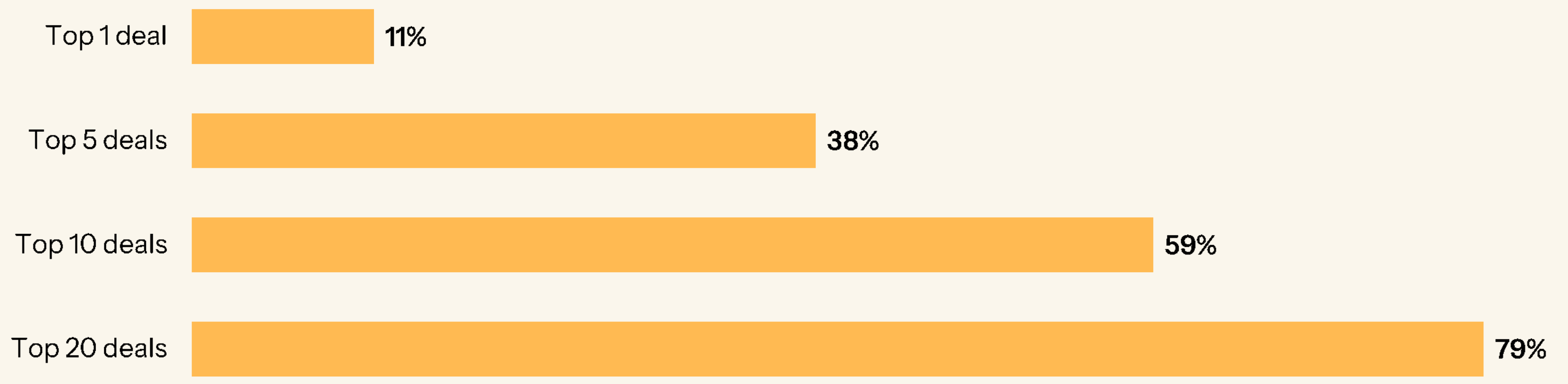
Mega deals always drive mega quarters



Concentration of capital hits record high



Q1 2026 — Share of capital in largest deals



Despite the push into atoms, vertical SaaS still leads the pack

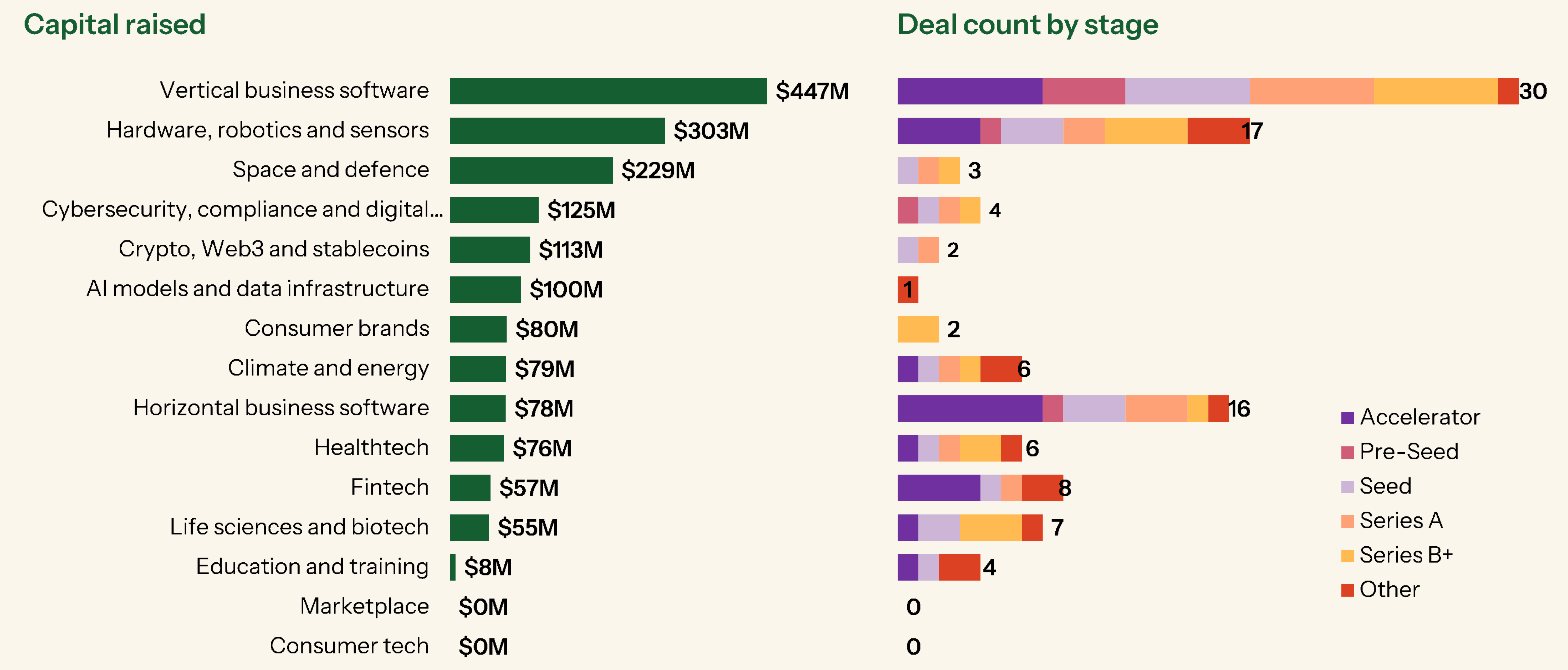
Even with more capital flowing into atoms, vertical SaaS remained the largest category by both capital raised and deal count in Q1. The nuance is that more than half of those deals were Seed or earlier, so its lead reflects depth of activity rather than only late-stage scale. The largest rounds show a clear push into hardware, defence and infrastructure, but the broader market still has software and AI at its centre.

The chart also understates the category's dominance as some vertical SaaS companies sit inside other categories like Healthtech, and Climate and energy.

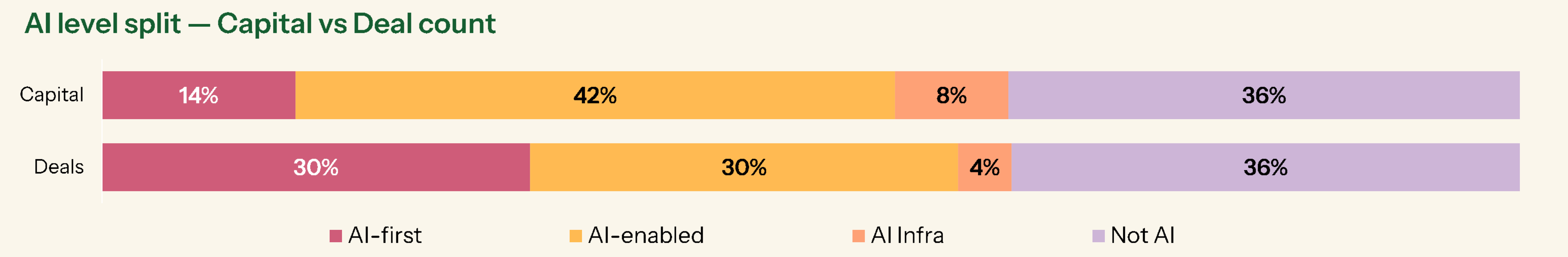
AI is now cutting across the market rather than sitting in one neat category. Startups with an AI component attracted the majority of both capital and deal activity in Q1, with AI-enabled companies taking the largest share of funding and AI-first companies representing the biggest single share of deals.

> *The trends in Australia identified in the CTV report reflect the direction we're seeing globally. AI continues to lead the capital allocation story, but investors are increasingly seeing value in hardware, deep tech and quantum. Australia has a real opportunity to lead in these sectors, and we're excited to be helping drive the agenda – David Sabow, Global Head of Innovation Banking at HSBC*

Total capital raised and deal count by sector



Total capital raised and deal count by AI penetration

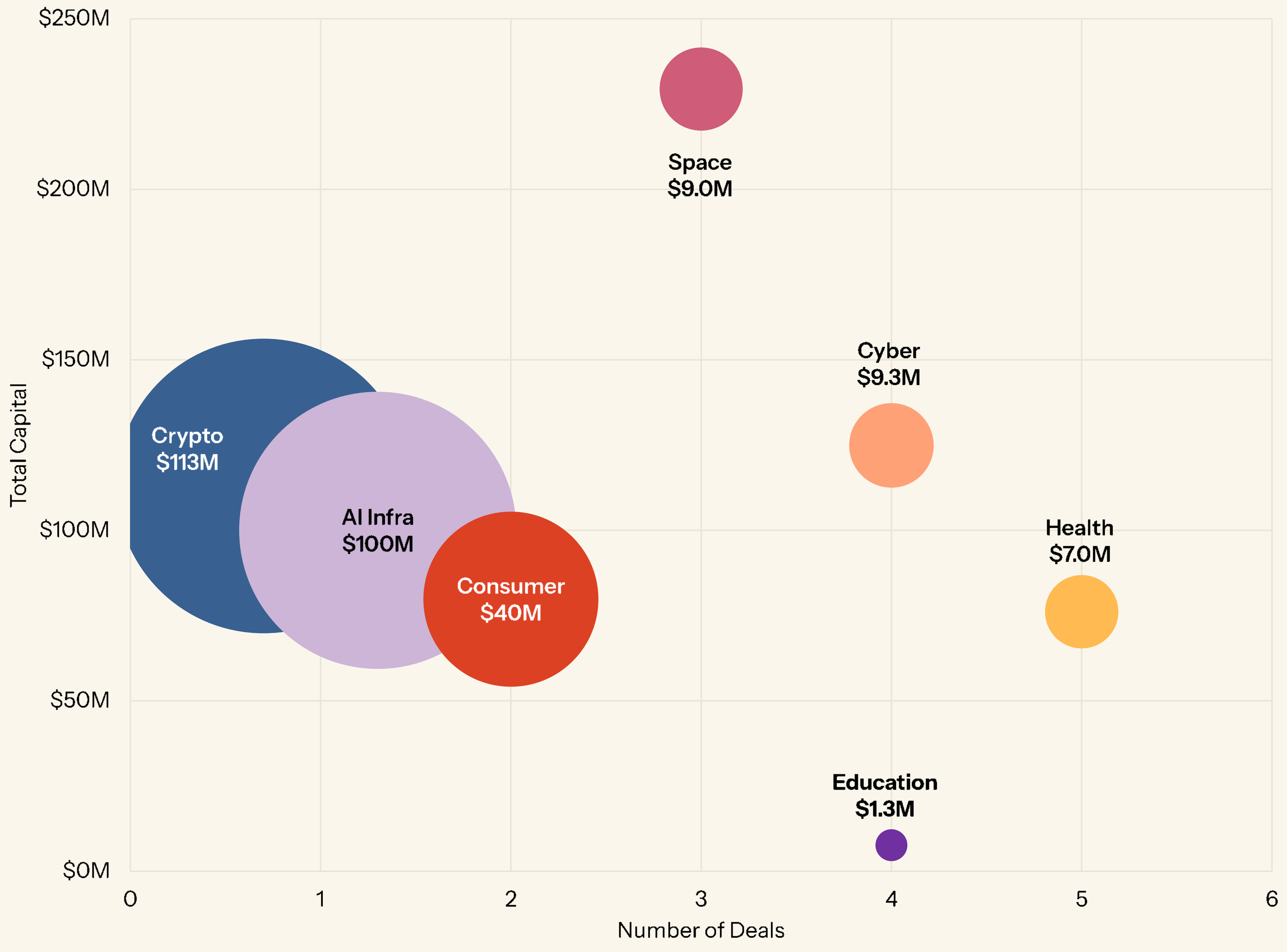


Breadth is in software, weight is in frontier tech

The most active categories are not necessarily where the largest cheques are landing. Vertical SaaS and horizontal SaaS saw the broadest deal activity with relatively modest median round sizes, while categories such as Space, Hardware, AI infrastructure and Crypto are being shaped by fewer, much larger financings. The result is a market where software still provides much of the deal flow, but capital intensity is pulling a greater share of dollars into frontier and infrastructure-heavy categories.

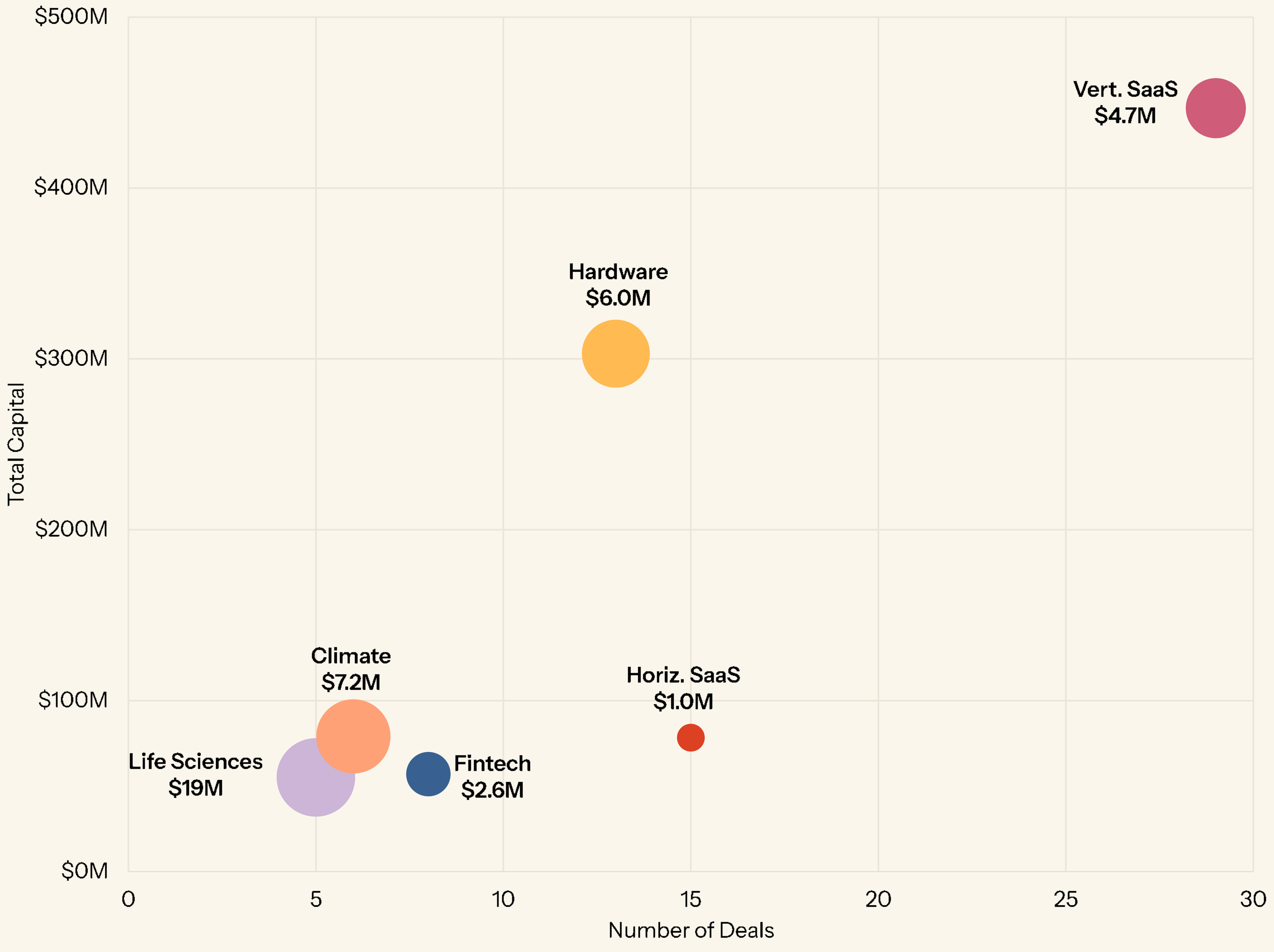
Q1 2026 Deal and Total Capital – Fewer than 6 Deals

Bubble size and stated figure equals Median deal size



Q1 2026 Deals and Total Capital – 6 Deals or More

Bubble size and stated figure equals Median deal size



CUT THROUGH VENTURE

Stage does not tell the whole story

Even within the same funding stage, cheque sizes vary sharply by sector, showing that stage labels alone are an incomplete guide to how capital is actually being allocated. In many cases, capital-intensive and investor favoured categories are raising meaningfully larger rounds than software and service-led categories at the same point in maturity, while the sub-sector view shows the same pattern playing out beneath the headline sectors.

Median deal size — by sector by stage

Sectors with 3+ total deals only. Blank = no deals in that cell.

Sector	Pre-Seed	Seed	Series A	Series B+	Other / Unknown
Vertical business software	$1.0M (n=4)	$4.0M (n=6)	$8.3M (n=6)	$36.5M (n=6)	$65.0M (n=1)
Hardware, robotics and sensors	$1.2M (n=1)	$6.0M (n=3)	$15.0M (n=2)	$38.9M (n=4)	
Horizontal business software	$2.0M (n=1)	$8.6M (n=3)	$11.0M (n=3)	$25.0M (n=1)	
Fintech		$31.2M (n=1)	$14.9M (n=1)		$5.3M (n=2)
Life sciences and biotech		$4.5M (n=2)	$19.0M (n=1)		
Healthtech		$7.0M (n=1)	$46.0M (n=1)	$11.5M (n=2)	
Climate and energy		$4.2M (n=1)	$10.0M (n=1)	$17.0M (n=1)	$23.9M (n=2)
Cyber, compliance and digital ID	$1.3M (n=1)	$6.1M (n=1)	$12.5M (n=1)	$105.0M (n=1)	
Education and training		$2.0M (n=1)	$5.0M (n=1)		$650K (n=1)
Space and defence		$9.0M (n=1)	$3.4M (n=1)	$217.0M (n=1)	
Crypto, Web3 and stablecoins			$113.0M (n=1)		
Consumer brands				$39.9M (n=2)	
AI models and data infrastructure					$100.0M (n=1)

Subsector deep dive — deal activity vs median size (ex Accelerator rounds)

Ecosystem perspective

CORRS CHAMBERS WESTGARTH

Software Patents in Australia: The High Court Settles the Debate

While patents can be an important IP protection for many tech startups, there has been a long-running dispute about whether software inventions can be patented in Australia. The High Court has now settled the debate and opened the door for software-based innovations to be patented in Australia.

Earlier this year the High Court refused to hear an appeal in a landmark case between Aristocrat Technologies and the Commissioner of Patents. The High Court took the view that the Full Federal Court's earlier decision in favour of patentability was clear and did not merit reconsideration.

For technology companies and their investors, the outcome is a significant positive signal: it is now clearly established law that computer-implemented inventions can qualify for patent protection, even if they use conventional, off-the-shelf computer hardware (provide they do more than implement an abstract method or scheme). This approach provides a more hospitable environment for patenting innovations in artificial intelligence, machine learning, and other software-driven fields.

Background

The dispute between Aristocrat Technologies and the Commissioner of Patents centred on the precise legal test that should be applied when deciding whether a software-related invention constitutes patentable subject matter. The case had a long and unusual history.

In 2021, the Full Federal Court applied a two-step test which required that computer-implemented inventions demonstrate an "advance in computer technology" in order to be patentable — a high bar that effectively excluded many software-based innovations from patent protection. An initial appeal to the High Court in 2022 resulted in a rare even split among six judges, with three in favour of patentability and three against, leaving the matter unresolved.

When the case returned to the Full Federal Court in 2025, the court rejected the "advance in computer technology" requirement and replaced it with a more flexible test: whether the invention produces an "artificial state of affairs and a useful result" and did not simply involve manipulation of an abstract idea or scheme. The decision also made clear that implementing an idea on a computer using conventional technology for its well-known functions should not, on its own, be a basis for excluding it from patentability. The Commissioner of Patents sought special leave to appeal this decision, but in February 2026 the High Court refused to hear the appeal, describing the Full Court's conclusion as an application of "established principles" that was "unanimous and clear".

Current Law

The position is now settled: Australian patent law does not require software inventors to show an advance in computer technology. Instead, the test is whether the invention, as implemented, produces an artificial state of affairs and a useful result. In practical terms, this means that a novel idea implemented on a computer to achieve something useful can be patentable, even where the underlying hardware and technology are standard provided it involves more than mere manipulation of an abstract idea.

After some uncertainty surrounding the guidance provided in IP Australia's Patent Manual of Practice and Procedure, IP Australia has now updated its Patent Manual to align with the Aristocrat decision in 2025. This is a welcome development, as it means that patent examiners should now apply the "artificial state of affairs and a useful result" test consistently when assessing applications for computer-implemented inventions.

What This Means for Startups and Investors

This is good news for Australian startups building software-driven products. A broader and more certain scope for software patents means founders can more confidently pursue intellectual property protection for their innovations, strengthening their competitive position and making their businesses more attractive to investors. Equally they will need to be mindful to avoid infringing third party patent rights for software inventions and undertake clearance searches to ensure freedom to operate. For venture capital investors conducting due diligence on portfolio companies whose core value lies in proprietary software, the decision clarifies the legal landscape and reduces uncertainty around the enforceability of software patent portfolios in Australia.

Founders and investors alike should take this as an opportunity to review their IP strategies. Where software-based innovations were previously considered difficult or impossible to patent in Australia, the door is now clearly open — and the Patent Office's guidelines reflect that position.

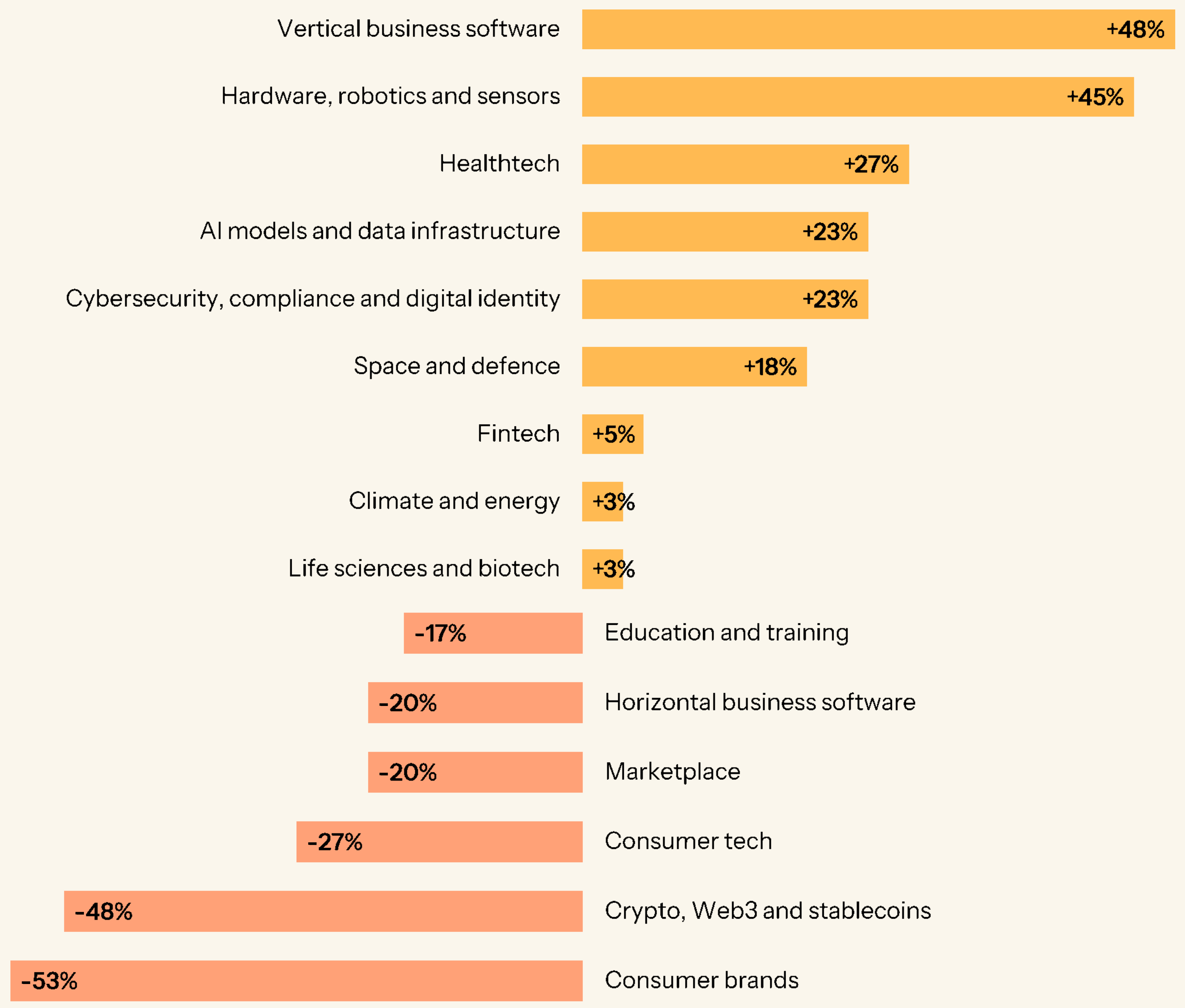
Jonathan Farrer
Partner
Corrs Chambers Westgarth

David Fixler
Partner
Corrs Chambers Westgarth

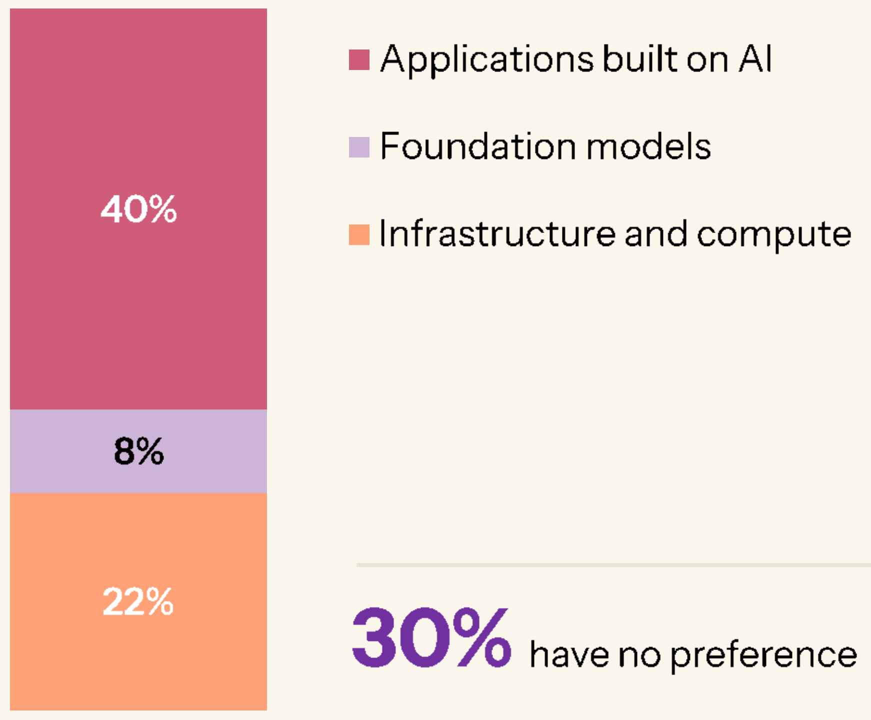
Investors' insatiable taste for vertical software remains undefeated

Investor excitement is clustering around sectors where AI can either create new product depth or amplify existing workflow ownership. Vertical software sits at the top of both the general sector ranking and the AI opportunity ranking, while investors the opportunity for local startups at the application-layer AI, over foundation models or infrastructure. The clearest negative signals remain in consumer-facing categories, with consumer tech and brands, along with crypto sitting deep in the negative.

Most excited (net positive sectors)

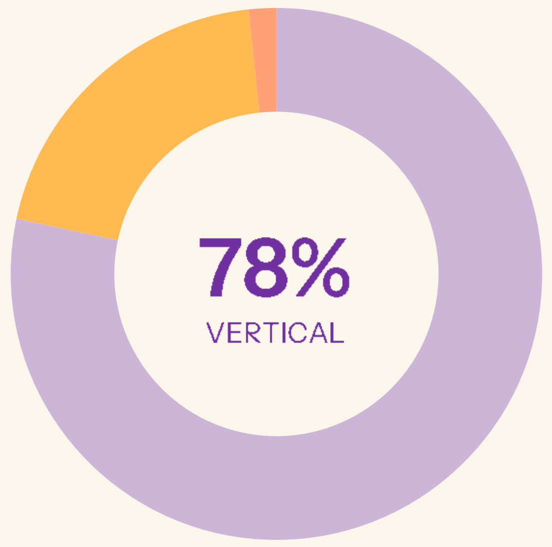


AI value chain focus



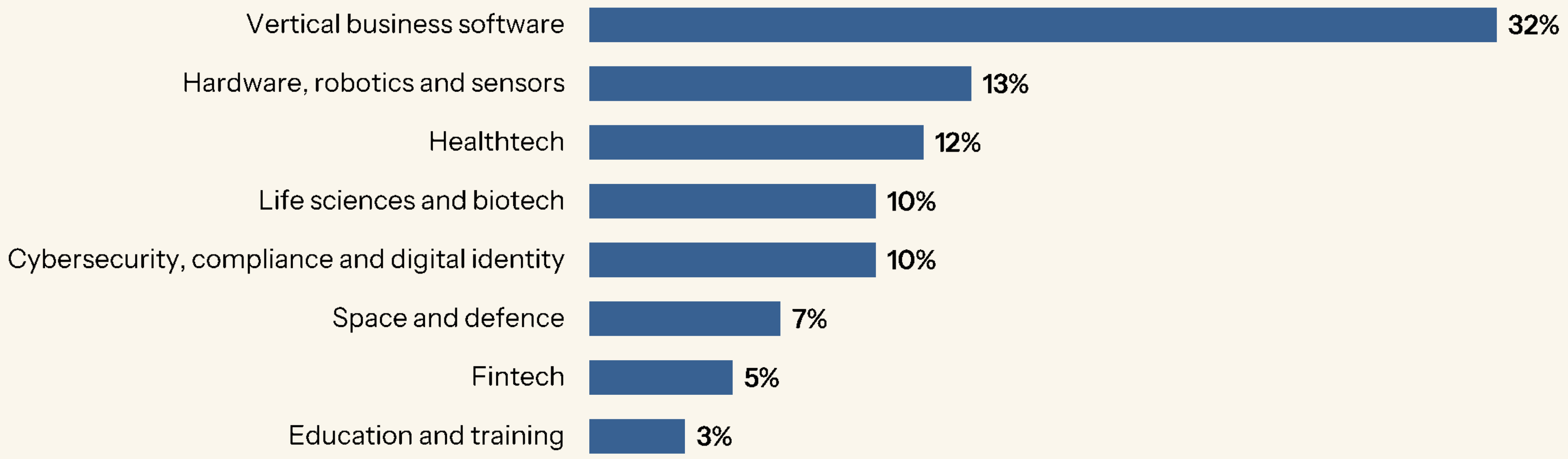
30% have no preference

Software investment preference



- Vertical software (industry-specific) 78%
- No clear preference 20%
- Horizontal software (category-agnostic, any buyer) 2%

Which sector will AI create the most opportunity?



CUT THROUGH VENTURE

Horizontal SaaS faces a sharper AI reset

The gap between vertical and horizontal software continues to widen with vertical software capturing the vast majority of software capital and deal activity in Q1, while horizontal software attracted far less capital and was much more likely to be viewed as unexciting by investors. One perspective is that AI is putting more pressure on horizontal SaaS, where easier product replication may weaken defensibility, while vertical software still benefits from workflow depth, domain context and industry-specific distribution.

Vertical Software

$800M
80% of software capital

59 deals
76% of software deals

50% investors rated exciting

2% investors rated not exciting

Horizontal Software

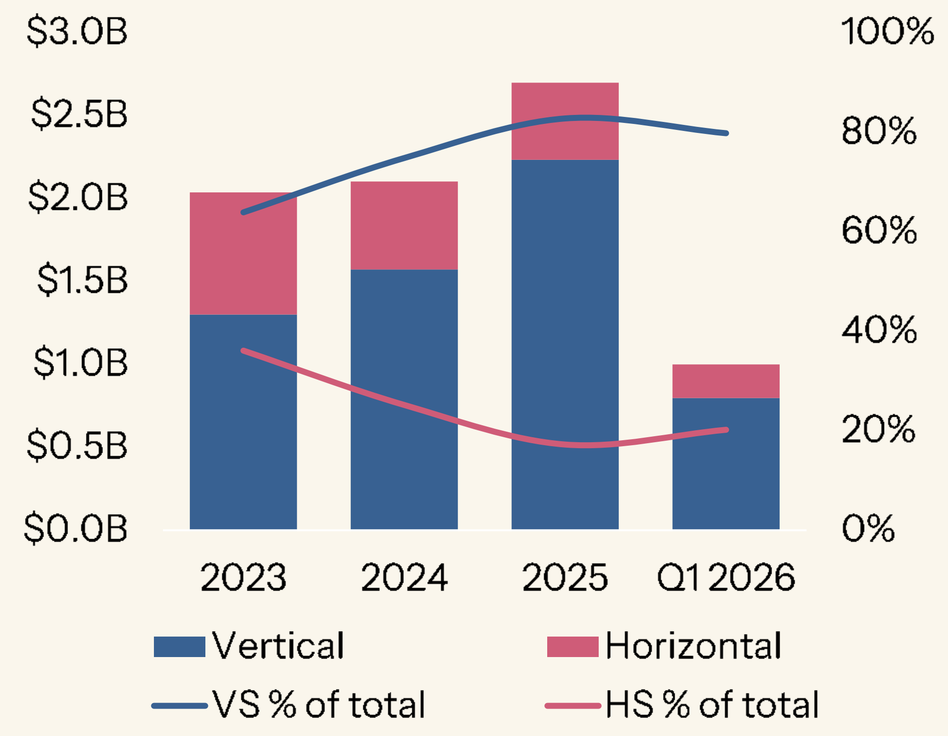
$202M
20% of software capital

19 deals
24% of software deals

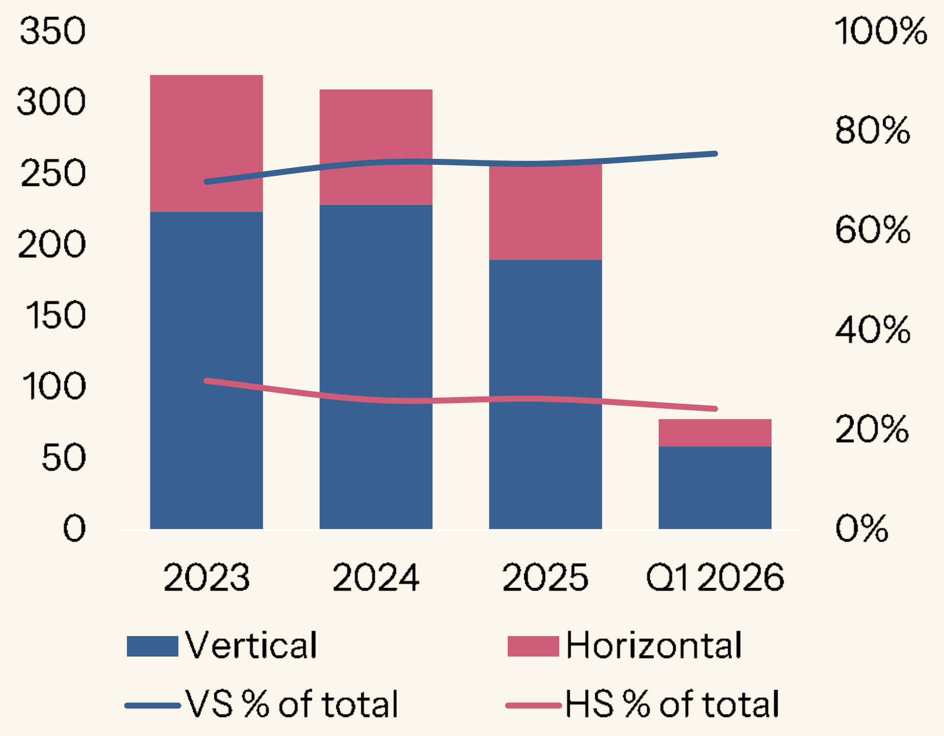
2% investors rated exciting

22% investors rated not exciting

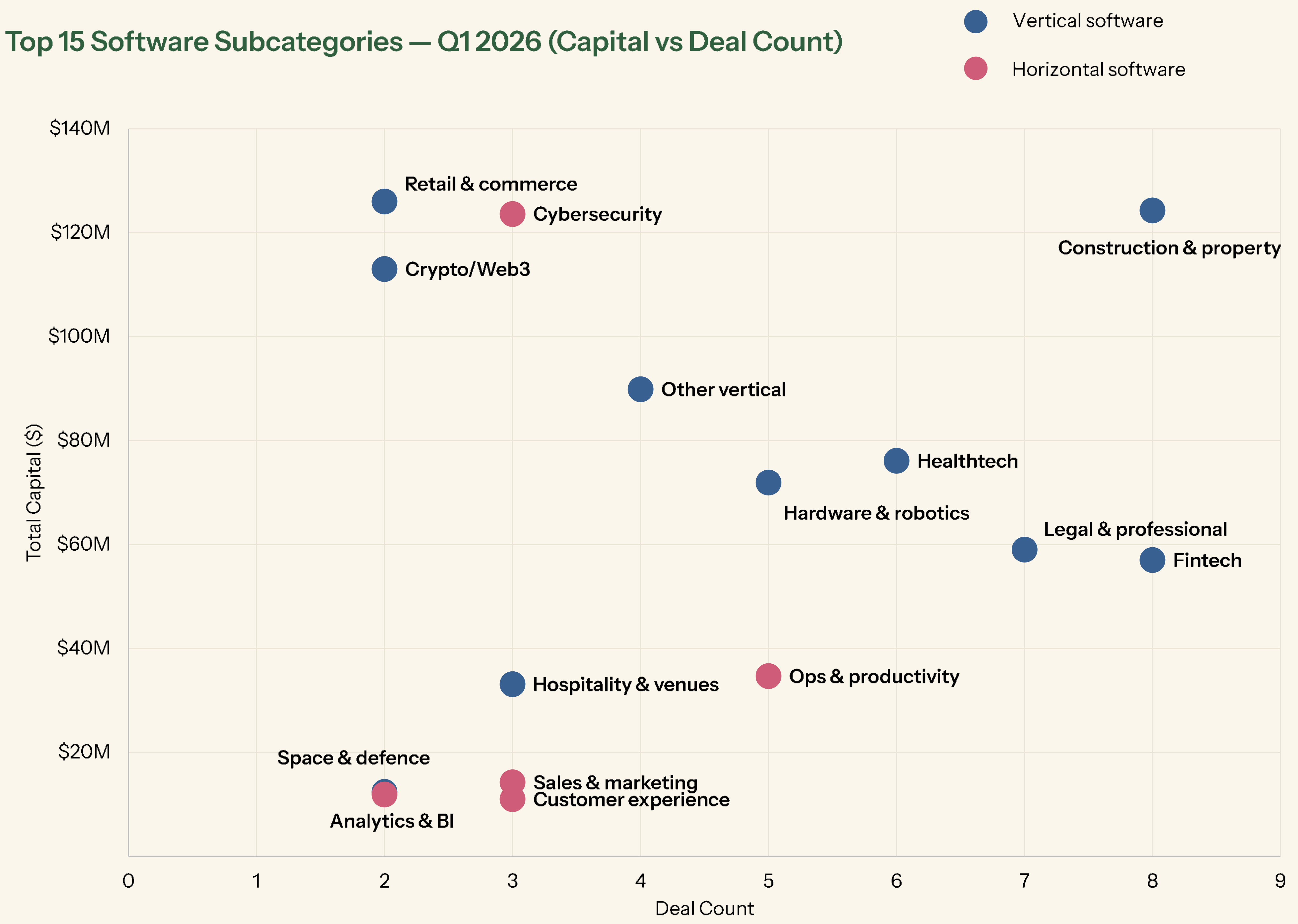
Total capital ($) & share of software capital



Total deals (#) & share of software deals



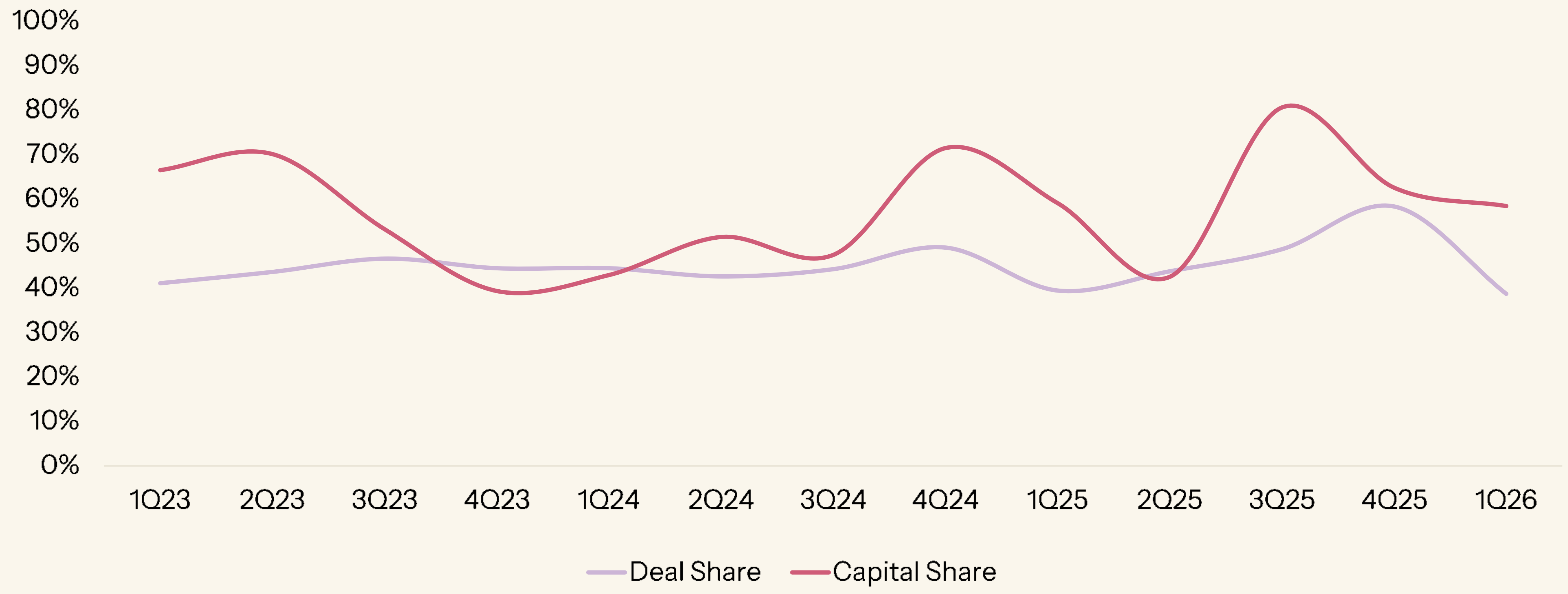
Top 15 Software Subcategories — Q1 2026 (Capital vs Deal Count)



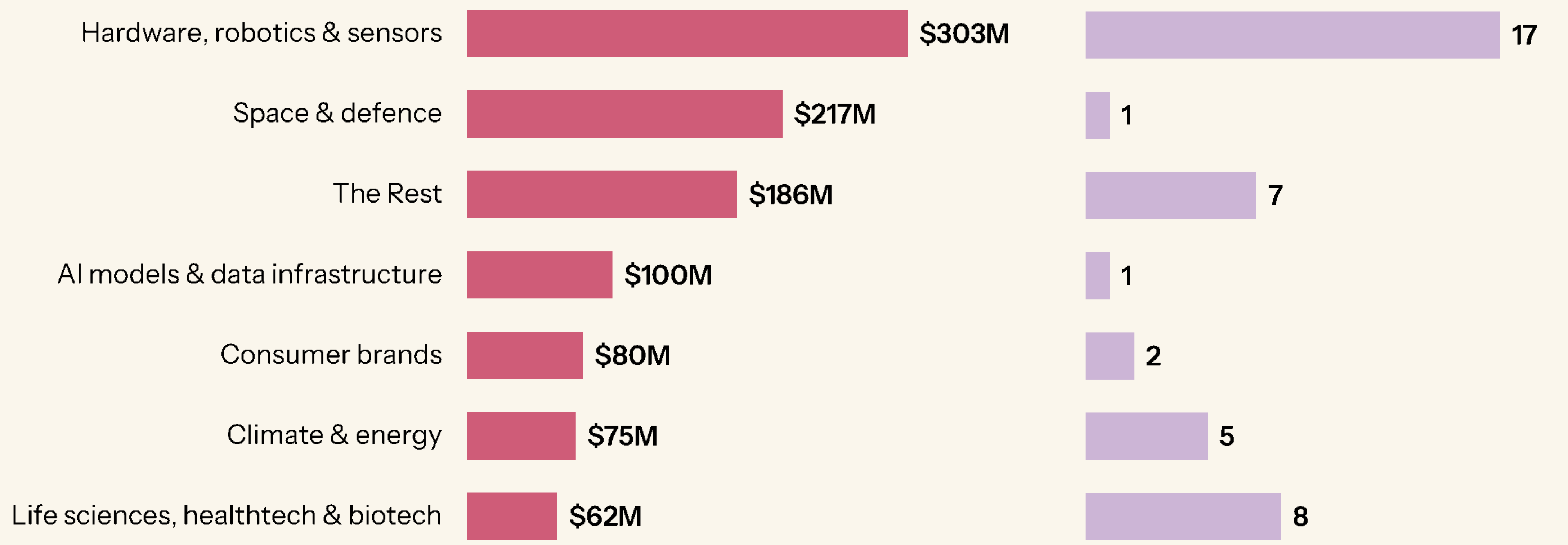
Digital reclaims share as physical loses momentum

The narrative shift toward atoms-heavy startups is visible in Australia's largest rounds, but it has not yet translated into a clean top-line rotation away from digital businesses. Physical-element companies still attracted a meaningful share of capital in Q1, led by Hardware, robotics and sensors, Space and defence, and AI models and data infrastructure. Their overall share moderated from the late-2025 spike, which suggests the theme is real but still concentrated in a small number of large rounds. Deal activity tells a similar story, with Hardware, robotics and sensors the largest physical category by count, followed by Life sciences, healthtech and biotech.

Share of 'Physical' Deals vs Capital by Quarter



Share of 'Physical' Capital and Deals – Q1 2026



Share of 'Physical' capital

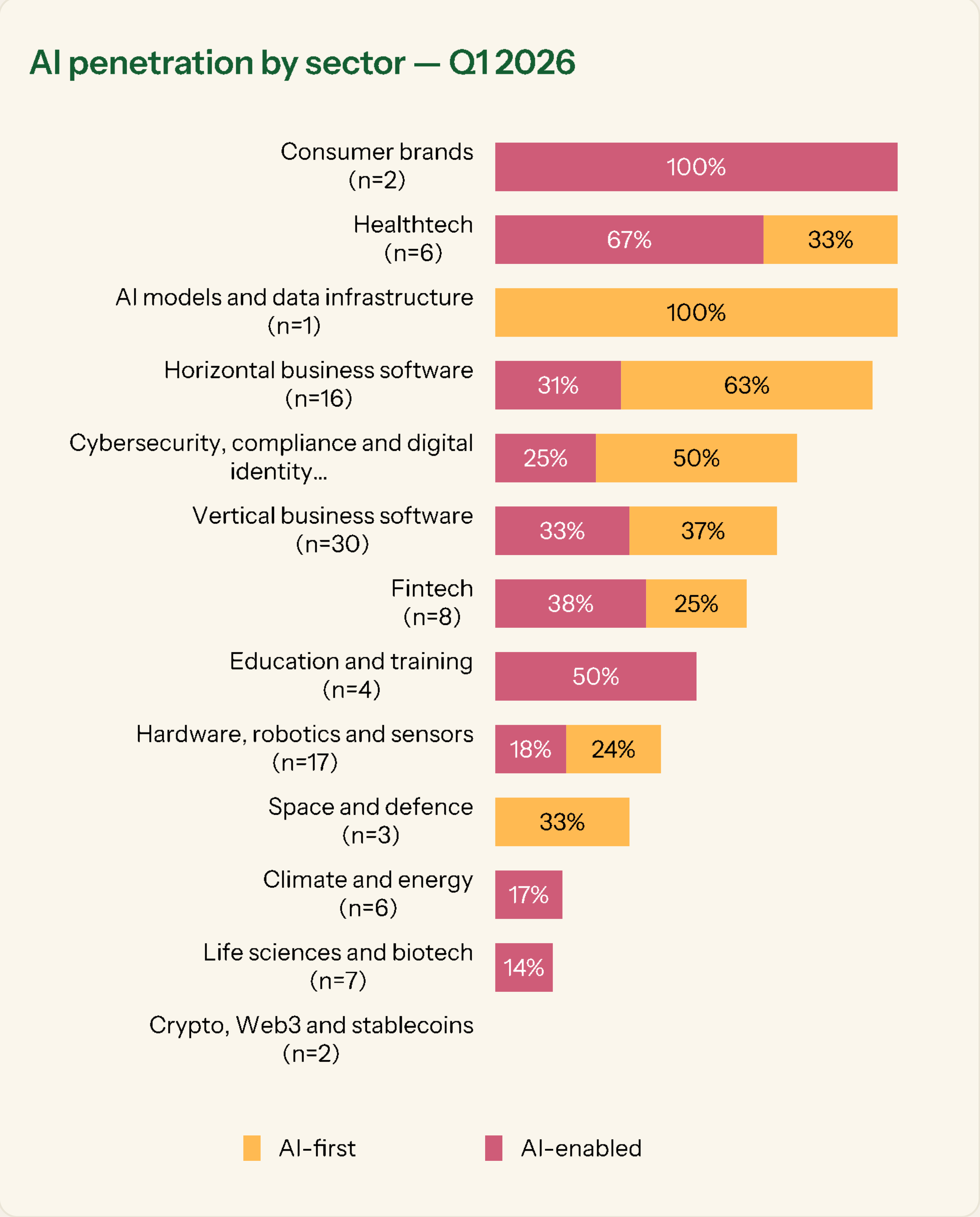
Segment	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Hardware, robotics & sensors	15%	8%	36%	44%	11%	9%	22%	24%	6%	26%	27%	19%	30%
Life sciences, healthtech & biotech	17%	46%	3%	10%	40%	7%	14%	12%	65%	25%	14%	33%	6%
The Rest	31%	16%	12%	11%	6%	20%	44%	19%	16%	16%	5%	1%	18%
Climate & energy	31%	10%	16%	7%	18%	45%	19%	12%	11%	31%	12%	5%	7%
Consumer brands	4%	11%	29%	3%	8%	18%	1%	1%	0%	1%	1%	3%	8%
Space & defence	1%	8%	5%	25%	17%	0%	1%	32%	2%	1%	0%	3%	21%
AI models & data infrastructure	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	41%	35%	10%

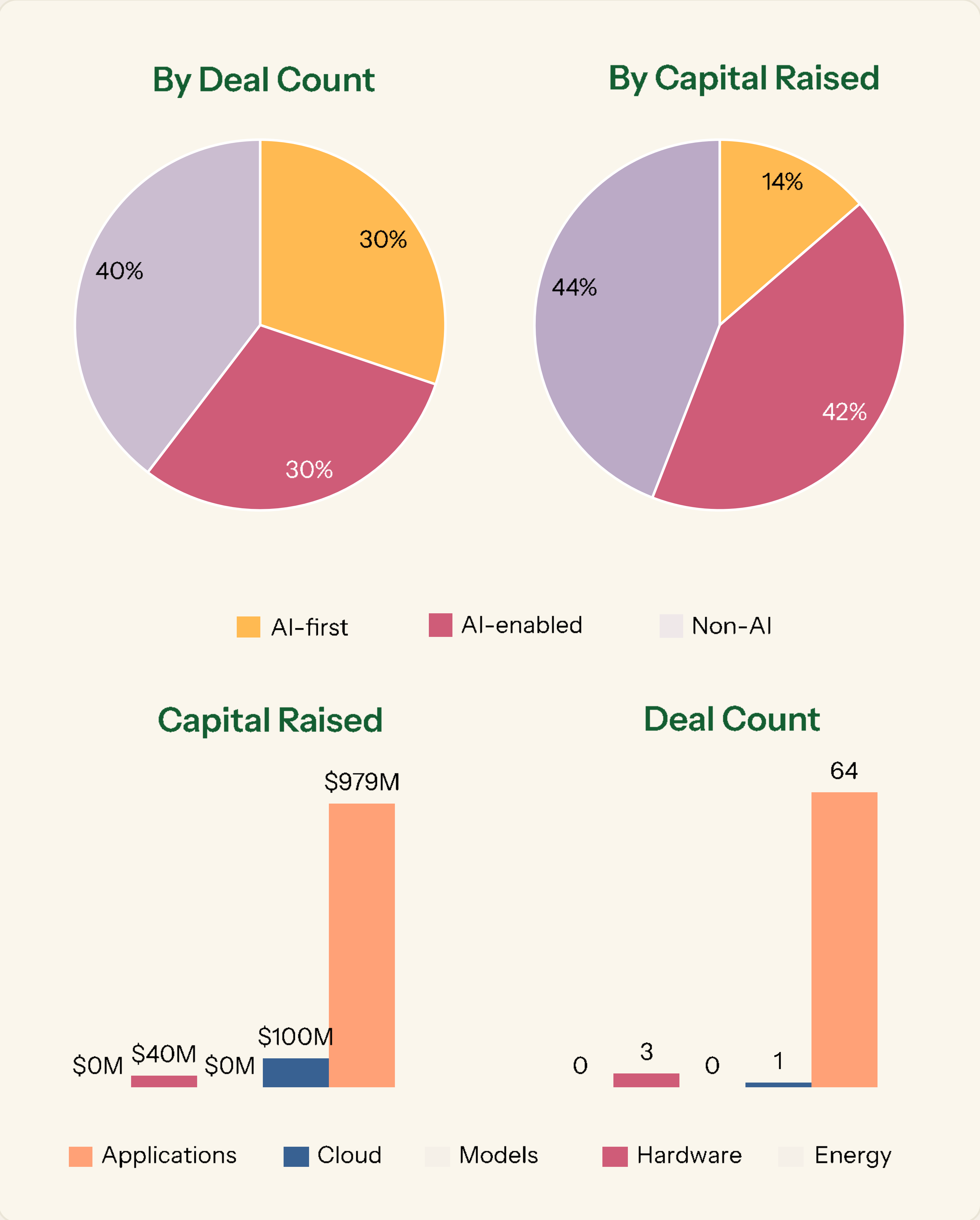
Share of 'Physical' deals

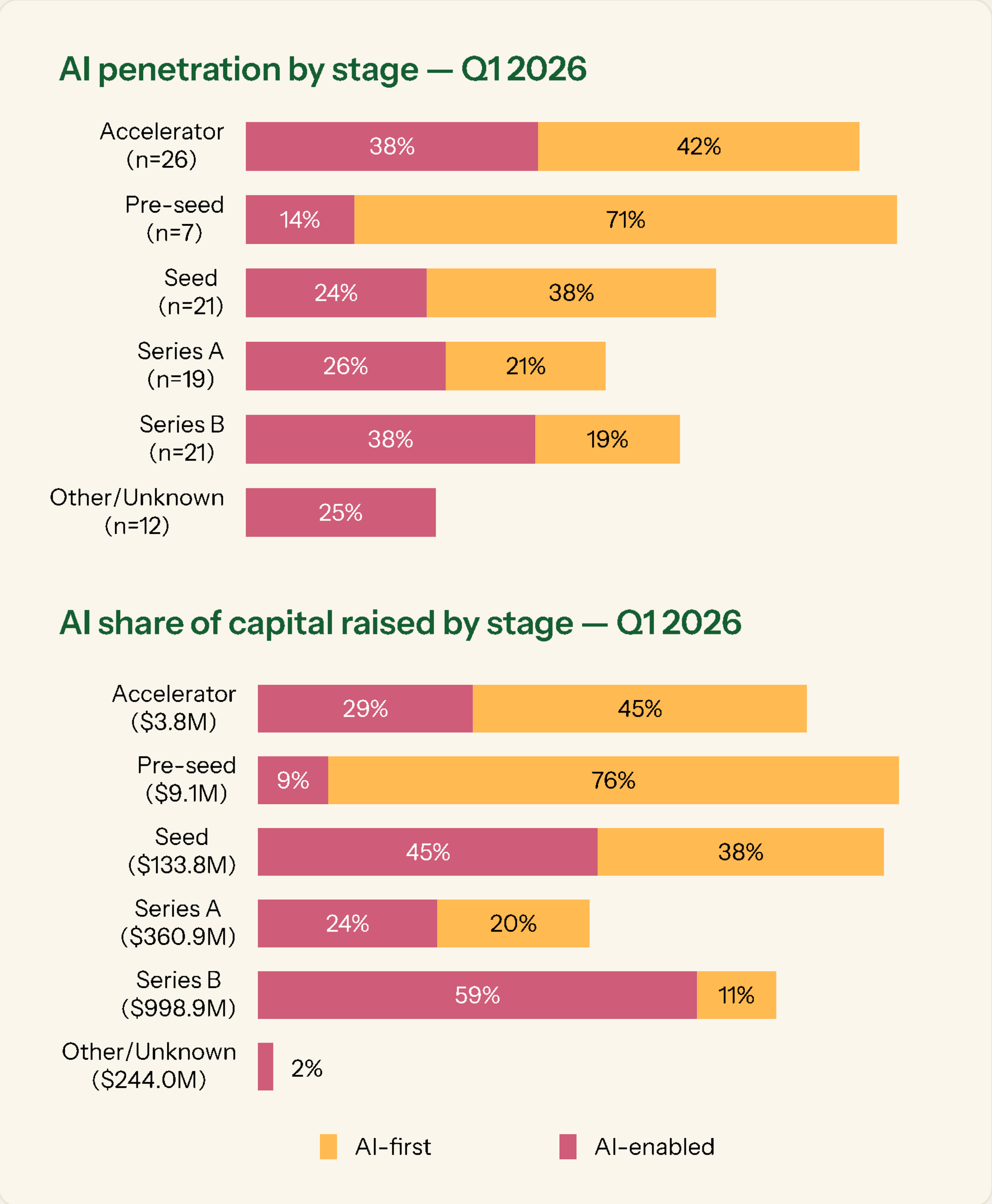
Segment	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Hardware, robotics & sensors	17%	22%	38%	23%	20%	20%	26%	23%	18%	20%	36%	27%	41%
Life sciences, healthtech & biotech	26%	21%	17%	15%	25%	22%	14%	32%	33%	29%	25%	38%	20%
The Rest	22%	29%	13%	27%	18%	18%	20%	21%	23%	14%	11%	13%	17%
Climate & energy	17%	17%	13%	19%	18%	27%	28%	15%	15%	29%	16%	11%	12%
Consumer brands	13%	9%	13%	10%	13%	10%	7%	6%	5%	3%	7%	5%	5%
Space & defence	4%	2%	6%	4%	8%	0%	4%	4%	5%	3%	4%	2%	2%
AI models & data infrastructure	0%	0%	0%	2%	0%	2%	0%	0%	0%	3%	2%	5%	2%

AI is rewriting every sector and every stage

AI-first or AI-enabled companies dominated across almost every major sector in Q1. The local market remains overwhelmingly application-led, with nearly all AI-related capital and deal activity going to companies building products on top of the AI stack rather than cloud, models, hardware or energy. AI-first companies were most prevalent at Accelerator and Pre-Seed, which makes intuitive sense given that the youngest companies in the market are the ones most likely to have been founded inside the current AI cycle.





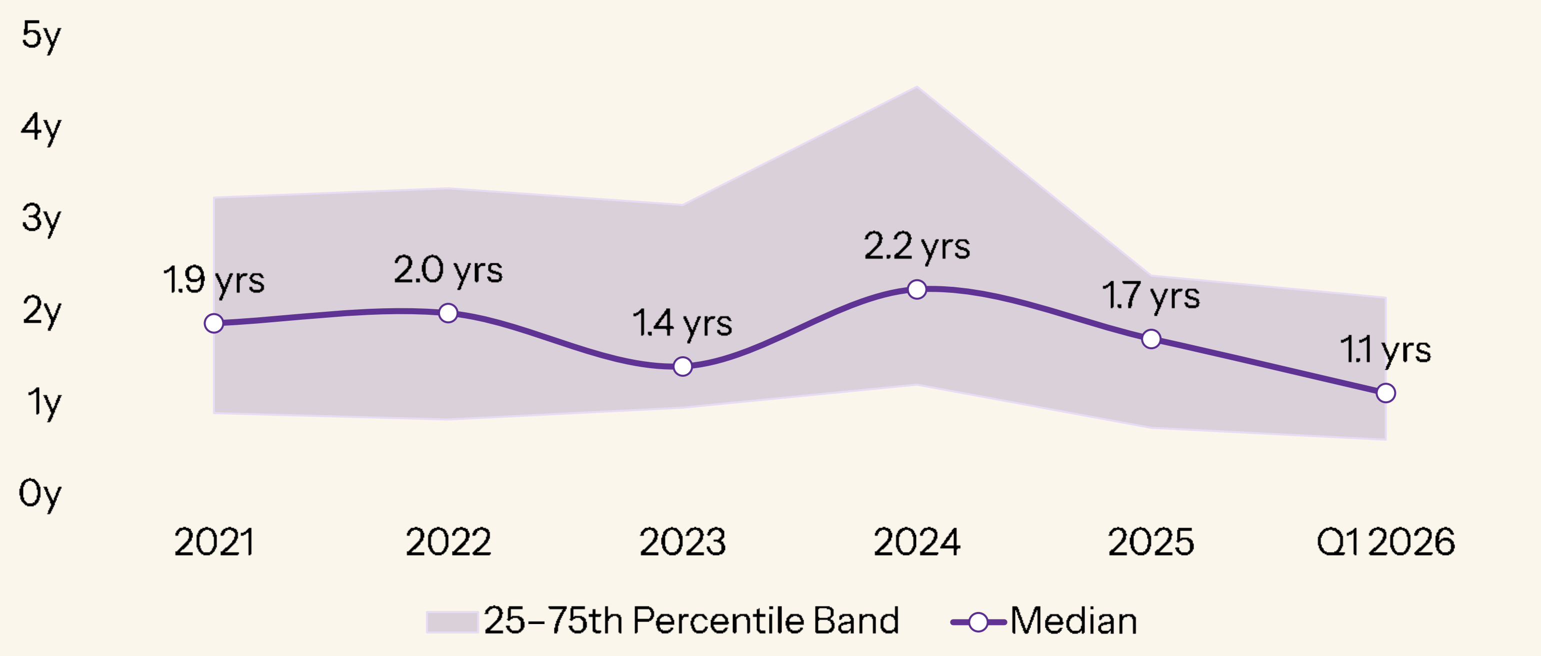


CUT THROUGH VENTURE

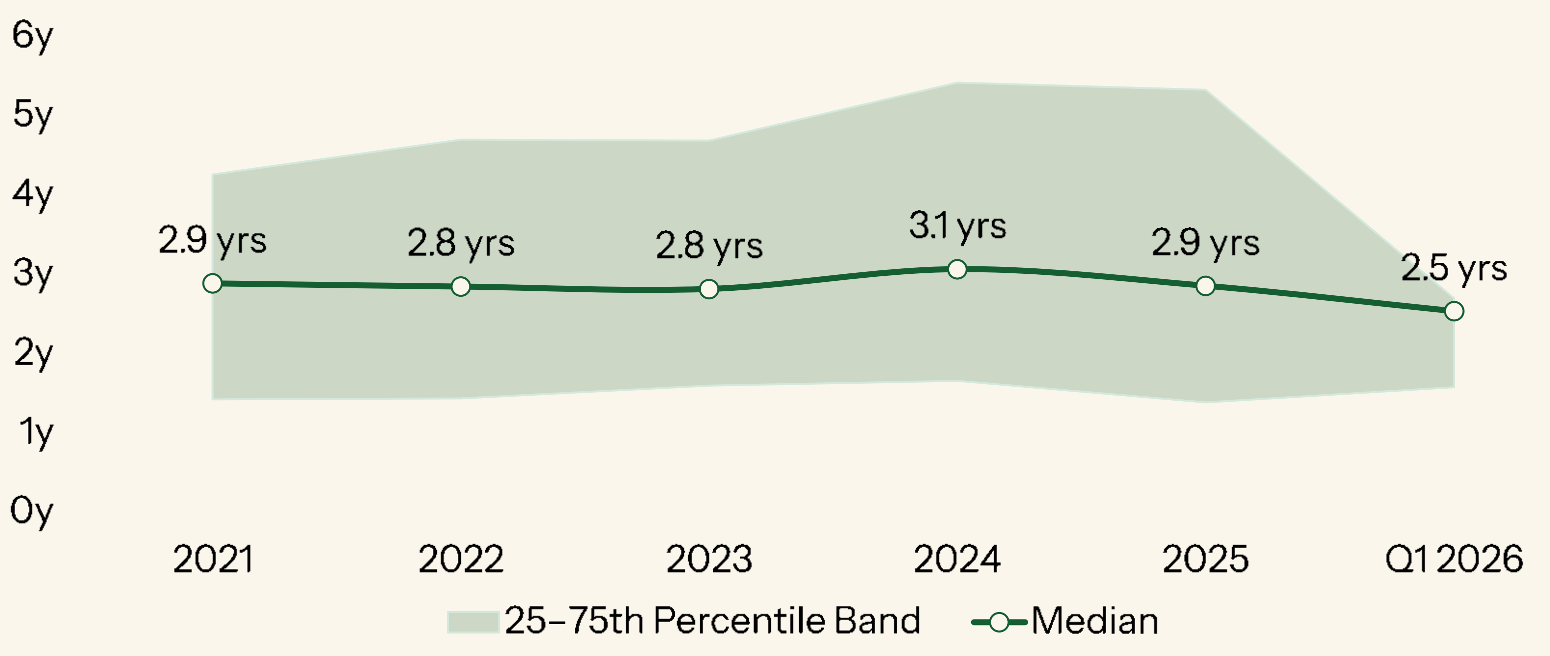
The path to Series B keeps getting longer

Companies are raising their first funding rounds younger than ever, but the climb to Series B is taking far longer. Pre-Seed companies raising in Q1 were materially younger than in prior years, while the median age at Series B has pushed out sharply, suggesting the graduation path from first cheque to growth round is taking longer. Part of this likely reflects the hangover from tougher fundraising conditions in 2023 and 2024, when many companies extended runway, delayed raises and focused on reaching investor-set milestones before returning to market.

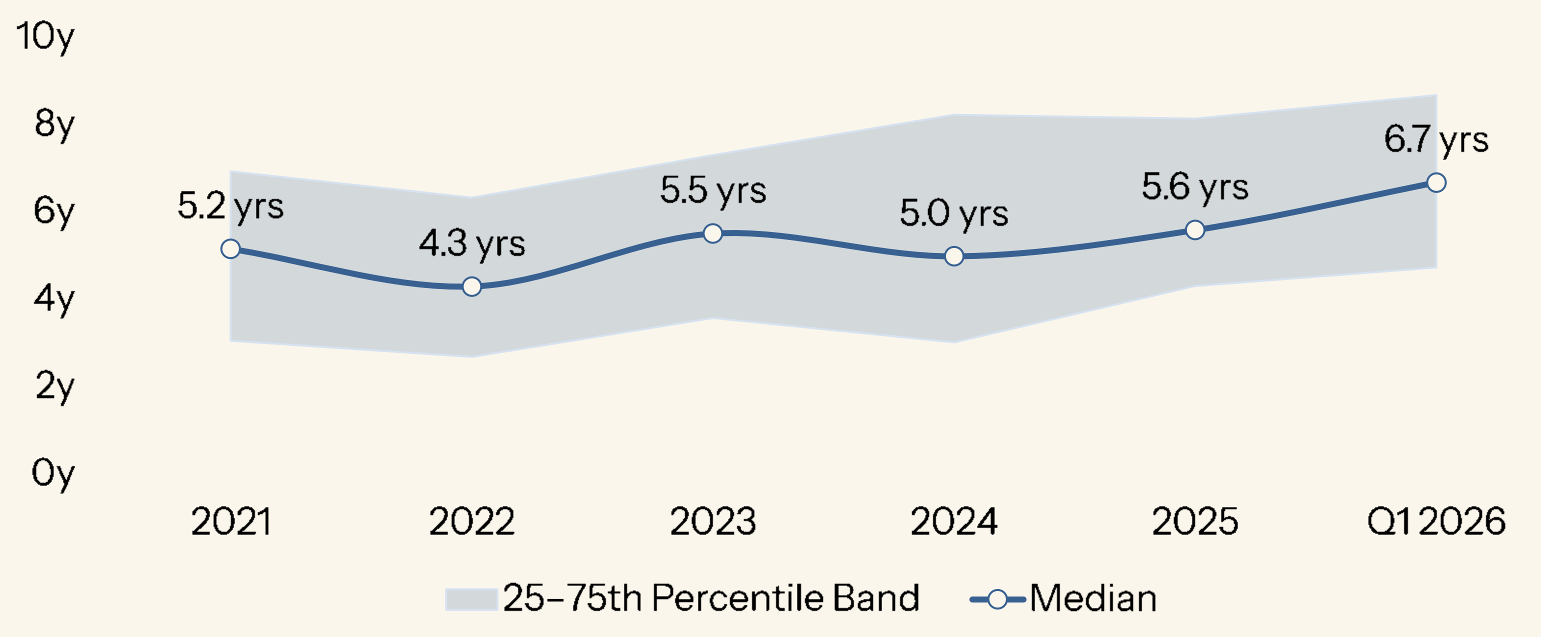
Age at Pre-Seed



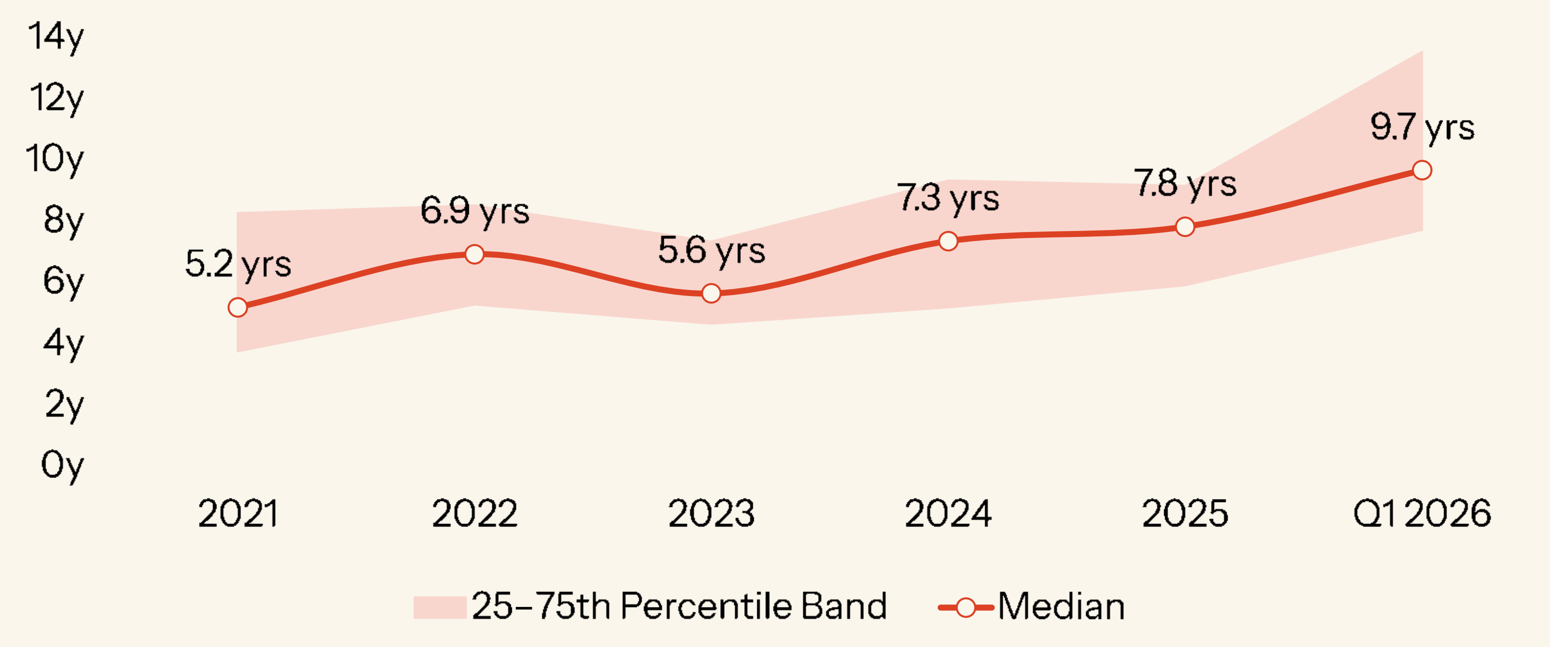
Age at Seed



Age at Series A



Age at Series B



Pre-seed startups raising in Q1 2026 are 50% younger than their 2024 peak

Companies are raising earlier but graduating later — the journey from Pre-Seed to Series B has nearly tripled in length since 2021

Series B rounds are being done 4.5 years later into the startup's life than in the 2021 market peak

We just returned from a week across San Francisco and New York with 15 founders and investors, and what we observed is the AI-driven compression of enterprise sales cycles, now down to days or weeks in some sectors, has effectively pulled Series A metrics into the Seed stage. Some of the US VCs we spend time with told us directly that $10M ARR within 12 months is the new baseline expectation. T

The knock-on effect: only ~5% of ventures are graduating from Seed to Series A within 18 months (per Silicon Valley Bank's data). We observed the next order effect of this, which is that founders are increasingly seeking family offices and syndicates to avoid the adverse elements of these accelerating fund dynamics.

We've seen a number of companies come to market who last raised several years ago. Many of them are now profitable and still hitting 70%+ topline growth.

– Investors, CTQ Investor Sentiment Survey – March 2026

Female founders concentrate in software, hardware and life sciences

Female founder and mixed teams were most active in Vertical business software, Hardware, robotics and sensors, and Life sciences and biotech in Q1. Vertical software led by deal count, while Hardware, robotics and sensors and Life sciences and biotech both sat above recent quarterly averages. The divergence is most obvious in categories that were historically stronger but quieter this quarter. Horizontal business software, Consumer tech, Healthtech, Marketplaces and Space and defence all tracked below their 2023 to 2025 quarterly averages for female founder deal count.

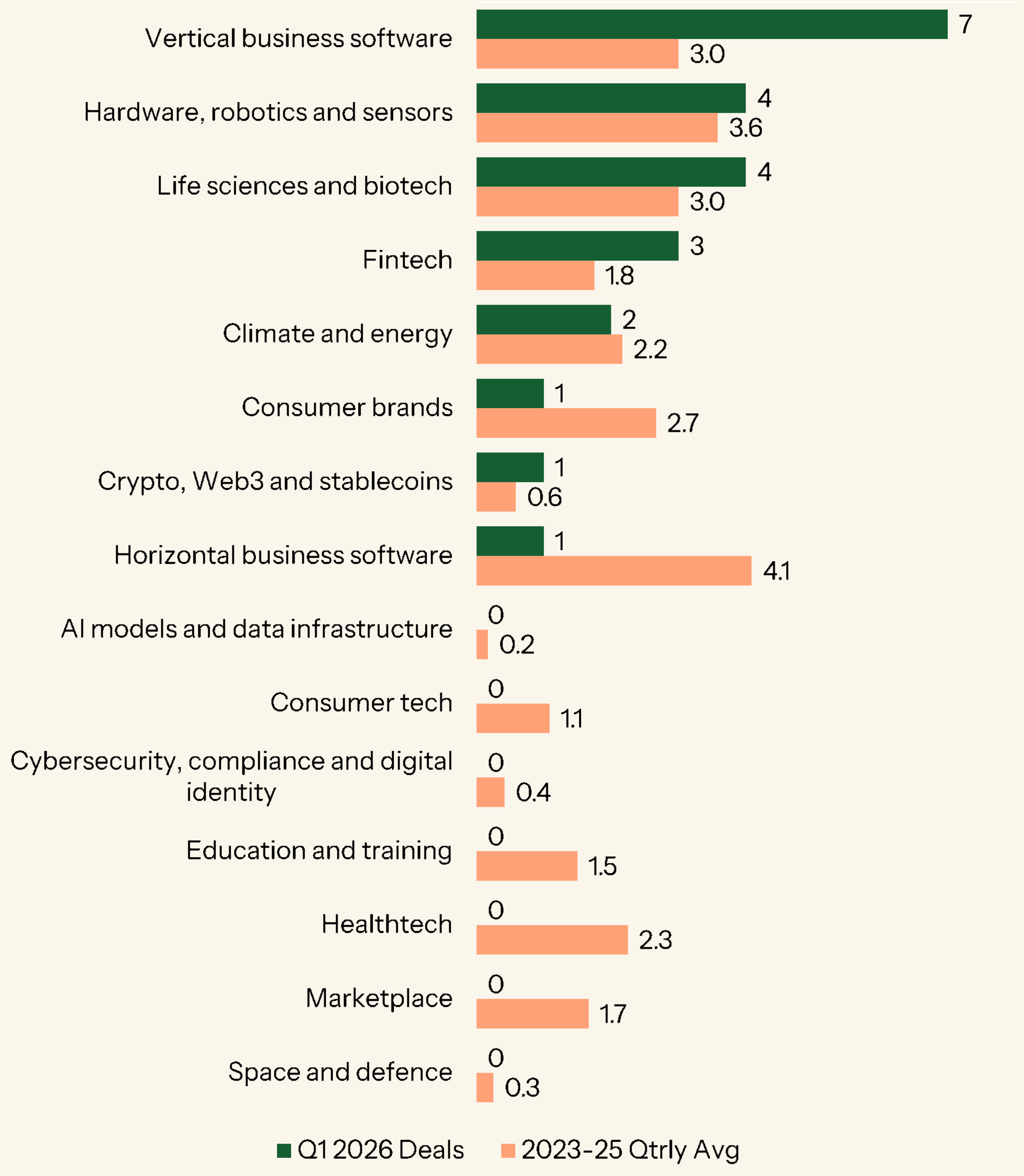
Female only and mixed gender teams' deal count

	Pre-Seed	Seed	Series A	Series B+	Other	Total
Vertical business software	2	2	-	-	3	7
Hardware, robotics and sensors	-	1	1	-	2	4
Life sciences and biotech	-	1	-	1	2	4
Fintech	-	-	1	-	2	3
Climate and energy	-	-	-	-	2	2
Consumer brands	-	-	-	1	-	1
Crypto, Web3 and stablecoins	-	1	-	-	-	1
Horizontal business software	1	-	-	-	-	1

Female only and mixed gender teams' capital

	Pre-Seed	Seed	Series A	Series B+	Other	Total
Vertical business software	$3M	$15M	-	-	N/A	$18M
Hardware, robotics and sensors	-	$2M	$30M	-	$20M	$52M
Life sciences and biotech	-	$1M	-	$27M	$19M	$47M
Fintech	-	-	$15M	-	$0M	$15M
Climate and energy	-	-	-	-	$4M	$4M
Consumer brands	-	-	-	$67M	-	$67M
Crypto, Web3 and stablecoins	-	-	-	-	-	-
Horizontal business software	$2M	-	-	-	-	$2M

Female Founder Deal Count by Sector



Top sectors Q1 2026

Consumer brands	Hardware, robotics & sensors	Life sciences & biotech	Vertical business software	Fintech
$67.0M	$51.8M	$47.1M	$17.5M	$15.2M
1 Deal	4 Deals	4 Deals	7 Deals	3 Deals
84% of total sector $	17% of total sector $	85% of total sector $	4% of total sector $	27% of total sector $

Ecosystem perspective

Equity Clear

The Missing Data Layer in Venture Capital

Venture is not short on data. We have increasingly sophisticated views on fund performance, portfolio construction and market outcomes. But there is a critical layer missing: the pipeline - the part of the system where decisions are actually made.

Today, we can see outcomes - including how much funding goes to startups led by women. What we can't see is how those outcomes are produced - who enters the pipeline, who gets a first meeting, who progresses, and where opportunities fall out along the way. Without that visibility, we can't distinguish between different drivers of the same outcome. Whether it's a sourcing issue, a process issue, or a decision-making issue - the data doesn't exist to tell us.

Fragmentation, not collection

Over the past year, Equity Clear has worked with 150+ organisations across investors, LPs, government and ecosystem partners to examine this gap.

What's emerged is clear: this is not a data collection problem. Most investors are already capturing some form of diversity data. But it is fragmented - collected at different stages, in different formats, across different systems, with no shared definitions.

Without consistency, there is no comparability. Without comparability, there is no benchmarking. And without benchmarking, there is no ability to learn at a system level.

Where capital allocation actually happens

The pipeline is the leverage point for capital allocation - not the final investment decision, but the sequence of filters that determine what gets seen and what progresses. Without visibility into that process, parts of the opportunity set remain under-evaluated - particularly for founders outside established networks and pattern recognition. This isn't about directing capital or introducing constraints. It's about expanding the opportunity set. Better data doesn't tell investors what to invest in; it shows what they are currently seeing - and what they're not.

And critically, it enables confidential benchmarking - not just of outcomes, but of how pipelines are built relative to peers.

A system-level shift

Pipeline data is shaped across the ecosystem - from accelerators and co-working spaces through to angel networks and funds. Increasingly, LPs are part of this shift. They are starting to ask more structured questions about how opportunities are sourced and assessed - not just what ends up in the portfolio. Because missing parts of the opportunity set is not just a values issue - it's a performance risk.

From fragmentation to infrastructure

What has emerged through this process is that the data gap is solvable. Not because it's simple, but because the constraints are now well understood. The issue is not whether pipeline diversity data should be collected, but how to make what is already being collected consistent and usable.

The path forward is alignment - standardising what is measured, where, and how, so that individual datasets can form a shared view of the pipeline, supported through aggregated, anonymised reporting. This is the missing infrastructure layer in venture. And like any infrastructure, its value will be determined by adoption.

What comes next

Equity Clear's work is now moving from diagnosis into implementation. More detail will be shared in the upcoming *Show Us the Data* national report.
The direction is clear. Until we can see how capital flows through the pipeline, we cannot fully explain the outcomes - or improve them.

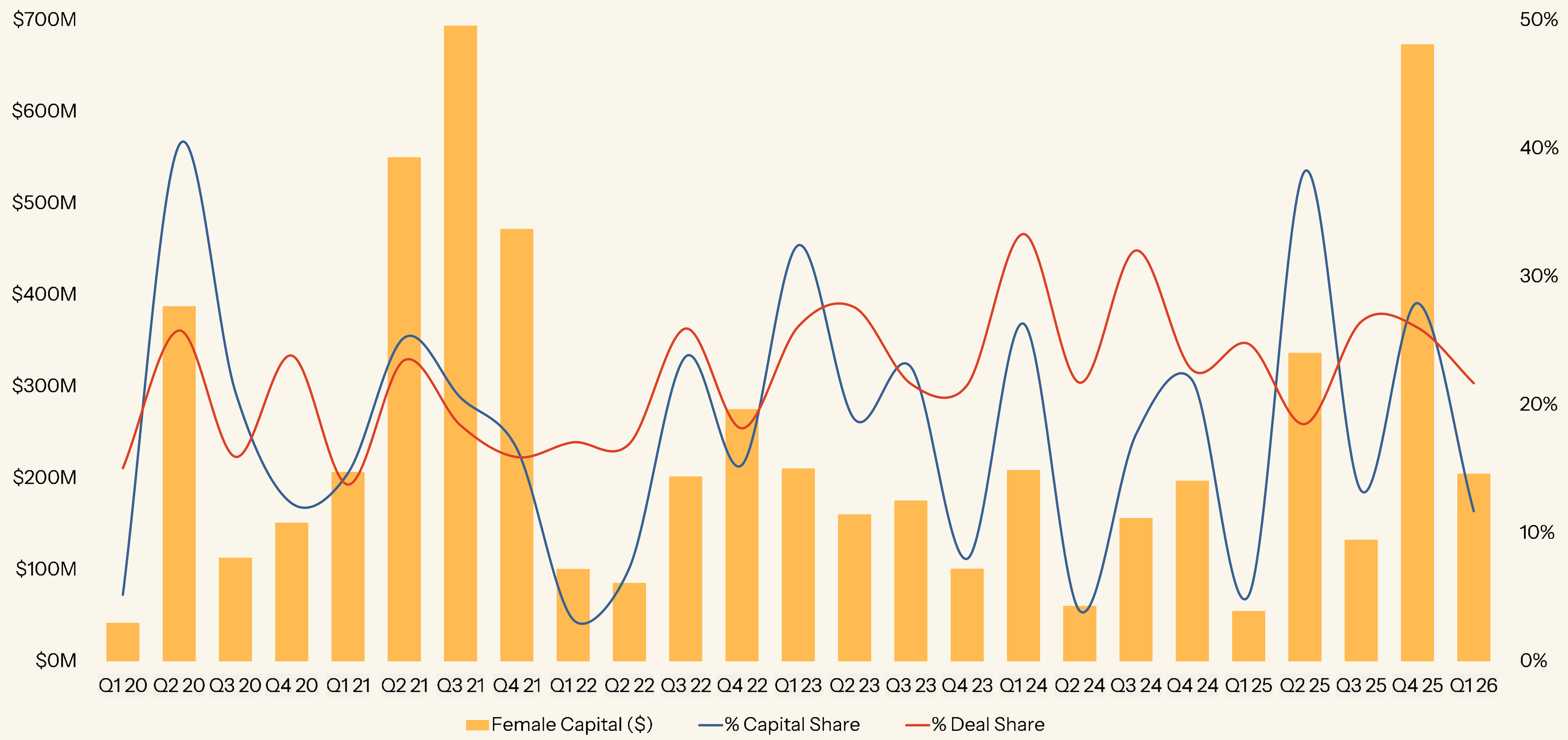
What you can't see, you can't allocate toward.

Noga Edelstein
Equity Clear

Female deal share holds while capital share retreats

Female founder and mixed teams raised $205M in Q1, a meaningful step down from Q4 2025 but largely in line with the longer-term average. Deal share held up better than capital share, suggesting participation remained relatively broad even as fewer large rounds flowed to female-led teams. The largest raises also followed the broader market pattern, with the top five all outside traditional software and concentrated in Consumer brands, Life sciences and biotech, Hardware, robotics and sensors, and AI models and data infrastructure.

Female Founder Capital Raised & Share of Deals/Capital



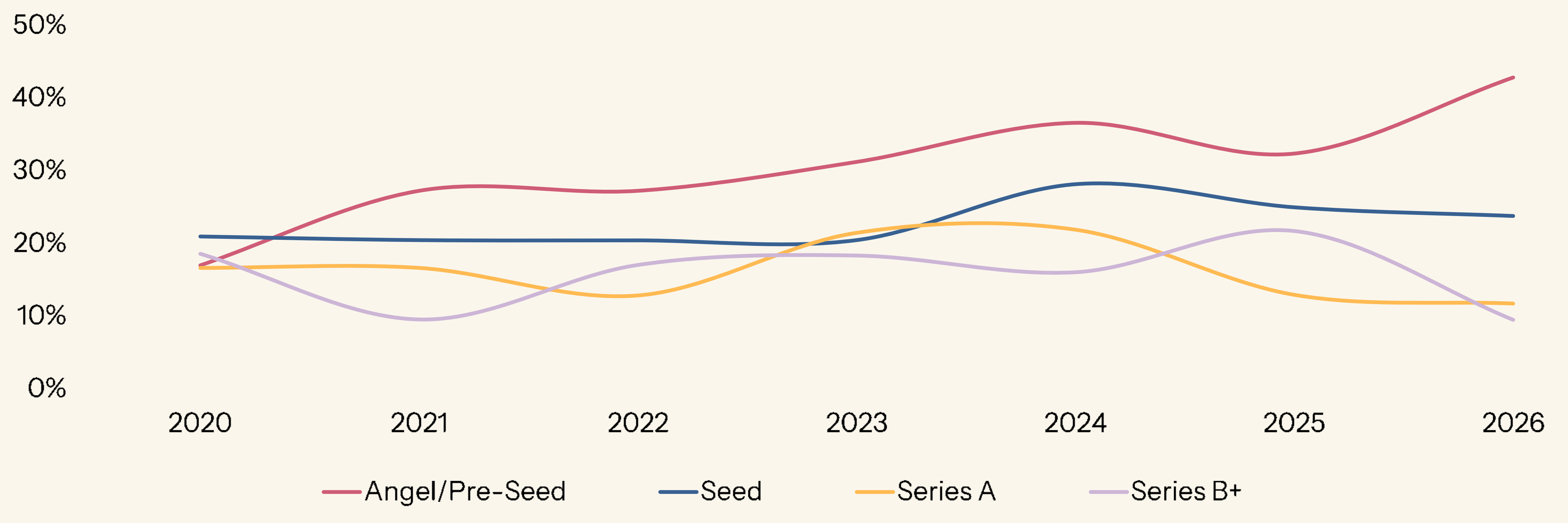
Five Largest Female Founder Raises

lyka	$67M	Series B+
zelira THERAPEUTICS	$50M	Series A
PLASMALEAP Technologies	$30M	Series A
OncoRes Medical	$27M	Unknown
Silicon Quantum Computing	$20M	Strategic

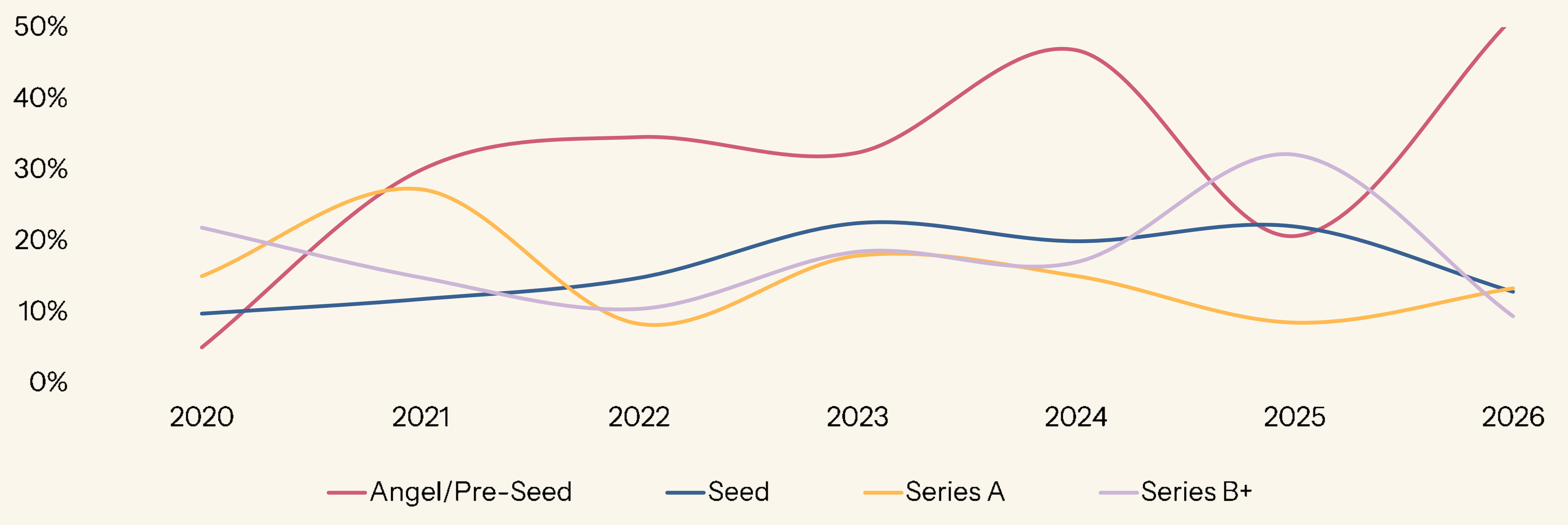
Female founders rise at Pre-seed, fade at growth stage

Female founder and mixed teams hit an all-time high at the Pre-Seed in both deal share and capital share. The pattern weakens as companies mature, with Seed holding broadly steady and later-stage participation becoming more volatile. The Q1 stage split shows the same drop-off more clearly. Female-only teams were absent from Series A and later rounds, while mixed-gender teams carried all recorded female founder participation at those stages. Where mixed-gender teams did raise, they raised larger median rounds than single-gender teams at Series A and later.

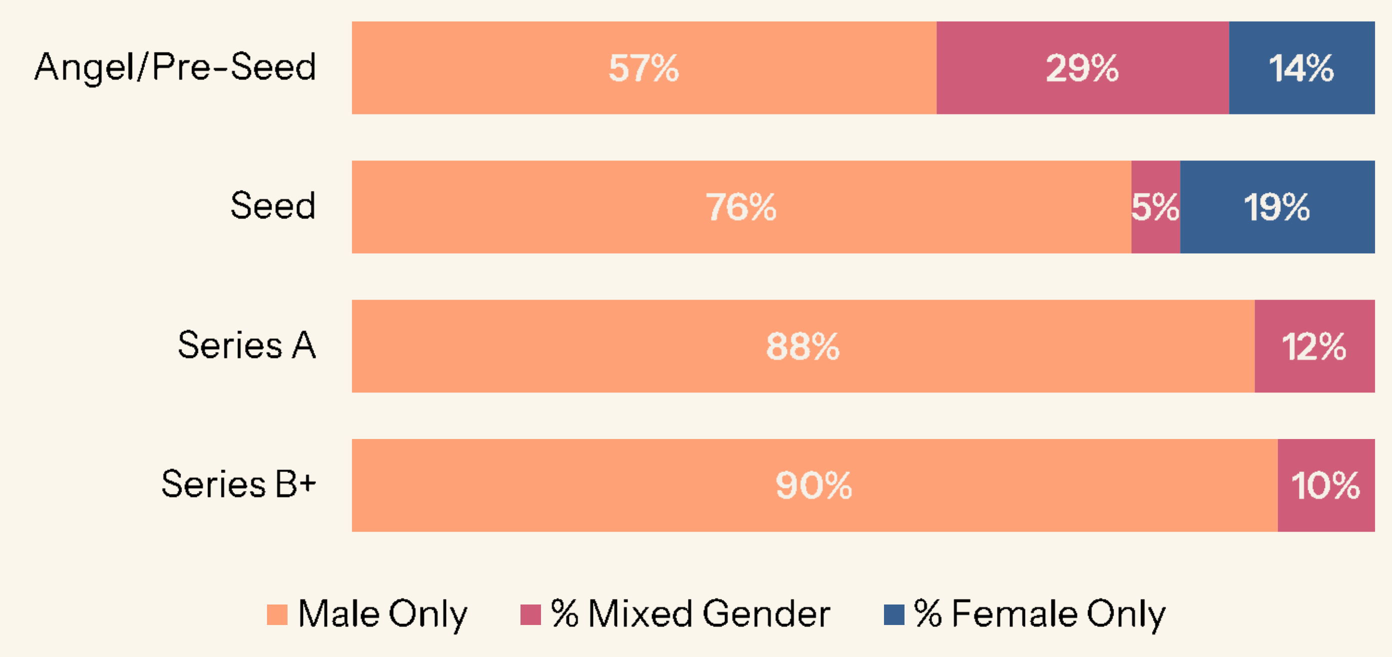
Share of Deals with at Least Mixed Gender + Female Only founding teams



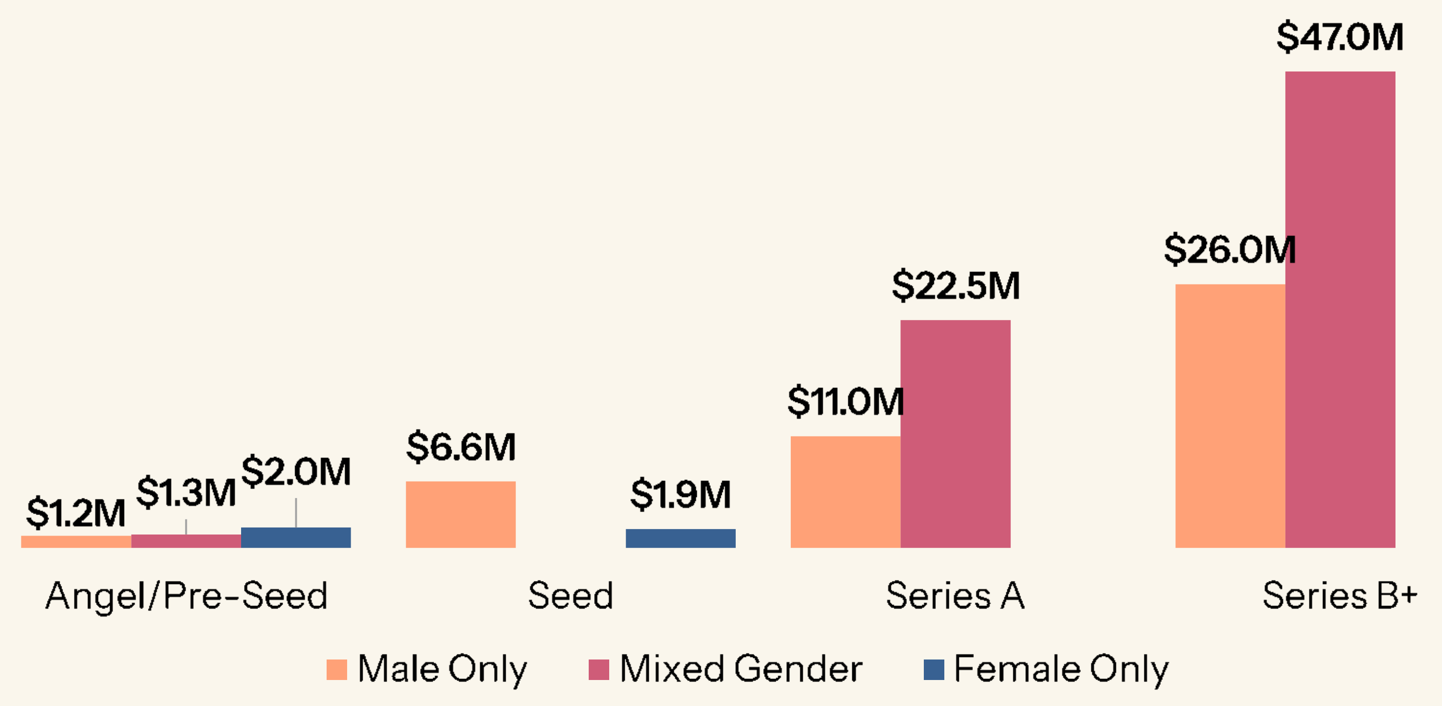
Share of Capital with at Least Mixed Gender + Female Only founding teams



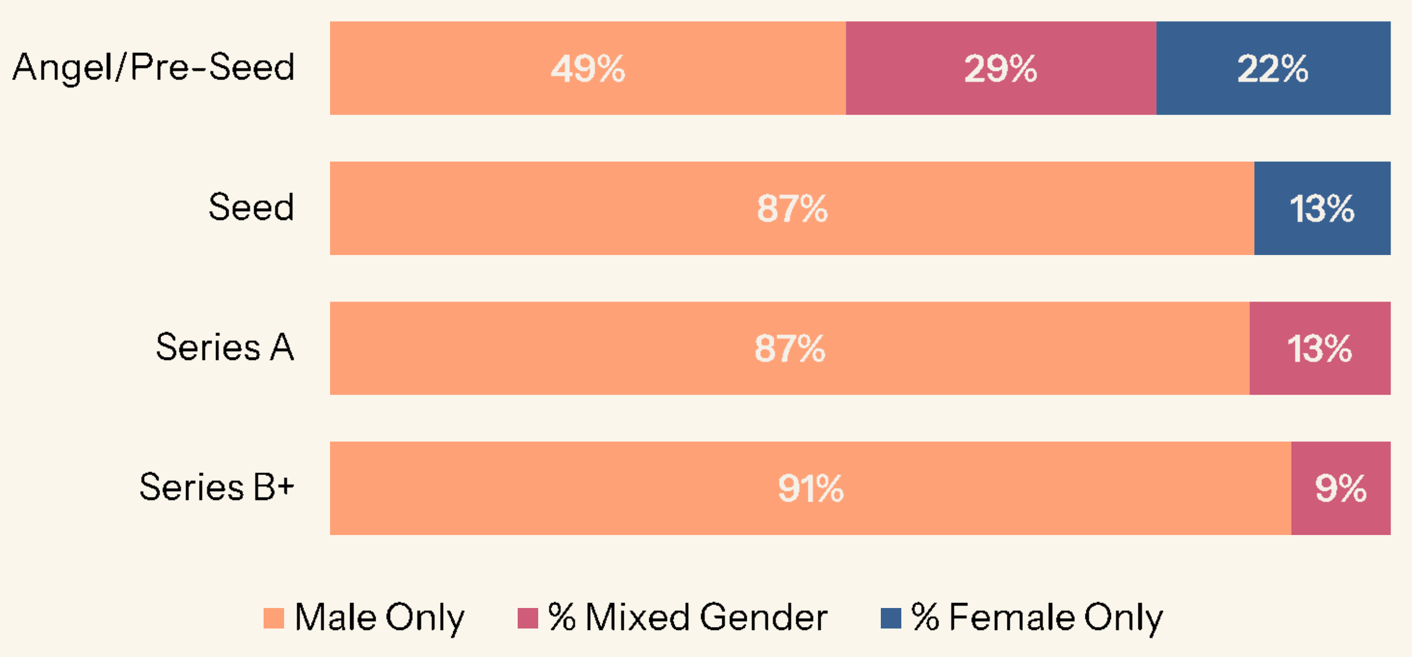
Deal Gender Split: Q1 2026



Median Deal Size by Gender: Q1 2026



Capital Gender Split: Q1 2026

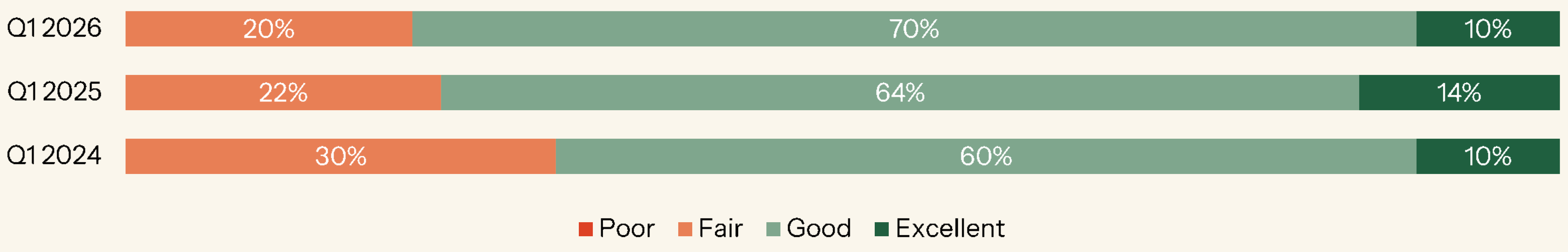


Portfolios stabilise, but pressure has not disappeared

Investor-reported portfolio health has improved from the tougher 2024 period, with most funds now describing their companies as good or excellent and fewer recommending that founders delay fundraising. The shift toward normal round recommendations suggests the funding environment has reopened for stronger companies, even though layoffs and shutdowns remain present across portfolios.

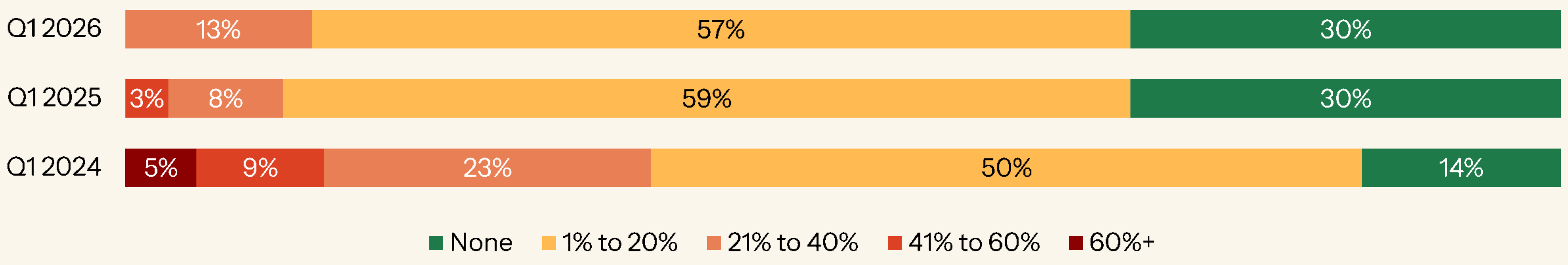
Insights from Cut Through Quarterly Investor Sentiment Survey

Portfolio health

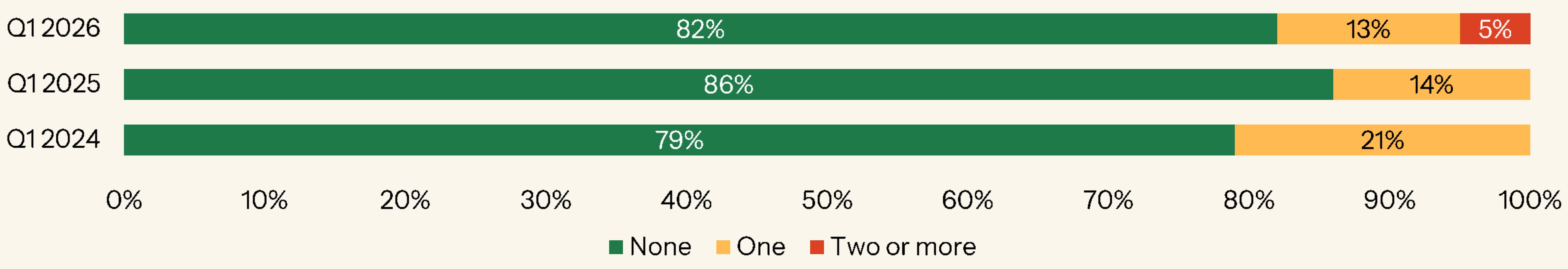


Given market conditions, what are you most commonly recommending to your portfolio?

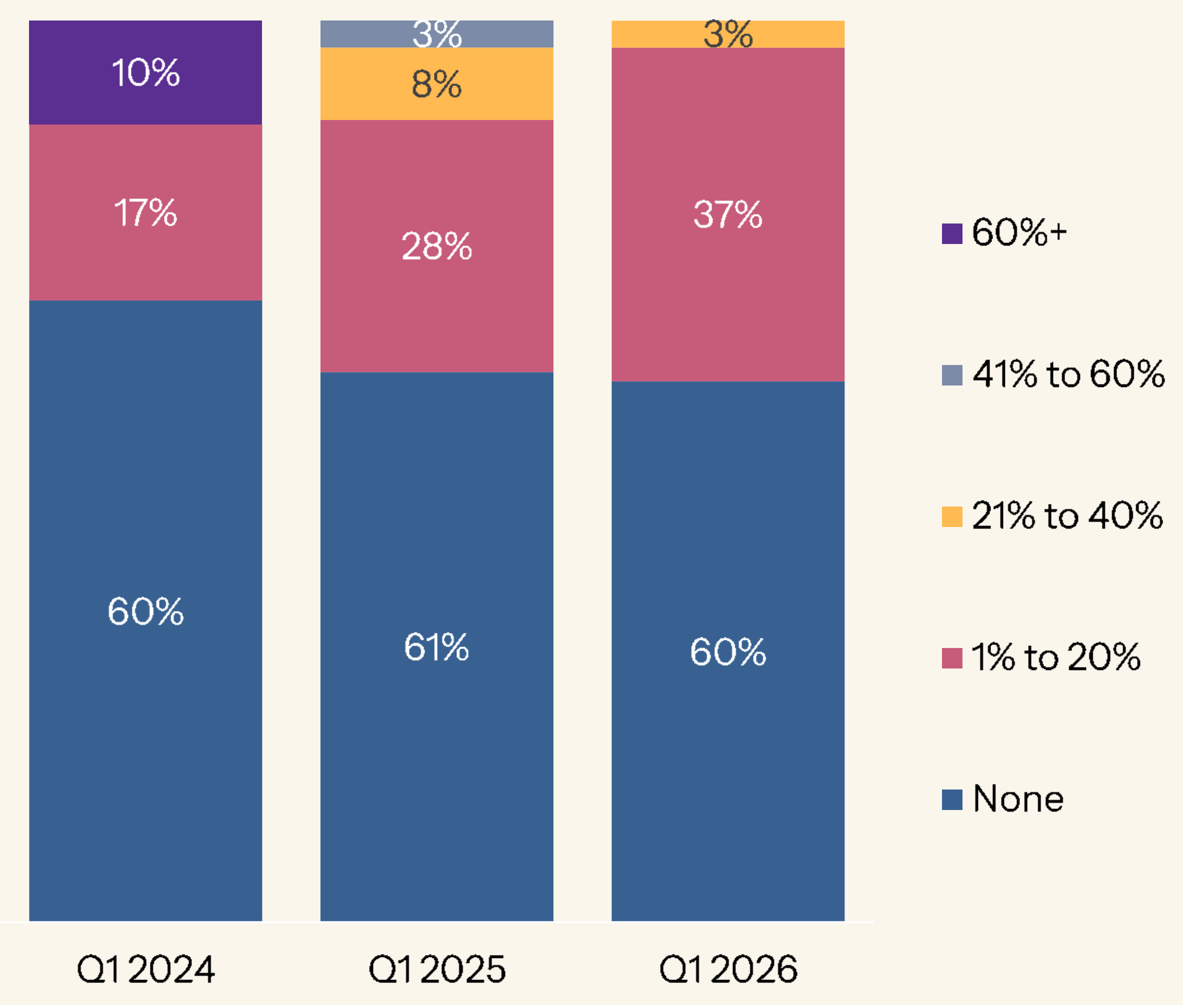
Layoffs across the portfolio



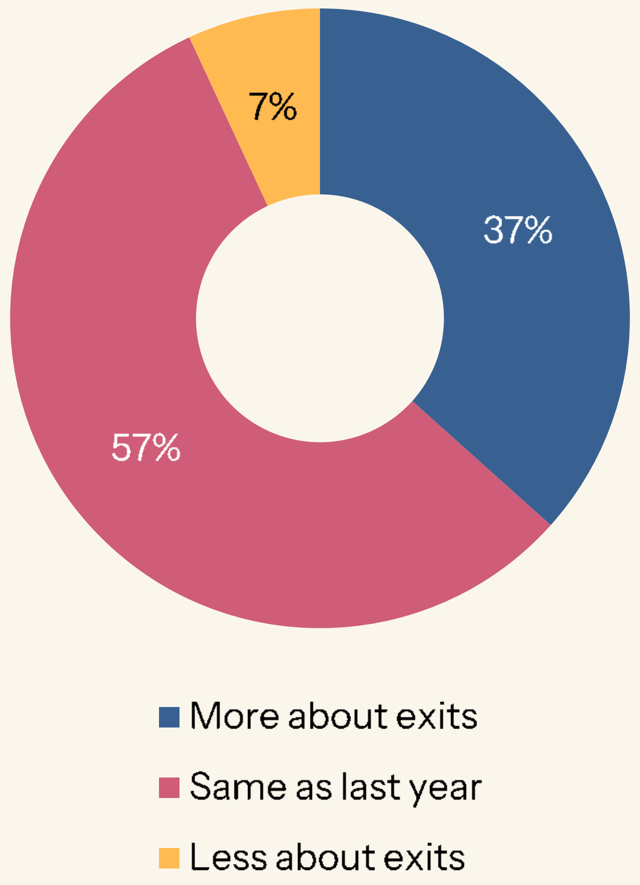
How many portfolio companies have shut down in the past quarter?



What proportion of your portfolio has raised venture debt?



Exit conversations vs last year



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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.

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

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For founders and investors, government incentives can be an important source of non-dilutive support alongside venture funding. In Australia, EY's Government Incentives team supports businesses from startups and scaleups through to large enterprises to identify and navigate these opportunities, including the R&D Tax Incentive and government grants across Federal and State programs.

We support clients across the incentives lifecycle, from strategic incentive planning and eligibility analysis through to application preparation, audits and reviews, and ongoing compliance. Our multidisciplinary team spans science, engineering, software, law and commerce, helping us understand the fundamentals of your projects and align incentives opportunities to your strategic objectives.

For more information visit
https://www.ey.com/en_au/services/tax/australian-government-incentives

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OpenAI is an AI research and deployment company whose mission is to ensure that artificial general intelligence (AGI) benefits all of humanity. The organisation develops and deploys advanced AI systems, including widely used models such as ChatGPT and GPT, to support a broad range of applications across industries.

OpenAI works to make AI safe, useful, and accessible, while advancing research, setting standards for responsible AI use, and collaborating with partners to maximise the positive impact of artificial intelligence.

For Startups

OpenAI supports startups building with AI by providing access to advanced models, resources, and a global community of builders. From early-stage teams to scaling companies, OpenAI helps founders accelerate development, experiment rapidly, and bring innovative products to market.

To learn more and join the OpenAI startup community, visit openai.com/startups

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Most cap table tools are built for admin. Cake is built for the whole company: founders, employees, and investors in one transparent, modern workspace. From first grant through to Series A and beyond, Cake brings cap table, equity incentives, stock options, 409A valuations, and capital raise together in one place. Product-led by design - founders get from spreadsheet to live cap table in minutes.

Backed by Jason Calacanis and Startmate, ranked #1 on G2 for ease of use, with teams in the US, Australia, and Europe.

Startups use Cake to:
- Manage the cap table through every round, without spreadsheet gymnastics
- Issue ESOP grants, RSUs, and warrants in minutes
- Run 409A valuations on demand - audit-ready, no law firm required
- Give employees a live view of what their equity is actually worth

For more information visit cakeequity.com to get started free.

Partner with Cut Through

If you would like to work with Cut Through Venture on custom data or reporting projects, please contact kristine@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 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 founders of the startup and background information on the startup. Large language models from model providers including OpenAI are utilised to support data cleansing and validation.

Survey Data

Survey data was collected from venture capital firms, angel syndicate leads, and family offices. 148 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.