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August 2025

VC & Technology Capital Markets Update

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We believe that innovators positively change the world.

We are here to help.

About Us

We specialise in assisting high growth & technology companies with capital raising and M&A transactions

- High conviction, hands-on approach that drives exceptional outcomes
- Our end-to-end service proposition ensures that we are across every aspect of the transaction, providing a seamless process

Our transactional reach spans local and offshore investors / buyers

- Global and strategic thinking about transaction counterparties
- Our networks and 'hustle' ensure that we can connect to the right people
- A bespoke approach to every client and potential counterparty

Experienced team of senior advisors with a commercial approach and significant transaction experience

- We are culturally aligned to founders, leave our egos at the door and have a 'can do' attitude
- Diverse experience covering private equity, global hedge funds, institutional banking and 20+ years in corporate advisory

- All data for charts, unless otherwise stated, has been sourced from PitchBook and is in calendar year format and USD.
- Data is limited to the Information Technology industry classifications and specifically excludes computer hardware and semiconductors. MedTech and consumer retail deal flow is also not included.

Some of our prior projects

checkout.com
Undisclosed
Sale of Pin Payments business to Fat Zebra

tixel
$9,855,000
Series B capital raise

EatClub
$18,150,000
Series B capital raise

Ordermentum
$16,000,000
Series C capital raise

Publift
$31,000,000
Sale of business to an ASX 50 listed group

Pin Payments
$30,000,000
Sale of business to Checkout.com

FRED
$80,000,000
Sale of business to Telstra

UPTICK
$47,500,000
Majority buyout of business to Accel-KKR

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Equity Capital Markets

Sam Karamoshos

Associate

- 5+ years of M&A and management consulting experience, providing strategic advice and analysis to clients across both the public and private sectors
- Previous experience includes roles in Management Consulting (Strategy & Operations) at Deloitte, and as an Analyst at Babcock

Tech capital deployment buoyed by AI mega rounds

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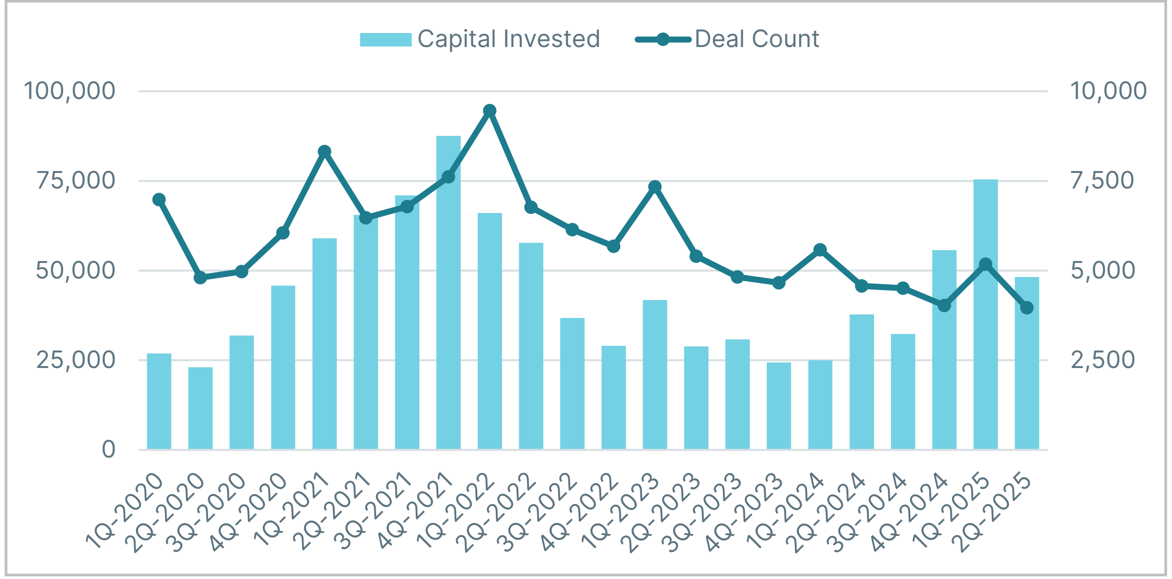
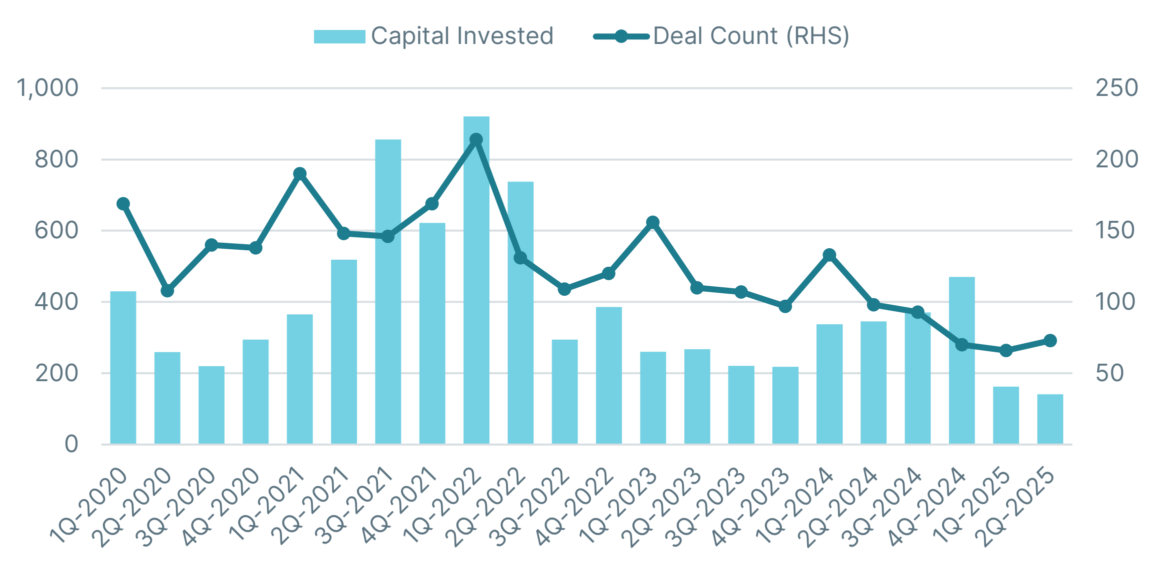
Volume and Quantum of Tech Co. Raises – Global ($m)



Source: PitchBook Data, Inc.

- Notable 1H-FY2025 international rounds include:
  - OpenAI raising $40b
  - Scale AI raising $14.3b
  - Anthropic raising $3.5b
  - Safe Superintelligence raising $2b
  - Binance raising $2b
- AI & ML account for 75% of total capital raised for 1H-2025 vs 60% for the same period 12 months

Volume and Quantum of Tech Co. Raises – ANZ ($m)



Source: PitchBook Data, Inc.

- Notable 1H-FY2025 local rounds have included:
  - Dash raising $27.8m
  - Eventflo raising $20m
  - Blinq raising $19m
  - EatClub raising $18.2m
  - Instant raising $18m Series A

Deal counts are flat, but later stage deals are returning

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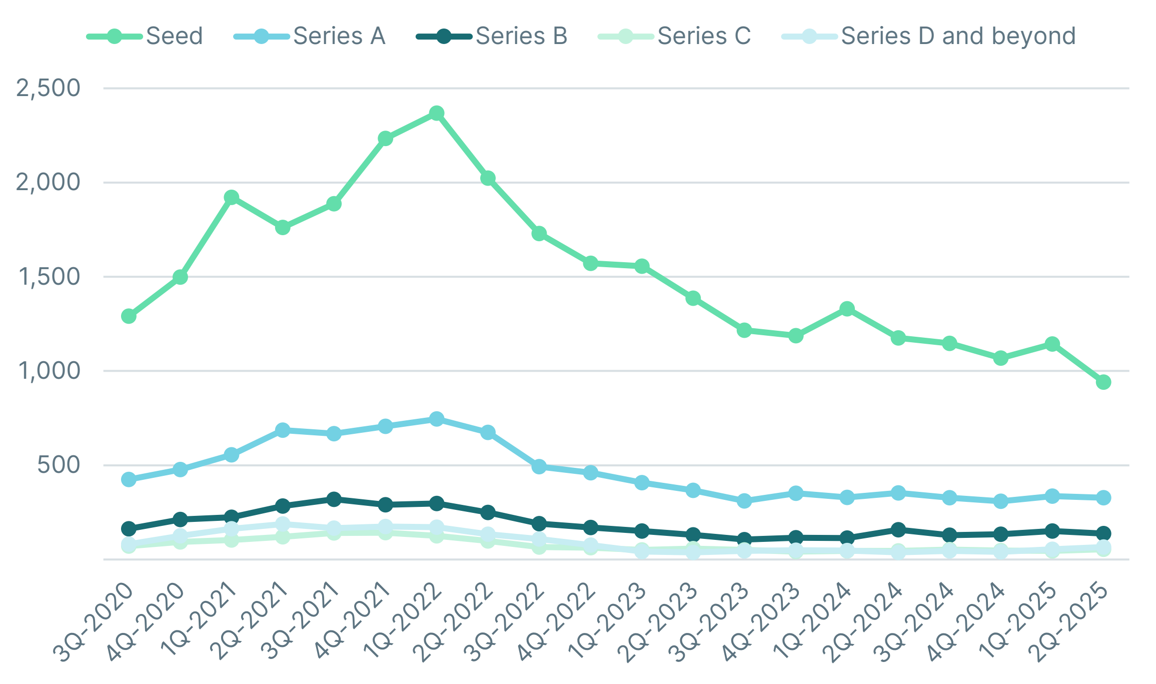
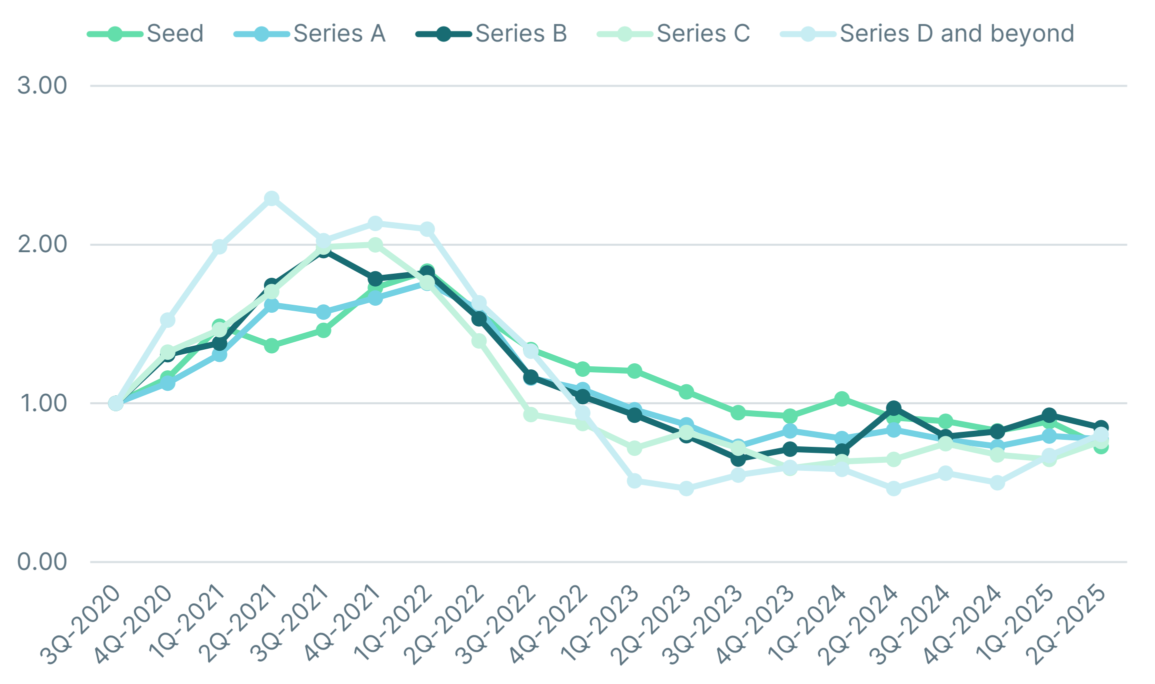
Total Deal Count by Stage – Global ($m)



Source: PitchBook Data, Inc.

- Seed deals continue to dominate overall activity but fell sharply in Q2-2025 after relative stability since late 2023
- Persistent funding gaps at the Seed and Series A stages could lead to thinner pipelines for mid and late-stage rounds in future periods

Increase/Decrease of Deal Count by Stage (Factor of 100) – Global



Source: PitchBook Data, Inc.

- Series A and Seed show the most resilience, with activity returning to near-baseline levels, while later-stage rounds remain well below pre-COVID norms.
- Modest sequential recovery across most stages in Q1-2025 reversed slightly in Q2-2025, reflecting fragile investor sentiment.
- The bounce in Q1 and plateau in Q2 underscores investor caution, particularly at the growth end of the spectrum where path-to-profitability remains paramount.

B2B SaaS Series A rounds are far less frequent

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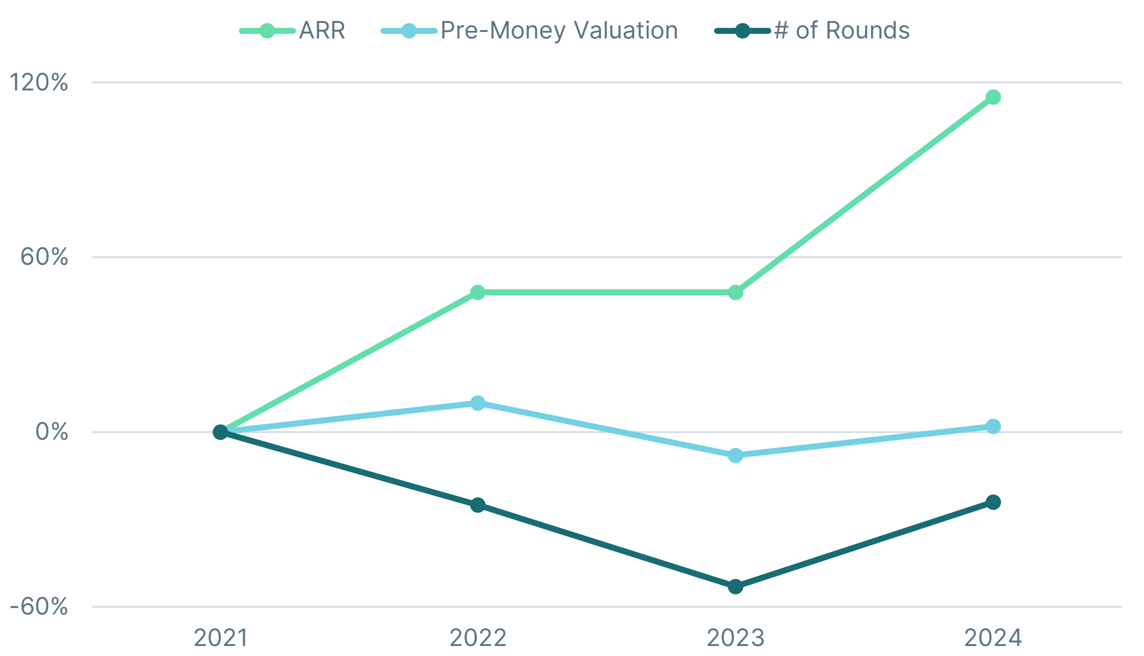
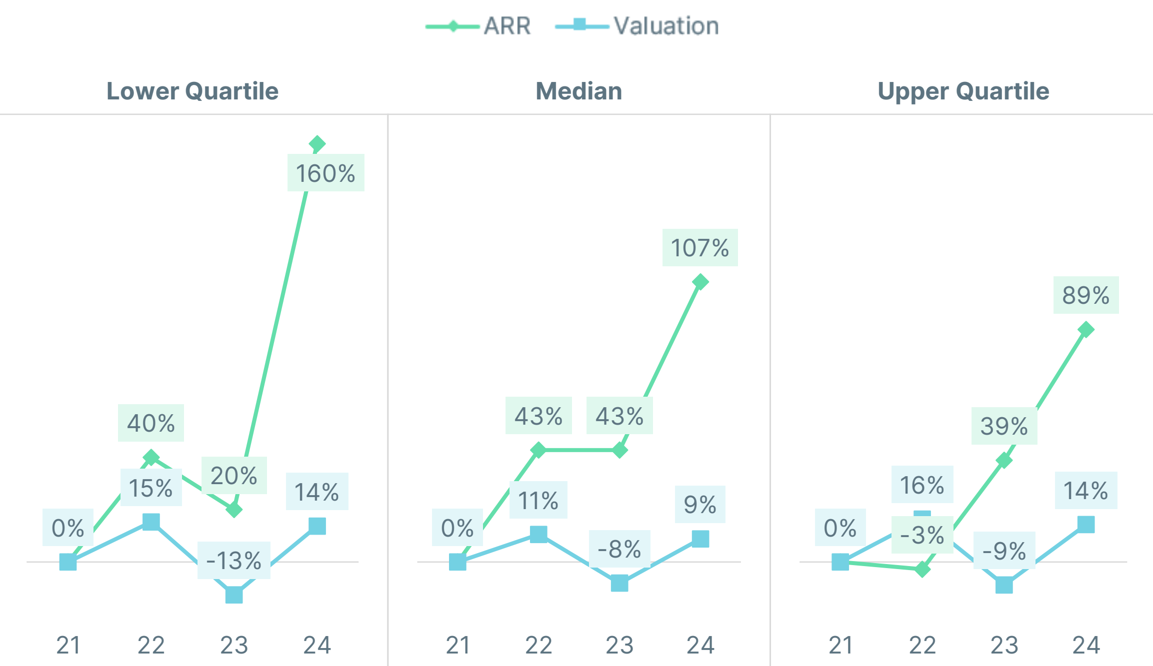
B2B SaaS Series A Metrics vs 2021 baseline



Source: Carta

ARR and Valuation Quartiles at Series A vs 2021 baseline



Source: Carta and Silicon Valley Bank

- The bar is now significantly higher for B2B SaaS business than it was in 2021
- 2024 median ARR is more than double the 2021 amount, but pre-money valuations have remained essentially flat across the period
- Meanwhile, the number of Series A rounds has almost halved in the same period

- Across all quartiles, ARR growth since 2021 has far outpaced valuation growth, highlighting tighter capital conditions and the continued compression in valuation multiples
- Investors are placing greater value on efficient ARR growth, with funding decisions increasingly tied to proven operating performance rather than market sentiment or aggressive forward projections

Significant dilution is occurring from Series A onwards

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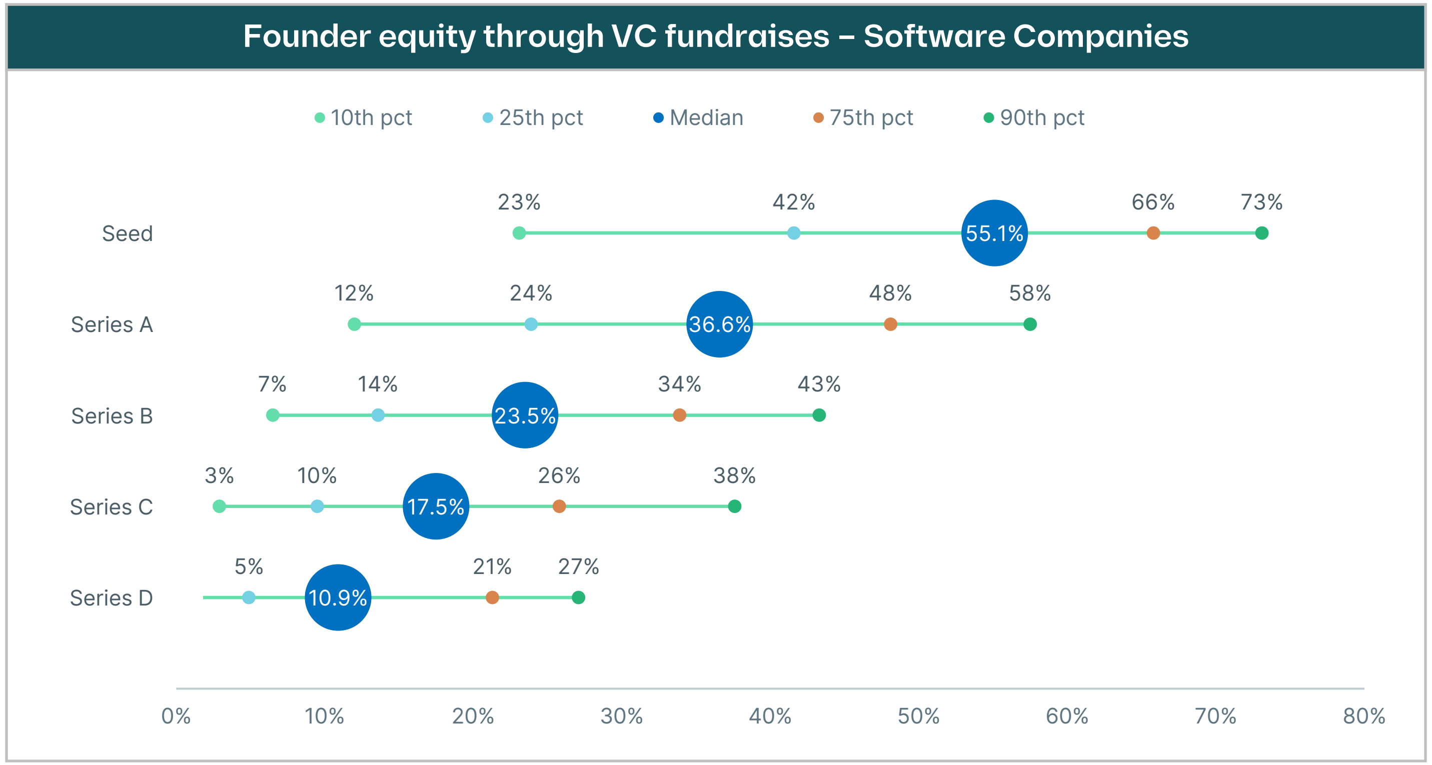

Source: Carta

- There is a wide dispersion at each stage – highlighting that deal terms, dynamics, and capital requirements vary significantly between companies
- Founders raising a Series A round typically retain ~37% ownership at the median, with top quartile teams holding 48–58%
- By Series C, most founders have been materially diluted, with only a small subset (above the 75th percentile) retaining >30% ownership – suggesting either minimal fundraising or exceptional metrics
- These figures reflect a market environment where capital is still available, but there is a trade off between retaining ownership and funding growth

Down rounds are up and cash runway is getting shorter

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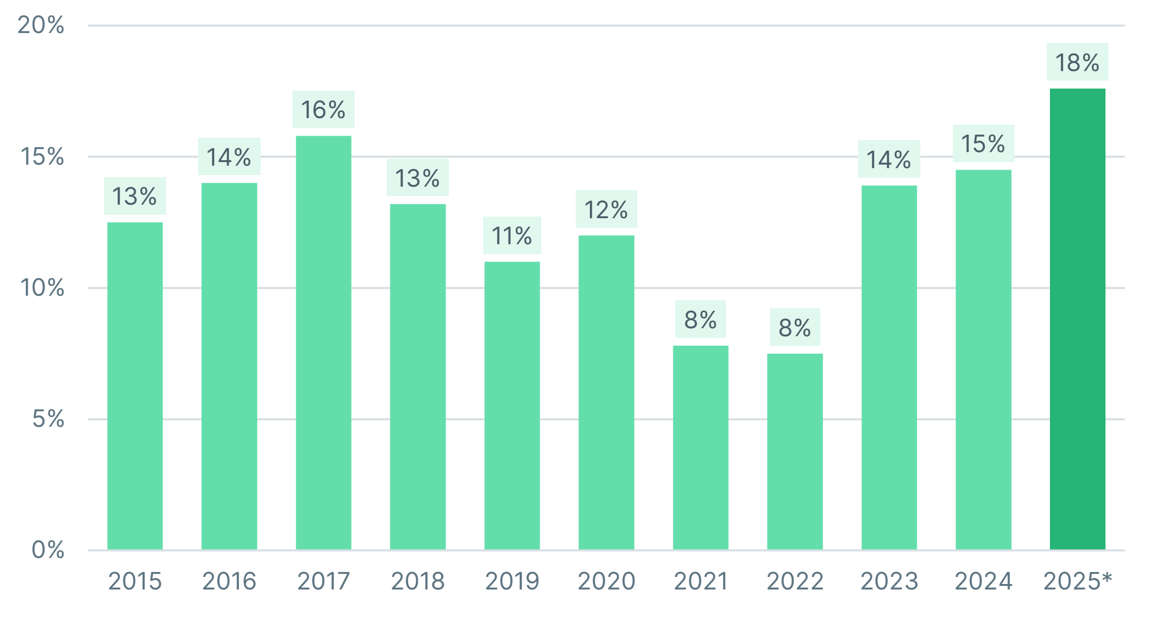
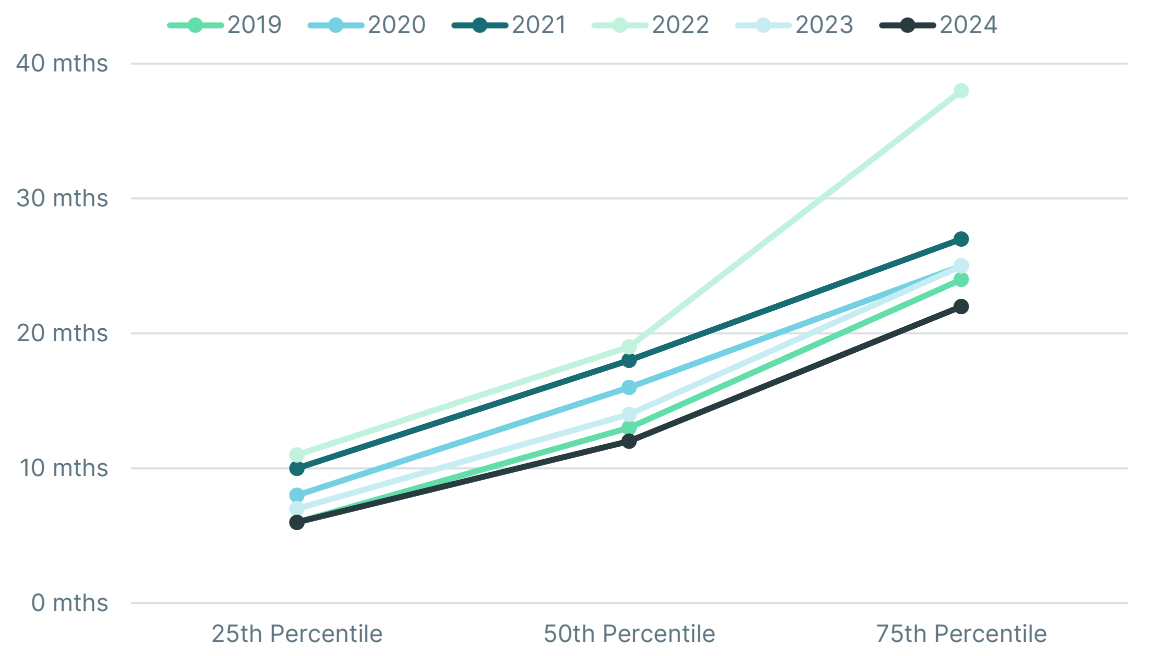
Down Rounds as a Percentage of total VC deals



Source: PitchBook Data, Inc. – Data as of March 31, 2025

Months' Cash runway raised by US VC-Backed Companies – Median



Source: PitchBook Data, Inc.

- Down rounds are at their most prevalent in a decade for US-based companies receiving VC funding, and are now at more than double the rate of 2021
- Similar trends are being seen with companies on Carta, with just over 19% of all new rounds closed on Carta in Q1 2025 being down rounds.

- For those that have been fortunate enough to raise cash, they're raising far fewer months of runway compared to previous years. On a median basis, startups are raising nine months less of runway compared to the boom times of 2021
- To be sure, some of this is supply driven with late-stage capital fleeing the ecosystem. It may also be demand driven, as startups have realised there is such a thing as too much capital

Top end of VC investment market now dominated by AI

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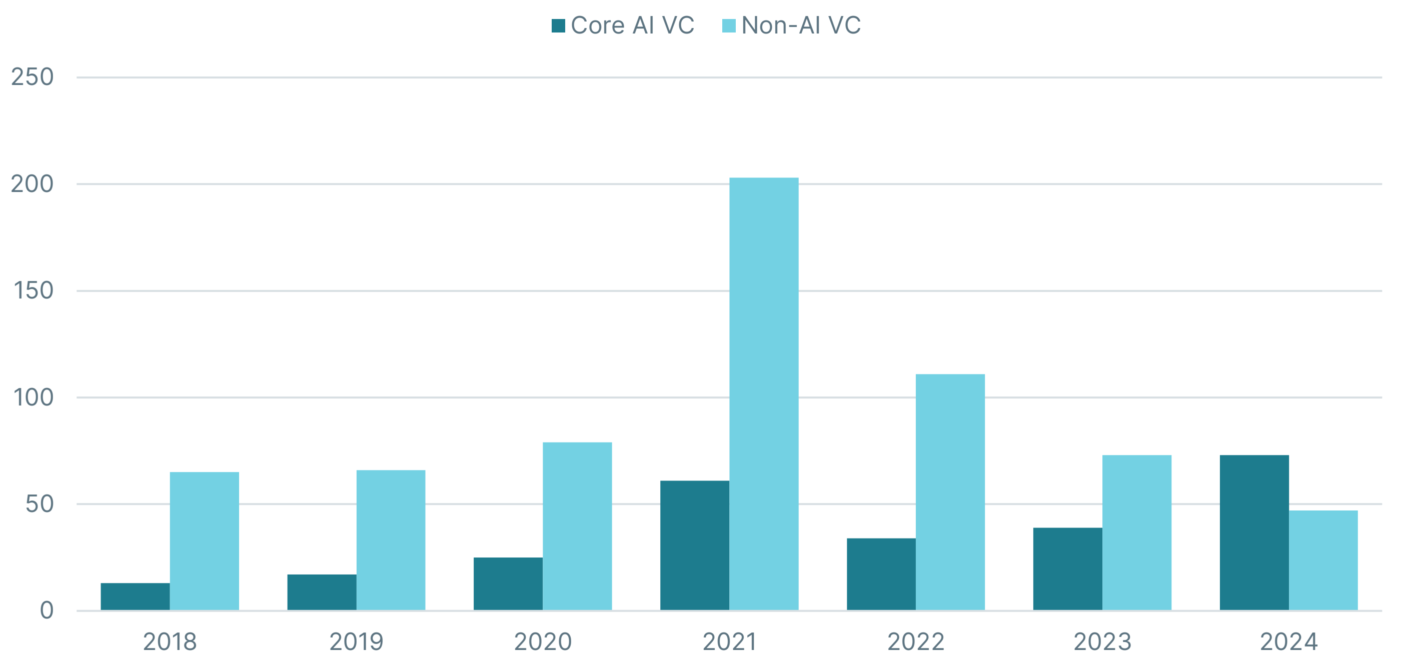
US VC Investment ($b) for Deals over $100m – AI vs Other



Source: Carta

- Core AI deals over $100m have grown markedly since 2018, with 2024 investment volumes matching non-AI deals for the first time, despite broader VC market pullbacks
- Non-AI mega-deal funding peaked in 2021 at over $200b and has since normalised, while AI investment has proven more resilient, reflecting strong conviction from investors in AI's long-term transformative potential
- The intense competition for AI leadership is also playing out in talent markets, with high-profile "soccer-style" transfer announcements for senior technical hires at major AI labs (OpenAI, Anthropic, Google DeepMind), now involving nine-figure compensation packages

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Exits - M&A and IPO activity

Thomas Petrakos

Founder/Director

- 20+ years of advisory, private equity and finance experience across listed and private companies
- Transactional experience includes Venture Capital, Private Equity, strategic acquisitions and sale transactions
- Thomas was Vice President at EM Advisory working across numerous capital raisings and M&A transactions.

M&A deal flow is picking up

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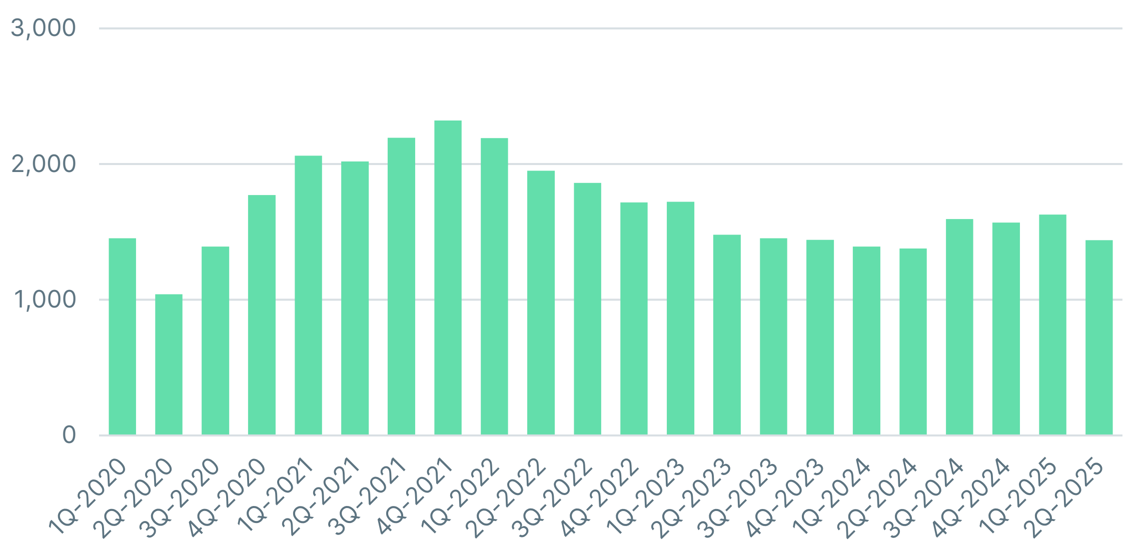
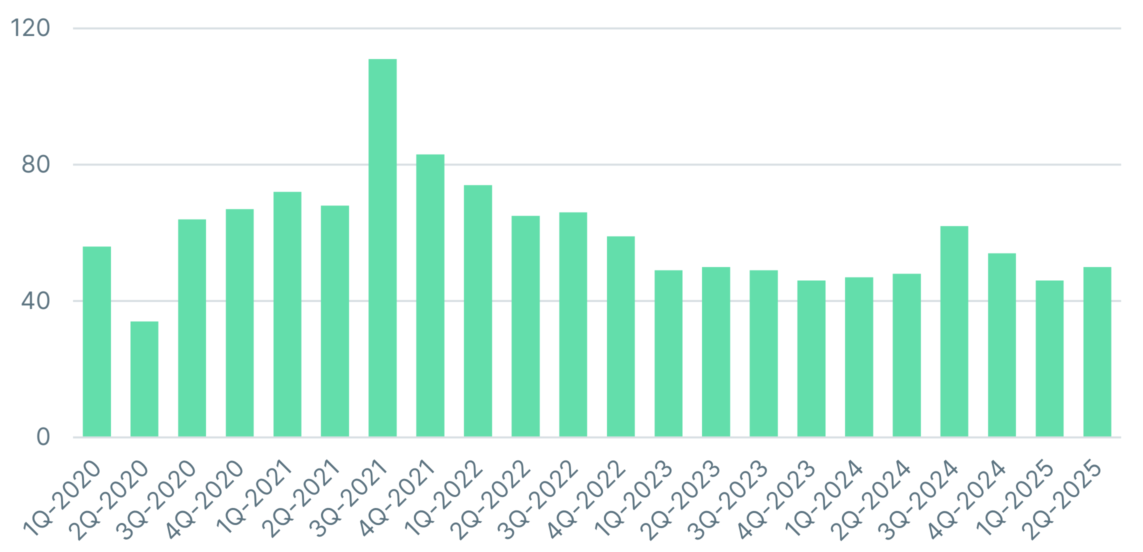
Total Technology M&A Deal Count – Global



Source: PitchBook Data, Inc.

- Global technology M&A deal count remains relatively steady, 10% up 1H25 compared to 1H24 but 3% down from 2H24, but still hovering around the 1,500 per quarter benchmark
- Over half of all M&A transactions are now AI-related acquisitions

Total Technology M&A Deal Count – ANZ



Source: PitchBook Data, Inc.

- ANZ deal count has also trended in line with global numbers, with deal count up 1% in 1H25 as compared to 1H24 but 17% down on 2H24
- 50% of acquirers have been offshore, with Private Equity deployment accelerating, with 35% of all transactions involving a financial sponsor

Bigger deals at higher valuation multiples

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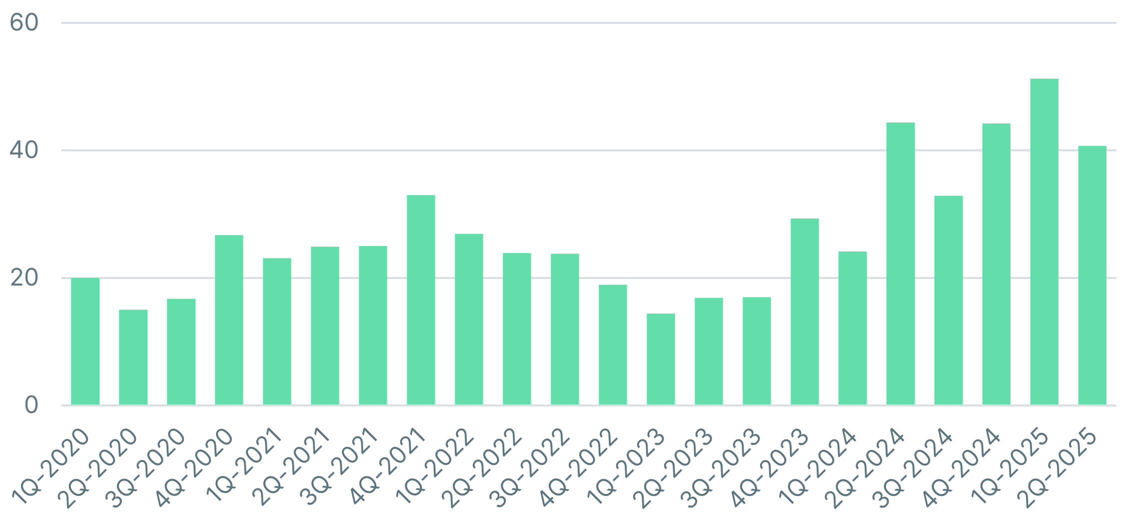
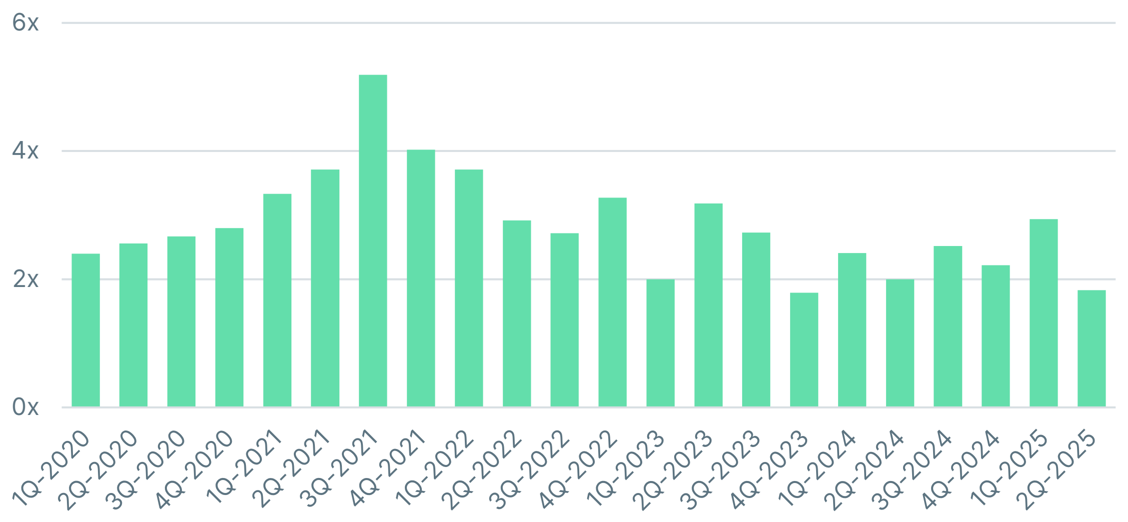
Median Technology M&A Deal Size – Global ($m)



Source: PitchBook Data, Inc.

Median EV/Revenue M&A Deal Valuation – Global



Source: PitchBook Data, Inc.

- Deal size continues to trend up significantly, with the median peaking at in 1Q25 with 40 $500m+ deals (39 $500m+ deals in 4Q24 as compared to the historic high of 31 $500m+ deals in 4Q21)
- A number of megadeals impacted deal size, including:
  - xAI acquiring X (formerly known as Twitter) for $38b
  - Siemens acquiring Altair Engineering for $10.6b
  - Smartsheet's $8.4b LBO by Blackstone, Vista Equity Partners et al

- Despite the significant increase in deal size, EV / revenue multiple is on average flat, 2.35x revenue for both 1H25 and 2H24
- Deals under 1x EV / revenue remain persistently high at 32% in 2Q 2024 compared to just 19% at the 3Q 2021 peak, demonstrating that the "flush through" of poor performing companies continues

Deals are taking longer

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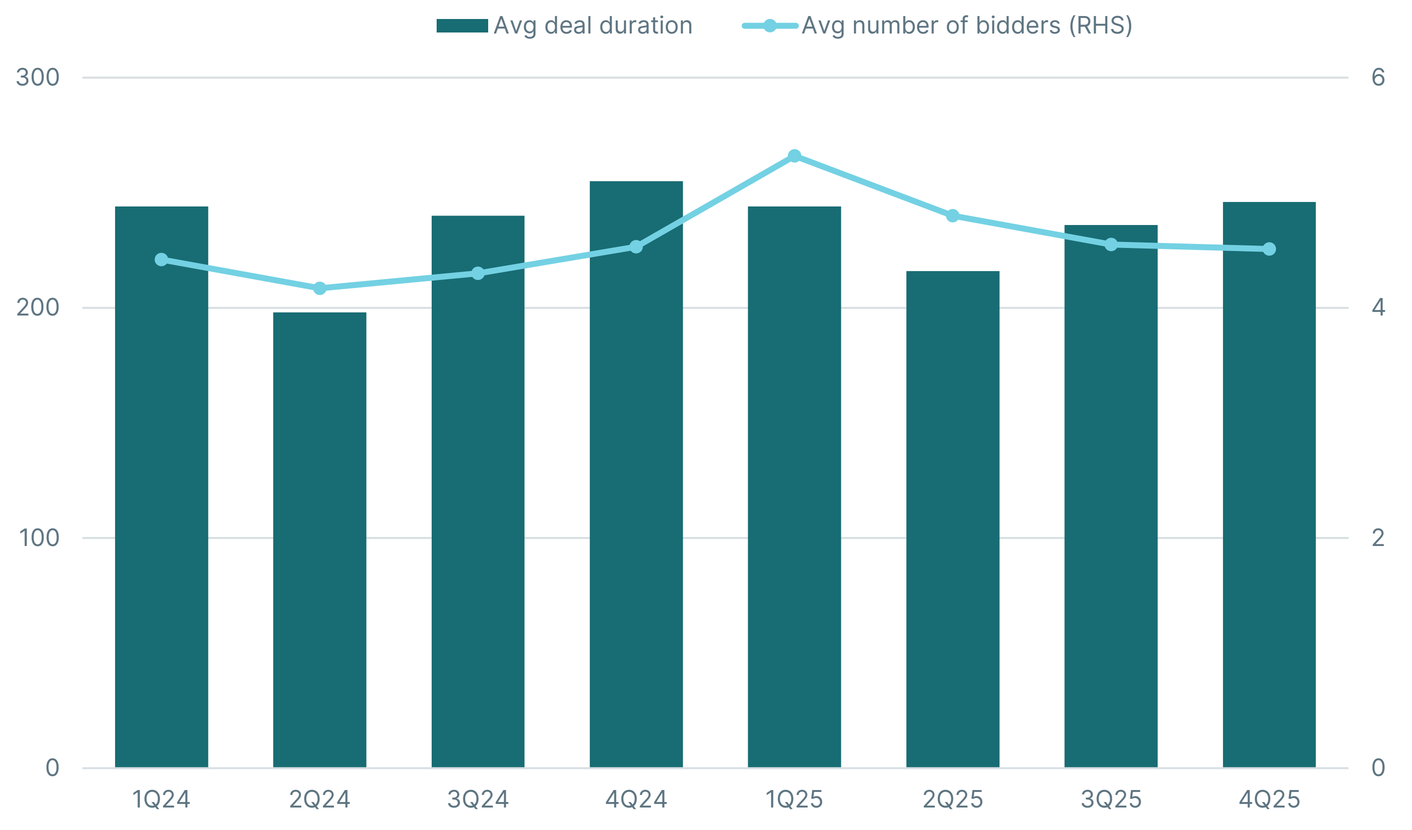
ANZ Average deal duration (days) and number of bidders



Source: Ansarada

- The average deal that closed in 4Q25 took 246 days, 5% above the FY24 average
- The number of bidders has reduced from a peak of 5.32 in 1Q25 to 4.51 per transaction in 4Q25

Growth falls sharply leading up to M&A

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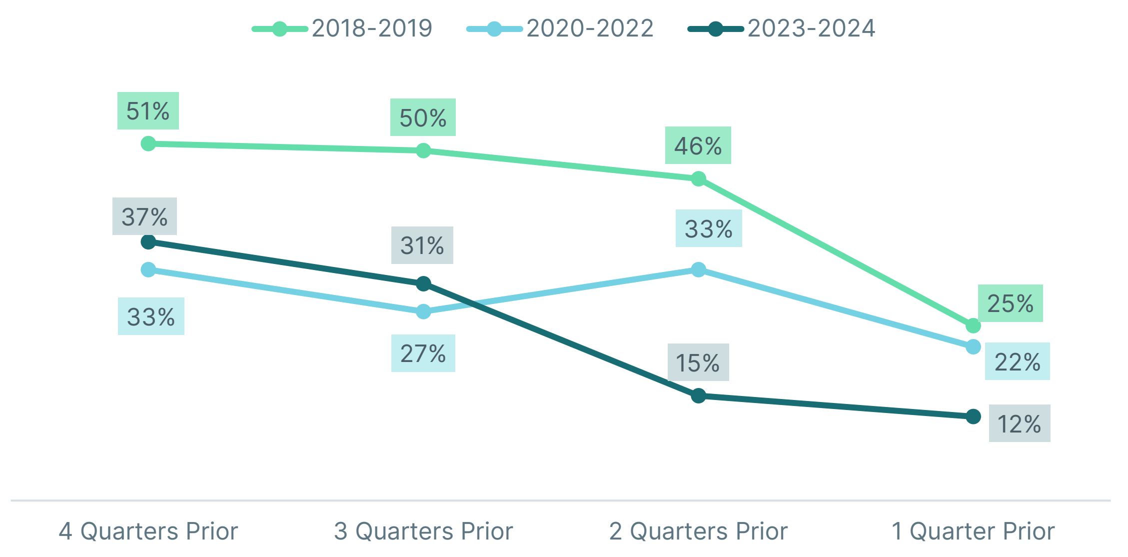
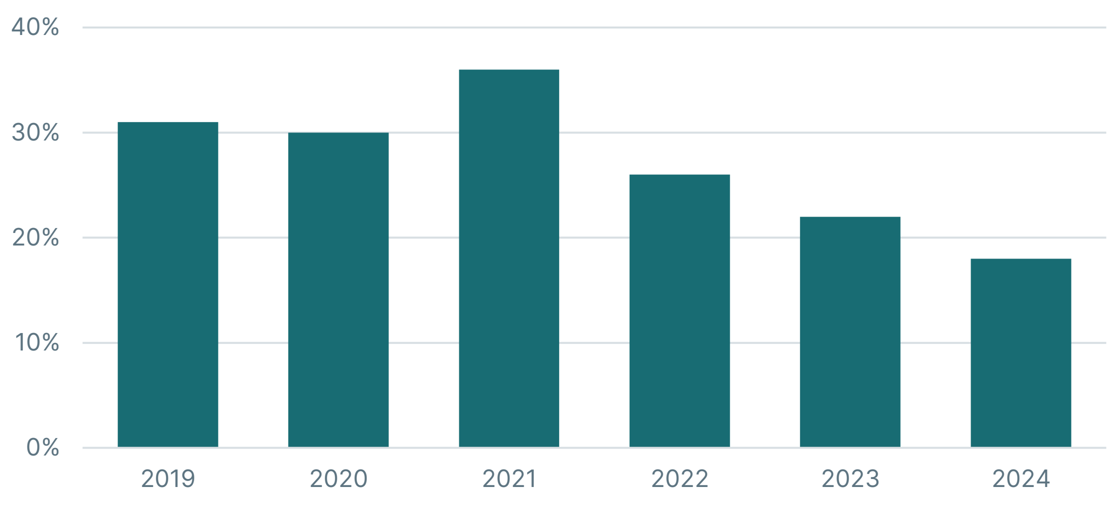
Median Revenue Growth Four Quarters Prior to Acquisition



Source: Silicon Valley Bank

Share of US VC-Backed M&A deals with Disclosed Valuations



Source: Silicon Valley Bank

- Not only has revenue growth prior to acquisition been slower in general across recent years (2019-19: 43%, 2023-24: 24%), the slow down prior to sale has been more pronounced:
  - 2018-19: 51% slowdown 4Q to 1Q out from sale
  - 2020-22: 33% slowdown 4Q to 1Q out from sale
  - 2023-24: 68% slowdown 4Q to 1Q out from sale

- Valuations have been increasingly held back from being disclosed, an indicator that a higher proportion of acquisitions have not been optimal for sellers

IPO markets continue to languish but there is hope

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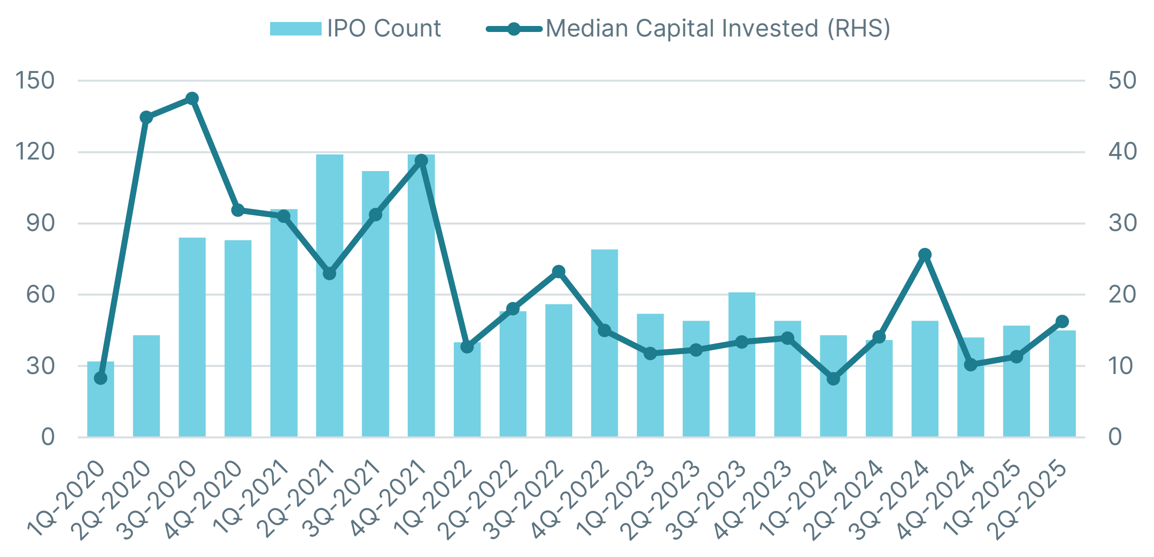
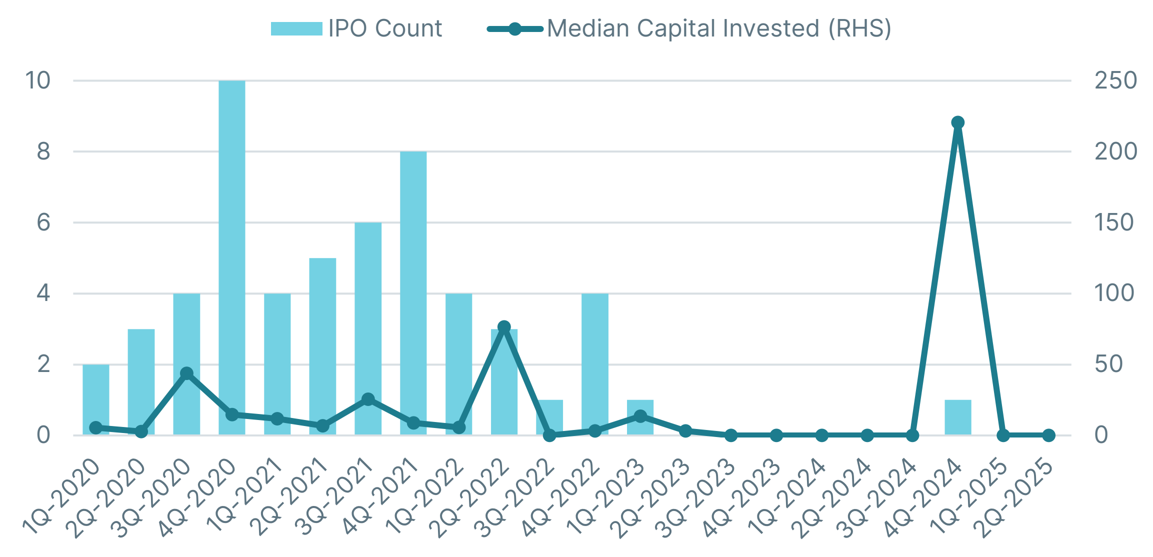
IPO Deal Count & Median Capital Invested – Global ($m)



Source: PitchBook Data, Inc.

IPO Deal Count & Median Capital Invested – ANZ ($m)



Source: PitchBook Data, Inc.

- Global tech IPO count has bottomed out, a 10% increase 1H25 to 1H24
- Despite 3Q24 median capital raised being an anomaly due to the likes of ARM, Instacart and Klaviyo listing, 1H25 median capital raised is up 24% on 1H24
- The very recent and highly successful listing of Figma at the start of August (250% day one increase), may just be the shot in the arm needed to bust open the IPO window in the US

- Apart from Cuscal in 4Q24, the tech IPO Winter in ANZ has been excruciating, now approaching 2 years of inactivity
- Whilst the rest of 2025 is likely to be quiet given lead times, with interest rates set to drop and a renewed focus on growth, 2026 should see a number of tech IPOs, but expect only top tier opportunities to make the transition

More US Tech Unicorns than ever, most unlikely to IPO

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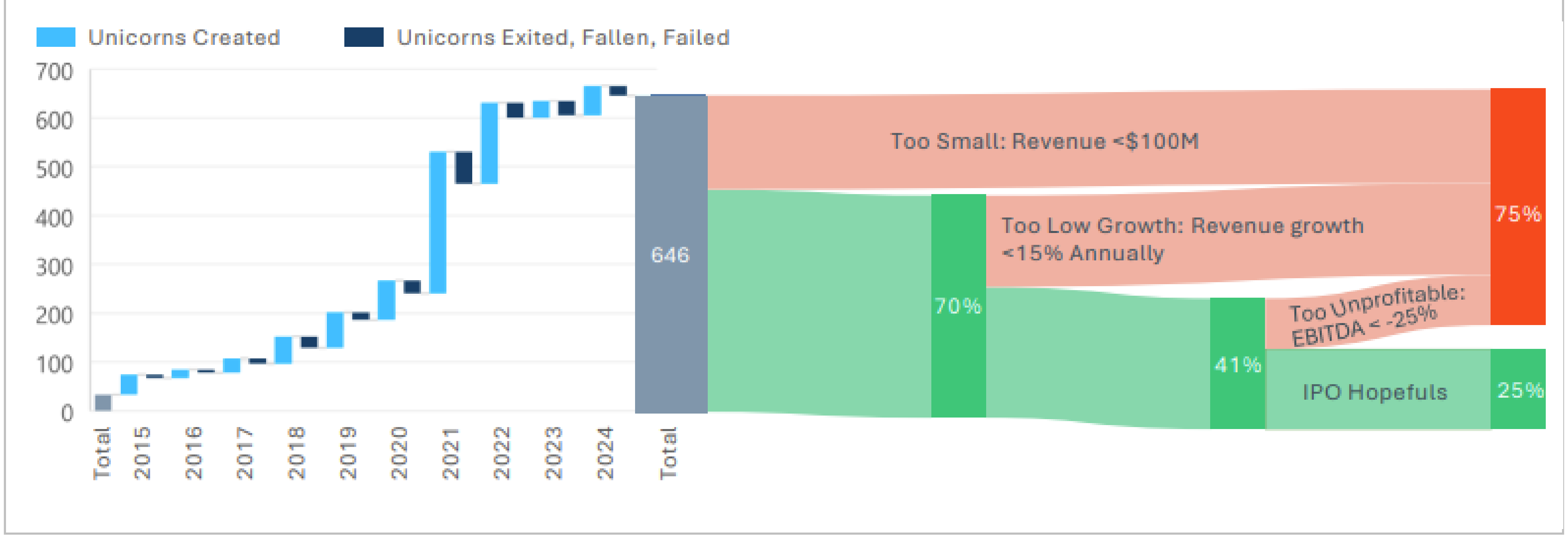
Number of VC backed tech Unicorns and breakdown of IPO likelihood



Source: Silicon Valley Bank

- 75% of US tech unicorns are considered "un-IPO-able", with 30% being too small (less than $100M in annual revenue), ~35% growing too slowly (sub 15% p.a) and ~10% being too unprofitable / cash burning
- Those that are able to list are likely to find stronger investor support and sentiment

Getting on the boards is typically coming at a discount

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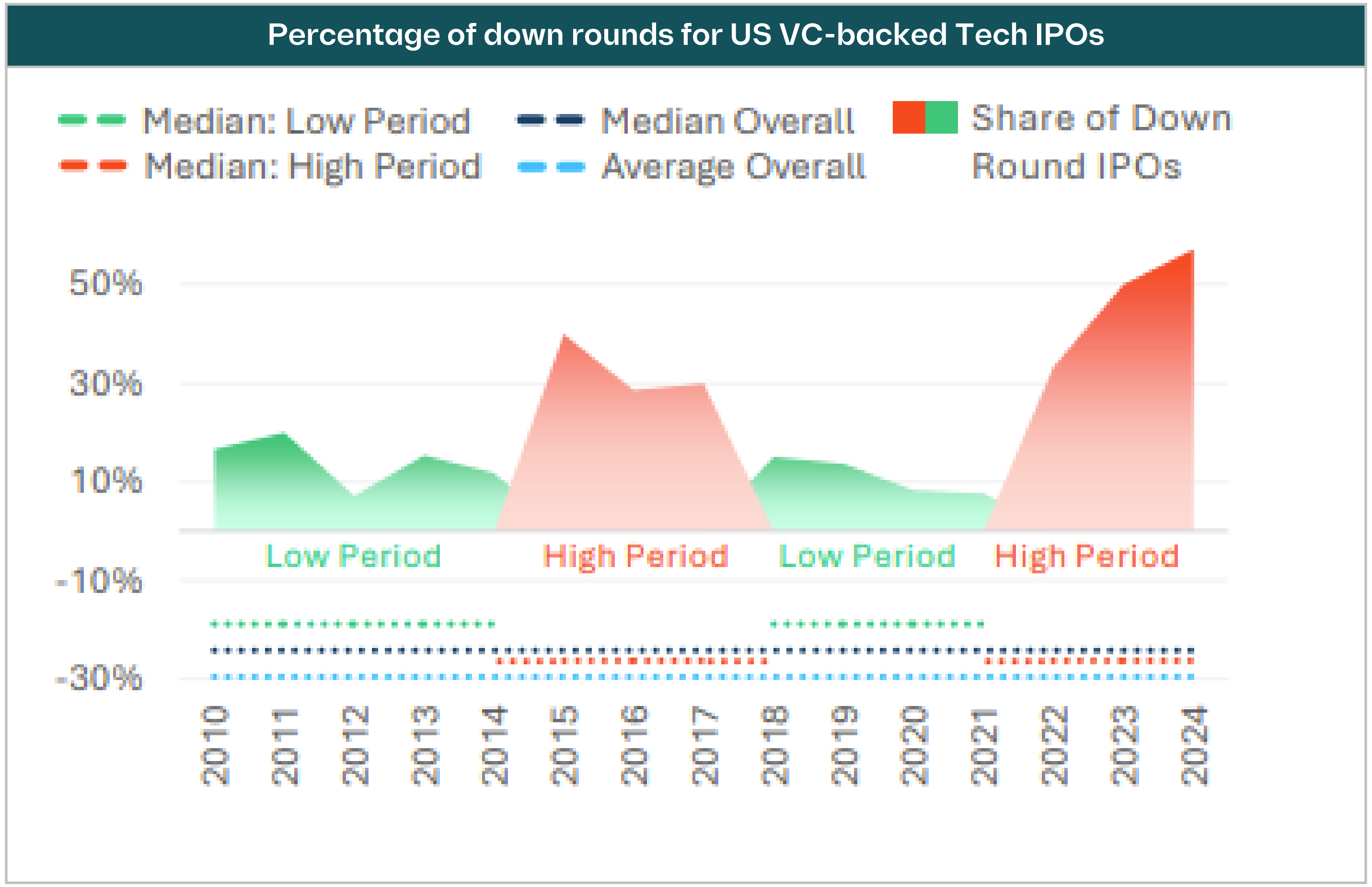

Source: Silicon Valley Bank

- The number of VC-backed tech down round IPOs hit a recent high of 57% for 2024, providing a re-rating from 2020 / 2021 highs
- The median down round IPO discount is closer to ~23%, with oscillation between -15% to -26%

Secondary discounts are firming but not all is as it seems

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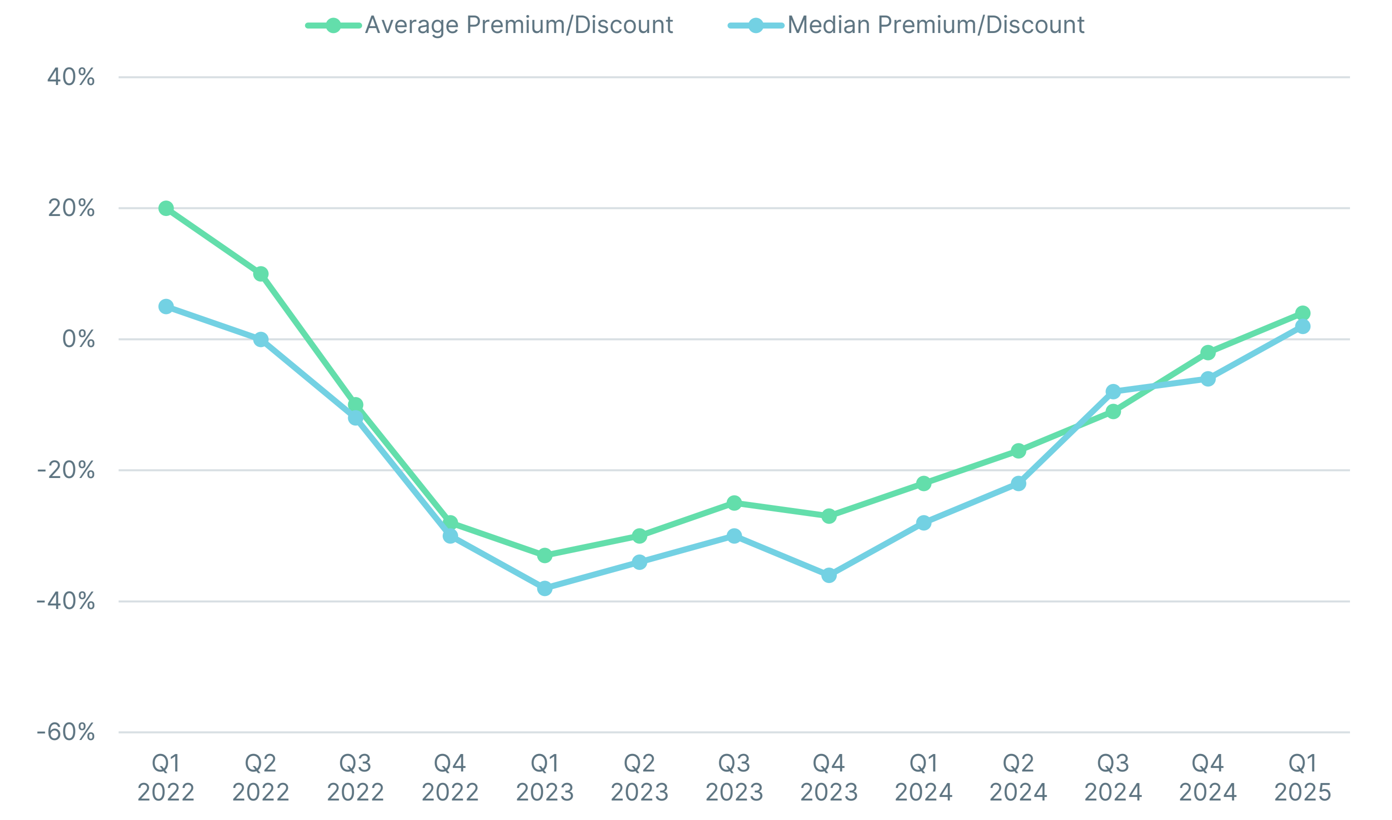
Median and average secondary premium / discount to last VC round



Source: Silicon Valley Bank

- Average secondary valuation to the last round has most recently moved from a discount to a premium, however this is concentrated amongst brand-named, unicorn privates
- Secondaries in mid-tier VC backed companies are anecdotally seeing a 30% to 60% discount

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Public Markets, Valuations & Other

Paul Tontodonati

Founder/Director

- Investment and advisory experience across Australia and Europe
- Transactional experience spans Venture Capital, Debt origination, M&A and derivative markets
- Previously at Luxembourg based DAM Capital Management, Paul managed a €250m equity and high yield debt portfolio

Nth American listed SaaS valuations a mixed bag

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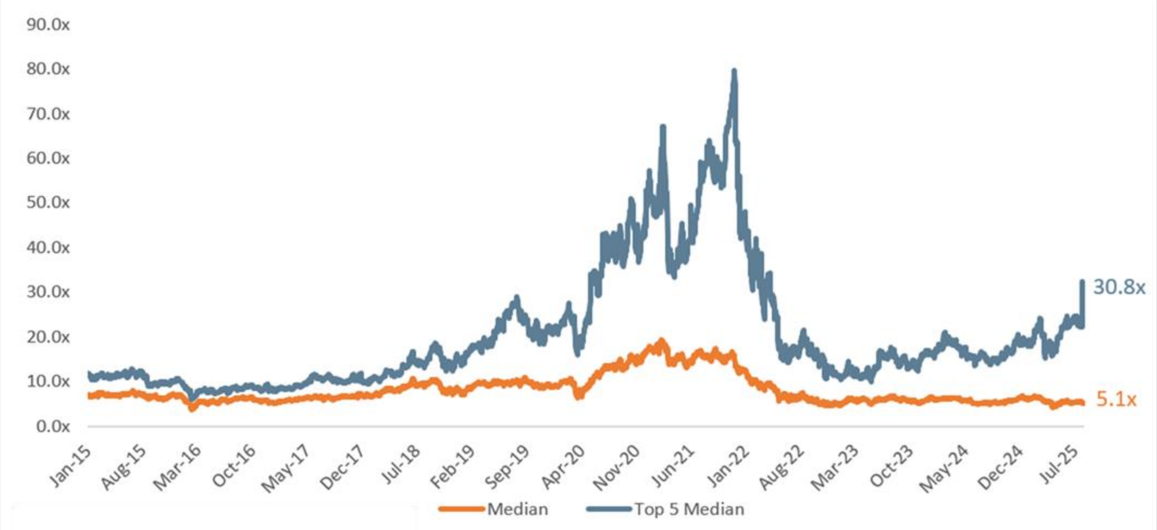
EV / NTM Revenue Multiples (by growth cohort)

Source: Clouded Judgment blog, Jamin Ball – 8/8/25

EV / NTM Revenue Multiples (Top 5 vs median)



Source: Clouded Judgment blog, Jamin Ball – 8/8/25

- Graphics are taken from Jamin Ball's Clouded Judgement weekly newsletter that tracks SaaS trends and valuations
- Cohorts on the left graphic are defined by growth rates; high growth >25%, mid growth 15%-25%, and low growth <15%, noting that these companies are typically of significant scale (so growth becomes increasingly harder)
- Since March, high-growth software names have seen a dramatic re-rating. Median EV/NTM revenue multiples have jumped from ~15.0x to 21.3x, a 40%+ increase

- The Top 5 (by EV to NTM Revenue) are currently Palantir (88x), Figma (33.5x) Cloudflare (30.4x), CrowdStrike (20.5x), Shopify (15.9x)
  - Palantir's valuation is supported by hitting Rule of 85, with 40% revenue growth and a 45% FCF Margin
- The overall median of 5.1x remains 30% below the pre-COVID average of 7.8x and continues to show very limited signs of life
  - It was 5.2x at the last update in Apr 2025

Valuation multiples are back to pre-COVID levels

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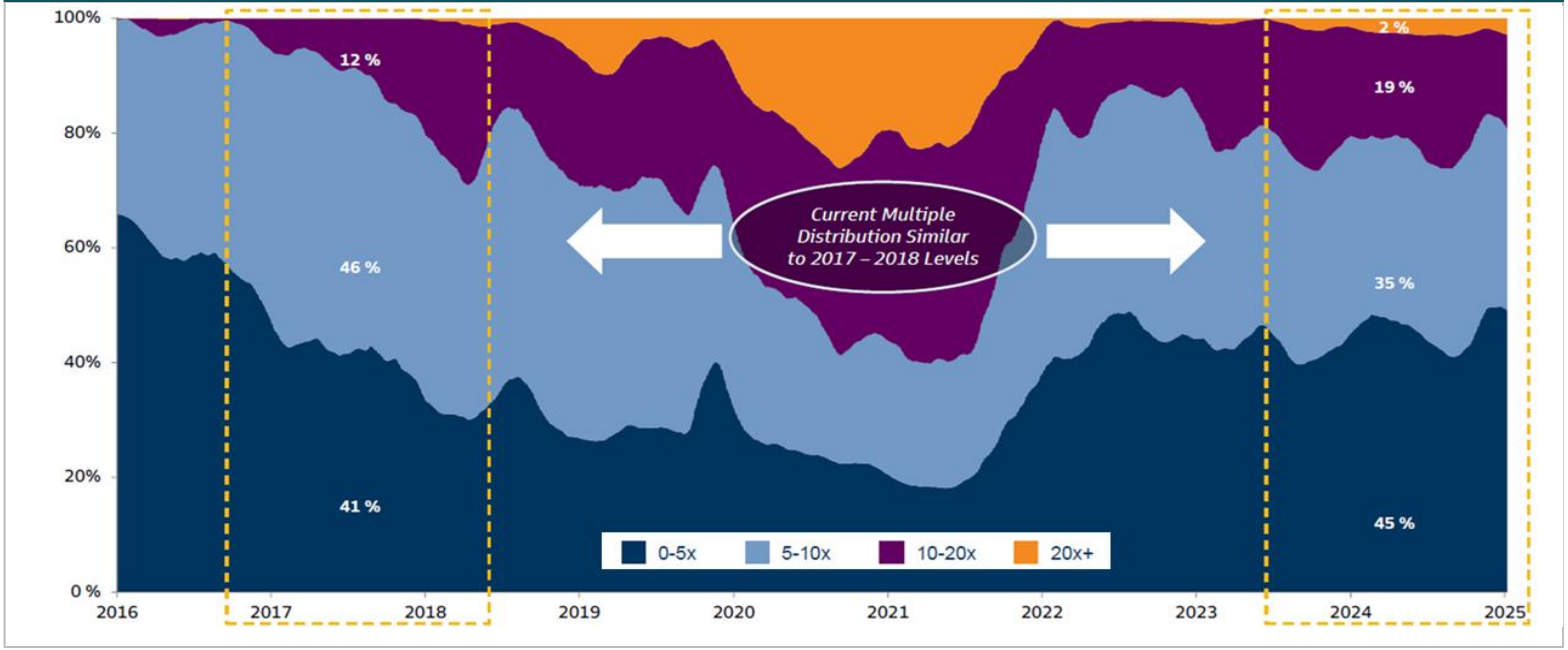
% of Public Software Companies Trading at Various Revenue Multiples



Source: Goldman Sachs Software Monthly Mailer July 2025

- Valuation multiples have normalized to 2017–2018 levels
- Only 2% of companies now trade at 20x+ revenue, down from ~25% in 2021
- 80% of software companies trade below 10x, reflecting a value-driven market

What is the market telling start-ups?

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Correlation between Revenue Growth and Rule of 40 to Revenue Multiples

Source: Goldman Sachs Software Monthly Mailer July 2025

- From 2021 to mid 2022 valuations were driven by pure growth ("growth at all costs") with profitability was largely ignored
- In mid 2022–early 2023 the market flipped to "profitability first“, with the Rule of 40 becoming the dominant valuation driver
- Growth regained favour from mid 2023 – early 2024 though efficiency remained relevant and since early 2025 investors are balancing growth and profitability, particularly with the macro uncertainty (e.g. tariffs)

SaaS growth rates remain under pressure

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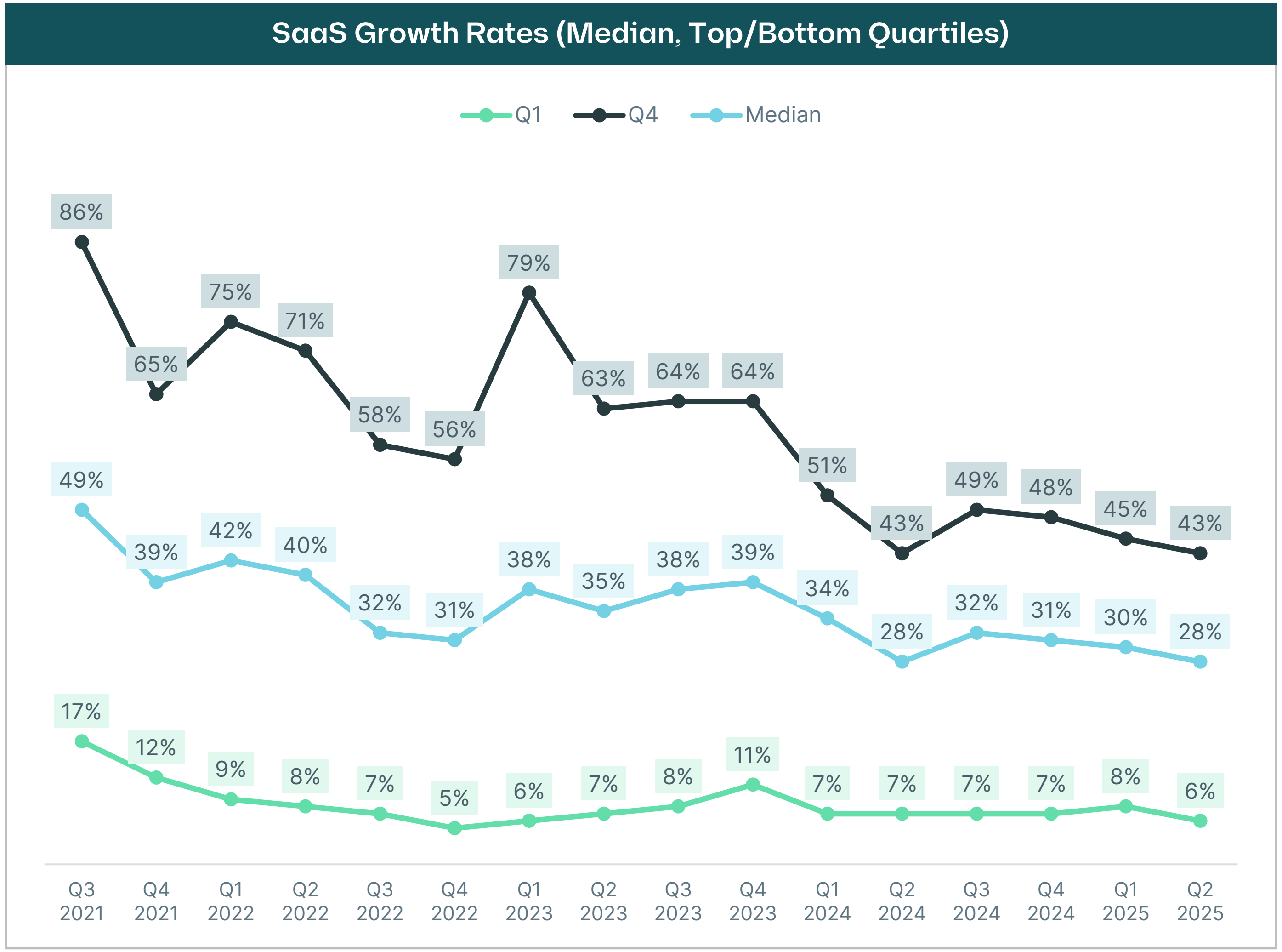

Source: Chartmogul SaaS Benchmarks, July 2025

- Median growth rate has nearly halved from 3Q21 to 2Q25 indicating a broad market slowdown across mid-sized SaaS businesses
- The bottom quartile are consistently delivering less than 10% growth since 2022, with little recovery – highlighting continued struggles for underperformers
- The widen and sustained gap between top and bottom performers underscores a bifurcated market where operational excellence and go-to-market strength remain key differentiators

ASX companies hitting Rule of 40 are being rewarded

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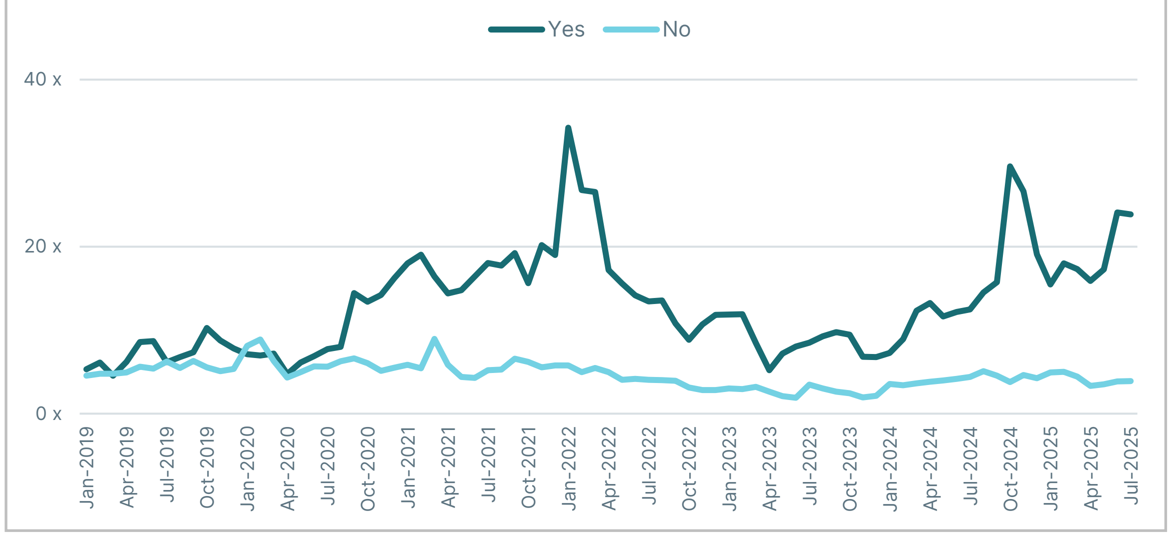
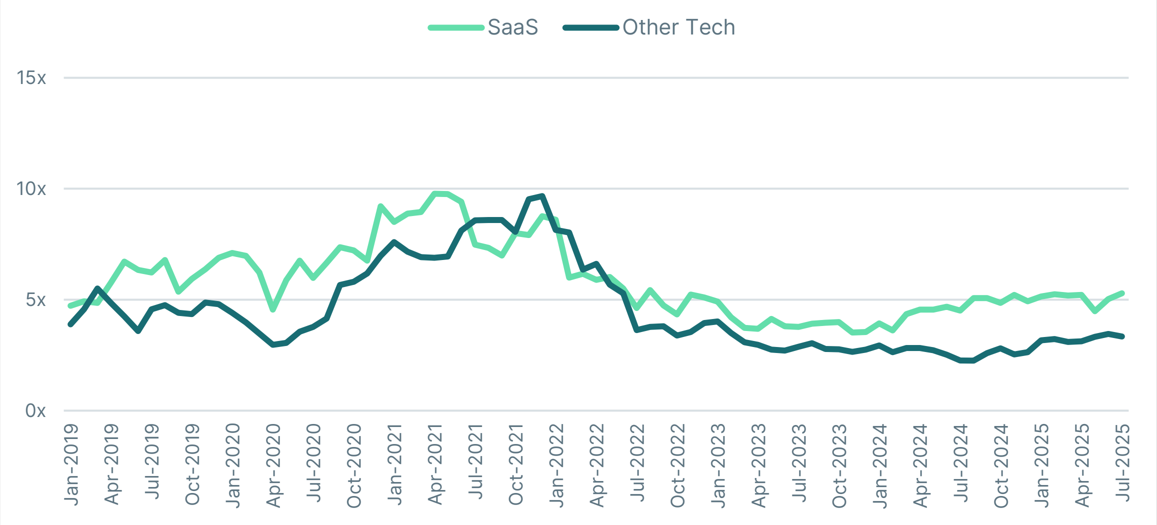
Median EV/Revenue Multiple – Rule of 40



Source: PitchBook Data, Inc.

Median EV/Revenue Multiple – SaaS vs Other



Source: PitchBook Data, Inc.

- Companies that meet the Rule of 40 trade around the low-20x EV/Revenue, while those that don't are in the low single digits.
- Since early 2024, both groups have risen, but Rule-of-40 companies climbed faster, widening the gap. The spread is now near its widest.
- ASX listed companies meeting Rule of 40 are ProMedicus, Chrysos Corp, HUB24 and Xero

- Historically there has been a significant premium associated SaaS companies vs non-SaaS peers, due to their perceived higher quality revenue streams
- The range between SaaS and Other Tech valuation multiples has widened since early 2023 and remains significant (5x vs 3.5x)
- Fintech companies have been excluded from the above analysis

Strong support for high-growth & profitable SaaS firms

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EV / Revenue multiples by Growth & Profitability Bucket (SaaS only)

	<20% revenue growth	≥20% revenue growth
≥0% EBIT margin	**Low growth, Profitable** *Median EV / Revenue ~5.5x* bravura solutions, energyone, iress, INFOMEDIA, VISTA GROUP, Objective, nuix, wisetech global, Reckon, RPMGLOBAL, technologyone	**High Growth, Profitable** *Median EV / Revenue ~23.2x* pro medicus, xero, HUB24
<0% EBIT margin	**Low growth, Pre-Profit** *Median EV / Revenue ~3.8x* ALCIDION, urbanise, dubber, Qoria, SiteMinder, PROPHECY, appen, wrkr, serko, readytech, envirosuite	**High growth, Pre-Profit** *Median EV / Revenue ~4.6x* MACH7, Pointerra, felix, acusensus, CHRYSOS CORPORATION, Life360

- Markets continue to reward profitable growth, with lower-growth/profitable businesses valued more than high-growth/pre-profit companies
- The greatest multiple expansion over the last 6 months has been with slow growth and unprofitable businesses (median valuation multiples increasing to 3.8 from 3x) and high growth and profitable companies (multiples increasing to 23.2x from 15x)

*** Envirosuite & Infomedia are under takeover offer*

Acquired since last update

Dropsuite, Bigtincan™

Source: PitchBook Data, Inc. based on 1/3/25 data (or most recent LTM captured by Pitchbook)

Demonstrating DPI is harder than ever

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% of US VCs that have returned at least $1 of DPI (Vintages between 2017 – 2022)

Source: Carta

- DPI takes years to materialize, with only 36% of 2019 funds returned any capital after 5 years vs 72% of 2017 funds.
- Despite talk of secondaries, real liquidity is limited, making it hard for emerging managers to show DPI or raise new funds.
- Many LPs backed funds aggressively in the boom, leaving little room for new commitments.
- Emerging VC managers should consider taking chips off the table and demonstrating returns to LPs when possible. Many who didn't in 2021 may now regret it.

Survey Results

Survey Results (1/2)

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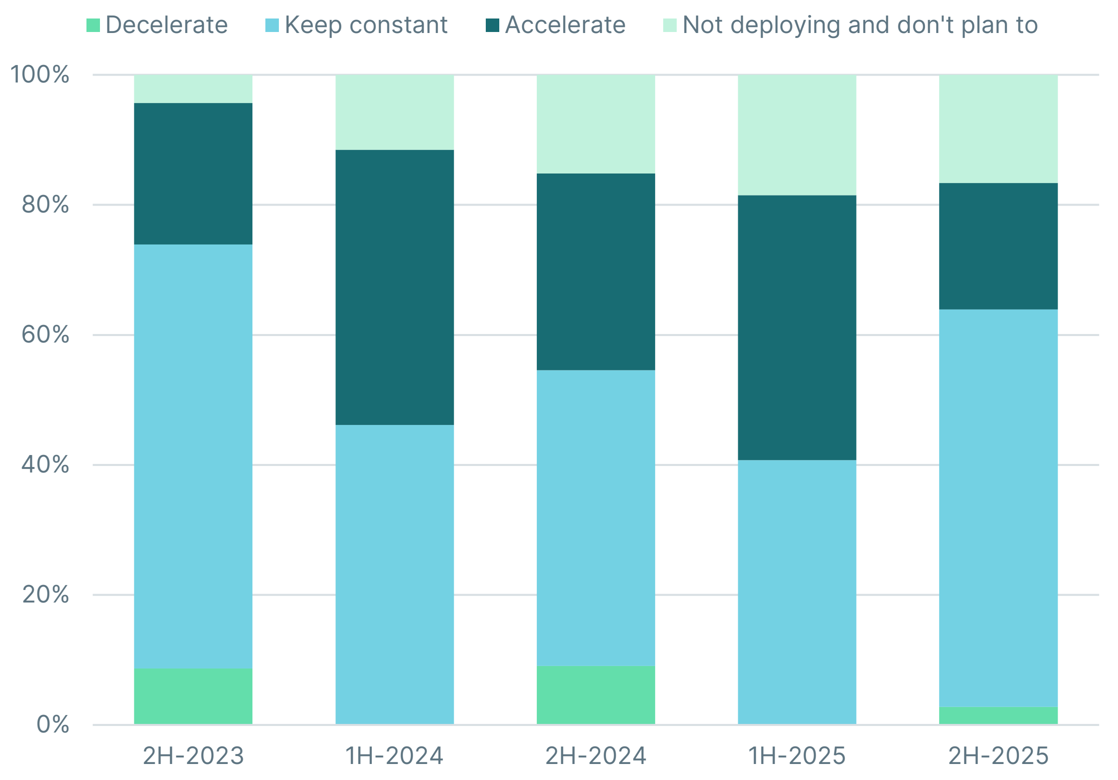
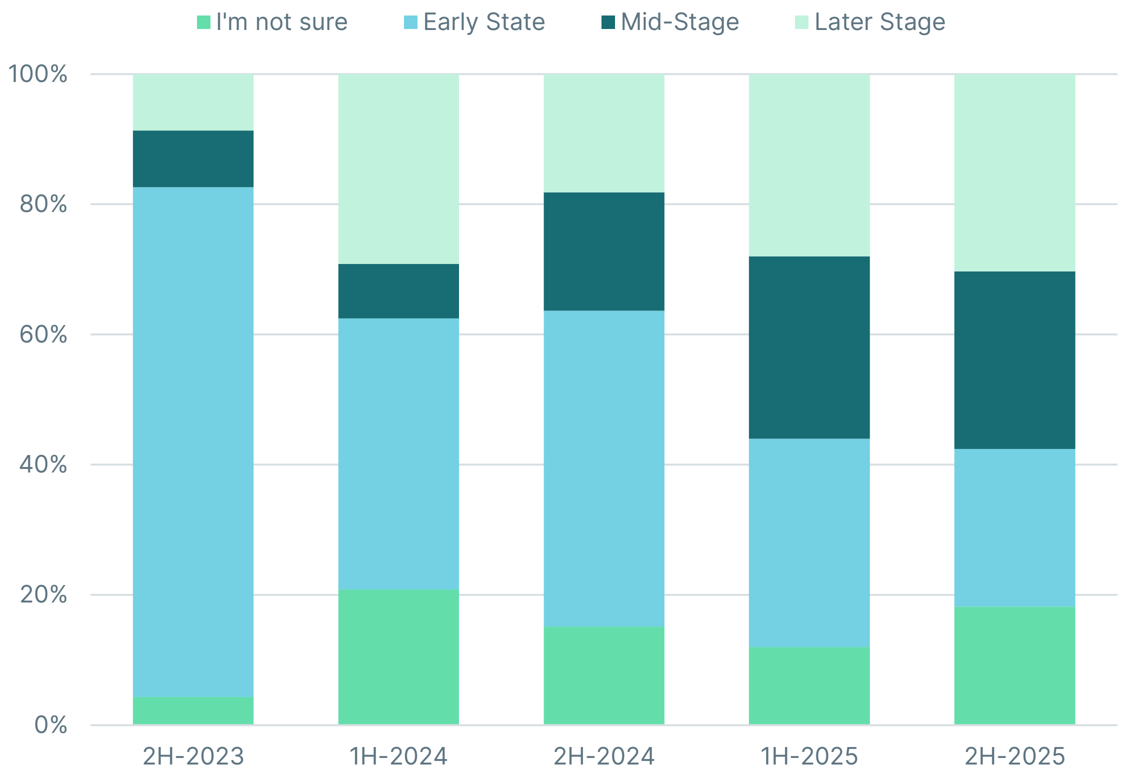
Are you planning to accelerate, decelerate or keep constant your deployment of capital in technology companies over the next 6 months?



Where do you think there is currently the MOST SUPPLY of capital for technology businesses? (i.e. most competition for deal-flow)



Survey Results (2/2)

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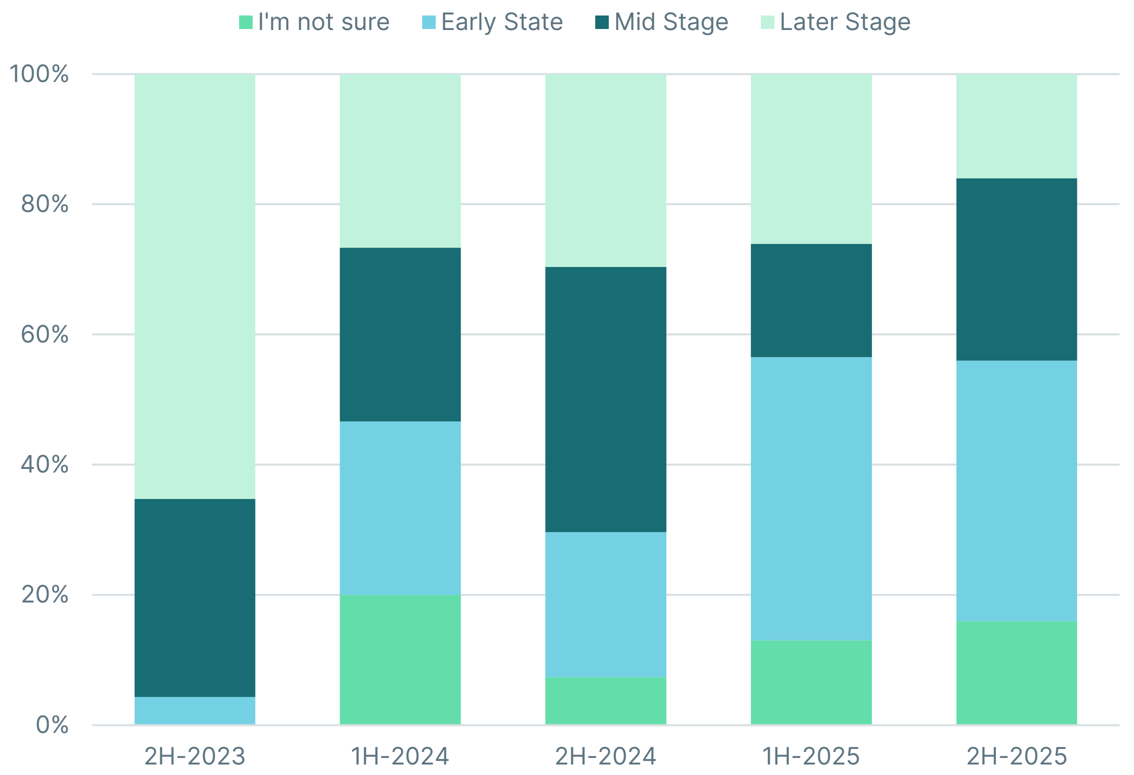
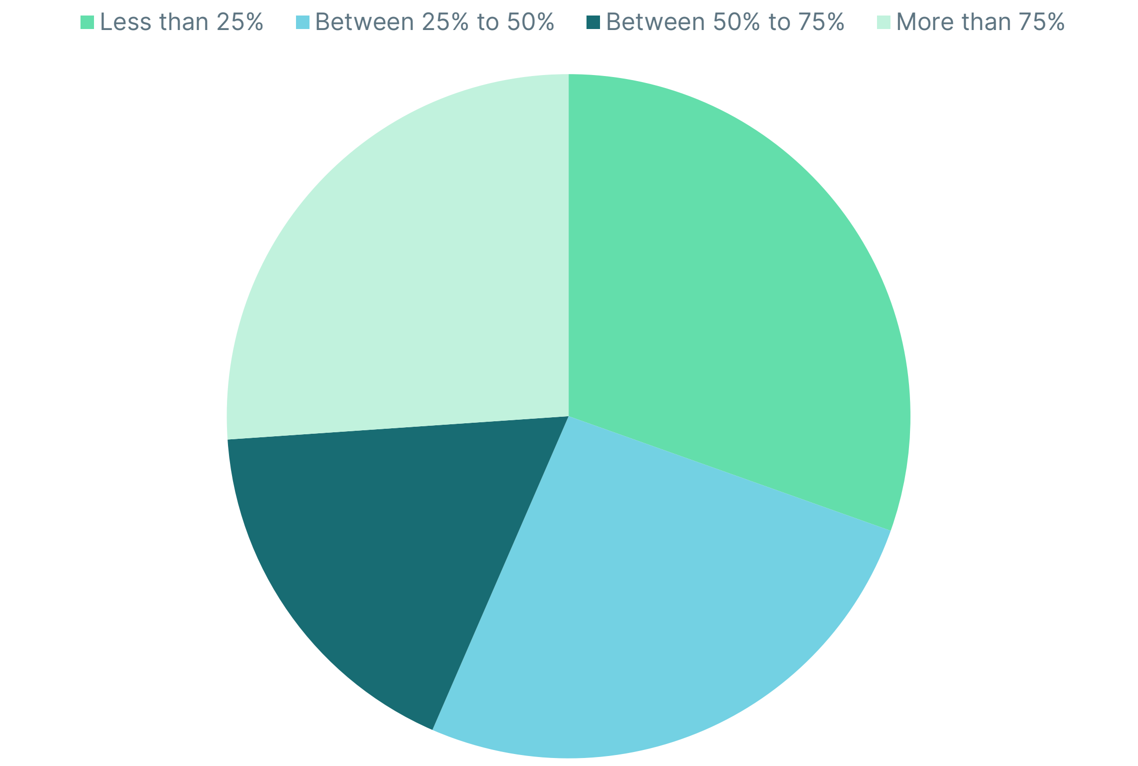
Where do you think there is currently the LEAST SUPPLY of capital for technology businesses? (i.e. least competition for deal-flow)



How much of your latest fund (or personal allocation towards Venture) have you deployed? (excluding reserves for follow-on investments)



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