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April 2025

# VC & Technology Capital Markets Update

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

Pin Payments
**Undisclosed**
Sale of business to Fat Zebra

tixel
**$9,855,000**
Series B capital raise

FRED
**Undisclosed**
Sale of business to Telstra

Ordermentum
**$16,000,000**
Series C capital raise

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

TeachStarter
**$20,500,000**
Sale of business to Tes Global

CartonCloud
**$12,000,000**
Series A capital raise

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

# Deployment into tech deals remains somewhat subdued

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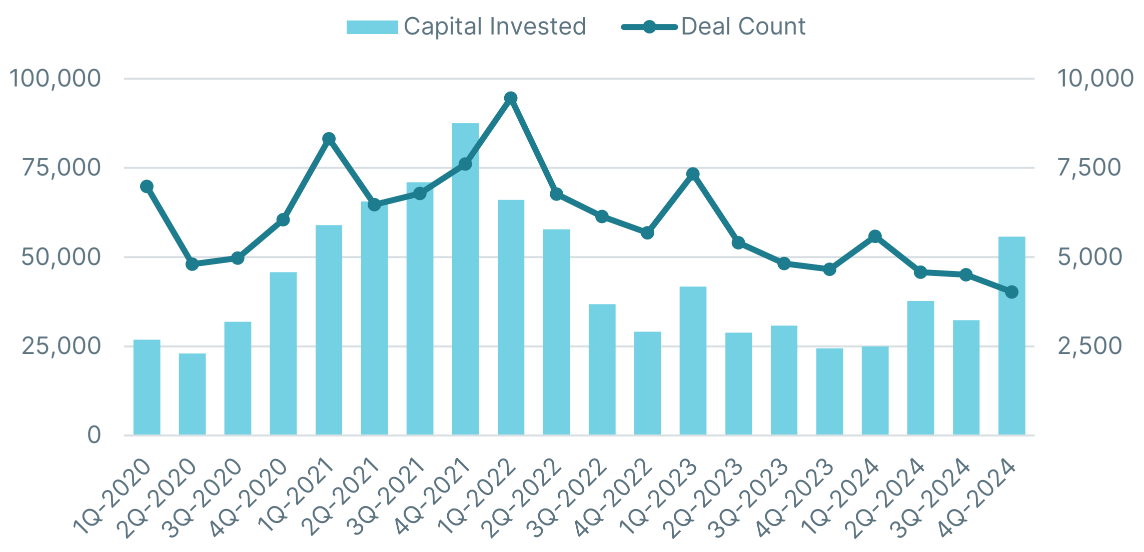
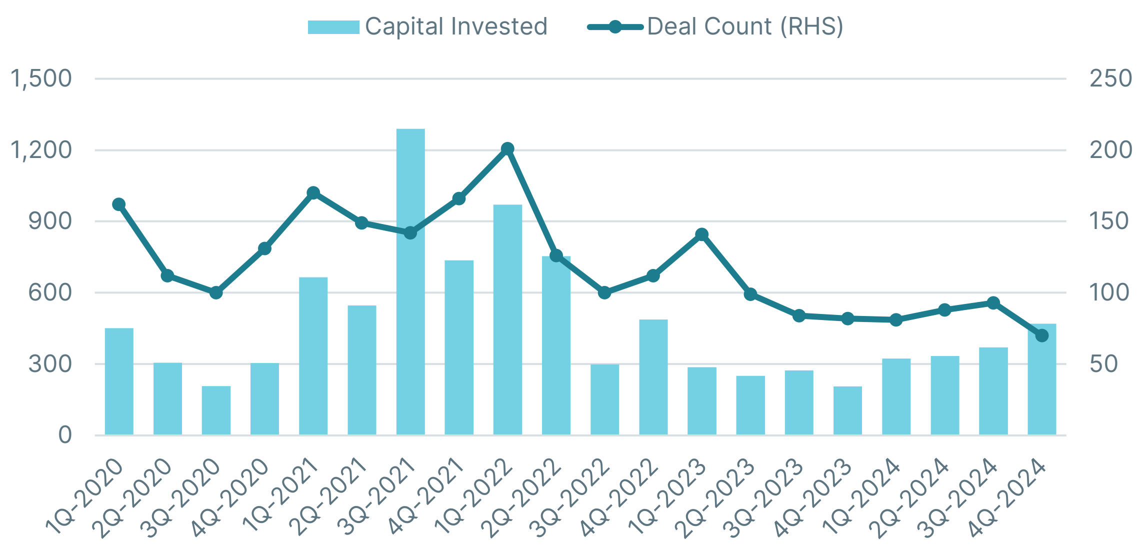
### Volume and Quantum of Tech Co. Raises – Global ($m)




*Source: PitchBook Data, Inc.*

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




*Source: PitchBook Data, Inc.*

- 4Q-2024 has seen an uptick in total capital invested, due to a larger number of significantly-sized raises occurring in recent months, including:
  - Databricks raising $10b+
  - OpenAI raising $6.6b
  - xAI raising another $6b
  - Anthropic raising $4b
  - Greenscale raising $1.3b

- General trend of larger cheque sizes being deployed also applies to ANZ
- Notable local rounds have included:
  - Q-CTRL raising A$167m
  - SafetyCulture raising A$165m
  - Auror raising NZ$82m
  - GROW raising A$66.5m
  - Qsic raising A$40m

# Deal counts are flat

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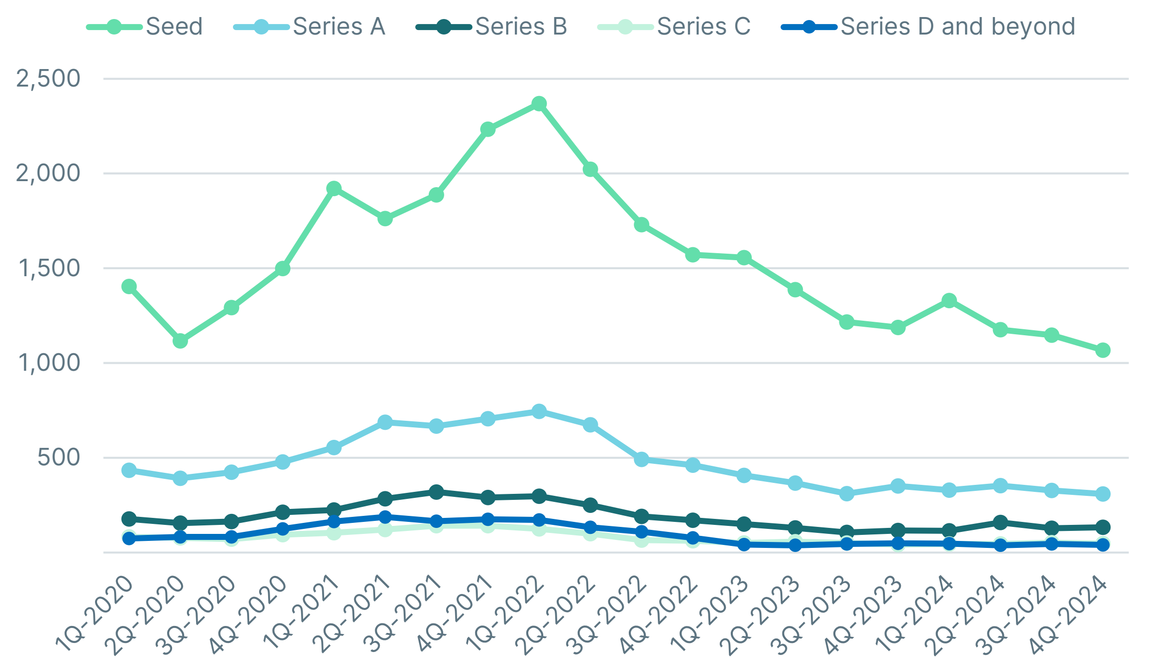
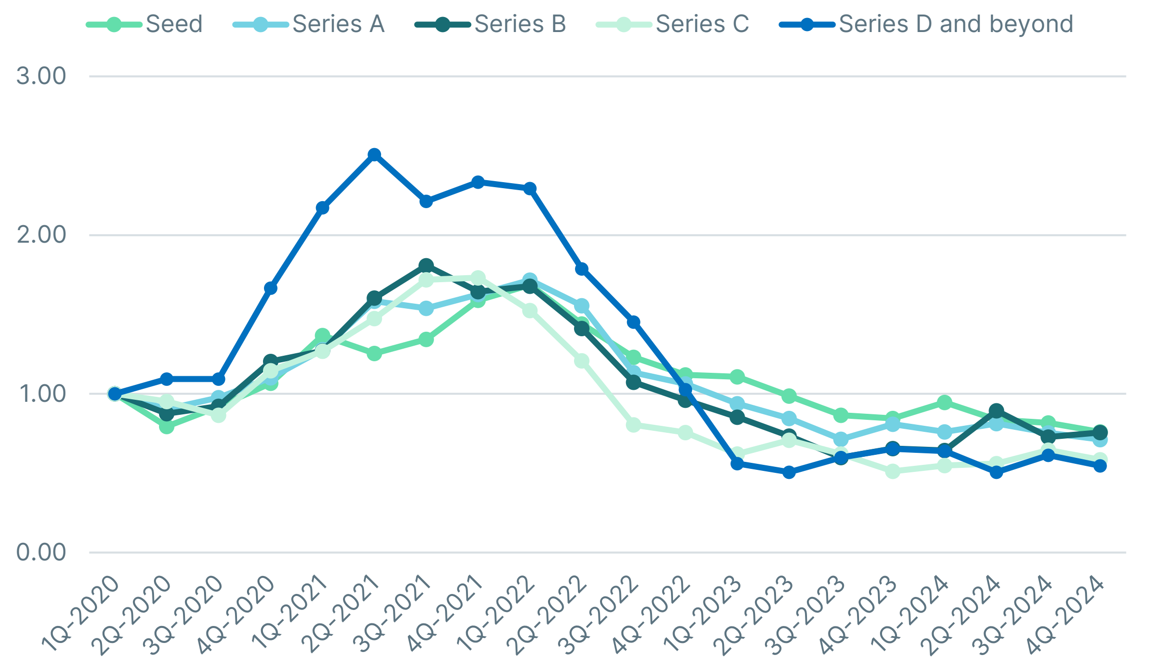
**Total Deal Count by Stage – Global ($m)**




*Source: PitchBook Data, Inc.*

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




*Source: PitchBook Data, Inc.*

- Angel (not illustrated) and Seed deals unsurprisingly account for the highest portion of technology deal-flow, as it is uncommon that companies will raise a Series A without raising an Angel and/or Seed round prior
- Given Angel and Seed deal counts have fallen from 2023 and continue to fall, there will be flow-on effects to later-stage rounds, as the cohort sizes of companies reaching these stages will suffer in the near-term

- Later stage deals have seen the highest levels of volatility, with Series D+ deals reaching 2.5x their starting volume within only 18 months in mid-2021
- However, Series D deal counts now are at only 56% of their pre-COVID volumes, suggesting slowing raise cadence and that later-stage technology companies are opting instead to preserve capital to aim for profitability

# AI valuations are high, and start-ups are lean

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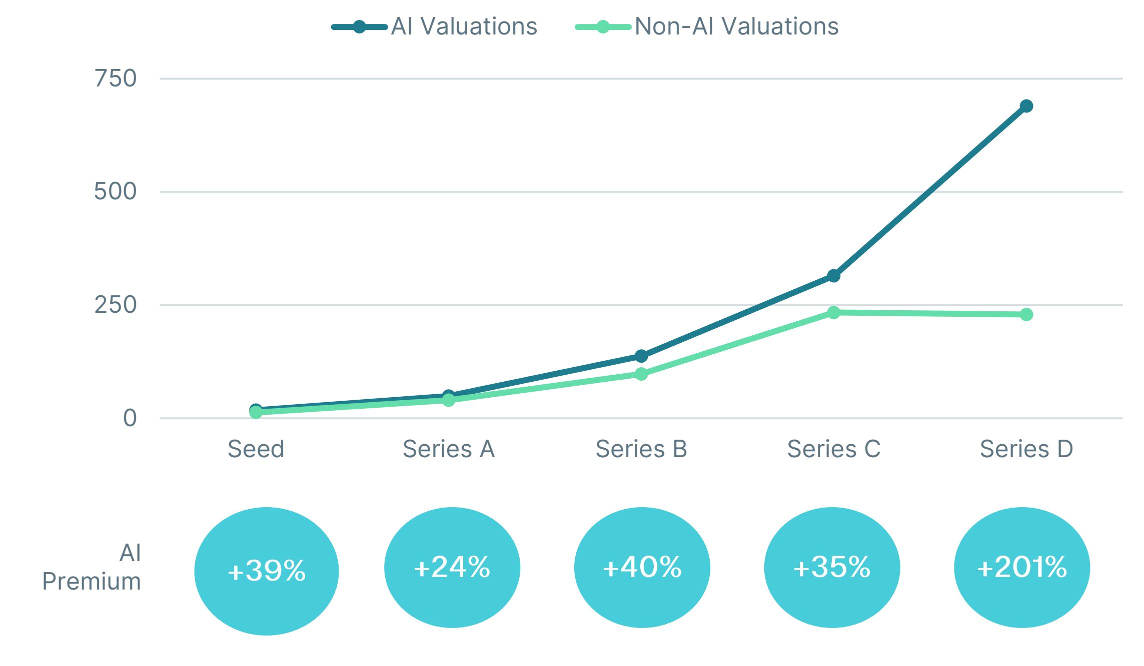
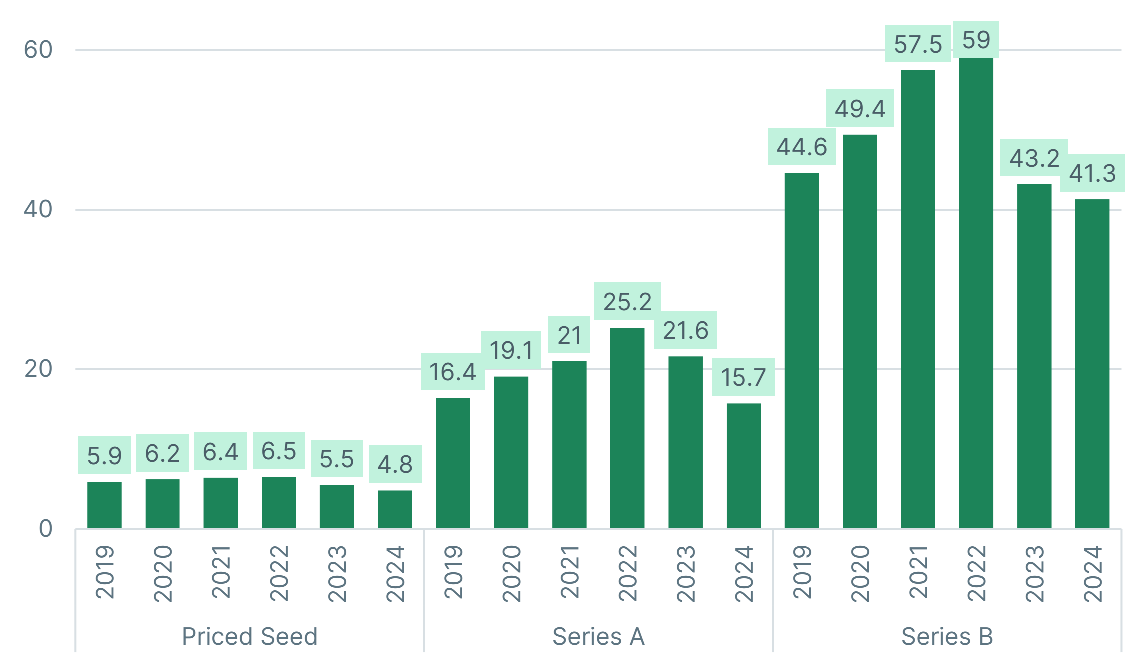
## Median pre-money valuation ($m) by stage and company type – 2024




*Source: Carta sample of 2.858 primary rounds*

## Avg # of equity-holding employees working at startups at fundraise date




*Source: Carta sample of 2,819 companies across SaaS, FinTech and HealthTech*

- Given there has been approx. $58b raised across AI & ML in 4Q-24 alone – primarily across mega-deals at nosebleed valuations – it is unsurprising that the greatest premium for AI companies is at the Series D stage
- Exits in the sector have also increased ~15% YoY, leading to more capital available for re-investment. This, coupled with scarcity of high-quality later-stage businesses is driving competition and FOMO between investors to fund category leaders

- Noticeable reduction in 2023, likely due to an industry-wide focus on capital efficiency in 2023 given fundraising market downturn and typical advice from venture capital backers
- Continuation of trend in 2024 – potentially driven by mainstream adoption of AI – sees headcounts dipping below levels of 2019
- The reduction in tech valuations across 2023 may have also reduced the attractiveness and demand for equity-based compensation for employees

# Fundraising peaked in 2021 and AI is keeping us afloat

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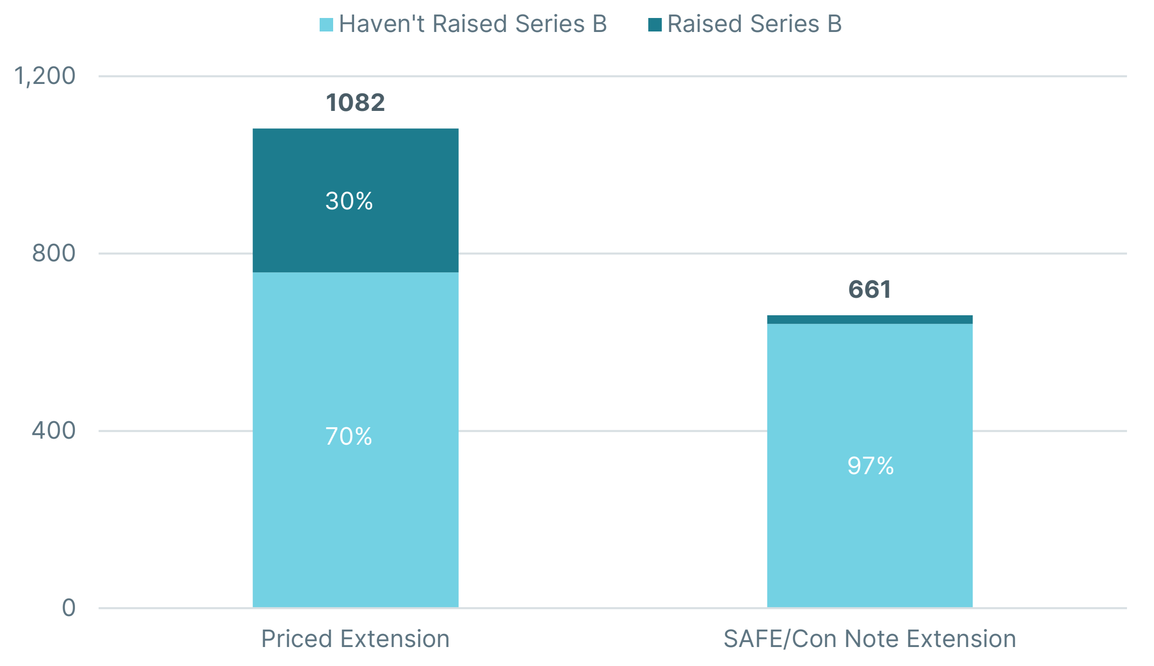
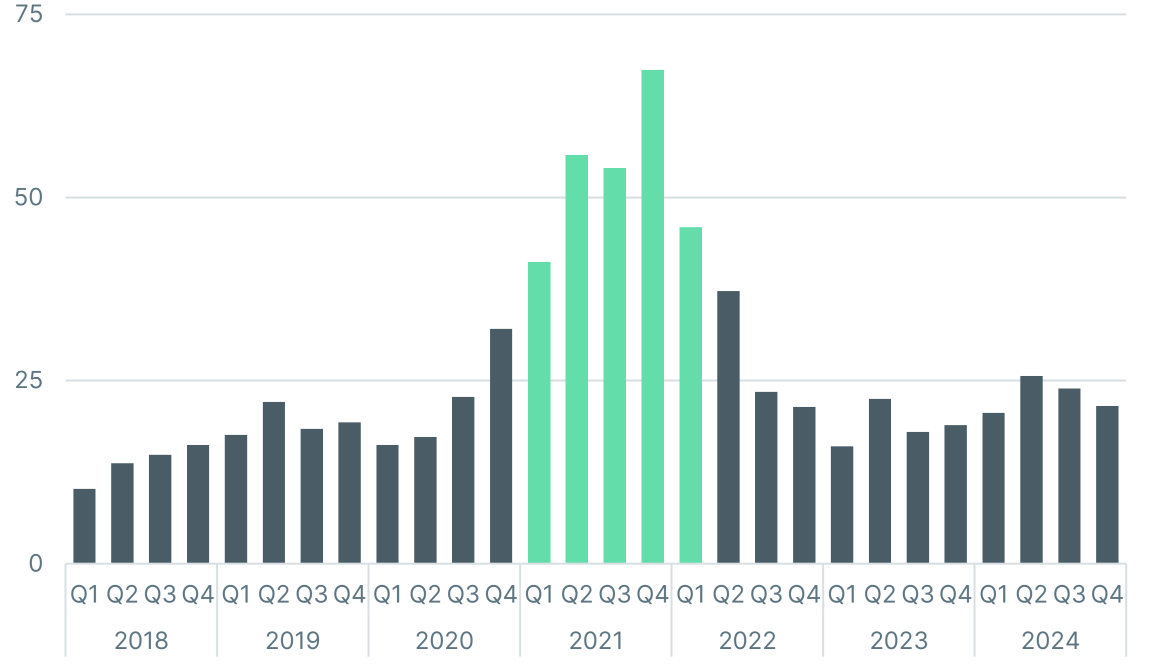
## % that raised an extension post-Series A that reached Series B




*Source: Carta sample of 1.743 companies that raised Series A from 2019-2021 and since raised extension*

## Total capital raised by US start-ups excluding AI ($b)




*Source: Carta*

- Startups that raised a priced extension were approximately 10x more likely to secure a Series B raise compared to those relying on SAFEs or convertible notes
- The limited success rates among SAFE / convertible note extensions suggests these instruments are often used as a last resort when a priced round is not viable – potentially delaying valuation issues or growth concerns

- After record highs of 2021, the quantum of capital raised by non-AI startups has reverted to levels similar to those of 2018-2019, potentially indicating a “new normal”
- The five quarters highlighted are responsible for over a third of total capital raised across the seven-year period, emphasising the hype in the market in 2021

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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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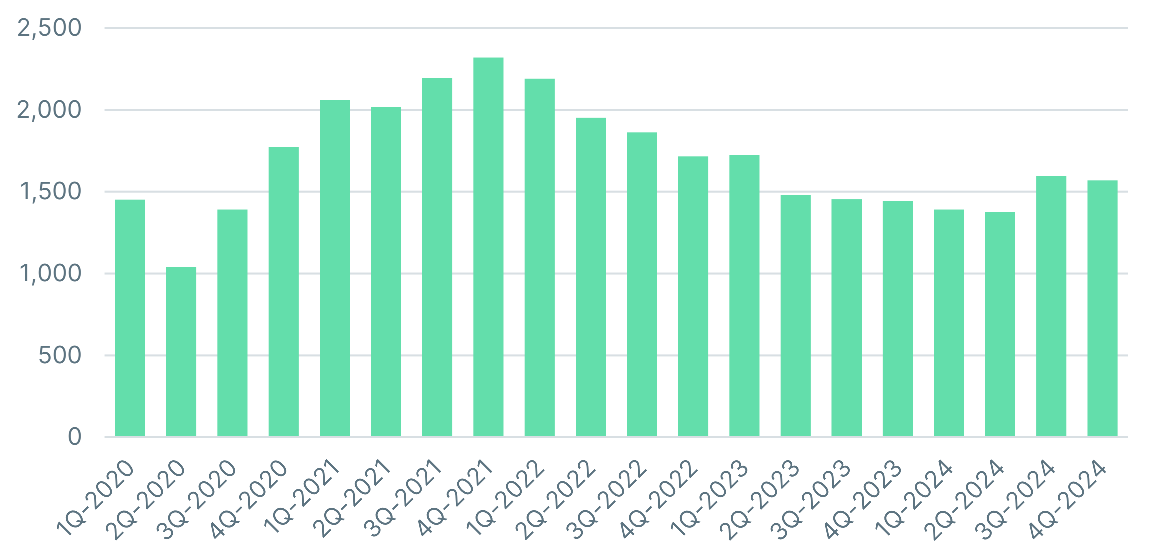
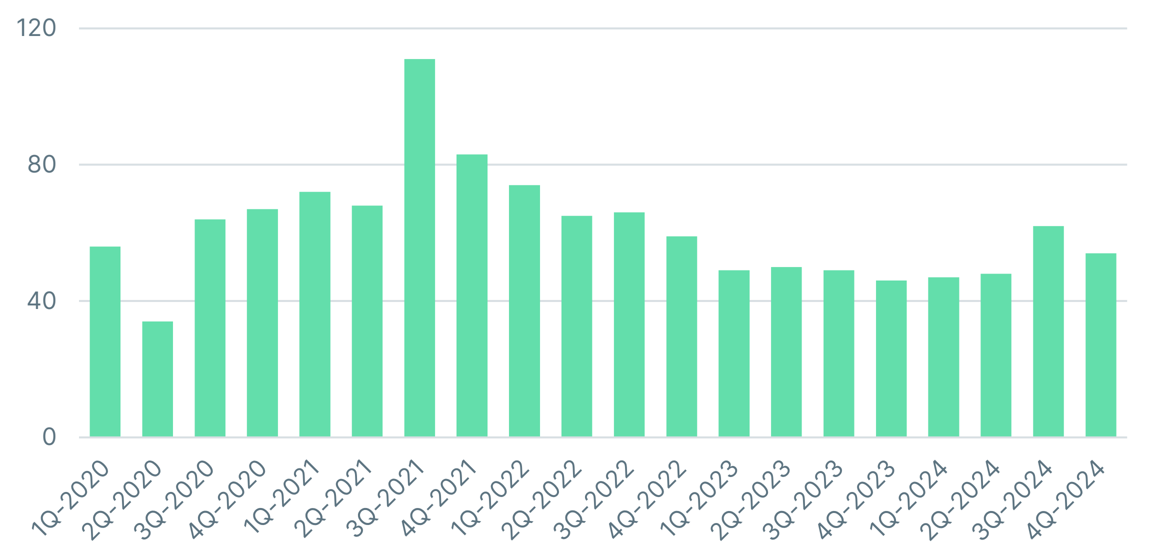
**Total Technology M&A Deal Count – Global**




*Source: PitchBook Data, Inc.*

- Global technology M&A deal count has increased over the past two quarters, now above the 1,500 per quarter benchmark.
- Scale transactions accounted for 59% of the largest deals in 2024, the highest since 2015.
- It is estimated that 35% of tech M&A deals relate to companies specialising in AI, robotics and automation, with AI M&A deal flow increasing 20% from 2023.

**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 18% in 2H24 as compared to 1H24.
- Prominent ANZ tech deals in 2H24 include EQT's acquisition of PageUp, Blackstone-led A$24B acquisition of Airtrunk and Shutterstock's US$245m acquisition of Envato.

# Bigger deals at higher valuation multiples

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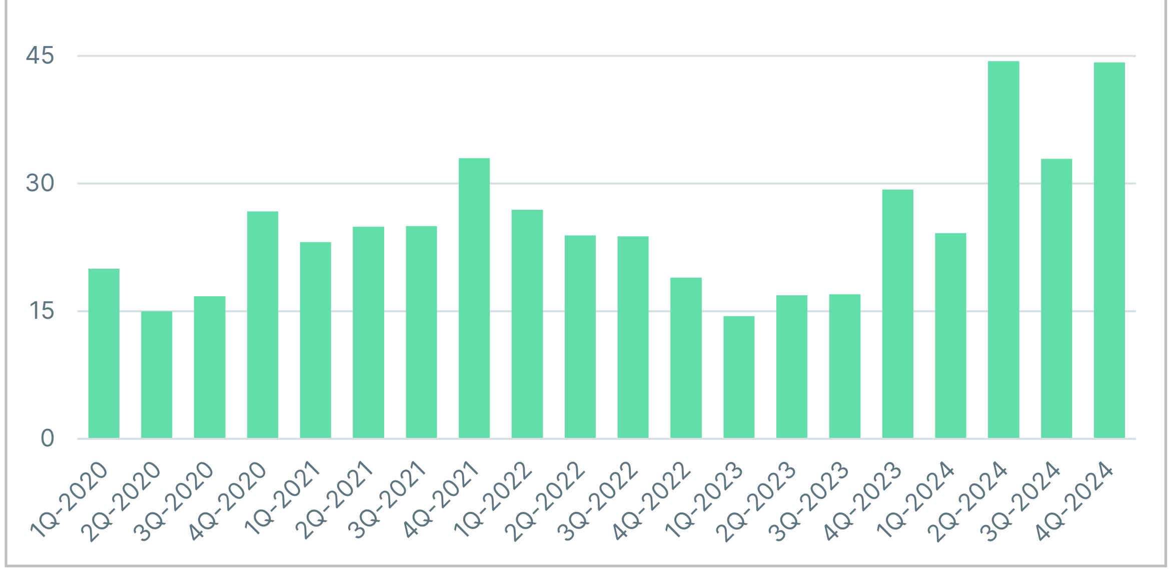
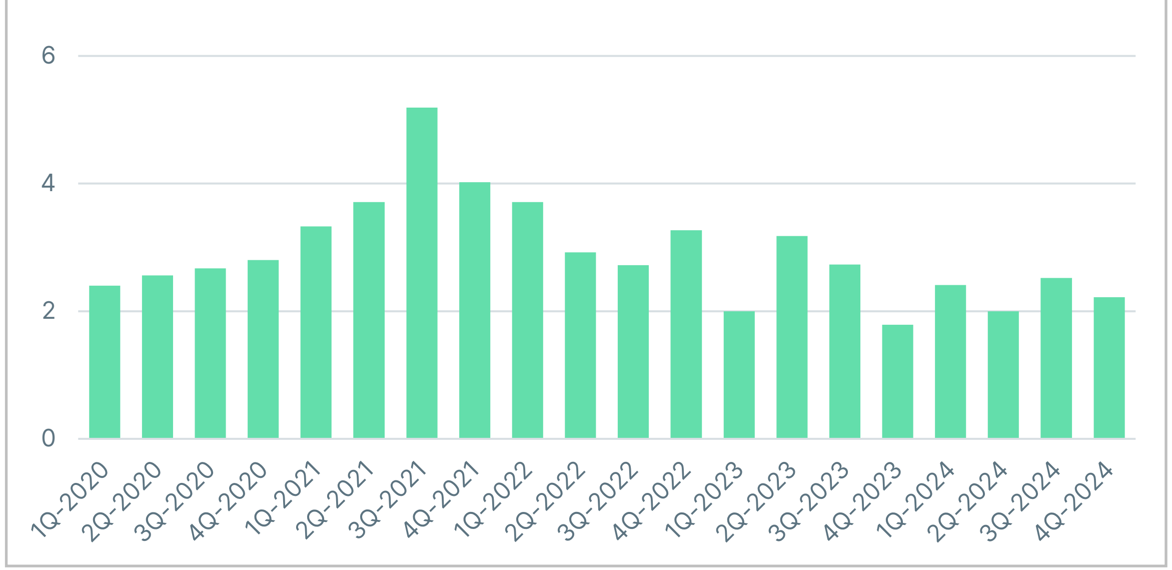
**Median Technology M&A Deal Size – Global ($m)**




*Source: PitchBook Data, Inc.*

- Deal size has increased significantly, with the median well above historic levels, with 39 $500m+ deals in 4Q24 as compared to the historic high of 31 $500m+ deals in 4Q21.
- Example transactions include Nuvei ($6.3B), Instructure ($4.8B), Darktrace ($5.5B) and PowerSchool ($5.6B), all of which were acquired by Private Equity funds.

**Median EV/Revenue M&A Deal Valuation – Global**




*Source: PitchBook Data, Inc.*

- Despite the significant increase in deal size, EV / revenue multiple is only moderately trending upwards at 2.15x 4Q24.
- Just over 30% of deals were under 1x EV / revenue in 2Q 2024 compared to just 19% at the 3Q 2021 peak, suggesting that despite deal size increasing, there is some potential stress in the market.

# Acquisition rates of startups are increasing

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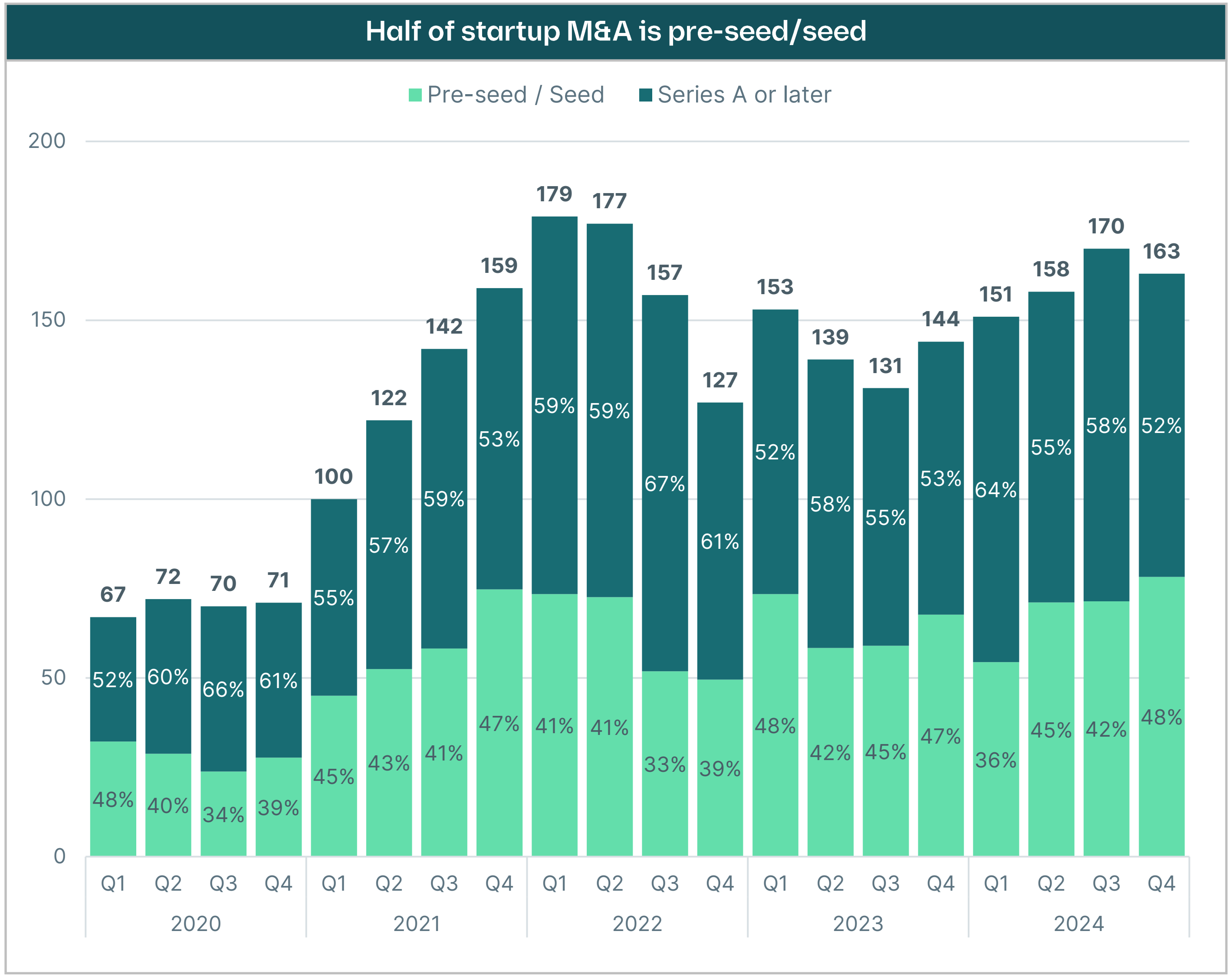


- In 2024, 43% of all startup M&A acquisitions are of seed / pre-seed companies, trending to 48% in 4Q24.
- Approximately 25% - 30% of all seed companies go on to raise a Series A, bringing the acquisition rate down to ~12% on a weighted basis

*Source: Carta sample of 2,621 US startups that were acquired between 2020-2024*

# Earnouts are being used more and more to bridge the gap

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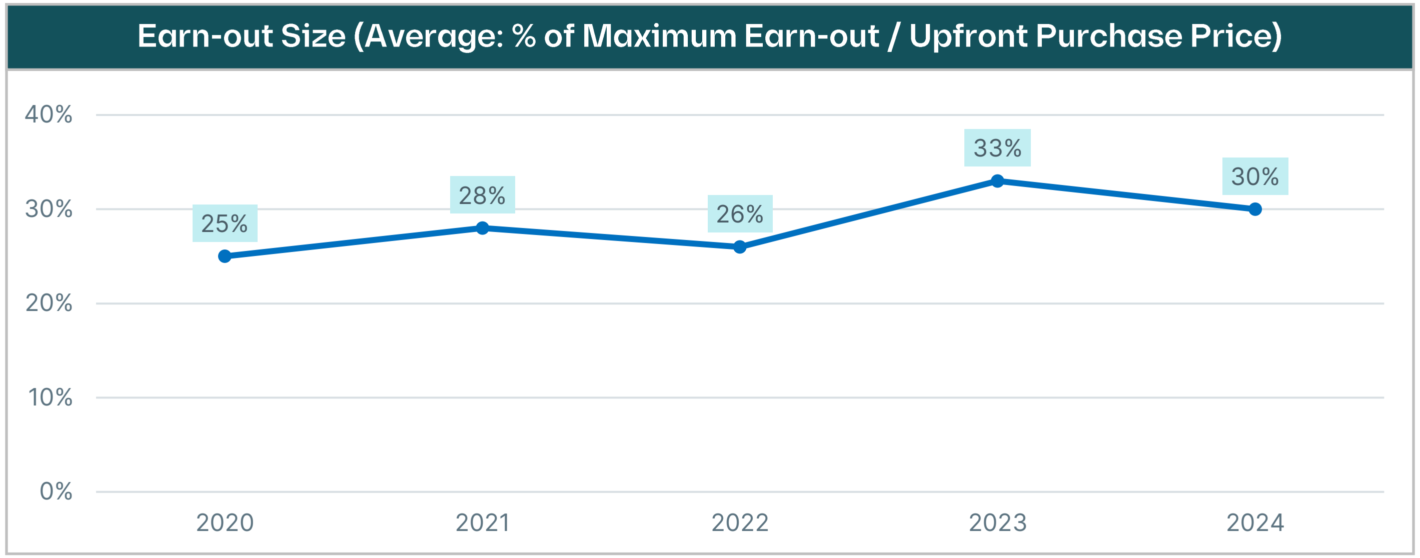


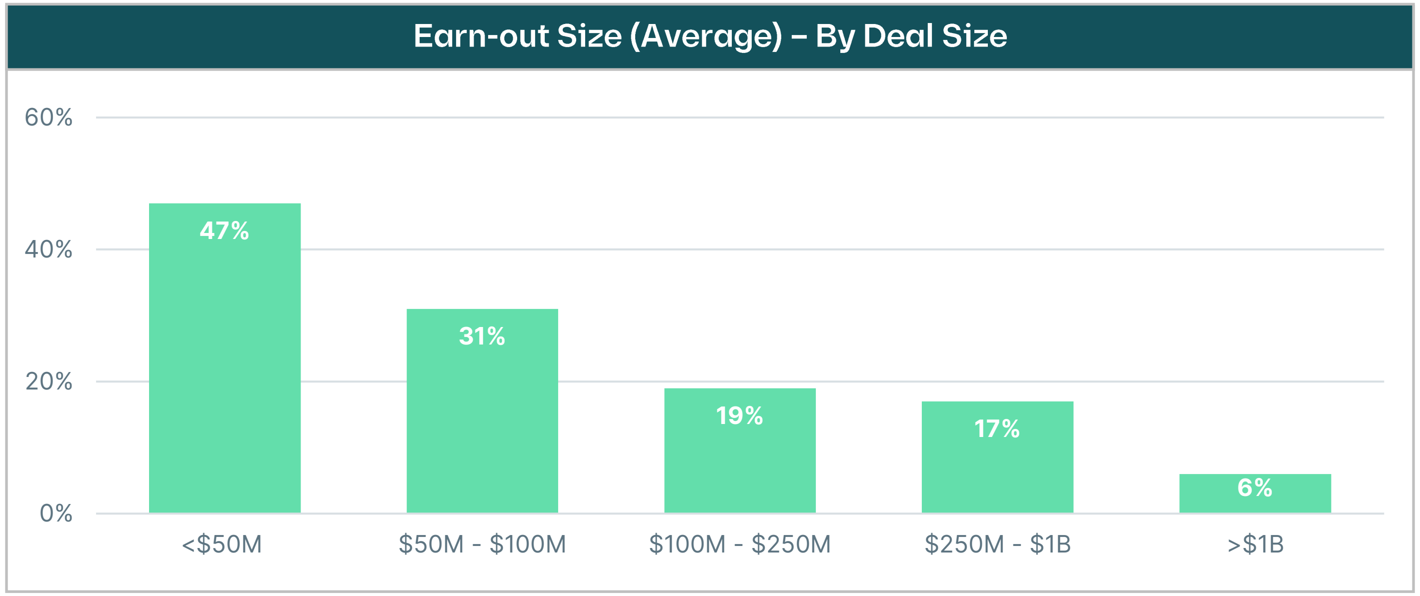


- Average earnout amounts are consistently 20-30% of potential deal value, but slightly higher on the last 2 years than historically
- Earn-outs feature far more prominently for smaller acquisitions, especially where the acquisition is based on a growth multiple

*Source: Kirkland & Ellis*

# IPO markets are subdued but animal spirits are brewing

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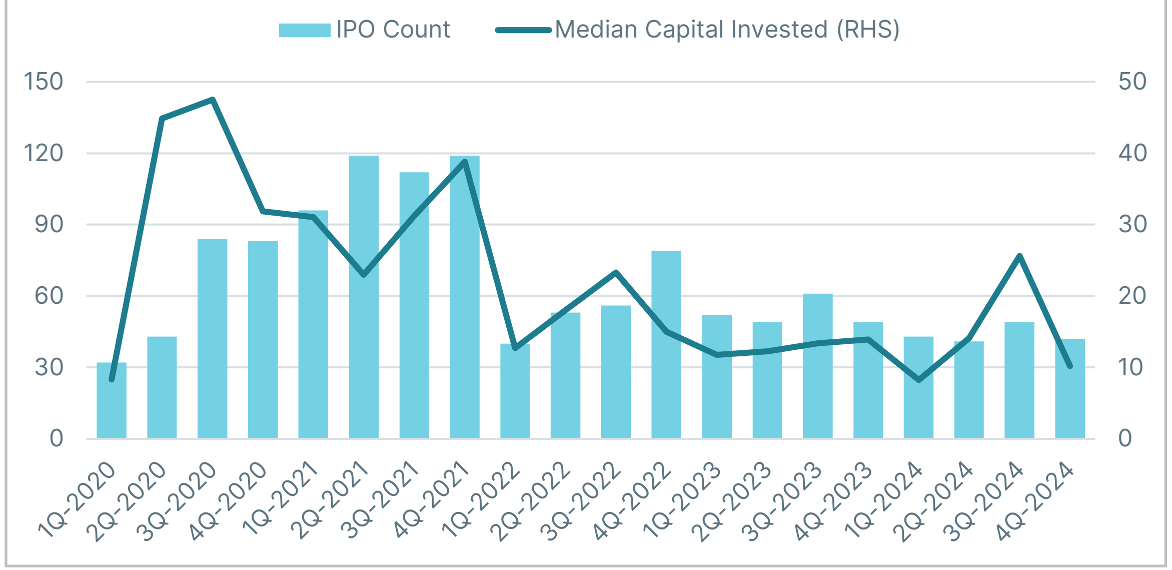
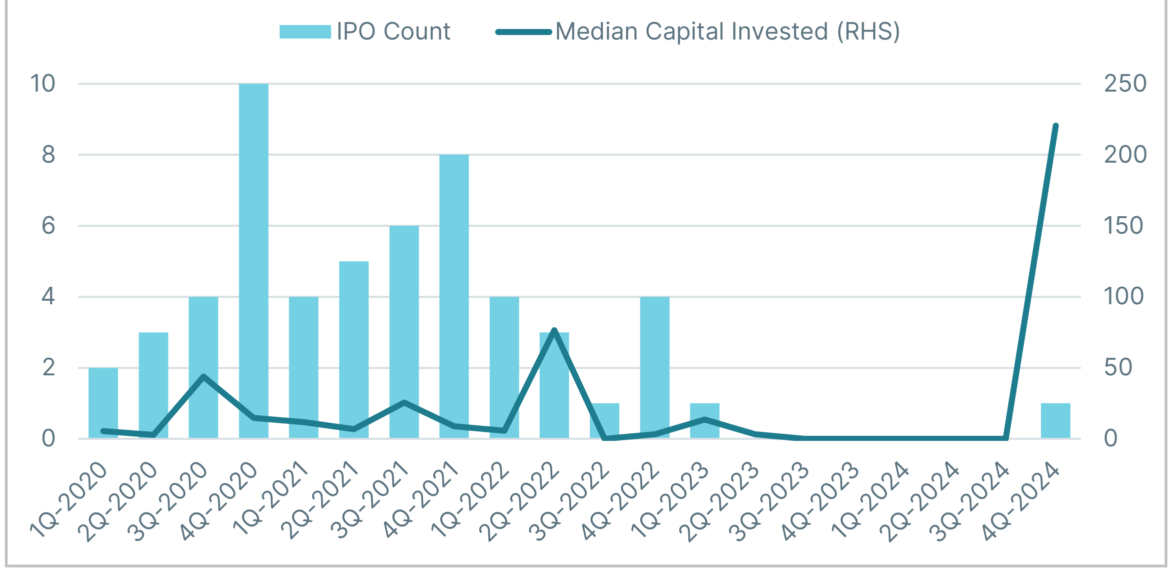
### IPO Deal Count & Median Capital Invested – Global ($m)




*Source: PitchBook Data, Inc.*

- IPO activity remains sluggish but are beginning to trend up, with 91 IPOs ($4.6B raised) in 2H24 as compared to 84 ($4.9B raised) in 1H24 but well down on the peak of 231 ($40B raised).
- The average pre-money valuations of IPO companies was $550m in 2H24, similar to 1H24 of $524m but well under $1.5B in 1H21.

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




*Source: PitchBook Data, Inc.*

- The single, but sizable tech listing of Cuscal late last year has provided some positive sentiment to suggest other tech names are sizing up an IPO in 2025.

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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 have stabilised

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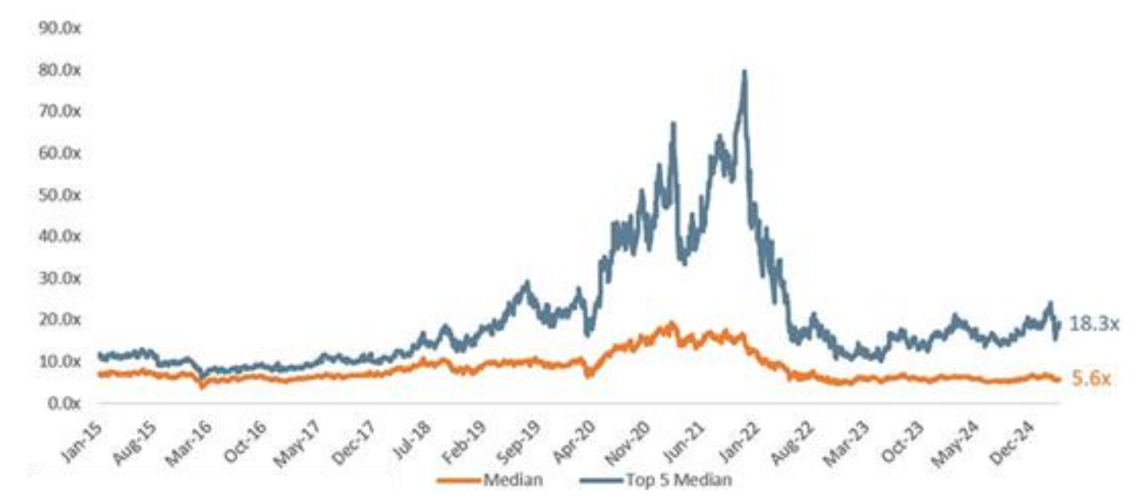
## EV / NTM Revenue Multiples (by growth cohort)


*Source: Clouded Judgment blog, Jamin Ball – 14/3/25*

## EV / NTM Revenue Multiples (Top 5 vs median)




*Source: Clouded Judgment blog, Jamin Ball – 14/3/25*

- 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 >30%, mid growth 15%-30%, and low growth <15%, noting that these companies are typically of significant scale (so growth becomes increasingly harder)
- All cohorts have recovered and stabilized from lows. While the mid-Growth and high-growth cohorts are inline with the period immediately pre-COVID, the low-growth cohort multiple remains lower than generally seen post 2017.

- The Top 5 (by EV to NTM Revenue) are currently Palantir (53.1x), Cloudflare (19.3x), CrowdStrike (18.4x), Samsara (14.1x), Sail Point (13.0x)
  - Palantir's valuation is supported by hitting Rule of 71, with 31% revenue growth and a 40% FCF Margin.
- The overall median of 5.2x remains 28% below the pre-COVID average of 7.8x and continues to show very limited signs of life
  - It was 5.6x at the last update in Oct 2024

# 2025 hasn't started well for tech stocks

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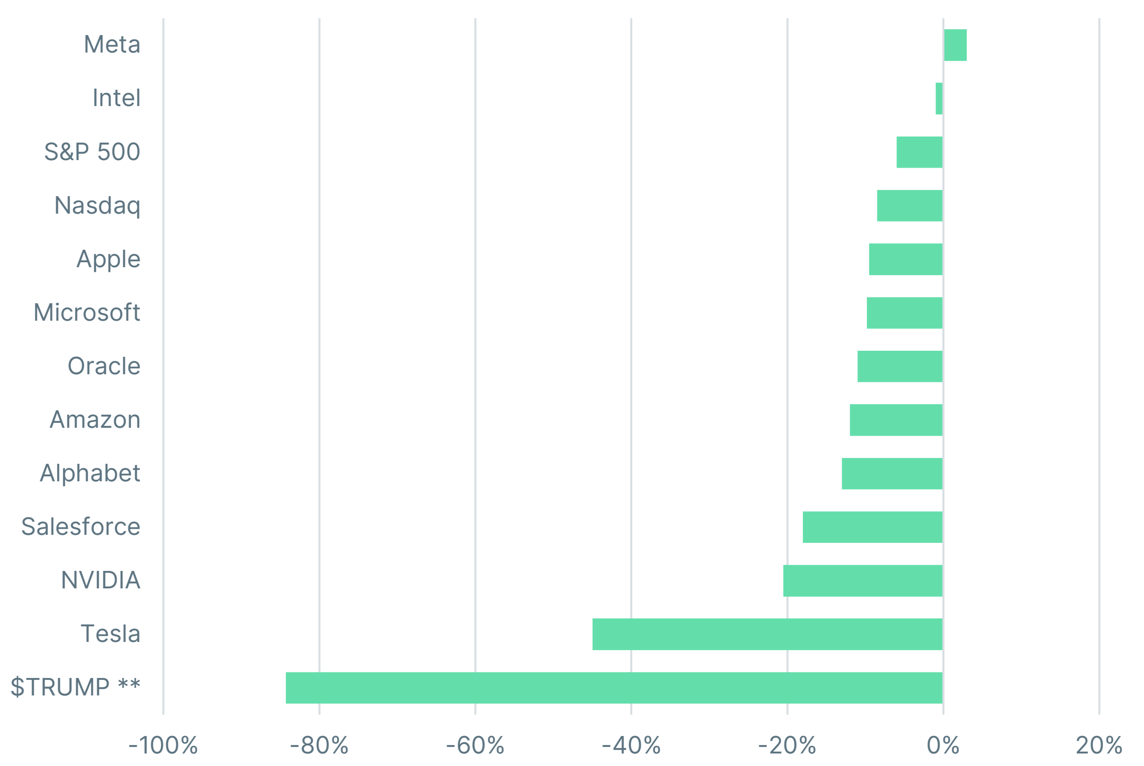
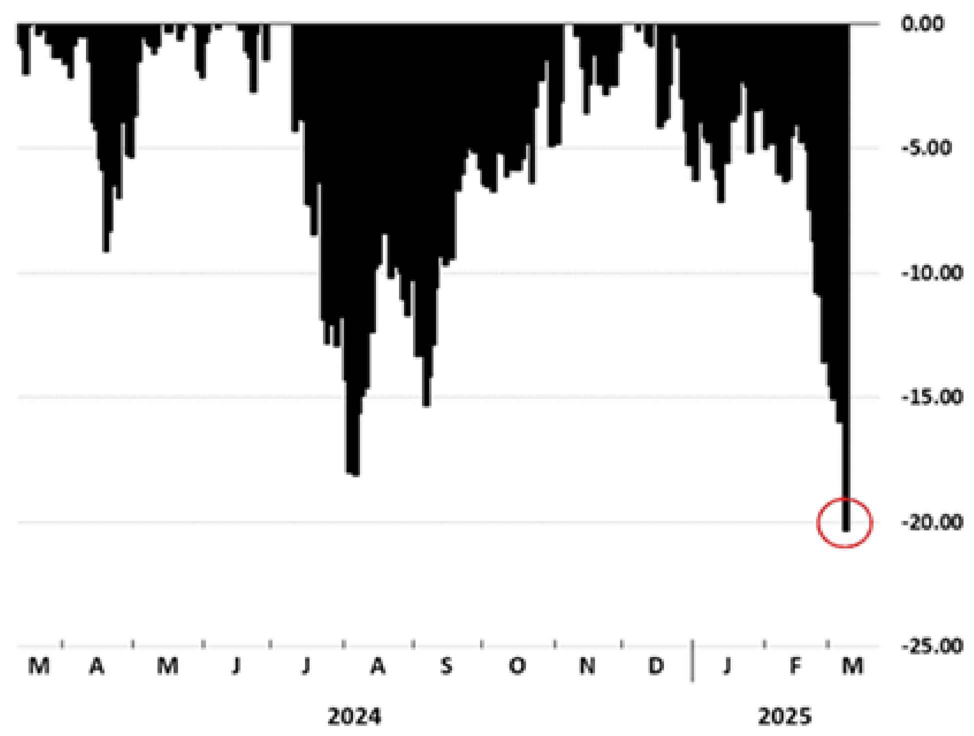
## US Tech Performance so far this year




*Source: PitchBook Data, Inc.* *** Note $TRUMP is compared to ATH of 20/1/25*

- The S&P 500 went into technical correction in March, however it's down less than 2% from it's close on 31 December
- Tesla appears to be in free fall off a cliff, but is up 30% from last October

## Magnificent 7 have experienced an average 20% drawdown




*Source: The Daily Shot*

- After powering the S&P 500 through 2023 and early 2024, the Magnificent 7 have been a relative drag for the S&P 500 index, with its latest drawback being over 20%

# US recession risk is growing

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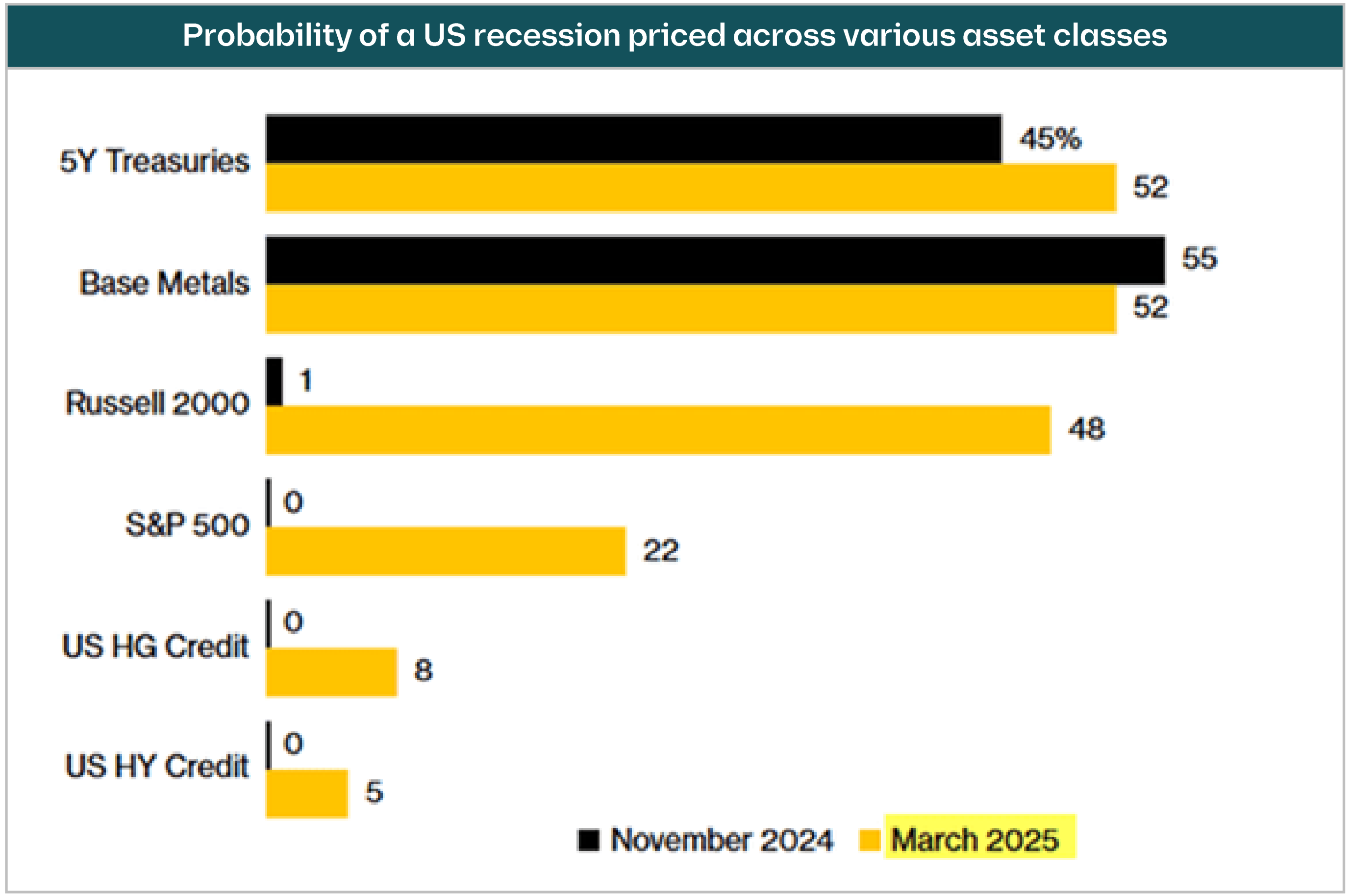


*Source: JP Morgan*

- While pricing of certain indices and asset classes have been indicating risks for some time, both small cap and large cap equities started to materially price recession risk in March
- Gyrations caused by tariff talk, geopolitical instability and general US political instability seem to be suddenly impacting business and consumer confidence, after what had been a very positive start to 2025

# ASX companies hitting Rule of 40 get double the multiple

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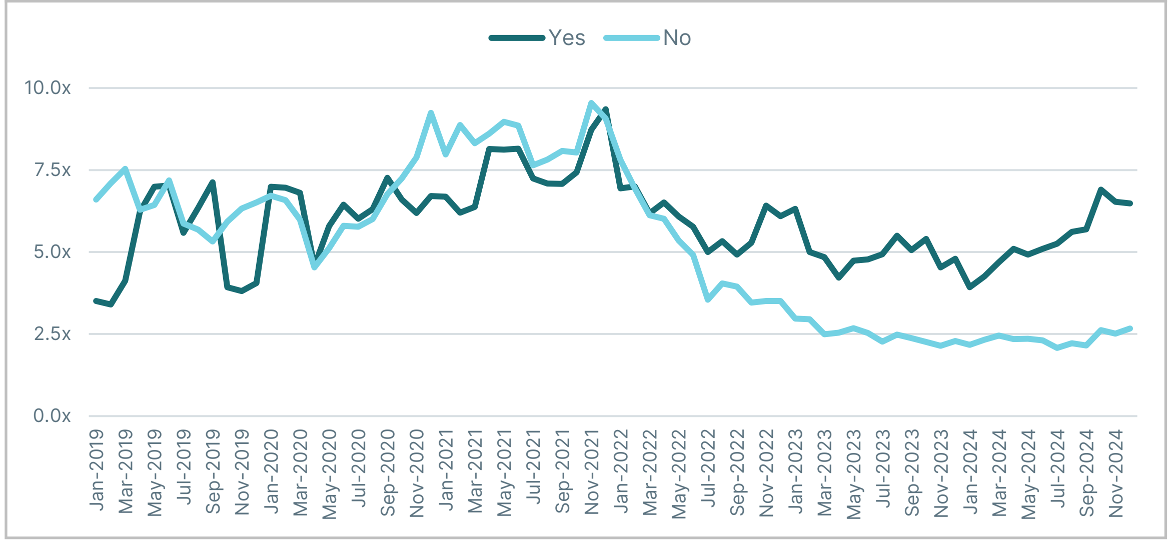
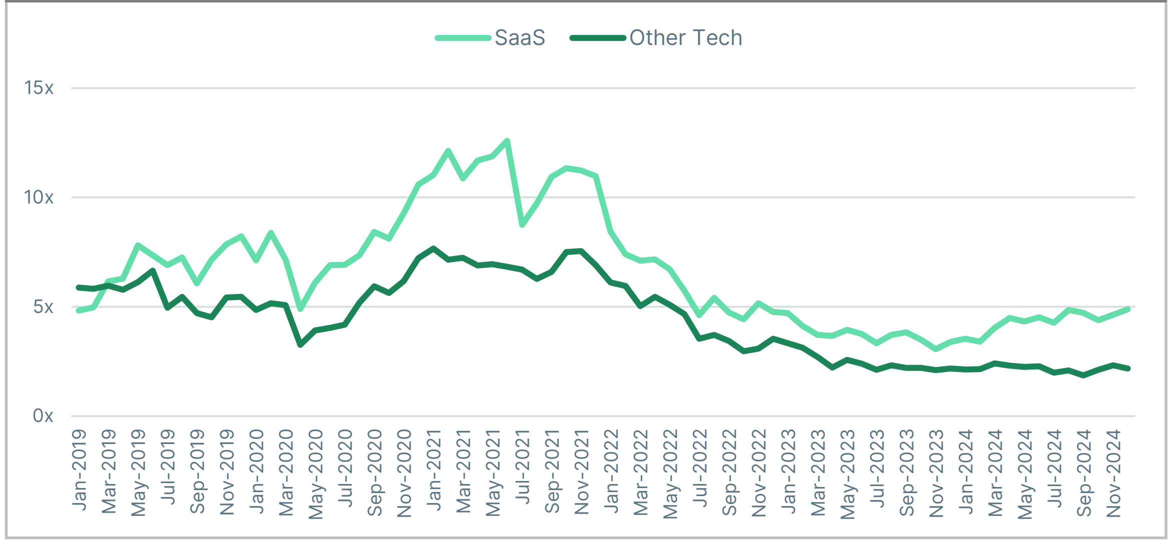
## Median EV/Revenue Multiple – SaaS Rule of 40




*Source: PitchBook Data, Inc.*

## Median EV/Revenue Multiple – SaaS




*Source: PitchBook Data, Inc.*

- Rule of 40 refers to SaaS companies that have a revenue growth rate PLUS an EBITDA margin (or free cash flow margin) exceeding 40%
- Between 2020 and 2021 growth was the absolute priority
- Since 2022, there has been a growing divergence between those companies that meet the Rule of 40 (and strike a balance between sustainable growth and profitability) vs those that do not.

- Historically there has been a significant premium associated SaaS companies vs non-SaaS peers, due to their perceived higher quality revenue streams
- Both SaaS and Other Tech revenue multiples are well below COVID period high-watermarks.
- 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)

### ≥0% EBIT margin

**Low growth, Profitable**
*Median EV / Revenue ~5.4x*

RPMGLOBAL, Reckon, iress, bravura solutions, Objective, energyone, INFOMEDIA, nuix, technologyone, wisetech global

**High Growth, Profitable**
*Median EV / Revenue ~15.0x*

pro medicus (OUR SUPPORT. YOUR SUCCESS.), xero, HUB24, Dropsuite

### <0% EBIT margin

**Low growth, Pre-Profit**
*Median EV / Revenue ~3.0x*

ALCIDION, urbanise, dubber, Qoria, VISTA GROUP, SiteMinder, PROPHECY, appen, wrkr, Bigtincan™, serko, readytech, envirosuite

**High growth, Pre-Profit**
*Median EV / Revenue ~4.9x*

MACH7, felix, Pointerra, CHRYSOS CORPORATION, Life360

<20% revenue growth | ≥20% revenue growth

- We have returned to a more profitable growth agenda, with lower-growth/profitable businesses valued more than high-growth/pre-profit companies
- Slow growth and unprofitable business have seen a recovery in valuation multiples (3x LTM revenue vs ~2x LTM revenue throughout 2024)

*Bigtincan and Envirosuite are under takeover offers

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

# VC returns remain under significant pressure

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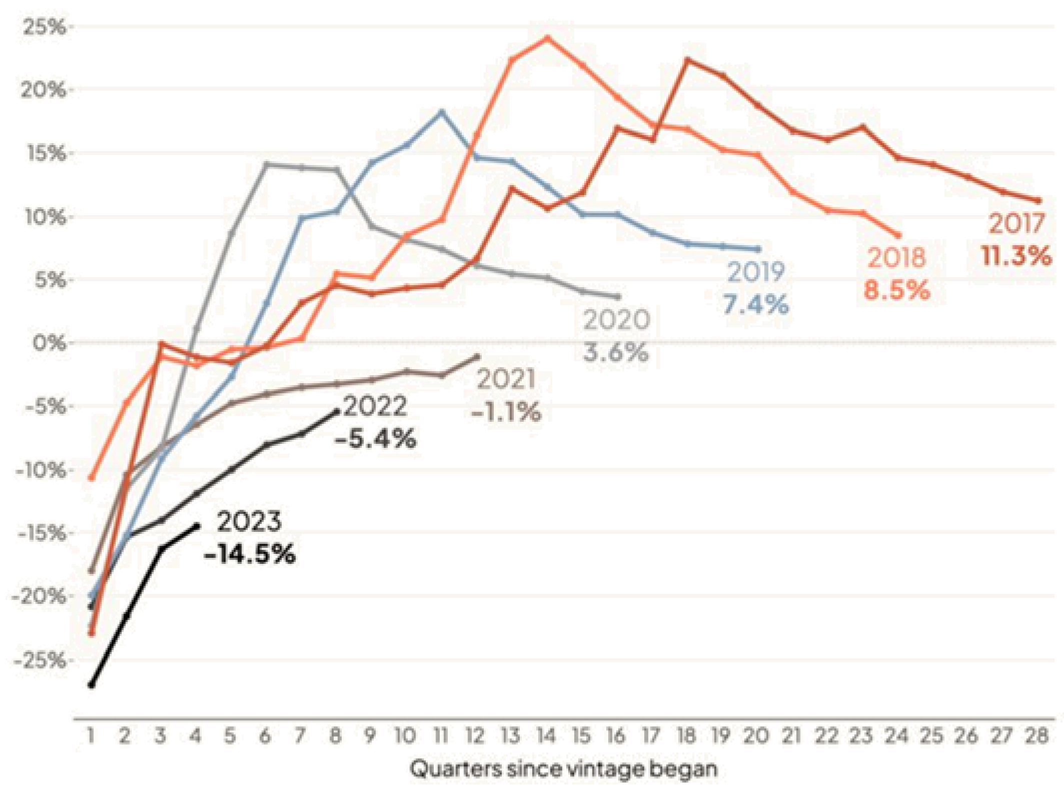
## Median Net IRR Vintage Year as of Dec-24




*Source: Carta*

## TVPI Percentiles by Vintage Year as of Dec-24

| | 25th Pct TVPI | 50th Pct TVPI | 75th Pct TVPI | 90th Pct TVPI |
|---|---|---|---|---|
| 2017 | 1.29x | 1.70x | 2.34x | 3.51x |
| 2018 | 1.06x | 1.36x | 1.95x | 2.69x |
| 2019 | 1.01x | 1.25x | 1.58x | 2.18x |
| 2020 | 0.93x | 1.08x | 1.39x | 1.90x |
| 2021 | 0.87x | 0.99x | 1.11x | 1.34x |
| 2022 | 0.87x | 0.96x | 1.07x | 1.28x |
| 2023 | 0.83x | 0.92x | 1.01x | 1.19x |

*Source: Carta*

- Climbing the J-Curve is taking longer, with median 2021 fund still below breakeven IRR after 3 years.
- The early 2022 market pullback is evident across all older vintages, all of which remain well below peaks on an IRR basis.

- In the 2018 vintage, the 90th percentile for TVPI amongst small funds is 4.03x. For large funds in the same vintage the 90th percentile TVPI is 1.67x.
- Half of all funds from the 2018 vintage have still not distributed any capital back to their LPs

# Survey Results

# Survey Results (1/2)

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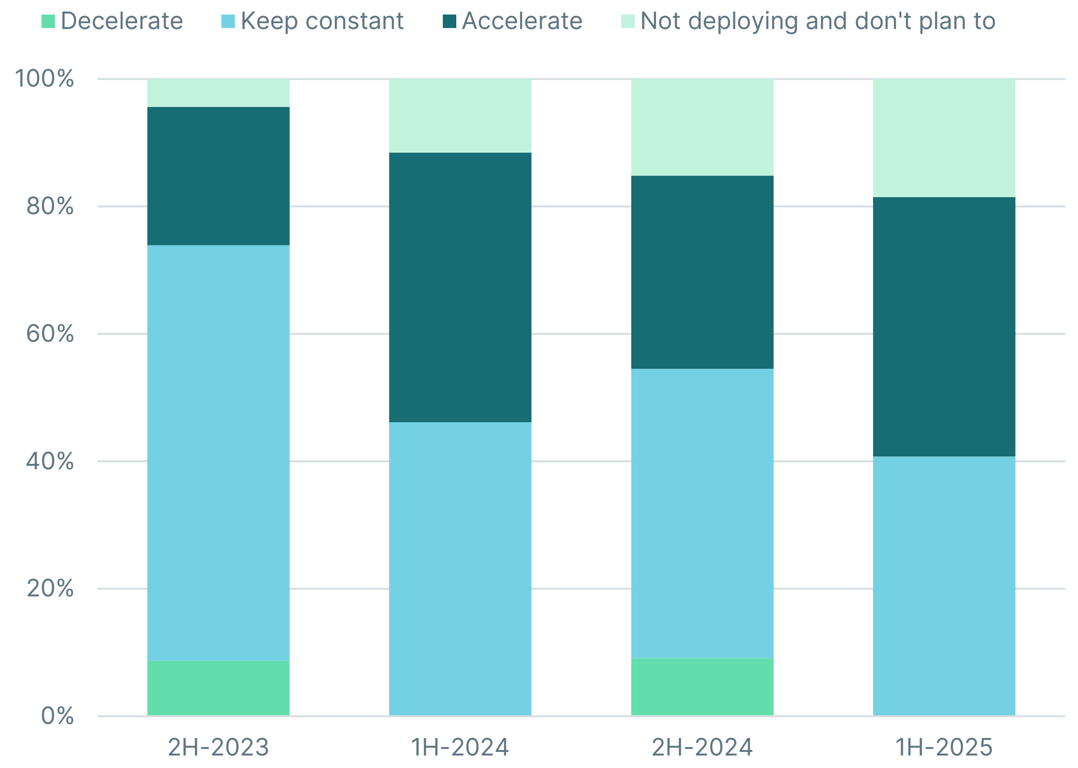
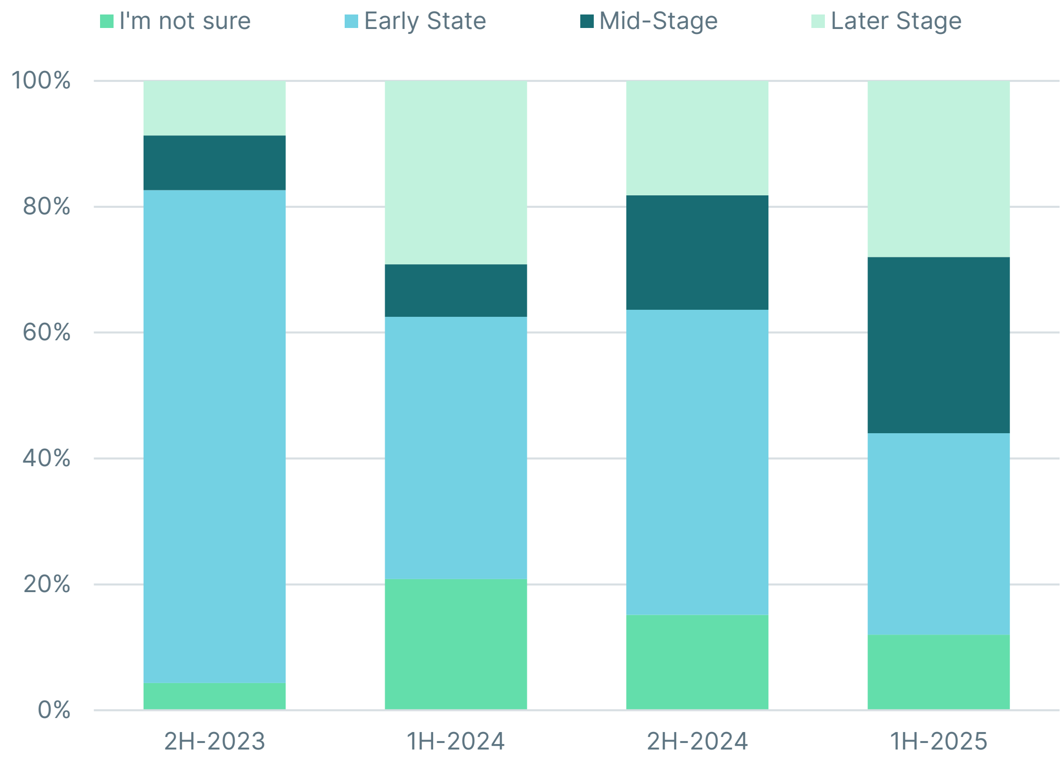
Are you planning to accelerate, decelerate or keep constant your deployment of capital in technology companies over the next 6 months?




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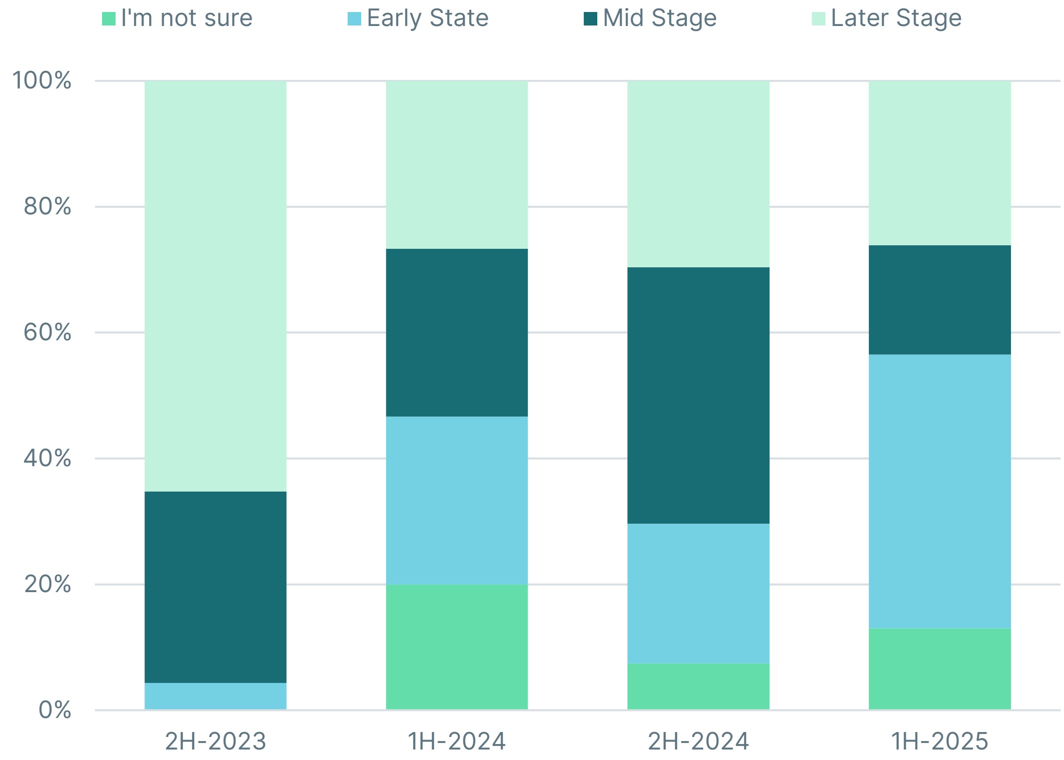
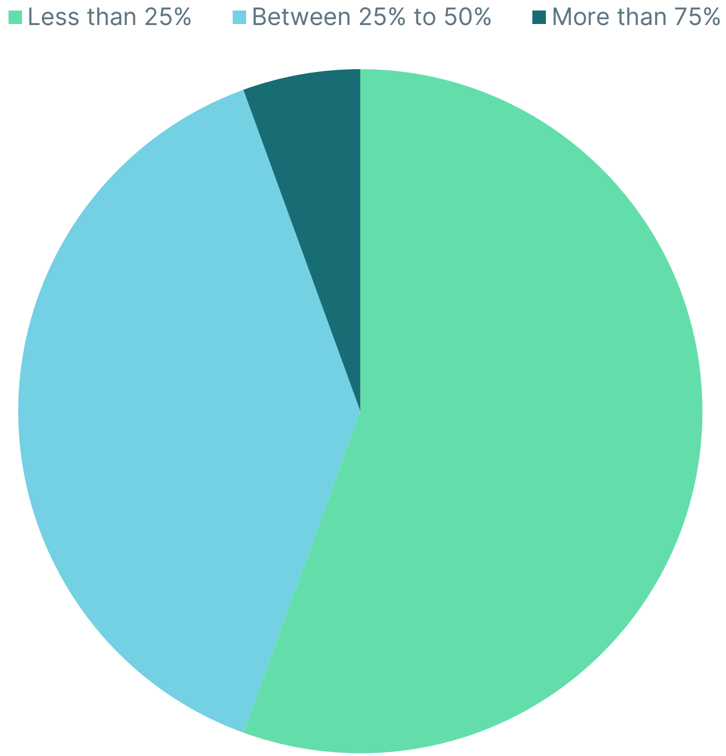
Where do you think there is currently the LEAST SUPPLY of capital for technology businesses? (i.e. least competition for deal-flow)




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



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