Sherwood
AUSTRALIA

Making Growth Happen.

Funding Opportunities

Contents

Introduction

Overview

This report provides a comprehensive overview of the current funding environment, outlining the key types of investors, recent major deals, transaction volumes, and prevailing deal structures. By synthesising these insights, the report aims to equip investors with a clear understanding of market dynamics and the opportunities available within this space.

Importance of funding

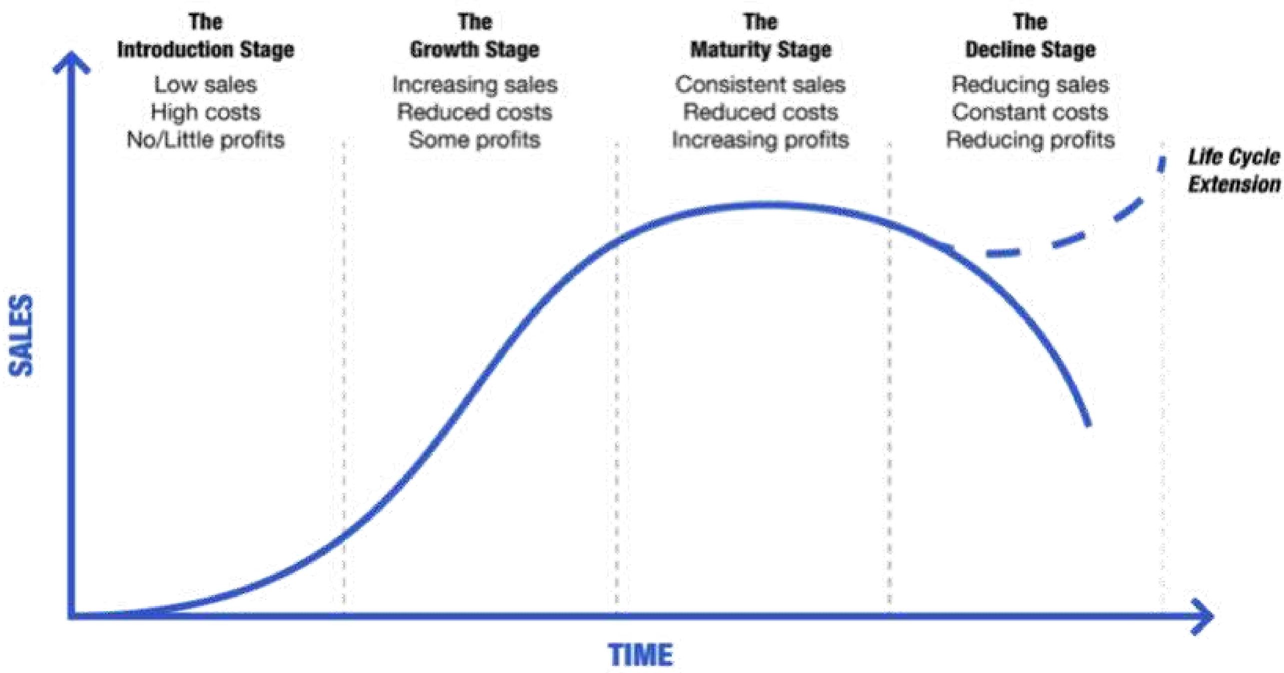
Direct uses of capital

- Startup costs
- Working capital / cash flow
- Research and Development
- Support marketing and promotional activities
- Growth funding
- Expansion into new markets

Indirect benefits of capital

- Helps startups to validate their business model and test their product or service in the market
- Provides runway and risk buffer
- Signal to potential customers, partners, and employees that the startup has a viable business model and is on a path to growth
- Strategic advice from investors

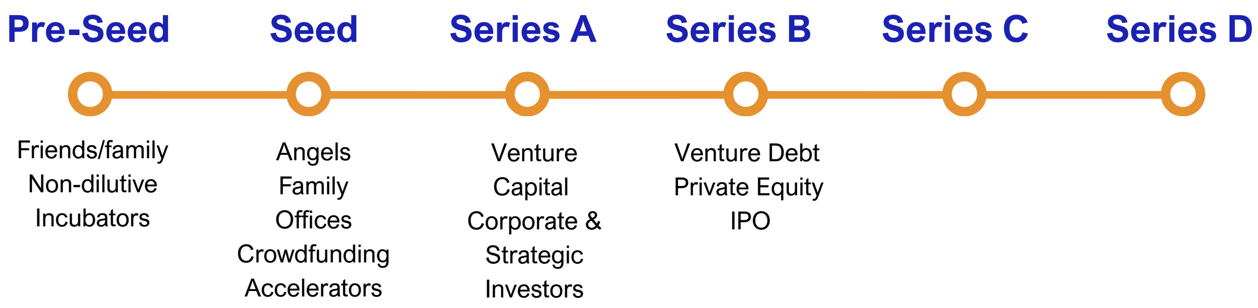
Capital and the Business Lifecycle



The product life cycle shows how a business evolves from introduction to growth, maturity, and decline, with changes in sales, costs, and profitability. Each stage presents different risk levels and funding needs, shaping the type of investors and opportunities available.

Introduction

Early Stage Investment Timeline



How much does capital cost?

What to consider before raising capital

1. **Duration** — How long do you need the capital for?
2. **Quantum** — How much capital do you need?
3. **Return** — What return will the business generate from having the capital?
4. **Control** — Are you willing to concede control or allow an investor to have negative control rights?
5. **Valuation** — On the current valuation what will be the dilution to existing shareholders?
6. **Alternatives** — Have you exploited all other sources of non-dilutive capital?

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Investor types

Incubators

Description

Incubators incubate disruptive ideas with the hope of building out a business model and company. They are typically focused on innovation and concept development, working closely with founders in the earliest phases of building a company. Incubators operate on a flexible timeline, often supporting startups over an extended period (typically 1–5 years), allowing ideas to be developed gradually. A typical incubator has shared space in a co-working environment, a month-to-month lease program, additional mentoring, and some connection to the local community. Entry may occur through formal applications or via referrals and trusted networks, particularly for more selective programmes.

Stage: Pre-Seed

Conditions

- Depending on the sponsoring party, an incubator can be focused on a specific market or vertical
- For example, an incubator sponsored by a hospital may only be looking for health technology startups
- Incubators may work on a fee-basis as opposed to taking an equity stake in the startup
- For-profit incubators will often look to gain equity (approx. 5-15%) in the company in exchange for their services
- Involve high uncertainty, long investment horizons, and a higher risk of capital loss due to the early-stage nature of ventures

Advantages	Disadvantages
• Flexible, long-term engagement with no fixed end date • Low-pressure environment suited to very early concept development • Sector-specific expertise from the sponsoring organisation	• Slower pace may not suit founders looking for rapid growth • For-profit incubators typically take 5–15% equity • Limited structured curriculum compared to accelerators • Highly selective so entry often requires referrals or existing networks

Accelerators

Description

Accelerators are structured programmes designed to rapidly scale early-stage companies. They focus on helping startups refine their business model, accelerate growth, and prepare for external investment. Accelerator programmes are structured initiatives and are characterised by 4 distinct factors: (1) Fixed-term (3-6 months); (2) Cohort-based; (3) Mentorship-driven and educational components (to build out their business, develop their product and avoid problems along the way); (4) Culminate in a public pitch event to investors and media, graduation or "demo day." Accelerators may be privately funded (by venture capital firms, angel investors, or corporations) or publicly funded (by government or institutional bodies).

Stage: Seed

Amounts

Limited funding and other resources in exchange for equity. This funding helps startups cover initial expenses and focus on growth.

Conditions

- Often sector-focused, targeting industries such as technology, healthcare, or social impact
- Often require startups to have a minimum viable product (MVP) and some early traction
- Publicly funded programmes may not take equity and offer limited funding
- Privately funded accelerators typically take an equity stake (approx. 5–10%) in exchange for capital, mentorship, and network access

Advantages	Disadvantages
• Connections to advisors, investors and potential partners • Intensive mentorship and business development support • Access to physical space • Accelerated pathway to future funding opportunities	• Equity dilution • High time and workload intensity during the programme • Pressure to achieve rapid progress within a short timeframe • Potential misalignment if programme focus does not match startup needs

Case Studies: Incubators & Accelerators

25madison

25madison's Health Studio co-incubates and builds healthtech companies.

> *"We partner with founders and healthcare operators to build companies that deliver meaningful improvements in patient outcomes."*

Key Features of 25madison Health:

- Minority investments from Pre-Seed to Series A
- Focus on early-stage healthtech ventures
- Entrepreneur-in-Residence (EIR) programme to explore and develop new ideas
- Strong integration with healthcare providers

SOSV THE ACCELERATOR VC

INDIE BIO

SOSV is a global accelerator platform that has supported the launch of over 2,300 startups, with notable portfolio companies including Roadie, Perfect Day, and Motiv. SOSV has offices in Princeton, New Jersey (HQ), San Francisco, New York City, Cork (Ireland), Tokyo, Shenzhen, Shanghai, and Taipei.
Its IndieBio programme focuses on science and biotech startups, helping founders commercialise technically complex innovations.

Programme Structure:

- 3–6 month accelerator programmes
- Highly selective (<5% acceptance rate)
- Global presence across major innovation hubs

Support & Funding:

- Investment of $250,000 – $500,000 per company
- Intensive 1:1 mentorship from scientists, engineers, and industry experts
- Access to laboratory facilities and technical infrastructure
- Cohort-based model (typically 10–15 companies)

The following case studies illustrate how incubators and accelerators operate in practice, highlighting their role in developing and scaling early-stage ventures.

Angel Investors

Description

Angel investors are high-net-worth individuals (HNWIs) who invest their own capital into early-stage businesses. They typically invest independently or as part of informal networks, providing funding alongside experience, mentorship, and industry connections.
In Australia, angel investors are generally classified as “sophisticated investors”, defined as individuals with:

- Net assets of at least $2.5 million, or
- Gross income of at least $250,000 per year over two consecutive years

In other jurisdictions such as the US and UK, eligibility is often based on accreditation, knowledge, or investment experience, rather than purely wealth.

Stage: Seed

Amounts

Investment amounts typically range from a few thousand to several million dollars.
Total angel investments in the United States in 2024 were $17.9 billion, with 55,346 entrepreneurial ventures receiving angel funding.

Conditions

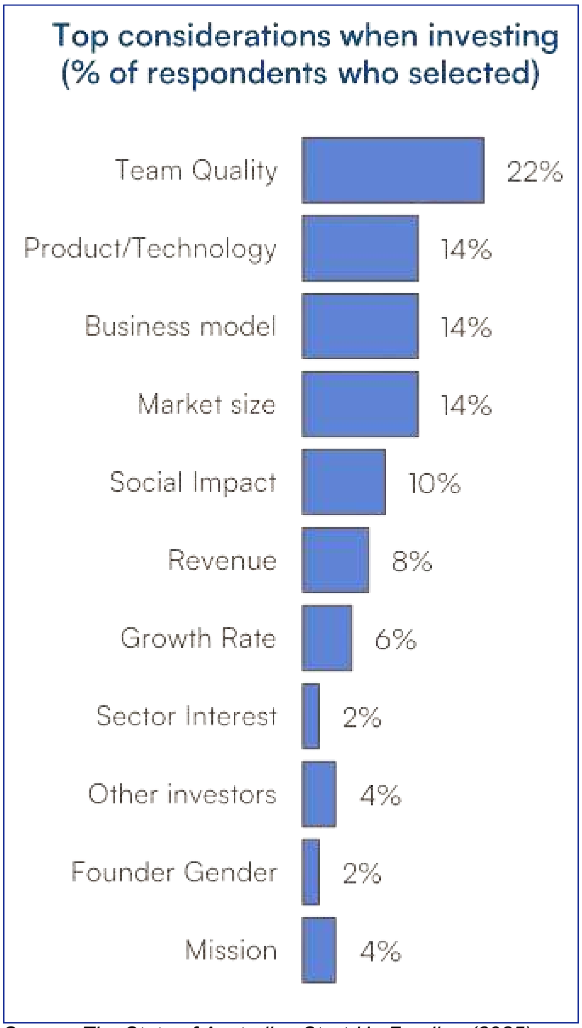
- Tend to invest in industries they understand or have experience in
- May have geographic preferences or restrictions

Advantages	Disadvantages
• High risk tolerance, particularly at early stages • Faster capital access due to less formal due diligence processes • Provide mentorship, industry knowledge, and networks • Typically patient investors, with investment horizons of 3–8 years	• Limited capital capacity compared to institutional investors • Potential for diverse or conflicting investor expectations • May lack formal processes or strategic consistency • Can be geographically or sector constrained

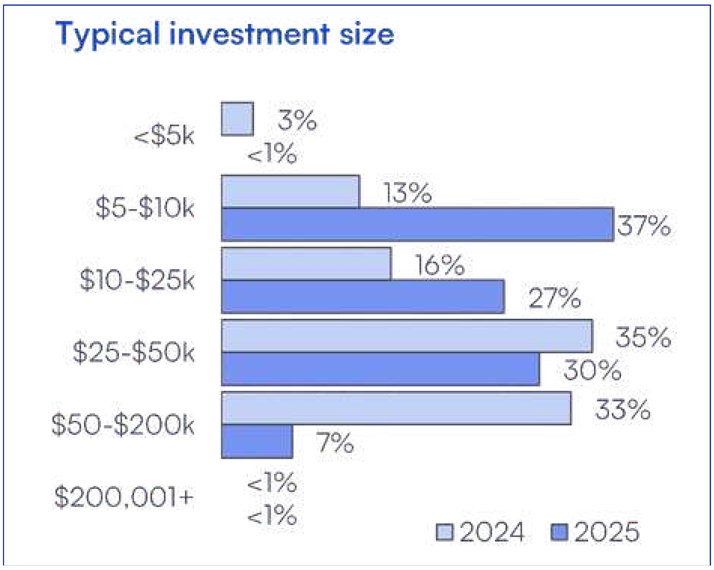
Domestic Angel Investors

Angel investing in 2025 reflected a more selective, more specialised and increasingly confident investor base.

Key takeaway
Angel activity increased in 2025, but cheque sizes shifted lower. The $5k–$10k bracket rose sharply from 13% to 37%, while $50k–$200k fell from 33% to 7%, indicating stronger syndication across smaller tickets. Team quality remained the leading investment criterion.



Source: *The State of Australian Start-Up Funding (2025)*



47%

of angels made more investments in 2025 than in 2024

65%

of angels ranked AI in their top 3 sectors

Angel Groups		Platforms
Brisbane Angels	Sydney Angels Sidecar	Startup Galaxy
Melbourne Angels	Scale Investors	Aussie Angels
Sydney Angels	Gold Coast Angels	TEN13
Perth Angels	361 Angel Club	Cache
Southern Angels	Impact Club	
Byron Bay Angels	Regional Angels	

Case Study: Angel Groups

Melbourne Angels is Victoria's most active startup investor and one of Australia's most active angel groups.

> *"Investing in start-ups since 2007, Melbourne Angels is committed to helping innovative founders build the next generation of our economy."*

Investment Criteria:

- **Geography**: Prefer Victoria, will consider elsewhere in Australia and New Zealand
- **Stage**: Seed and beyond. At a minimum, companies have a working prototype
- **Revenue Plan**: $20m+ within 3-5 years
- **Funding**: Typically seeks 20% equity per round. They expect to invest $100k-$500k per round
- **Valuation**: Pre-money valuations for Melbourne Angels seed rounds typically range from $1m to $2.5m
- **Exit**: Their preference is for an all-cash trade sale that delivers at least a 10x return on investment within 5-8 years

Metric	Melbourne Angels (Current Published Process)
Investment Round	$100k–$500k
Equity Purchased	20%–30%
Lead Investor	Preferred, but not required
Co-investors	Angel groups, private investors, family offices, startup funds
Follow-on	Multiple rounds for successful companies
Time to Invest	Less than 100 days
Investor Involvement	Active NED and shareholder
Exit Expectation	Trade sale within 5-8 years targeting a 10x return
Exit Presumption	Minimum $5m to founder(s)
Exit Market	Overseas preferred, but not required

Crowdfunding

Description

Crowdfunding is a process of raising capital for a business by seeking small amounts of money from a large number of investors, typically including individuals who do not qualify as sophisticated investors. The main crowdfunding model is Equity crowdfunding (CSF – Crowd-Sourced Funding). Investors receive an ownership stake in the business in exchange for their investment.

Stage: Seed

Amounts

In FY2025, Australia's crowd-sourced funding market raised $33.1 million across 63 successful campaigns, with an average raise size of $525,000 per campaign.

Conditions

- Regulated by ASIC and the ACNC. RG 261 – crowd funding portals must hold an AFS license
- Retail investors are capped at $10,000 per company per annum
- Companies must maintain a minimum of two directors and prepare annual financial and directors' reports
- Financial reports must be audited once a company raises $3 million or more from CSF offers
- Companies must convert to a public company structure once they exceed 50 non-employee shareholders
- Biotech/MedTech represents approximately 4% of campaigns, typically including healthcare IT and consumer-facing medical devices

Advantages	Disadvantages
• Access to capital from both retail and accredited investors • Validates market interest before committing to institutional funding rounds • Lower entry barriers compared to traditional equity raising processes	• Retail investor cap limits the size of individual contributions • High portal fees ranging from 5% to 20% of total amount raised • Regulatory disclosures threaten confidentiality • Limited understanding of the general public concerning complex medical devices.

Case Study: Crowdfunding

Birchal is a leading Australian equity crowdfunding platform and a licensed intermediary under the crowd-sourced funding (CSF) regime.

Since being founded in 2018, Birchal has:

- Hosted 300+ successful campaigns
- Facilitated over $218 million in capital raised
- Built a community of 180,000+ investors across 17 industries

Investors can participate with as little as $50, making early-stage investing more accessible and inclusive.

Process and Scale

- Typical campaign duration: 10–12 weeks (end-to-end)
- Includes a mandatory Expression of Interest (EOI) phase followed by a formal offer
- Campaigns operate on an all-or-nothing basis, requiring minimum funding targets to be met

Costs

Fee	Amount	Notes
EOI Campaign	$900 AUD + GST	Required before running an offer
Offer Campaign	$1,900 + GST	Three week offer period to receive investment applications
Success Fee	6%	Charged to Birchal, not investors
Additional Fees	Variable	Marketing, legal, video production

Birchal shows how crowdfunding can broaden access to capital while building an engaged investor community. However, campaign success depends on strong marketing, clear messaging, and broad appeal.

Family Office

Description

A family office is a private wealth management structure established to manage, preserve, and grow the assets of an ultra high-net-worth family. In addition to wealth management and governance services, many family offices invest directly into private businesses as part of their broader investment strategy.

Stage: Seed to Mature

Amounts

Family offices can participate in a wide range of deal sizes, from smaller early-stage investments to larger follow-on rounds, depending on the family's capital base, investment strategy, and risk appetite. A traditional single-family office is generally associated with families holding substantial wealth, often with a net worth of $100 million+, and in some cases $250 million+.

Conditions

- Broad investment scope across asset classes, including equities, fixed income, real estate, private equity, venture capital, and hedge funds
- Investment decisions are often shaped by the family's values, long-term objectives, sector interests, and geographic preferences
- Often prefer co-investment alongside other reputable investors rather than leading rounds independently

Advantages	Disadvantages
• Strong focus on long-term value creation rather than short-term returns • Can provide mentorship, networks, and strategic guidance • Often have capacity to support larger funding rounds • Flexible mandate allows investment in non-traditional or emerging business models overlooked by institutional investors	• Investment decisions are often relationship-driven, making access difficult without existing connections • Investments are often illiquid and long-term in nature • Decision-making can be less transparent and more relationship-driven than institutional capital

Venture Capital

Description

Venture capitalists (VCs) are professional investment firms that deploy capital on behalf of others into high-growth businesses with strong scaling potential. Their capital is typically sourced from institutional and private investors, including individuals, pension funds, corporations, and foundations. VC funds typically operate on a 10-year fund lifecycle, with a 2% management fee and 20% carried interest model.

Stage: Series A+

Amounts

VCs typically invest from around $1 million at Series A, with later-stage rounds often reaching tens or even hundreds of millions of dollars depending on the company's stage, traction, and capital requirements. In Australia, startups announced $5.1 billion across 390 deals in 2025, and 66% of 2025 deals included at least one international investor.

Conditions

- Often have narrow investment criteria, focusing on particular stages, sectors, business models, or geographies
- Generally prefer companies with demonstrated product-market fit, revenue traction, and strong scaling potential
- Commonly require detailed due diligence before investing
- May seek board representation and governance rights following investment

Advantages	Disadvantages
• Provide access to larger pools of capital than most early-stage investors • Offer strategic support, industry networks, and advisory expertise • Can assist with future capital raises and exit planning	• Usually require significant equity in exchange for investment • Investor expectations for growth and returns can place pressure on founders • May influence major strategic decisions through board and governance involvement • Extensive due diligence means VC funding is not typically a fast funding solution

Domestic Players: Venture Capital

The number of investors recorded across Australian deals fell from 596 in 2024 to 567 in 2025, continuing a consolidation trend since the 2021 peak of 899. Of the 30 most active investors from 2024, 80% announced fewer investments in 2025 and 5 announced no investments at all. Only 24 investors announced more than 5 investments in 2025, down from 29 in 2024. This reflects a broader market shift where institutional backers (superannuation funds, family offices, corporate investors) are increasingly concentrating their capital into a smaller group of established fund managers with proven track records.

Key Active Australian VC Firms

Firm	AUM	Stage Focus	Sector Focus
Blackbird Ventures	~$10B portfolio value	Pre-seed to IPO	Tech, SaaS, deep tech
AirTree Ventures	~$2B AUM (Fund V closed 2025)	Seed to growth	Tech, fintech, AI
Square Peg Capital	~$2.9B AUM	Early to growth	Fintech, SaaS, tech
Main Sequence Ventures	CSIRO-backed	Seed to Series B	Deep tech, AI, climate
Brandon Capital	$1B+ across 6 funds	Seed to late stage	Life sciences, biotech
Folklore Ventures	—	Early stage	Tech, SaaS
Artesian VC	~$255M AUM	Pre-seed to Series A	Tech, health, cleantech
OIF Ventures	—	Seed to early stage	Purpose-driven tech

567
Investors recorded across Australian deals in 2025

80%
Of the 30 most active 2024 investors announced fewer deals in 2025

66%
Of 2025 deals included at least one international investor

Venture Debt

Description

Venture debt is a form of financing provided by banks or non-bank lenders to high-growth companies, typically those that have already raised venture capital. It is designed to supplement equity funding and extend runway without requiring immediate further dilution.

Stage: Series B+

Amounts

Loan types and sizes vary significantly based on the scale of a business, the quality and quantity of equity raised to date, and the objective for which the debt is being raised. Some lenders have been offering loan sizes varying between 25% to 35% of the amount raised in the most recent equity round.

Conditions

- The lender could request warrants over equity in the range of 5% to 20% of the value of the loan
- Venture debt lenders can expect returns of 12–25% on their capital which is achieved through a combination of loan interest and capital appreciation of warrants
- Venture lenders use venture capital support as a source of validation and the primary yardstick for underwriting a loan
- Other criteria include a recurring, predictable revenue stream, operating more than 3 years in business, a loyal customer base, sufficient cash runway (12+ months) without the venture debt, high gross margins, and a clear path to profitability

Advantages	Disadvantages
• Extends runway and helps reduce cash burn without immediate equity dilution • Can be a flexible funding option for companies seeking capital between equity rounds	• Creates a repayment obligation, which can place pressure on cash flow • Debt servicing may divert resources away from growth and expansion • Higher interest rate environments can increase the cost of capital

Case Study: Venture debt

Venture debt providers are typically classified into two categories:

1. Commercial banks with venture-lending arms
These banks typically accept deposits from startup companies, and offer venture debt to complement their overall service offerings. Loan sizes can range from smaller growth facilities to multi-million-dollar lines for scaled businesses.

HSBC is currently the only major bank in Australia offering dedicated venture debt financing. Its published venture debt profile targets later-stage, VC- or PE-backed companies, with indicative criteria including Series C or beyond, AUD20m+ annual revenue, 20%+ YoY growth for two years, AUD25m+ capital raised, and AUD10m+ ticket sizes.

The landscape shifted significantly following the collapse of Silicon Valley Bank in 2023, which had been the dominant global player in this category. Key international players today include First Citizens Bank, JPMorgan, Citibank, Wells Fargo, and Comerica.

2. Specialty finance firms ("venture debt funds")
These funds are focused solely on providing venture debt and also have the ability to provide higher dollar size and more flexible loan terms. Some of these active in Australia include OneVentures and Mighty Partners.

PFG | PARTNERS for GROWTH

Specialises in venture debt and structured credit for high-growth technology-based companies operating from Silicon Valley and Australia.

Criteria:
Typically suited to businesses with approximately $5m+ revenue or asset portfolios of $5m+, depending on structure. PFG's current lending range is typically $1M–$50M, across structures such as term loans, asset-backed facilities, lines of credit, and royalty/revenue-based financing.

Terms

- PFG offers customised debt facilities that may include security over assets, financial covenants, and potential equity participation through warrants or conversion features, depending on the transaction.

Venture debt is best suited to later-stage, high-growth businesses seeking to extend runway and preserve equity between funding rounds.

Private Equity

Description

Private equity firms raise capital from investors and use it to acquire, invest in, and improve private companies, or to take public companies private. Their objective is typically to increase business value through operational, strategic, and financial changes before exiting at a profit.

Stage: Mature / established businesses

Amounts

Global private equity dry powder was approximately US$2.1 trillion in 2024 (Source: McKinsey & Company).

Conditions

- PE firms typically take on a majority stake (>50%)
- Private equity funds have a finite term of 7 to 10 years. The average holding period for a private equity portfolio company was about seven years in 2025.

Advantages	Disadvantages
• Adds working capital to business • Avoids conventional financing methods (e.g. high interest loans) • Active strategic involvement from experienced investors • Can provide a pathway to scale, acquisition, or exit	• Transaction process is often lengthy and intensive • Existing owners may lose significant equity and control • Management autonomy may be reduced due to investor oversight

What Private Equity looks for in a business

- **Opportunity to grow revenue**
- **Quality Management that are experts in their industry**
- **A clear exit pathway**
- **Exposure to an industry with strong tail winds**
- **Opportunity to exploit economies of scale**

Case Study: Private Equity

Pacific Equity Partners (PEP) is Australia's largest private equity firm.

Criteria:

- Target Gross IRR: 20%+
- Industries/Sectors: All industries/sectors considered
- Geographies: Principal operations in Australia or New Zealand
- Structure: Closed-ended
- Status: Fund V fully realised; Fund VI fully invested with reserve for follow-on in existing assets; Fund VII closed
- Do not invest in: Start-ups or unprofitable businesses, investments predominantly focused on tobacco, gambling, weapons or coal

Investments

SG Fleet: A leading provider of integrated mobility solutions, fleet management and leasing services across Australia, New Zealand and the United Kingdom. PEP completed this public-to-private acquisition in April 2025 at an enterprise value of A$1.4 billion.

FMH Group: A diversified, technology-enabled logistics platform, including efm, with operations across freight, transport and supply chain services. PEP acquired FMH from SingPost in March 2025 at an enterprise value of A$1.02 billion

Healthe Care: One of the leading private hospital operators in Australia; 17 hospitals and facilities; PEP acquired Healthe Care Surgical Pty Ltd (Healthe Care's surgical arm) for A$400M.

This case study shows that private equity investors typically focus on mature businesses with established revenue, operational scale, and clear expansion opportunities

IPO

Description

An initial public offering (IPO) is when a privately held company offers its shares to the public and becomes listed on a stock exchange. An IPO allows a company to raise capital from a broader investor base while creating a public market for its shares.

Stage: Series B+

Amounts

To list on ASX, a company generally must satisfy core admission requirements including:

- Profit test: at least A$1 million aggregate profit from continuing operations over the last 3 full financial years, plus A$500,000 consolidated profit from continuing operations over the last 12 months; or
- Assets test: at least A$4 million net tangible assets or A$15 million market capitalisation.

Additional ASX admission criteria include:

- Minimum free float: 20%
- Minimum 300 non-affiliated investors each holding a parcel of at least A$2,000.

Conditions

- A pharmaceutical or biotechnology company should have achieved proof-of-concept for the lead asset and aim to be in Phase 2 trials or later
- A medical technology company should have undertaken pilot human clinical studies and have a clear pathway to regulatory approval
- Total IPO costs for a small offer (of less than $50 million) are likely to be 8-10% of the amount raised, with 5-6% of this representing the underwriting/management fee
- ASX's streamlined listing process takes about five months

Advantages	Disadvantages
• Access to a large pool of growth capital • Greater market visibility and credibility • Improved access to institutional investors • Creation of a secondary market for shares • Can provide an effective exit pathway for existing shareholders	• High transaction and ongoing compliance costs • Greater disclosure, governance, and reporting obligations • Increased market scrutiny and media exposure • Potential pressure for short-term performance • Significant diversion of management time during and after listing

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Strategic investors

Strategic Investors: Types of Deals

Strategic investors engage with businesses through three primary deal structures. Each serves a different purpose and carries different implications for ownership, control, and long-term strategic alignment.

Investment: A strategic investor takes an equity stake, gaining visibility into the business and optionality to deepen the relationship over time

M&A: A full or partial acquisition, where the strategic acquirer seeks to integrate the business, its technology, or its team into their own operations

Licensing: The business grants rights to use its technology, IP, or products in exchange for upfront payments, milestones, or royalties — without transferring ownership

Major Deals

Leading M&A Transactions

Completion Date	Acquirer	Target	Deal Value	Segment
Mar 23 2026	Abbott	Exact Sciences	$21B ($23B EV)	Cancer diagnostics
Apr 7 2026	Blackstone & TPG	Hologic (take-private)	$18.3B	Women's health / diagnostics
Feb 9 2026	BD → Waters (RMT)	BD Biosciences & Diagnostic Solutions	$17.5B	Life sciences / diagnostics
Feb 19 2025	Stryker	Inari Medical	$4.9B ($80/share)	Peripheral vascular / VTE
Sep 2 2025	Thermo Fisher Scientific	Solventum (P&F business)	$4.1B	Purification & filtration

Source: MedDevice Guide

Abbott / Exact Sciences

Largest medtech M&A deal of 2025 and one of the ten largest in medtech history. Abbott acquired Madison, Wisconsin-based Exact Sciences, the maker of Cologuard, a non-invasive colorectal cancer screening test that allows patients to screen at home by collecting a stool sample and mailing it to a lab.

Blackstone & TPG / Hologic

The largest medtech take-private transaction on record. PE firms Blackstone and TPG agreed in October 2025 to acquire Hologic, a leader in women's health diagnostics and breast health solutions, at $76 per share in cash.

BD / Waters

BD announced in July 2025 that it would combine its Biosciences & Diagnostic Solutions business with Waters Corporation in a tax-efficient Reverse Morris Trust transaction valued at approximately $17.5 billion.

Stryker / Inari Medical

Stryker acquired Inari Medical in February 2025 at $80 per share. Inari specialises in mechanical thrombectomy solutions for venous thromboembolism (VTE), with its FlowTriever system enabling drug-free clot removal. The deal expands Stryker's peripheral vascular portfolio.

Thermo Fisher Scientific / Solventum

Thermo Fisher acquired Solventum's Purification & Filtration business in September 2025 for $4.1 billion. The division supplies filters and membranes for biopharmaceutical manufacturing, strengthening Thermo Fisher's bioproduction capabilities.

Major Capital Raises

Major medtech capital raises in 2025 were concentrated in a relatively small number of very large, later-stage rounds. J.P. Morgan says medtech venture funding reached US$11.3bn across 323 financings in 2025, with 61 rounds above US$50m and 30 above US$100m. Series B and later-stage financings made up 210 of 323 rounds (65%) and US$9.3bn of capital, showing that investors were favouring more mature companies over earlier-stage risk.

Date	Company	Investment ($m)	Round / Type	Focus
10 Mar 2025	BVI Medical	1,000	Strategic capital raise	Ophthalmic devices
2 Jun 2025	Neuralink	650	Series E	Brain-computer interface / neurotechnology
16 Oct 2025	HistoSonics	250	Private financing	Non-invasive tumour treatment / histotripsy
2 Jul 2025	Kardium	250	Financing round	Cardiac medtech / atrial fibrillation treatment
2 Apr 2025	CMR Surgical	200+	Financing round	Surgical robotics
11 Nov 2025	Cornerstone Robotics	200	Financing round	Surgical robotics
6 Nov 2025	Synchron	200	Series D	Brain-computer interface / neurotechnology
5 Mar 2025	4C Medical	175	Series D preferred stock financing	Structural heart / TMVR
10 Dec 2025	Impulse Dynamics	158	Financing round	Heart failure device / cardiac therapy
18 Nov 2025	Distalmotion	150	Series G	Robotic surgery

Source: Mass Device - The largest medtech funding rounds of 2025 (Dec 25)

BVI Medical

BVI Medical completed a $1 billion strategic capital raise in partnership with TPG in March 2025. The investment refinances existing debt and adds new equity to accelerate product innovation and global expansion in ophthalmic devices, including its growing intraocular lens portfolio.

Neuralink

Neuralink closed a $650 million Series E in June 2025, valuing the company at approximately $9 billion which is more than double its 2023 valuation. The round, backed by Sequoia, Founders Fund, and ARK Invest, funded expansion of its N1 brain-computer interface and broader patient access.

Largest Domestic Capital Raises

Biotech and medtech remained one of the most important parts of the Australian funding market in 2025. While AI and fintech attracted more total capital, biotech/medtech still ranked as the third most-funded sector at $829 million and led the market by deal count with 49 deals.

Deals bigger than $50 Million 2025

Company	Amount	Round	Sector
firmus	$500M	Strategic Investment	Artificial Intelligence
Airwallex	$498M	Series G	Fintech
firmus	$330M	Strategic Investment	Artificial Intelligence
synchron	$303M	Series D	Biotech / Medtech
Airwallex	$232M	Series F	Fintech
Harrison.ai	$179M	Series C	Biotech / Medtech
AdvanCell	$171M	Series C	Biotech / Medtech
saluda MEDICAL	$153M	Series E	Biotech / Medtech
Infravision	$139M	Series B	Climate Tech / Cleantech
Heidi	$98M	Series B	Healthtech
Morse Micro	$88M	Series C	Hardware / Robotics / IoT
ROLLER	$77M	Series B	Enterprise / Biz Software
RAYGEN	$75M	Series D	Climate Tech / Cleantech
PANO	$68M	Series B	Climate Tech / Cleantech
Lorikeet	$54M	Series A	Artificial Intelligence
IND.T	$50M	Unknown	Hardware / Robotics / IoT

The largest domestic raise was Firmus ($500M strategic investment in AI), which also secured a second raise of $330M, making it by far the most capitalised company on the list. Airwallex also appears twice with a $498M Series G and a $232M Series F, reflecting continued investor confidence in the fintech giant.

Synchron ($303M Series D) stands out as arguably the most globally significant company on the list. The Melbourne-founded brain-computer interface company raised its Series D with backing from Bezos Expeditions, the Qatar Investment Authority, and Australia's own National Reconstruction Fund, which contributed $54M to support domestic clinical trials and establish a commercial hub in Australia. Synchron is widely regarded as the most credible global competitor to Neuralink.

Saluda Medical ($153M Series E) is another notable Australian success story. The Sydney-founded company listed on the ASX in December 2025 and makes the FDA-approved Evoke System which is the world's first closed-loop spinal cord stimulation device for chronic pain. It automatically adjusts therapy in real time based on each patient's neural responses.

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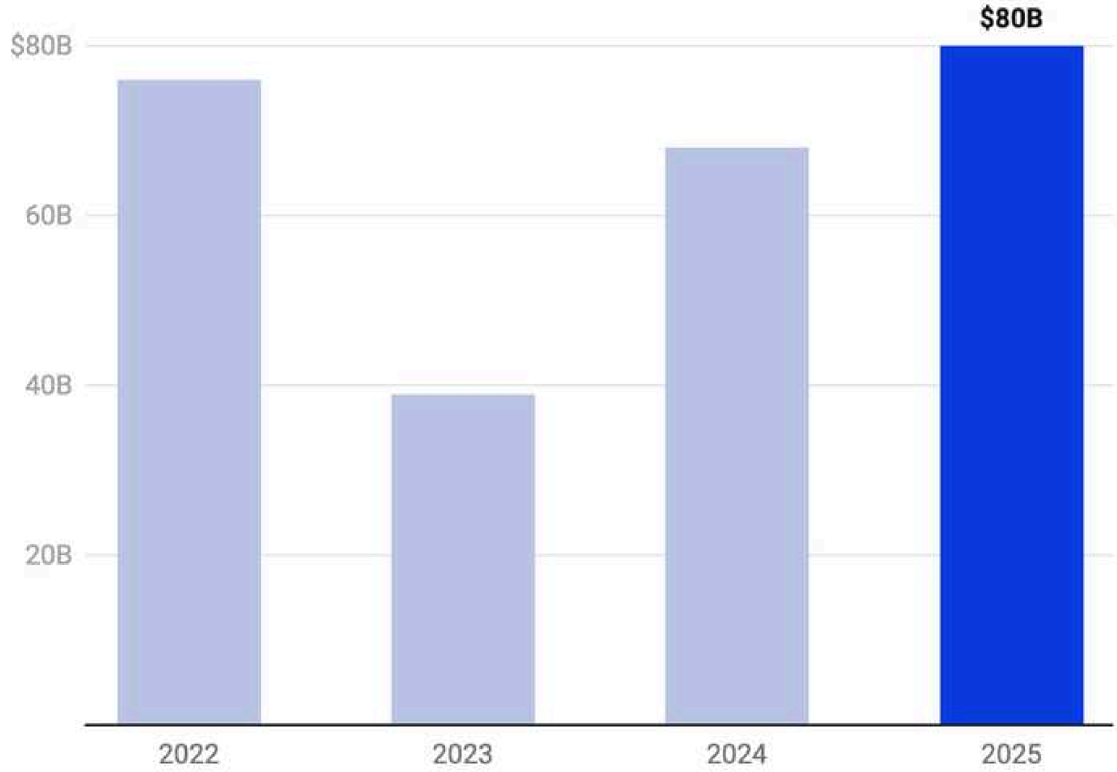
Transaction Volumes

M&A transactions overview

Total Global Medtech M&A deal value by year, 2022 to Nov. 30, 2025.

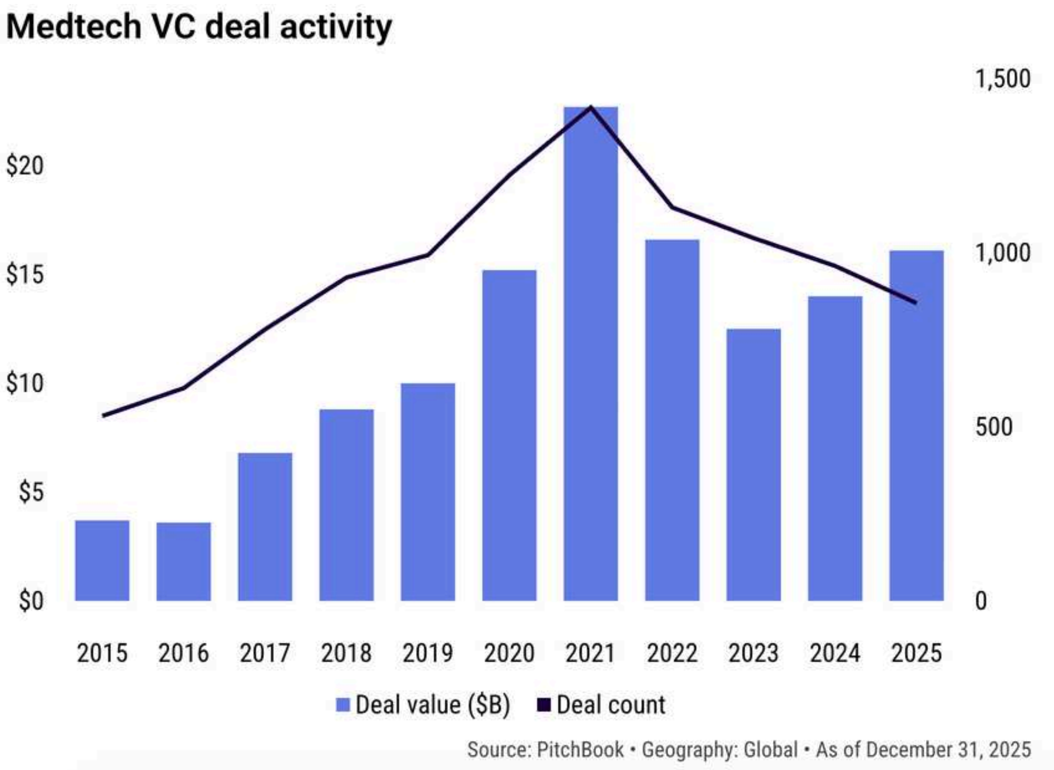


2025 data is through Nov. 30, 2025.
Source: Bain & Company

Medtech M&A rebounded strongly in 2025, with total deal value reaching approximately US$80 billion by November, exceeding both 2022 and 2024 levels. The recovery was bolstered by renewed strategic confidence and several landmark transactions, including Abbott's $21B acquisition of Exact Sciences and Blackstone & TPG's $18.3B take-private of Hologic. The second half of the year was particularly active, nearly doubling first-half deal value as valuations continued to decline.

A defining feature of 2025 was the trend of large companies reshaping their portfolios. Rather than acquiring new businesses, many companies sold off divisions that no longer fit their core strategy which accounted for more than a third of total deal value. BD, Solventum, and Thermo Fisher were among the most active, divesting non-core assets to sharpen their focus. Looking ahead, deal activity is expected to remain strong into 2026, with lower valuations making high-quality assets increasingly attractive to buyers.

VC transactions overview



$16.1B
Total global medtech VC investment in 2025

855
Total VC deals in 2025

34%
Rise in median pre-money valuations in 2025

Medtech VC funding reached a three-year high in 2025. Total investment reached $16.1 billion across 855 deals, with median deal value climbing to a record $10.2 million and median pre-money valuations rising 34% year over year.

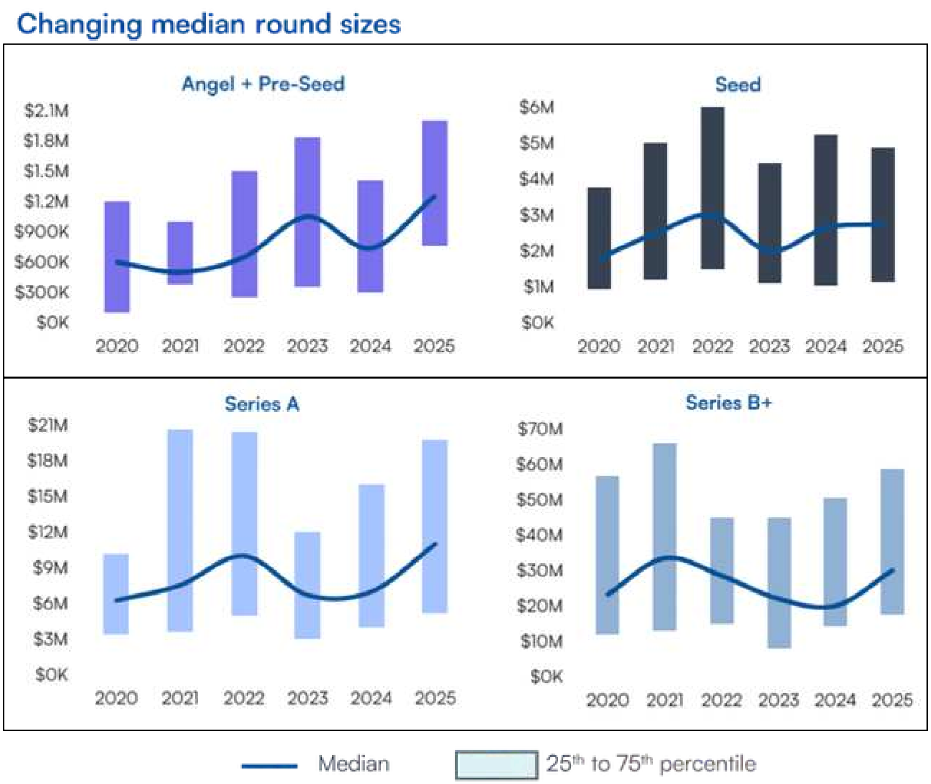
However, the headline numbers mask a growing divide. Despite record total investment, deal counts continued to fall as investors prioritised larger rounds for mature companies over early-stage ventures, leaving seed and early-stage startups with fewer funding options than in previous years. Surgical devices and tools captured the largest share of VC dollars, while brain-computer interfaces saw a record inflow of capital driven by landmark raises from Neuralink and Synchron.

Looking ahead, the structural shift toward later-stage concentration is expected to continue into 2026. Early-stage companies without strong clinical validation, regulatory clarity, or AI tailwinds will face an increasingly difficult funding environment, while scaled platforms with proven commercial models are likely to command even larger rounds and premium valuations.

Domestic Venture Capital

Source: The State of Australian Start-Up Funding (2025)

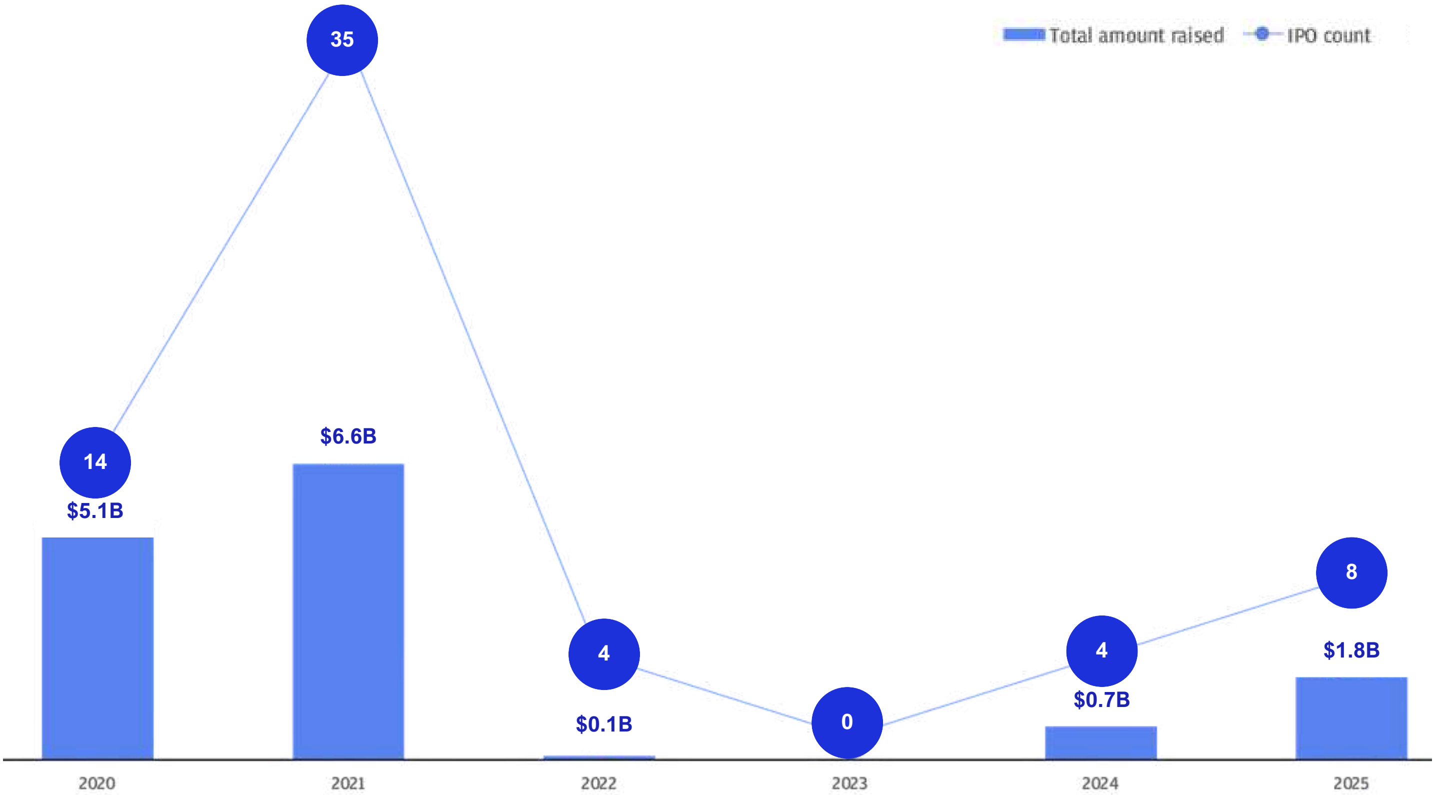
Australian startups raised $5.48 billion across 390 deals in 2025, a 31% increase on 2024 and the third-largest funding year on record. The second half of 2025 drove much of the momentum, with Q4 delivering over $2 billion making it the strongest quarter since the 2021 peak. However, as with global trends, the headline figure masks growing concentration: the top 20 deals captured 58% of all capital raised, and deal count dropped 20% from 2024.



Source: The State of Australian Start-Up Funding (2025)

Median deal sizes rose across all stages in 2025. $1.0M at Angel/Pre-Seed, $2.5M at Seed, $11.0M at Series A, and $30.0M at Series B+. However, early-stage founders faced a tougher environment, with 59% of investors reporting Pre-Seed and Seed deals became harder to close than the year prior.

IPO Transactions Overview



Source: JP Morgan Q4 2025 Medtech Licensing and Venture Report

8 Medtech IPOs on U.S. exchanges above $15M	**$1.8B** Total capital raised across 2025 medtech IPOs	**5** IPOs above $100M in 2025

BillionToOne ($314M, November 2025)

BillionToOne, a molecular diagnostics company, raised $314 million in an upsized IPO in November 2025 which was the year's largest medtech IPO by capital raised. The company develops highly accurate non-invasive prenatal screening and cancer detection tests. Shares debuted on the Nasdaq at $100, well above the $60 IPO price, valuing the company at approximately $4.4 billion.

HeartFlow ($364M, August 2025)

HeartFlow raised $364.2 million in its August 2025 IPO, offering over 19 million shares at $19 each. The company's AI-powered platform transforms standard coronary CT scans into 3D models to assess blood flow and plaque in patients with coronary artery disease, reducing the need for invasive diagnostic procedures.

Medtech IPO activity finished 2025 strong. While the window remains relatively quiet by historical standards, 2025 was the most active year for medtech IPOs since 2021. This suggests that the public market is open, but investors remain selective, favouring companies with strong, proven growth potential.

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Deal Terms

Deal Terms

When structuring a transaction, whether a licensing deal, equity investment, or strategic partnership, the terms agreed upon have significant long-term implications for both parties. Deal terms determine how value is shared, how risk is allocated, and how much control founders and existing shareholders retain.

Licensing Deal	• **Upfront Payments:** Initial consideration paid at signing, dependent on the risk profile and value of the asset • **R&D Expense Subsidies:** Licensee contributions toward ongoing R&D costs, reducing the capital burden on the licensor • **Milestone Payments:** Contingent payments triggered by defined development or commercial milestones • **Royalties:** Fixed or tiered percentage of revenue; rates may be reduced where the licensee has contributed R&D funding • **Manufacturing Payments:** Structured as either a transfer price with an embedded profit margin or a cost-plus mark-up
Equity and/or Debt Investment	• **Warrants:** Rights to purchase shares at a predetermined price within a specified timeframe • **Convertible Notes:** Short-term debt where principal and interest converts into equity at a future date, governed by an agreed valuation cap or discount • **Contingent Value Rights (CVRs):** Additional consideration paid to target shareholders upon achievement of post-close milestones • **Anti-Dilution Protection (Ratchet):** Adjusts the effective price paid by earlier investors if a subsequent round closes at a lower valuation • **Pay-to-Play:** Requires existing investors to participate pro-rata in future rounds or forfeit preferential rights • **Drag-Along Rights:** Allows a defined majority to compel all shareholders to sell on the same terms • **Tag-Along Rights:** Entitles minority shareholders to participate in any majority sale on equivalent terms
Tactical and Strategic Partnering	• **Co-Development:** Includes shared risk and cost • **Profit Splitting:** Agreed division of net profits between parties • **Shared Commercialisation Rights:** Joint rights to market/sell the asset • **Shared Development Rights:** Joint rights over ongoing R&D • **Resource Transfers:** Transfer of commercial or R&D resources between parties • **Planned M&A:** Pre-agreed merger, acquisition, or strategic initiative
Other Deal Terms	• **Territory:** Typically global or multi-regional • **Field of Use:** Covers all potential uses of the asset within a defined therapeutic area

Closing word

Sourcing Outside Funding

There are three primary ways a company can source outside funding. Each approach has different implications for timing, cost, and the quality of investor relationships formed

Outbound Direct Approach

The company proactively reaches out to potential investors, lenders, or strategic partners itself. This approach requires a strong network and a compelling pitch, but gives the company full control over who it approaches and when.

Corporate Advisor

An adviser, broker, or investment bank helps identify funders, run the process, and make introductions. This is the most common approach for companies seeking to run a structured, competitive funding process.

Inbound Interest

Investors or partners approach the company directly because they are already interested in the business, sector, or asset. This is typically the result of strong market visibility, a notable milestone, or an existing relationship.

Key Takeaways

1. **Always maximise your internal capital before looking for external equity**
   External funding comes with strings attached, whether that is equity dilution, debt obligations, or investor oversight

2. **Understand your valuation before you start talking to people about investing in your business**
   Know what your business is worth and be able to defend it

3. **Choose your investor well, it's about more than just money**
   The right investor brings networks, expertise, and strategic value; the wrong one can slow you down

4. **Get the right team on your side**
   A good corporate advisor and lawyer will save you time, protect your interests, and improve your outcome

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Let’s Talk About Your Valuation

Whether you’re preparing for a capital raise, a licensing deal, a shareholder transaction, or a cross-border negotiation, Sherwood can help you understand, articulate, and defend your value.

Contact us to book a confidential valuation strategy session

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