

The title "ARTIFICIAL INTELLIGENCE REPORT" is written in large, white, uppercase, sans-serif letters. The word "REPORT" is significantly larger than "ARTIFICIAL INTELLIGENCE". Two thick yellow L-shaped brackets are positioned around the word "REPORT", one on the left and one on the right, framing it.

2025

A data-driven deep dive into Australia's fastest-evolving AI ecosystem across startups, capital flows, and innovation infrastructure.

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# EXECUTIVE SUMMARY

## Executive Summary: Key Highlights at a Glance

### Australia's AI Ecosystem: Concentrated Scale, Narrow Depth

Australia's AI start-up ecosystem is expanding rapidly in headline terms, but structurally uneven beneath the surface. As of Dec 2025, the ecosystem comprises 422 AI start-ups, with over 80% founded since 2016, underscoring strong momentum. Start-up formation peaked in 2023, coinciding with the global generative AI inflection point and reinforced by national policy signals and R&D incentives. However, this growth has translated into breadth at the application layer rather than depth across the full AI value chain.

### Capital growth is real, but highly skewed

Australian AI start-ups have raised \$1.8B equity across 191 rounds, with 93% of investment coming over the last 5 years (since 2021). While 2025 appears to be the most funded year on record, this headline figure is overwhelmingly driven by a small number of mega rounds, primarily in AI infrastructure (e.g. Firmus, which secured two such rounds). Excluding these outliers, the funding base remains moderate, with a median round size of \$4M, signalling a long tail of early- and mid-stage companies that have yet to access large-scale growth capital.

This divergence highlights a bifurcating funding market: a narrow set of companies attracting outsized checks, and a broad cohort progressing cautiously through seed and Series A stages.

### Application-layer dominance masks structural gaps

The majority of Australian AI start-ups operate in the Application Layer, where faster commercialization, clearer ROI, and enterprise adoption have lowered barriers to entry. Vertical AI solutions, particularly in Healthcare & Life Sciences, account for the highest

concentration of start-ups and funding, reflecting strong clinical demand and scalability.

In contrast, Core AI Infrastructure and enabling layers (Middleware, Data, AI/ML Development, Infrastructure) remain thin by start-up count. This skewness suggests that Australia is currently positioned as a builder of AI-powered solutions, with relatively limited depth in foundational offerings. While this accelerates near-term commercialization, it may constrain the ecosystem's ability to generate repeatable, globally dominant AI technology companies over the long term.

### Infrastructure funding reflects sovereign priorities, not ecosystem breadth

Despite their small number, AI infrastructure start-ups have absorbed a disproportionate share of recent capital, led by Firmus. Since 2023, nearly all infrastructure funding has flowed into compute- and energy-intensive assets aligned with sovereign AI and national resilience objectives, indicating a reorientation of capital towards opportunities aligned with policy priorities.

As a result, Australia has produced one AI unicorn to date, underscoring strong top-end execution alongside a highly concentrated late-stage landscape. The ecosystem has yet to demonstrate a consistent pipeline of scale-ups transitioning from Series B to sustained global leadership.

### Scale-up and exit pathways remain constrained

Only ~10% of active AI start-ups have progressed to Series A or beyond, underscoring a constrained scale-up pipeline. While exits were largely IPO-driven prior to 2022, the post-2023 period shows a clear pivot toward acquisitions, signalling a maturing yet increasingly consolidation-oriented market where strategic acquirers, rather than public markets, have become the dominant exit pathway.

# COMPANY TRENDS

# 1. Company Trends

## 1.1 The Economic Case for AI as Australia's Next Growth Engine

Artificial Intelligence (AI) represents a tectonic shift in the global landscape, and for Australia, it is viewed as a critical lever for sustained economic prosperity and global competitiveness. Industry analysis by OpenAI and Mandala, projects that accelerated AI adoption could contribute up to AUD142B annually to the Australian economy by 2030<sup>1</sup>. The majority of this economic uplift (AUD80B) is expected to stem from productivity improvements, with additional gains coming from enhanced output quality (AUD25B), the emergence of new AI-driven businesses (AUD6B), and the creation of new roles and skill sets (AUD4B). Taken together, these factors signal a strategic opportunity for Australia to harness AI as a core engine of national productivity and innovation.

Collectively, these dynamics position AI not as a cyclical technology trend, but as a structural growth engine with implications for capital allocation, workforce development, and national competitiveness.

## 1.2 AI Adoption Reaches Critical Mass Across Economy and Government

AI adoption in Australia has moved beyond experimentation and is increasingly embedded across individuals, businesses, and government institutions, signalling a transition toward mainstream utilisation.

According to survey results from Google and IPSOS, released in January 2025, individual use of

Generative AI tools rose sharply, with 49% of Australians reporting usage in 2024, up from 38% in 2023, reflecting growing familiarity and trust in AI-enabled workflows. Most individuals are using these tools for writing, brainstorming, problem-solving, and synthesising lengthy or complex information<sup>2</sup>.

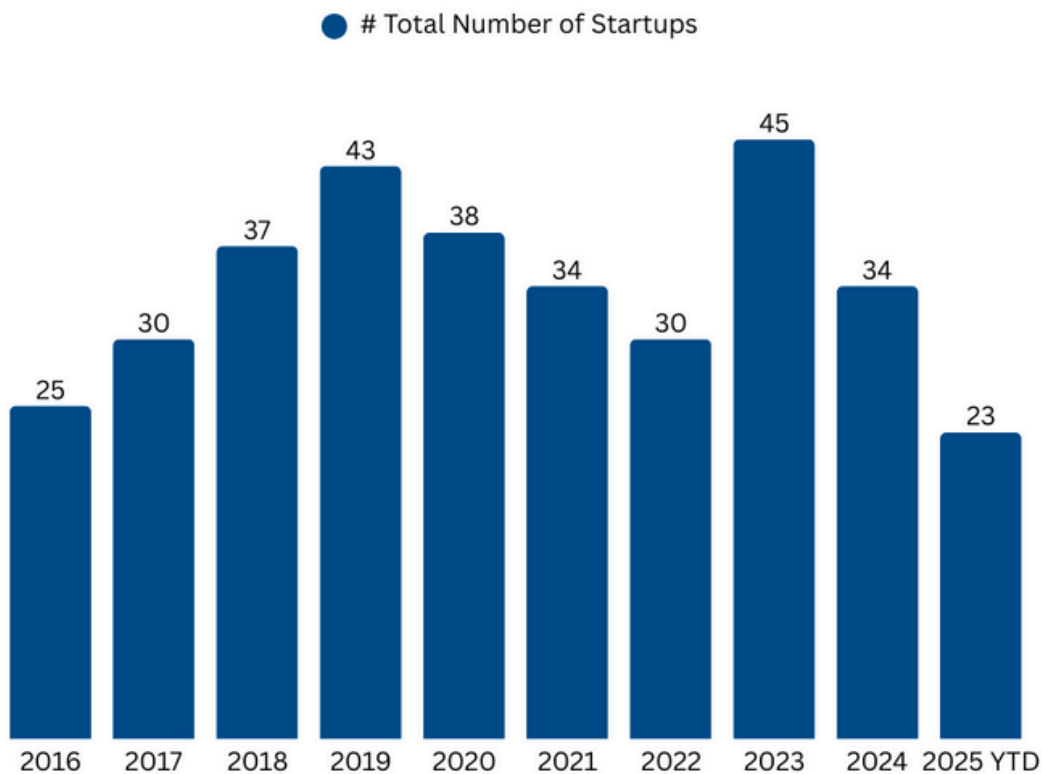
Enterprise adoption is following a similar upward trajectory. Data from the National AI Centre's **AI Adoption Tracker** shows consistent quarter-on-quarter growth among small and medium-sized enterprises (SMEs). While 35% of SMEs were using, implementing, or preparing to implement AI in Q1 2025, this grew to 41% in Q2, 46% in Q3, and 47% by Q4 2025 (as of Oct 31, 2025)<sup>3</sup>.

Government adoption is also gaining momentum. More than 70% of agencies have identified clear opportunities for AI to deliver measurable benefits, and 81% report having mechanisms to monitor the effectiveness of their AI systems. The growing use of AI Transparency Statements further enhances visibility and comparability of AI deployment across departments, signalling a more mature and accountable approach within the public sector<sup>4</sup>.

## 1.3 The Generative AI Inflection Point in Start-up Creation

Australia's AI start-up ecosystem has expanded rapidly, reaching 422 AI-focused start-ups as of 2025 YTD. More than 335 of these have been founded over the past decade (2016–2025 YTD), and account for 80% of the ecosystem, underscoring the sector's accelerated development over the past decade.

## Exhibit 1

**AI in Australia- YoY Startups Founded (2016-2025 YTD)**

Source: Tracxn

Start-up formation peaked in 2023, with 45 new AI companies founded, coinciding with several reinforcing catalysts. These include the global inflection point triggered by the public release of OpenAI's ChatGPT in late 2022, increased policy attention following the National Reconstruction Fund's recognition of AI as an enabling capability, and sustained R&D support through Australia's Tax Incentive program, which underpinned nearly AUD500M in AI, computer vision, and machine learning projects in 2022–23<sup>5</sup>.

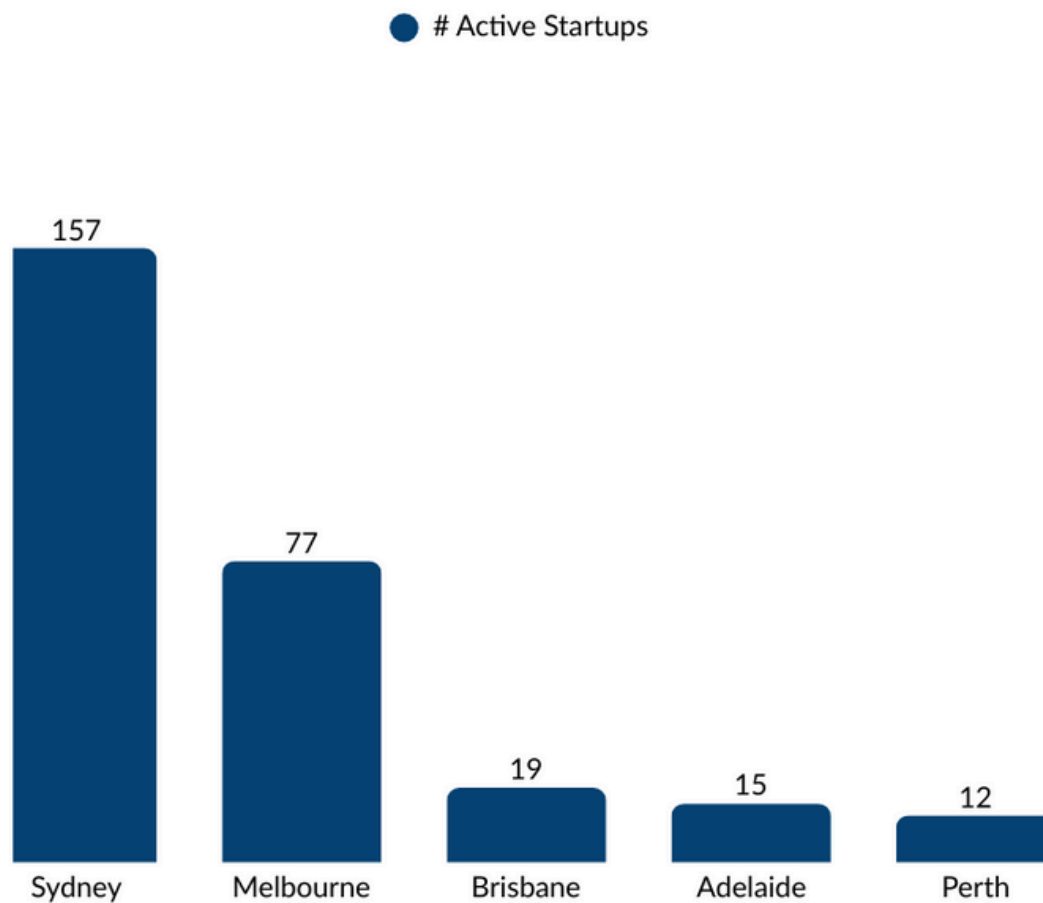
In 2025 YTD, new AI players such as Vheer, Zoros AI, and Sovereign Australia AI, further diversified the ecosystem with offerings in AI-powered image generation, construction cost estimation, and ethical large language models, respectively.

#### 1.4 AI Innovation Concentrates in Major Urban Hubs

Despite national-level momentum, Australia's AI start-up activity remains geographically concentrated. Around 368 of the 422 founded AI start-ups remain active, with a significant majority headquartered in major metropolitan centres.

Sydney leads the ecosystem with 157 active start-ups, followed by Melbourne with 77 and Brisbane with 19. Adelaide hosts 15 active start-ups, while Perth is home to 12. Collectively, these five cities account for 282 active start-ups, highlighting a persistent concentration of talent, capital, and infrastructure within Australia's primary urban markets.

## Exhibit 2

**AI in Australia- Top 5 Cities (Active Startups)**

Source: Tracxn

This distribution mirrors global AI ecosystem patterns, where scale advantages in capital access, research institutions, and enterprise demand reinforce metropolitan dominance.

### 1.5 Mapping Australia's AI Stack: Scale at the Application, Scarcity at the Core

Segmenting Australia's AI ecosystem by functional layer helps distinguish between companies building foundational capabilities and those delivering end-user applications. The landscape can be broadly divided into two primary layers: the **AI Application Layer** and the **Core AI Infrastructure Layer**.

Within this framework, the landscape is divided into the AI Application Layer and the Core AI

Infrastructure Layer, with the latter comprising four underlying domains: AI Middleware, AI/ML Development, Data and Infrastructure.

The AI Application Layer encompasses companies delivering end-user solutions across sectors such as enterprise software, healthcare, fintech, construction, and education. This layer represents the majority of active start-ups, reflecting lower barriers to entry and faster commercialisation cycles.

Conversely, the Core AI Infrastructure Layer, encompassing AI middleware, AI/ML development tools, data platforms, and compute infrastructure, remains relatively underrepresented. These segments require deeper technical expertise, higher upfront capital investment, and longer time-to-market, resulting in fewer domestic players.

Table 1

The table below summarises the distribution of active Australian AI start-ups across each layer:

AI Layers	Description	# Active Start-ups	Illustrative Start-ups
AI Application Layer	<b>Vertical AI Solutions</b> Industry-specific enterprise apps to optimize workflows, decision-making, automation etc.	185	Pending AI Propic AI
	<b>Enterprise AI Apps</b> Industry-agnostic enterprise apps to function across industries	124	Dovetail Kula AI
	<b>Consumer AI Apps</b> AI-powered applications built for end-users or individuals	25	Leonardo AI Skribr
Core AI Infrastructure Layer	<b>AI Middleware</b> AI agent-building tools, APIs/SDKs for access to pre-built models, and LLM orchestration platforms	16	GetGenerative, Pellerex
	<b>AI/ML Development Layer</b> Platforms for model training/fine-tuning, MLOps (pipelines, versioning, deployment), and ML frameworks/libraries	14	Sovereign Australia AI Rhombus AI
	<b>Data Layer</b> Data collection (sensors, IoT, web), processing (cleaning, annotation, transformation), and storage	2	Solcast Datarock
	<b>Infrastructure Layer</b> AI-optimized hardware (GPUs, FPGAs), scalable cloud compute/storage platforms, and high-speed networking	2	Firmus Strong Compute

Distribution of Active AI Startups in Australia by AI Layers (Source: Tracxn)

The resulting imbalance suggests that while Australia has achieved scale in AI-enabled applications, it remains more dependent on global players for foundational AI infrastructure. This dynamic has implications for long-term value capture, strategic autonomy, and the development of defensible, globally competitive AI platforms.

### 1.6 The Application AI Layer Is Driven by Industry Use Cases, Not Consumers

Analysis of Australia's AI Application Layer shows that activity is primarily concentrated in industry-specific and enterprise-oriented use cases, rather

than consumer-facing applications. Vertical AI solutions account for the largest share of application-layer start-ups, reflecting stronger near-term monetisation pathways, clearer return-on-investment for customers, and closer alignment with regulated or asset-intensive industries.

Within Vertical AI Solutions, Healthcare and Life Sciences represents the most prominent vertical, with 44 active start-ups, consisting of start-ups such as **Harrison AI** (provider of AI diagnostic tools for CT, X-ray and radiology workflows) and **Heidi** (a medical AI scribe). Real Estate & Construction Tech follows next, with **Propic AI** (conversational AI for

property stakeholder engagement and automation) and **Value Australia** (AI-driven instant property valuations and analytics). Enterprise Software & SaaS ranks third, consisting of start-ups such as

**Unleash Live** (AI computer vision software for utility, airports etc.) and **SourseAI** (AI-powered decision intelligence platform for telecom, utility and media industry).

Table 2

Application Layer	Top 3 Sectors (Non-Exhaustive)	# Active Startups	Illustrative Examples (Non-Exhaustive)
Vertical AI Solutions	Healthcare & Life Sciences	44	Harrison AI, Heidi
	Real Estate & Construction Tech	15	Propic AI, Value Australia
	Enterprise Software & SaaS (Industry-specific)	14	Unleash Live, SourseAI
Enterprise AI Apps	Enterprise Software & SaaS	34	Dovetail, Operata
	Marketing & Advertising Tech	25	Haast, BlendAI
	Cybersecurity & RegTech	16	Graceview, Atlastix
Consumer AI Apps	Gaming, AR/VR & Media	7	Leonardo AI, Dreamery
	Productivity Software	5	Ready to Send, Tanna AI
	HealthTech	2	Ocula AI, ARIA Research

Top Sectors in Australia's Application AI Layer (Source: Tracxn)

Beyond vertical-specific solutions, Enterprise AI Applications represent a significant horizontal segment within the Application Layer. Enterprise Software and SaaS dominates this category with 34 active startups, where AI is applied to enhance analytics, customer insight generation, and operational efficiency across sectors. Dovetail exemplifies this trend through AI-enabled customer research and insight synthesis. Marketing and Advertising Tech follows next, where startups are using AI to automate campaign optimisation and content workflows, exemplified by Haast. Cybersecurity & RegTech ranks third, with companies such as Graceview applying AI to threat detection and compliance automation.

The Consumer AI Apps segment remains relatively

smaller. Companies such as Leonardo AI and Dreamery exemplify the rising interest in AI-driven creative tools and images. Productivity tools follow next, illustrated by SimpleMail and Tanna AI. Consumer-focused health applications rank third consisting of startups like Ocula AI which is harnessing AI to develop breakthrough concussion detection & prevention technology.

Overall, Australia's Application AI Layer is characterised by strong representation across both vertical and horizontal enterprise use cases, with comparatively limited penetration in consumer-oriented applications. This distribution reflects a market preference for AI solutions with clearer commercial pathways, higher willingness to pay, and demonstrable productivity or efficiency gains.

# FUNDING TRENDS

## 2. Funding Trends

### 2.1 Investor Validation Is Meaningful, but Capital Remains Selective

Investor participation in Australia's AI start-up ecosystem reflects measured conviction rather than broad-based market endorsement. Of the 368 active AI start-ups as of 2025 YTD, 142 have secured external funding spanning both equity and non-equity, with 112 having raised equity capital. Among these equity-backed companies, 39 have progressed to Series A or beyond, including 6 that have raised Series C or beyond.

Overall, approximately 30% of active start-ups are equity-funded, signalling a credible level of investor validation. However, the relatively limited penetration of funded companies also underscores that capital has backed specific business models and trajectories, rather than the ecosystem indiscriminately.

### 2.2 Recent Five Years Rewrote the Capital Curve, Repositioning Australia as an Emerging AI Market

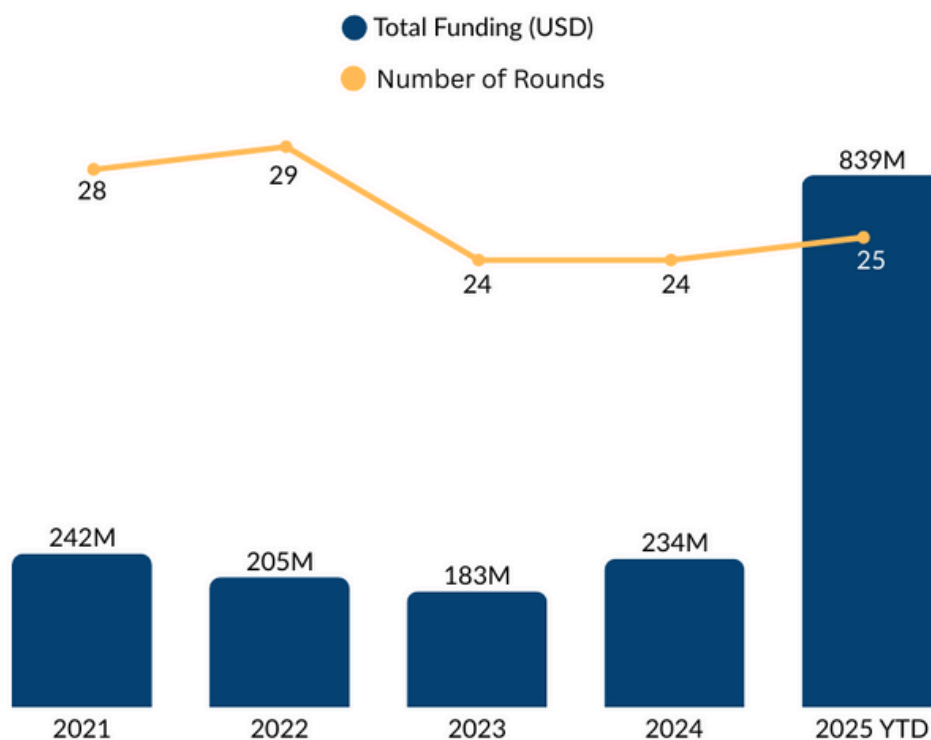
Australia's AI start-up ecosystem has raised \$1.8B in all-time equity funding across 191 rounds, with capital deployment concentrated in recent years. This concentration reflects a structural shift in investor engagement rather than a long, gradual funding build-up.

The period from 2021 to 2025 YTD accounts for approximately 93% of all equity capital raised. Annual funding increased from \$242M in 2021 to \$839M in 2025 YTD, marking a pronounced acceleration in capital formation and establishing 2025 as a clear outlier relative to prior years.

This post-2021 funding surge coincides with the global AI investment inflection, particularly following the commercialisation of generative AI and the launch of ChatGPT.

Exhibit 3

#### AI Start-ups in Australia- YoY Equity Funding (2021-2025 YTD)



Data Prepared on Dec 03, 2025 (Source: Tracxn)

The resulting re-rating of AI as a strategic technology category has repositioned Australia within the global AI investment landscape, albeit with capital concentrated into a limited number of scale-stage opportunities.

Funding in 2025 YTD represents a clear inflection point for the ecosystem. With \$839M deployed in 2025 (until Dec 03, 2025), the year has already surpassed the aggregate funding volumes of the previous three years (2022–2024) and materially exceeds the cumulative total of 2021–2023, positioning 2025 as a decisive outlier. This step-change is driven by a small number of late-stage transactions, most notably Firmus' \$327M Series E and \$220M Series D, alongside Harrison AI's \$112M Series C.

The concentration of capital into a limited set of scale-stage companies underscores that while aggregate funding volumes have expanded sharply, investor conviction remains highly selective and episodic. The resulting funding profile reflects increased willingness to underwrite category

leaders at scale, rather than broad-based deepening of capital access across the ecosystem.

### 2.3 Post-ChatGPT, Capital Has Shifted Decisively Toward Commercially Proven AI Applications

The post-ChatGPT funding cycle has not simply increased investment in AI, it has restructured how capital is deployed across the AI value chain in Australia.

Recent funding patterns indicate a structural shift in how investors allocate capital across the AI stack. Application-layer companies now represent the most commercially mature and scalable segment of Australia's AI ecosystem. Compared with infrastructure-heavy layers, application businesses benefit from shorter time-to-market, clearer enterprise adoption pathways, and more immediate revenue visibility. As generative AI has accelerated enterprise experimentation and deployment, capital has increasingly favoured applied AI solutions with measurable commercial outcomes, particularly those

Table 3

AI Application Layers	All Time Funding (USD)	Total Funding Until 2022 (Top Funding Round in USD)	Total Funding Since 2023 (Top Funding Round in USD)
Vertical AI Solutions	981M	396M (Harrison AI - 97M - Series B)	585M (Harrison AI - 112M - Series C)
Enterprise AI Apps	200M	142M (Dovetail - 63M - Series A)	58M (Affinda - 10M - Series A)
Consumer AI Apps	32M	1M (eBroker - 1M - Seed)	31M (Leonardo AI - 24M - Series A)

Equity Funding in AI Application Layer: Until 2022 vs Since 2023 (Source: Tracxn)

embedded within specific industry workflows.

Funding trends across Vertical, Enterprise, and Consumer AI indicate growing investor preference for sector-specific solutions with proven user traction.

Vertical AI Solutions dominate the applications landscape, with \$981M in total funding, significantly ahead of other application categories. More than \$585M (over 50%) of this capital has been raised since 2023, driven by large late-stage rounds from Fleet Space (\$133M) and Harrison AI (\$112M), as well as early-stage rounds for Heidi (\$92M).

This recent surge in funding highlights strong investor interest in vertical AI solutions across diverse domains, including space technology and healthcare, where companies can build significant competitive advantages through domain expertise, data moats, or regulatory barriers.

Enterprise AI Applications have attracted \$200M in total funding, with the majority (\$142M) raised prior to 2023. Since then, funding has continued at a moderate pace, adding \$58M through rounds led by Affinda (\$10M), Brainfish (approximately \$9M), and others. This pattern reflects the priorities of leading companies in the segment. While Affinda's AI platform automates high-volume document processing, Brainfish's ambient AI agents provide instant, context-aware customer support across channels.

Consumer AI Applications, while still the smallest category at \$32M in total funding, have seen the fastest post-2023 expansion. Funding rose from just \$1M prior to 2023 to \$31M thereafter, propelled by Leonardo AI's \$24M Series A. This shift indicates rising confidence in consumer-facing generative AI products capable of scaling user adoption beyond early experimentation.

Funding across Application Layers is increasingly concentrated in solutions with clear commercial value. Vertical AI leads due to strong sector-specific demand, while Enterprise AI shows steady growth and Consumer AI is gaining traction.

The trend reflects a shift toward scalable, high-impact AI products.

Core AI Infrastructure remains strategically critical but structurally distinct from application-layer funding. This segment is characterised by high capital intensity, long development cycles, and significant technical barriers, particularly around compute, energy, and specialised talent. Despite these constraints, funding in Core AI Infrastructure has increased substantially since 2023, almost entirely due to Firmus's \$220M Series D and \$327M Series E rounds, reflecting strategic emphasis on sovereign compute capabilities amid global competition for AI resources.

Australia's Core AI Infrastructure layers remain highly concentrated and capital-intensive. A closer examination of funding across its layers, segmented by earlier versus more recent investments, reveals a decisive shift in investor priorities.

Table 4

Core AI Infrastructure Layers	All-Time Funding (USD)	Total Funding Until 2022 (Top Funding Round in USD)	Total Funding Since 2023 (Top Funding Round in USD)
AI Middleware	43M	10M (Relevance AI - 3M - Seed)	34M (Relevance AI - 24M - Series B)
AI/ML Development Layer	3M	3M (Katonic - 2M - Seed)	700K (Isaacus - 700K - Seed)
Data Layer	6M	6M (Datarock - 6M - Series A)	-
Infrastructure Layer	555M	8M (Strong Compute - 8M - Seed)	547M (Firmus - 327M - Series E)

Equity Funding in Core AI Infrastructure Layer: Until 2022 vs Since 2023. (Source: Tracxn)

The Infrastructure Layer dominates the landscape with \$555M in total funding to date, followed by the AI Middleware layer at \$43M. The Data layer and the AI/ML Development layer have attracted \$6M and \$3M, respectively.

A breakdown of equity funding across the four Core AI Infrastructure layers highlights a clear post-ChatGPT (2023 and later) pivot in capital allocation.

The Infrastructure Layer) dominates the landscape with \$555M in total funding to date, of which \$547M (98%) has been raised since 2023. This surge is anchored by Firmus' \$327M Series E, the largest round ever recorded in Australian AI, to develop one of the southern hemisphere's largest dedicated GPU clouds for large-scale AI training and inference. Pre-2023 funding in this layer was limited to just \$8M (Strong Compute, \$8M, Seed).

The AI Middleware Layer ranks second, with \$43M in total funding, including \$34M raised since 2023. Relevance AI's \$24M Series B has been central to this momentum, reflecting growing enterprise demand for model orchestration, deployment, and governance capabilities.

By contrast, the AI/ML Development Layer and Data Layer remain nascent. The AI/ML Development Layer has attracted only \$3M in disclosed funding, while the Data Layer stands at \$6M, entirely raised prior to 2023 (Datarock, Series A). These layers have yet to attract sustained scale capital.

This funding pattern demonstrates a decisive strategic reorientation of capital: virtually all new investment since the launch of ChatGPT has flowed into physical and cloud infrastructure capable of supporting frontier-model training and high-

throughput inference at national scale. The near-70x increase in Infrastructure Layer funding in recent three years marks the strongest signal yet of Australia's commitment to building independent, sovereign-grade compute capacity in an increasingly geopolitically sensitive domain.

## 2.4 Investors Are Prioritising Sectors Where AI Is Embedded in Core Decision-Making

Funding within the Application Layer is highly concentrated in Vertical AI Solutions, particularly in sectors where AI is embedded directly into mission-critical decision-making workflows. Healthcare & Life Sciences has attracted the highest level of funding, supported by large rounds such as Harrison AI's \$112M Series C and Heidi's \$65M Series B. These investments reflect strong investor confidence in clinical AI, where accuracy, regulatory defensibility, and repeat usage drive long-term value creation.

Deep Tech & Emerging Technologies is the second most funded application segment, supported by major rounds including Fleet Space's \$100M Series D and Q-CTRL's \$59M Series B. Investor interest in this category highlights growing demand for AI applications operating in frontier domains such as satellite sensing, quantum control, and industrial optimisation, where performance improvements have direct strategic and economic impact.

E-Commerce & Retail Tech follows, supported by rounds such as Hivery's \$30M Series B and Marqo's \$13M Series A. Funding in this segment reflects sustained demand for AI-driven automation, forecasting, and decision intelligence across retail and online commerce, where improvements in efficiency and conversion are both measurable and scalable.

Table 5

Application Layer	Top Sectors (Non-Exhaustive)	Total Funding (USD)	Illustrative Examples (Non-Exhaustive)
Vertical AI Solutions	Healthcare & Life Sciences	375M	Harrison AI, Heidi
	Deep Tech & Emerging Technologies	260M	Fleet Space, Q-Ctrl
	E-Commerce & Retail Tech	73M	Hivery, Marqo
Enterprise AI Apps	Enterprise Software & SaaS	106M	Dovetail, Affinda
	HR & Employee Tech	52M	Sapia.ai, Kula AI
	Marketing & Advertising Tech	19M	Truescope, Haast
Consumer AI Apps	Gaming, AR/VR & Media	31M	Leonardo AI
	Fintech & Insurtech	1M	eBroker

Top Sectors in Australia's Application AI Layer. (Source: Tracxn)

In the Enterprise AI Applications layer, funding is led by the Enterprise Software & SaaS sector with \$106M, supported by rounds such as Dovetail's \$63M Series A and Affinda's \$10M Series A, which reflect strong demand for workflow automation and data processing. HR & Employee Tech follows with \$52M, driven by Sapia.ai's \$17M Series A and Kula A.I.'s \$12M Seed round, highlighting investment in AI-enabled hiring and talent workflows. Marketing & Advertising Tech has raised \$19M, with Truescope's \$6M Series A and Haast's \$6M Seed showing interest in AI tools for media monitoring and campaign optimisation.

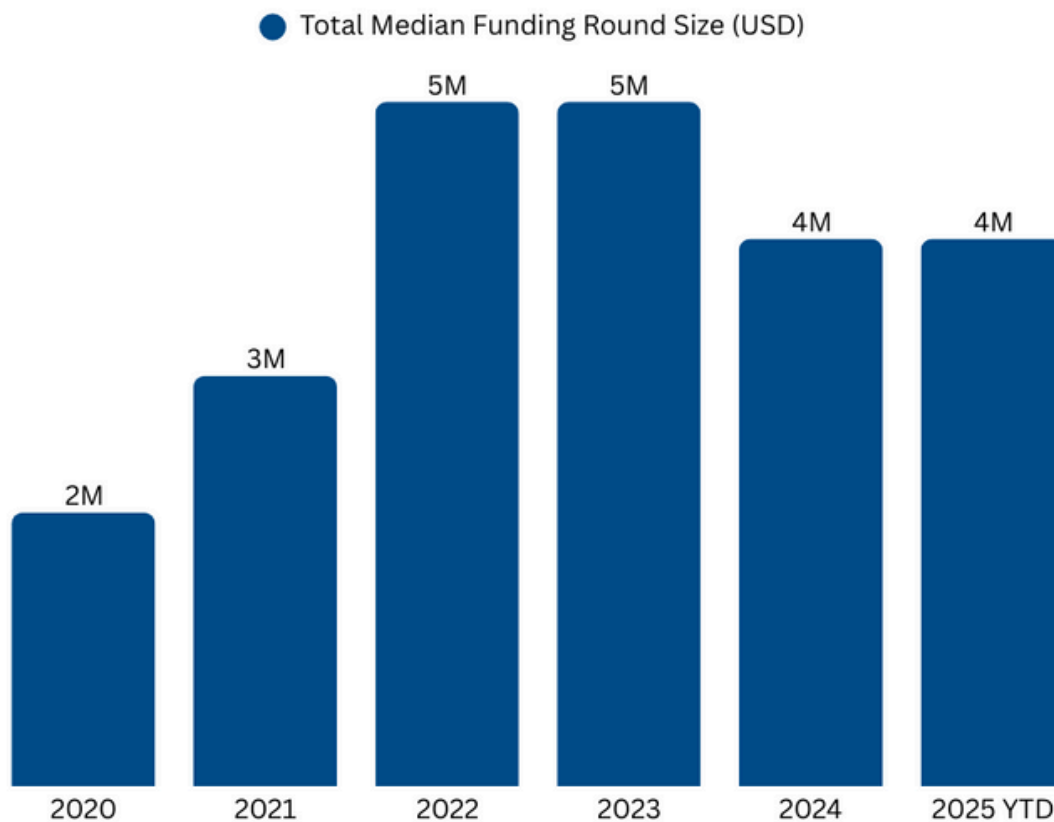
Consumer AI Applications, attracts smaller but focused investment, mainly in areas where AI directly enhances user experiences. Gaming, AR/VR & Media leads with \$31M, supported by Leonardo AI's \$24M Series A, reflecting growing interest in AI tools that enhance creative expression and digital experiences. Fintech & Insurtech remains early-stage at \$1M, with eBroker's Seed round indicating initial investment in AI-driven financial comparison and decision support.

## 2.5 Median Round Sizes Remain Moderate Despite Recent Bigger Deals

Median round size provides a view of the typical funding environment, smoothing out the impact of very large transactions. The annual Median Round Size in Australia's AI ecosystem ranged from \$2M to \$5M during 2020–2025 YTD, with the highest levels observed in 2022 and 2023 at \$5M. In 5 out of 6 years (2022–2024), the Median Round Size exceeded or equalled the overall median of \$3M, indicating that recent years have seen moderately larger rounds.

In 2025 YTD, a total of 25 funding rounds have been recorded, resulting in a median round size of \$4M. While the year includes several exceptional outliers, most notably Firmus's \$327M Series E and Harrison AI's \$112M Series C, the majority of rounds remain significantly smaller. As a result, the median has remained stable, reflecting disciplined capital deployment rather than broad-based late-stage inflation.

## Exhibit 4

**AI Start-ups in Australia- YoY Median Round Size**

Data prepared on Dec 03, 2025. (Source: Tracxn)

### **2.6 Prominent Start-ups Captures the Majority of Capital, With Four Companies Absorbing Over Half of All Funding**

Funded start-ups are those that have secured investor backing, capital, and the resources needed to scale. As of 2025 YTD, 150 AI start-ups in Australia have raised funding (of which 142 are currently active), underscoring rising investor interest and robust market momentum.

In terms of all time equity funding, Firmus leads the pack with \$547M in total funding, followed by Harrison AI with \$240M, Fleet Space with \$167M and Q-Ctrl with \$166M. This concentration of capital underscores the dominance of these four players, who have collectively raised over \$1B, highlighting Australia's focus on AI infrastructure, quantum technologies, and space-enabled sensing. Investors are backing these start-ups for their AI data centers, satellite-enabled platforms like ExoSphere, and cutting-edge technologies, all of which offer strong commercial and long-term growth potential<sup>6</sup>.

Table 6

The table below summarizes all-time top 10 funded AI startups in Australia:

SL No	Company Name	Domain Name	Total Funding (USD)	Current Company Stage
1	Firmus	firmus.co	547M	Series E
2	Harrison AI	harrison.ai	240M	Series C
3	Fleet Space	fleetspace.com	167M	Series D
4	Q-Ctrl	q-ctrl.com	166M	Series B
5	Heidi	heidihealth.com	97M	Series B
6	Dovetail	dovetail.com	71M	Series A
7	Omniscient	o8t.com	60M	Series C
8	Qsic	getqsic.com	51M	Series B
9	RDC	richdataco.com	42M	Series B
10	Hivery	hivery.com	38M	Acquired

List of Top 10 All-Time Funded Start-ups in the Australia's AI ecosystem. (Source: Tracxn)

## 2.7 Sydney Is Not Just Ahead—It Is Structurally Dominant in Capital Attraction

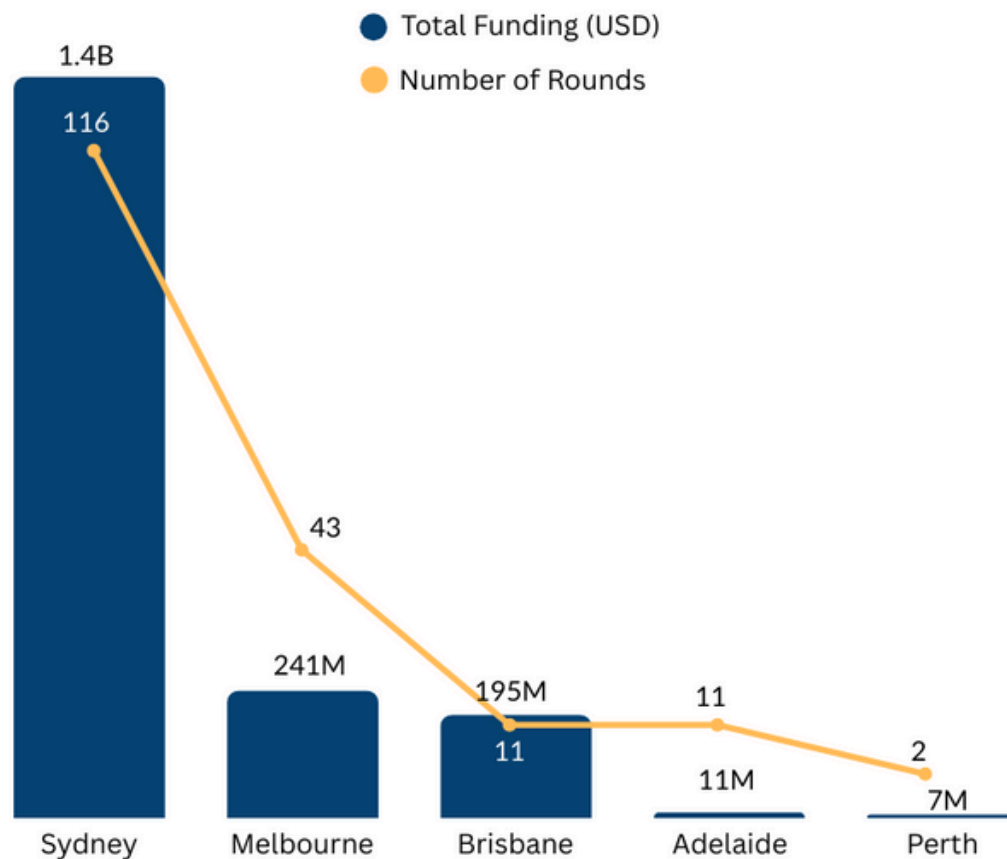
Sydney's leadership extends beyond funding, reflecting structural dominance across Australia's AI ecosystem. As of 2025 YTD, Sydney-based start-ups have raised \$1.4B in total funding, driven primarily by large-scale companies such as **Firmus** (\$547M),

**Harrison AI** (\$240M), and **Q-CTRL** (\$166M). The city's dominance reflects a concentration of late-stage companies, infrastructure-led ventures, and access to institutional capital.

Melbourne ranks second, securing \$241M in total funding to date (as of 2025 YTD), driven by **Heidi** (\$97M), **Qsic** (\$51M) and others. While Melbourne hosts several high-quality Application-Layer companies, its funding scale remains materially smaller than Sydney's.

## Exhibit 5

## AI Start-ups in Australia- Top 5 All Time Funded Cities



Data Prepared on Dec 03, 2025. (Source: Tracxn)

The other cities rounding out the top five are Adelaide, Brisbane and Canberra. Adelaide hosts **Fleet Space** (\$167M), Brisbane is home to Zeligate (\$6M), while Canberra features **Haast** (\$7M) as its leading player.

### 2.8 All Mega Rounds Have Occurred at Late Stages, Signalling Capital Confidence in Execution Rather Than Early Risk

Australia's AI ecosystem has recorded only four mega funding rounds (\$100M+) to date, and all have occurred at late stages, highlighting investor confidence for proven execution rather than early-stage risk-taking. Two of these rounds were raised by **Firmus**, with one each by **Harrison AI** and **Fleet Space**, indicating that mega-round concentration among few players.

Table 7

The details of all the four mega rounds (\$100M+) are given in the table below:

SL No	Round Date	Startup	Round Name	Round Amount (USD)
1	14th Nov 2025	Firmus	Series E	327M
2	16th Sept 2025	Firmus	Series D	220M
3	29th Jan 2025	Harrison	Series C	112M
4	11th Dec 2024	Fleet Space	Series D	100M

List of Mega Rounds in Australian Start-up Ecosystem. (Source: Tracxn)

**Firmus** has raised multiple mega-rounds to accelerate its AI infrastructure ambitions and national rollout. The company plans to deploy the capital to expand its renewable-powered AI factory network, scale high-performance data-center capacity, and strengthen its partnerships with leading technology providers such as NVIDIA<sup>7</sup>.

**Harrison AI** has secured successive mega rounds to accelerate global expansion and scale its AI-driven

clinical solutions. The company plans to strengthen its radiology (Annalise.ai) and pathology (Franklin.ai) platforms, improve diagnostic accuracy, and expand across key healthcare markets in the US, APAC, and EMEA<sup>8</sup>.

**Fleet Space** raised a mega round to scale ExoSphere, its satellite- and AI-powered mineral exploration platform, and to strengthen its 3D subsurface imaging capabilities and accelerate deployment in major mining markets worldwide<sup>9</sup>.



# INVESTOR'S TRENDS

### 3. Investor's Trends

#### 3.1 Generalist VCs with Strong AI Conviction Continue to Anchor Australia's AI Capital Base

Australia's AI ecosystem is anchored by a core group of **generalist venture capital firms with sustained AI conviction**, providing continuity of capital across market

cycles. About 115 VCs have invested in Australia's AI ecosystem Tech till date (until 2025 YTD), with **Blackbird Ventures** leading with 26 rounds, followed by **Main Sequence** with 12 rounds, **Horizons Ventures** with 11 rounds, **Carthona Capital** with 8 rounds and **AirTree** with 6 rounds. The table below lists the top most-active VCs in this space.

Table 8

Top 5 Most Active VCs	No. of Rounds	No. of Portfolio Companies	Illustrative Investment as Investor (Non-Exhaustive List)
Blackbird Ventures	26	12	Redactive (\$8M - Seed)
Main Sequence	12	5	Breaker (\$2M- Seed)
Horizons Ventures	11	3	Harrison AI (\$97M - Series B)
Carthona Capital	8	4	Josef (\$3M - Seed)
AirTree	6	6	Haast (\$6M - Seed)

List of Most Active VCs by Number of Rounds (\$ = USD). (Source: Tracxn)

These investors play a central role in shaping the ecosystem by backing AI companies across stages, particularly in enterprise software, healthcare, and deep-tech applications, where scalability and long-term differentiation are critical. Their continued participation reflects confidence in founders building defensible AI products rather than short-cycle experimentation.

Recent investments illustrate this positioning. Blackbird Ventures participated in **Redactive** \$8M Seed round to support its mission of driving secure and compliant enterprise adoption of generative AI, aligning with Blackbird's focus on strong founders

and the rising need for responsible AI infrastructure in regulated sectors<sup>10</sup>. Main Sequence participated in **Breaker** \$2M Seed round to support its vision of advancing AI-driven creative workflows, aligning with Main Sequence's focus on deep-tech innovation and founders transforming digital industries<sup>11</sup>. Horizons Ventures participated in **Harrison AI's** \$97M Series B round to accelerate the deployment of AI-powered clinical solutions, aligning with its focus on transformative healthcare technologies<sup>12</sup>.

Collectively, these VCs continue to act as capital anchors, providing repeat funding, signalling quality to the broader market, and supporting companies through scale rather than episodic participation.

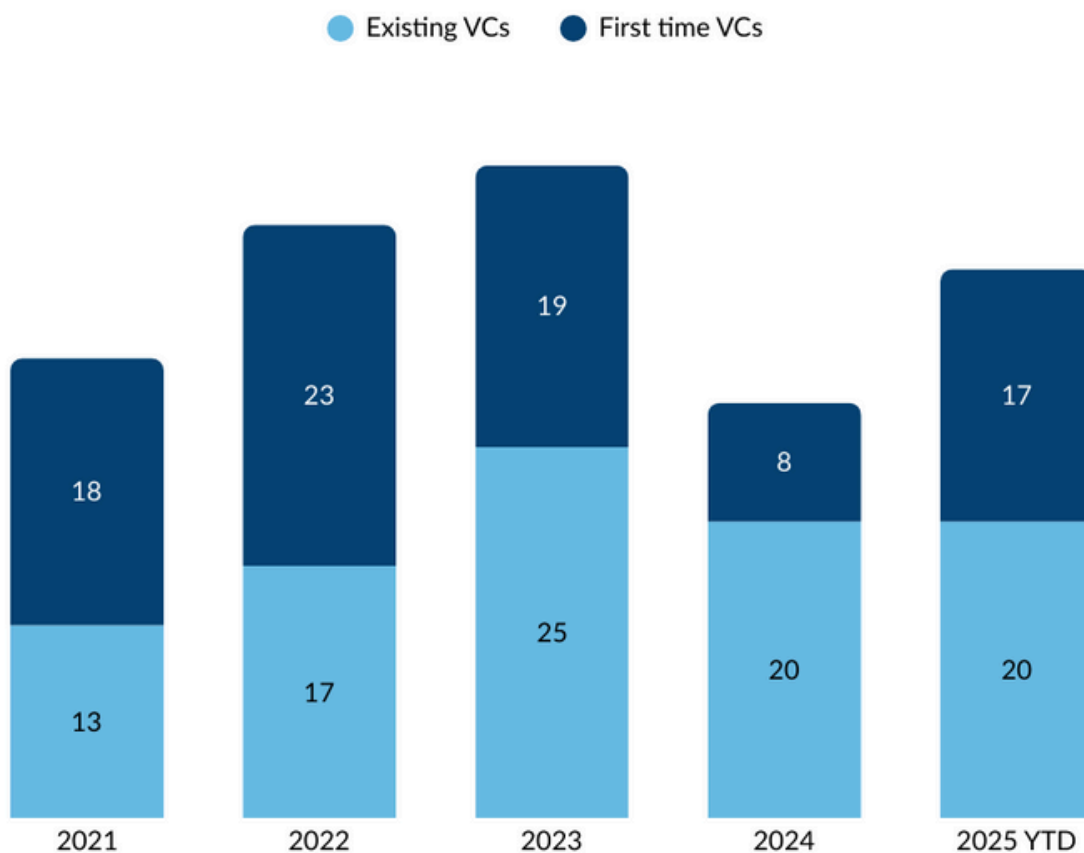
### 3.2 First-Time Investors Now Drive Incremental Expansion of Australia's AI Capital Base

While established investors remain active, Australia's AI ecosystem continues to attract new VC entrants, reshaping the ecosystem over time. More than 70% of all VCs, i.e 85 out of 115, made their first investment in Australia's AI startup

ecosystem over the last five years (2021 to 2025 YTD). This influx of new investors accelerated in 2021-2022, before moderating in 2023-2024, and rebounding again in 2025 YTD. During this period, first-time VCs outnumbered existing VCs in two of the five years, showing that the ecosystem continues to attract new entrants and expand its investor base.

Exhibit 6

#### AI Start-ups in Australia- YoY No. of VCs (First Time vs Existing)



Data prepared on Dec 03, 2025. (Source: Tracxn)

Recent examples highlight this dynamic. In 2025 YTD, Headline made its first AI investment by backing Heidi, while Wollemi supported Harrison AI, backing solutions focused on reducing clinician workload and improving diagnostic scalability. These investments signal growing interest from new investors in clinically validated and

execution-proven AI platforms, particularly in healthcare<sup>13</sup>.

Overall, continued participation from existing investors alongside new first-time VCs suggests a healthy ecosystem that is retaining investor confidence while continuing to attract new capital.



# UNICORN SPOTLIGHT

## 4. Unicorn Spotlight

### 4.1 AI Unicorn Emergence Is Concentrated in Sovereign Infrastructure

Australia's AI ecosystem has produced one AI-focused unicorn to date, indicating that investor confidence has been strongest in large-scale AI infrastructure rather than

across a broad range of AI software start-ups. This emergence is not a function of limited start-up formation, but of where late-stage capital, policy alignment, and risk tolerance converge. Firmus, Australia's sole AI-focused unicorn, exemplifies this convergence, with its growth accelerated by backing from global technology leader NVIDIA<sup>14</sup>.

Table 9

Unicorn	City	Founded Year	Total Funding (USD)	Unicorn Event Date	Latest Valuation (USD)
Firmus	St Leonards (Tasmania)	2019	547M	16th Sep 2025	3.9B (Nov 14, 2025)

List of Unicorns in Australia's AI Landscape. (Source: Tracxn)

Firmus has raised \$220M in a Series D round, reaching unicorn status with participation from investors including NVIDIA and Ellerston Capital. The funding will support Project Southgate (Australia's first sovereign, renewable-powered AI factory campus in northern Tasmania) and expand Firmus' energy-efficient AI infrastructure platform globally<sup>15</sup>.

In November 2025, Firmus raised an additional \$327M, enabling the next phase of its growth. This capital supports the expansion of Project Southgate beyond Tasmania into four major mainland regions, reinforcing Firmus' role as Australia's leading AI infrastructure platform<sup>16</sup>.

### 4.2 Firmus: A Sovereign AI Infrastructure Scale Leader

Firmus, with production facilities in Singapore and Australia, is building sovereign, renewable-powered AI infrastructure in partnership with CDC Data Centres and NVIDIA to boost national digital capabilities and drive the clean energy transition<sup>17</sup>. To support this vision, the Tasmanian Government has established an AI Factory Zone, which will host Firmus' Project Southgate and deliver Australia's largest renewable-powered AI infrastructure<sup>18</sup>.

Together, these initiatives position Firmus as a **strategic infrastructure player**.



# EXIT TRENDS

## 5. Exit Trend

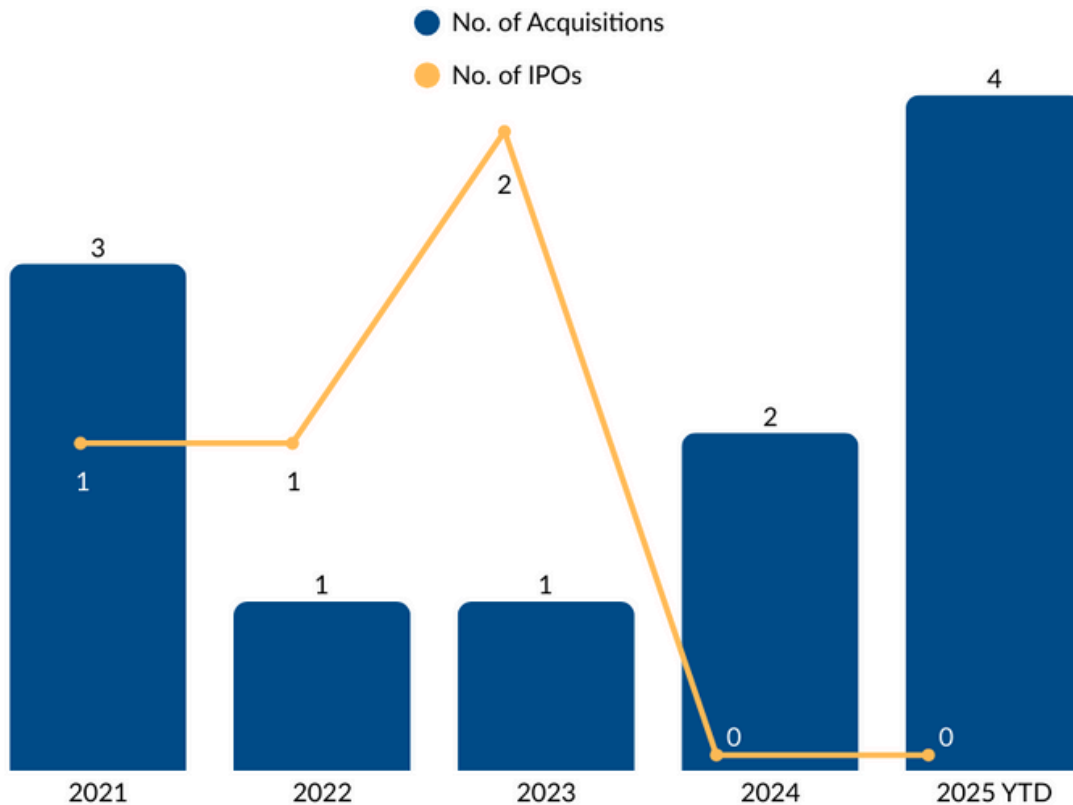
### 5.1 Consolidation Drives Acquisition Surge Amid Shifting IPO Trends

Australia's AI startup ecosystem has recorded 25

all-time exits, comprising 12 acquisitions and 13 IPOs, reflecting growing commercialization and investor interest in the sector.

Exhibit 7

#### AI in Australia- YoY Exits (2021 - 2025 YTD)



Data Prepared on Dec 03, 2025. Source: Tracxn (Acquisitions & IPOs)

Until 2022, Australia's AI start-up ecosystem has witnessed 5 acquisitions and 11 IPOs, while from 2023 onward, it has recorded 7 acquisitions and 2 IPOs. Most of these acquisitions were driven by market consolidation and the need to strengthen core AI capabilities. Companies focused on enhancing automation, expanding into adjacent sectors, and integrating specialized AI solutions to improve efficiency and competitiveness trends that are reflected in the key deals across both periods.

Propic acquired **Property Realm**, a property management AI firm, to accelerate its expansion into the property management sector and enhance its automation capabilities<sup>19</sup>. Slinger acquired **GAMEFACE** to enhance its AI and data analytics capabilities, delivering both technical and tactical insights to customers through **GAMEFACE's** video platform<sup>20</sup>. SenSen acquired **Scancam**, a leading Australian provider of AI anti-theft solutions for fuel retailers, to expand its presence in the retail sector and strengthen its AI-driven security offerings<sup>21</sup>.

Litera acquired **DocsCorp** to strengthen its document productivity suite, expanding capabilities that enhance document drafting for law firms and legal teams<sup>22</sup>.

Clarivate acquired **Trademark** to enhance its AI-powered trademark search capabilities and strengthen its global IP solutions portfolio<sup>23</sup>.

Table 10

SL No.	Until 2022 (Illustrative 5 Acquisitions)			Since 2023 (Illustrative 5 Acquisitions)		
	Startup	Acquisition Date	Acquired By	Startup	Acquisition Date	Acquired By
1	Realm Australia	4th May 2022	Propic	Local Measure	25th Feb 2025	Zendesk
2	GAMEFACE	27th Sept 2021	Slinger	Hivery	14th Jan 2025	visiongroupretail.com
3	Scancam	26th May 2021	SenSen	Viridios Technologies	3rd Jan 2025	Bloomberg
4	DocsCorp	31st Mar 2021	Litera	Narrato	16th Sep 2024	Typeface
5	Trademark	30th Oct 2018	Clarivate	Leonardo AI	30th Jul 2024	Canva

Illustrative Acquisitions in Australia's AI Ecosystem (Until 2022 vs Since 2023). Source: Tracxn

Since 2023, acquisitions have been primarily driven by market consolidation and expansion within existing sectors, with a strong focus on strengthening AI capabilities. During 2023–2025, companies undertook strategic acquisitions to broaden their operations and enhance AI-driven solutions across diverse industries, a trend highlighted by several notable deals in this period.

Zendesk acquired **Local Measure** to enhance its AI-driven voice capabilities and expand its presence in large-scale enterprise service environments<sup>24</sup>. Vision Group Retail acquired **Hivery** to integrate advanced AI retail assortment simulations into its suite of solutions. This acquisition aims to enhance space planning, assortment optimization, and retail

execution, providing predictive ROI for retailers<sup>25</sup>. Bloomberg acquired **Viridios Technologies** to strengthen its carbon market data and analytics, providing deeper insights into voluntary carbon credits and better valuation tools for clients<sup>26</sup>.

Typeface acquired **Narrato**, an AI-powered content creation and management platform, to enhance its multimodal capabilities and end-to-end content lifecycle transformation<sup>27</sup>. Canva acquired **Leonardo AI**, a leading generative AI art platform, to enhance its AI design capabilities and accelerate innovation<sup>28</sup>.

The ecosystem has recorded 13 IPOs in total, including 2 start-ups that have gone public since 2023.

Table 11

SL No.	Startup	IPO Date	Exchange (Tickers)
1	CurveBeam AI	23rd Aug 2023	ASX (CVB)
2	Acusensus	12th Jan 2023	ASX (ACE)
3	SensOre	11th Feb 2022	ASX (S3N)
4	Artrya	26th Nov 2021	ASX (AYA)
5	Nuix	4th Dec 2020	ASX (NXL)

Recent IPOs in Australia's AI Ecosystem. (Source: Tracxn)

**CurveBeam AI**, a weight-bearing CT imaging company, went public to fund global commercialization, advance its imaging and software capabilities, and expand adoption across international healthcare markets<sup>29</sup>, while **Acusensus**, an AI-based road safety technology provider, listed to expand internationally and scale deployment of its enforcement platforms<sup>30</sup>.

**SensOre**, an AI-mining technology company, went public to raise funds for scaling its data platform, advancing its AI exploration technology, and expanding mineral exploration projects across Australia, while **Artrya**, an AI-driven medical technology company focused on automating the diagnosis of coronary artery disease, went public to fund its

international expansion and commercial rollout of its flagship software, Salix<sup>31</sup>.

**Nuix**, a technology company providing e-discovery, digital investigation, and forensic analysis software, went public to fund its international expansion, support growing demand for its platform, and unlock value for early investors<sup>32</sup>.

## 5.2 Participation by International Acquirers (From Outside Australia):

Among the 12 all-time acquisitions in Australia's AI space, four were driven by foreign entities and includes Vision Group Retail which acquired **Hivery**, Typeface which acquired **Narrato**, Slinger which acquired **GAMEFACE**, and Litera which acquired **DocsCorp**<sup>33</sup>.



# NOTABLE STARTUPS

## 6. Notable & Interesting Start-Ups

### 6.1 AI Innovation Extends Beyond the Top-Funded Start-ups

Australia's AI start-up ecosystem extends well beyond the top-funded players, spanning sectors such as open source intelligence (OSINT) threat detection, automated hiring, supply-chain

visibility, multimodal search, knowledge automation, meeting intelligence, ambient elder-care monitoring, edge ML, workflow automation, and conversational AI. These start-ups are enabling organisations to harness advanced AI technologies for faster insights, smarter decision-making, and greater operational efficiency across industries.

Table 12

Sl. No.	Startup	Current Stage	Business Overview (Non Exhaustive)
1	Fivecast	Series A	Provides an advanced OSINT platform that uncovers threats by analyzing large-scale open-source data.
2	Sapia.ai	Series A	Delivers an automated hiring platform that conducts unbiased candidate interviews and talent assessments.
3	Lumachain	Series A	Offers a real-time supply-chain visibility solution that tracks food products end-to-end for safety and efficiency.
4	Marqo	Series A	Develops a multimodal search platform that enables instant semantic search across text and images.
5	Brainfish	Seed	Provides a knowledge automation engine that converts documentation into instant conversational answers.
6	Tactiq	Series A	Offers a meeting intelligence tool that captures transcripts and generates real-time summaries and actions.
7	HomeGuardian	Unfunded	Delivers a camera-free monitoring system that detects falls and emergencies in real time.
8	CruxML	Unfunded	Builds ultra-low-latency machine learning solutions optimized for real-time edge and embedded environments.
9	MyWave	Series A	Provides an AI agent platform that automates customer and employee workflows through natural interactions.
10	Curious Thing	Seed	Provides a conversational voice engine that automates phone-based interviews and customer engagement.

Other Interesting Start-ups in Australia's AI Ecosystem (Sorted by Total Funding Received). Source: Tracxn



# WOMEN - LED STARTUPS

## 7. Women Led Start-Ups

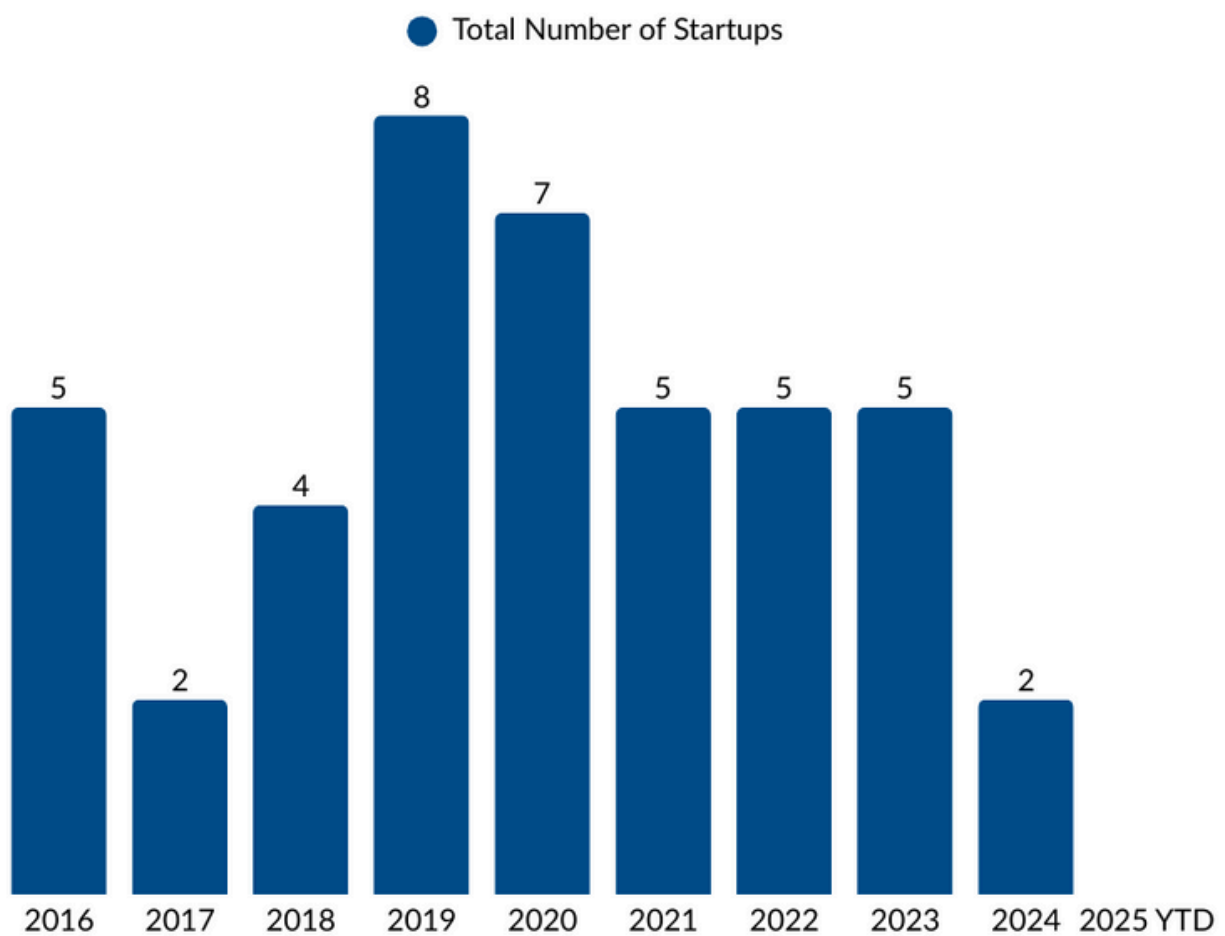
### 7.1 The Evolution of Women-Led AI Start-ups: Rising Momentum and a Call for Equitable Capital Access

Women-led start-ups, founded or co-founded by women, form a vital part of Australia's

AI landscape. As of 2025 YTD, 55 such start-ups have been founded, representing more than 13% of the overall ecosystem. About 43 of these ventures were established in the past decade (2016–2025 YTD), highlighting the growing momentum of women entrepreneurs in this sector.

Exhibit 8

#### AI in Australia- YoY Women-Led Start-ups Founded (2016 - 2025 YTD)

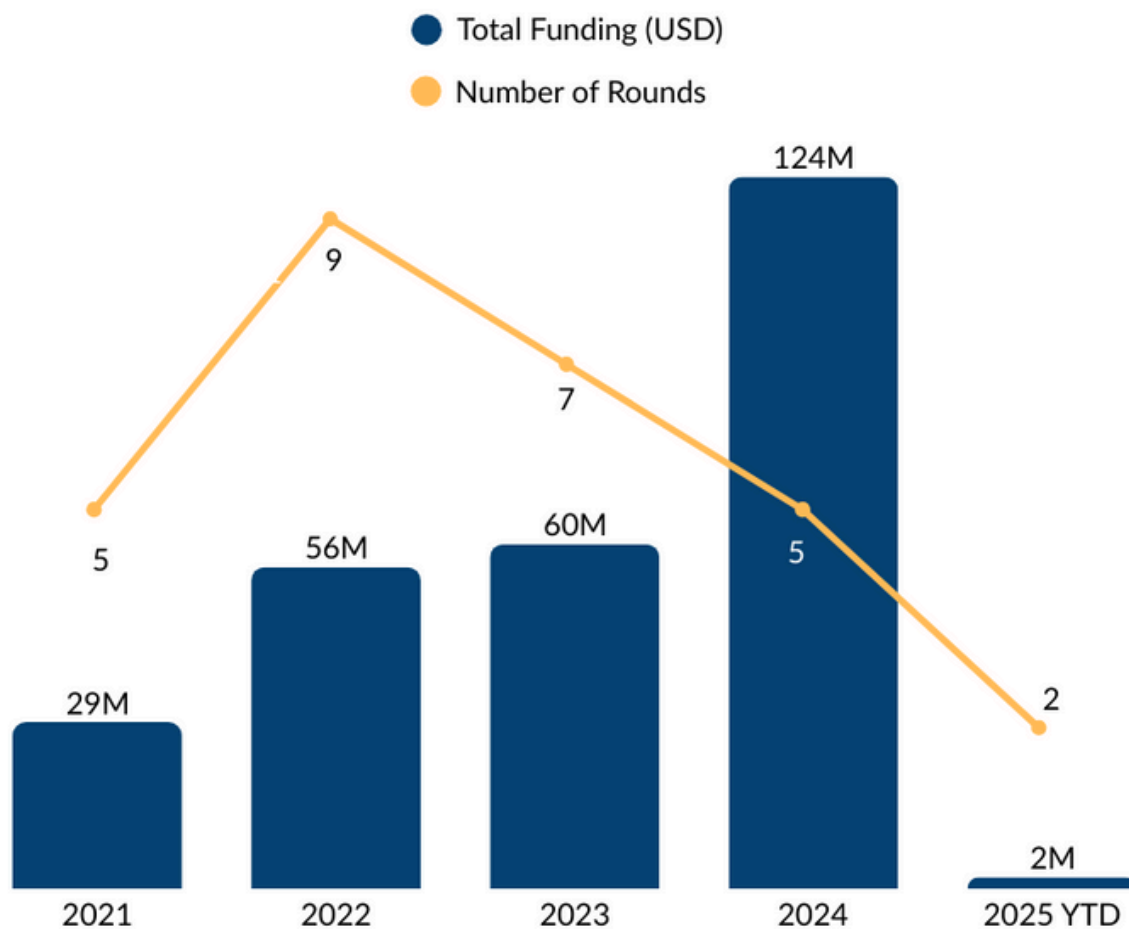


Data Prepared on Dec 03, 2025. (Source: Tracxn)

About 51 women-led start-ups remain active as of Dec 03, 2025, of which 31 have secured funding. Among these, 20+ have raised Seed or follow-on rounds, while 10 have progressed to Series A or later stages. Together, the data points to an expanding but still evolving segment of women-led AI ventures in Australia.

The women-led start-ups have garnered \$307M in all-time equity funding as on Dec 03, 2025, across 48 rounds. Annual funding in this segment rose from \$29M in 2021 to a peak of \$124M in 2024, which declined in 2025. The 2024 peak was skewed by \$100M Series D round secured by **Fleet Space**, an AI-powered 3D mineral exploration firm<sup>34</sup>.

## Exhibit 9

**AI in Australia- YoY Funding by Women-Led Start-ups (2021 - 2025 YTD)**

Data Prepared on Dec 03, 2025. (Source: Tracxn)

In 2025 YTD (Jan 01-Dec 03), women-led start-ups have collectively raised \$2M, reflecting slowdown compared to the last couple of years. These include **Diag-Nose** and **NexLaw**.

The slowdown in 2025 highlights the need for more balanced funding access, ensuring that women-led startups can secure the resources required to grow and compete in Australia's AI ecosystem<sup>35</sup>.

# **MACRO ECONOMIC DRIVERS**

## 8. Macro Economic Factors Driving Australia's AI Landscape

Australia's AI landscape is underpinned by a robust macroeconomic framework characterized by forward-thinking policies, world-class research institutions, and notable corporate capital. This synergy makes the country an attractive magnet for AI innovation.

### 8.1 Government-Led AI Momentum: Prioritizing Talent, Adoption, and Ethical Guardrails for Long-Term Prosperity

The Australian Government has prioritized AI as a cornerstone of economic prosperity and creating jobs, investing in capability-building and regulatory guardrails. Recognizing its transformative potential, the Australian Government has laid out a progressive roadmap—starting with the AI Action Plan (June 2021) and now evolving into the National AI Plan (Dec 2025). Together, these initiatives trace Australia's journey from building the foundation for AI adoption to scaling national capability for long-term competitiveness.

**Australia's AI Action Plan** set the stage for national coordination on AI. It identified four key priorities:

1. Help businesses develop and adopt AI to create jobs, and increase productivity
2. Create environment to attract world's best AI talent
3. Harness Australia's research capabilities to solve national challenges
4. Make Australia a global leader in responsible and inclusive AI<sup>36</sup>.

To deliver on this vision, the government established the National Artificial Intelligence

Centre (NAIC) within the Department of Industry, Science and Resources. The NAIC became the engine room for implementing the Action Plan—turning strategy into real-world impact by supporting responsible AI adoption and building domestic capability.

Under the NAIC's leadership, several national programs have taken shape:

1. AI Adopt Centres: Four government-funded hubs that help SMEs integrate AI, supported by an AI Adoption Tracker that monitors industry uptake.
2. Responsible AI Toolkit: Including the Guidance for AI Adoption, AI Impact Navigator for risk assessment, and the Responsible AI Network that connects regulators, experts, and practitioners.
3. Education and Upskilling: Free TAFE courses such as Introduction to AI and SME-focused business briefs, aimed at equipping Australians with practical, job-ready AI skills.

While the 2021 plan laid the initial groundwork for AI adoption and capability in Australia, the government is now developing **The National AI Plan**. With this new plan the government is providing roadmap to build an AI-enabled economy in Australia, supporting investment, infrastructure, skills, and responsible AI adoption<sup>37</sup>.

**The National AI Plan**<sup>38</sup> focuses on:

1. Capturing economic opportunity through stronger domestic AI capability and investment.
2. Expanding AI adoption by improving skills, literacy, and industry readiness.
3. Ensuring safety and trust through robust governance, regulation, and ethical AI standards.

## 8.2 AI Institutions, R&D Hubs, and Notable Corporate Investments

Australia's AI ecosystem is propelled by world-class academic institutions and R&D hubs, complemented by transformative corporate investments that bridge research excellence with scalable industry impact.

Sydney emerged as the nation's leading AI hub, driven by university-led research excellence, active

start-up incubators, and increasing collaboration with industry partners. It is supported by the likes of University of Technology Sydney, University of New South Wales, University of Sydney and others. Three areas where Sydney leads the world in AI innovations are in Robotics, Medicine & FinTech<sup>39</sup>. Adelaide, Brisbane, and Melbourne are also fostering strong AI ecosystems, with institutions such as the Australian Institute for Machine Learning (University of Adelaide), the Queensland AI Hub (Brisbane), and the Centre for AI and Digital Ethics (University of Melbourne).

Table 13

SL No.	Institute	University	City	Focus Area
1	Australian Artificial Intelligence Institute (AAIL)	University of Technology Sydney	Sydney	World-leading AI research hub developing theoretical foundations and advanced algorithms to drive progress in machine learning, computer vision, data science, brain-computer interface, bioinspired neural networks, and beyond.
2	UNSW AI Institute	University of New South Wales	Sydney	Drives excellence in AI development through interdisciplinary research, innovation, and public engagement to translate AI into real-world impact.
3	The AI, Trust and Governance Centre (CAITG)	University of Sydney	Sydney	Flagship hub for research and innovation examining the complexities of emergent AI technologies from a socio-technical perspective.
4	Australian Institute for Machine Learning (AIML)	University of Adelaide	Adelaide	Conducts globally competitive research and development in artificial intelligence (AI), machine learning, computer vision, and deep learning.

Leading AI focused-Institutions in Australia (Non-Exhaustive List)<sup>40 41 42 43</sup> (Source: Tracxn)

These leading institutions are the cornerstone of Australia's AI capability, supplying a skilled talent pipeline and producing world-class research outputs that feed directly into industry innovation. Their focus on applied AI in areas such as healthcare, finance, and robotics strengthens Australia's competitiveness in global technology markets and attracts international collaboration and investment.

Complementing the research strength of Australian universities, global technology companies are now anchoring large-scale investments that translate academic excellence into nationwide AI capability and economic growth. Major corporate investments in Australia that are expected to accelerate national AI capability and industry transformation include the likes of AWS (Amazon Web Services), Microsoft and Google.

Table 14

SL No.	Company	Investment/Initiative Areas	Details, Announcement Date & Impact
1	AWS	1. Datacenter	Announced AUD20B of investment to expand data center infrastructure by 2029, strengthening Australia's cloud and AI capabilities. Expected to position Australia as a global AI and technology leader (Jun 15, 2025)
2	Microsoft	1. Hyperscale Cloud Computing 2. AI Infrastructure 3. Datacenter	Announced AUD5B of investment in Australia to boost hyperscale cloud computing, AI infrastructure and grow datacentre footprint. Expected to accelerate adoption of generative AI in Australia and positively impact its economy by 2030 (Oct 24, 2023)
3	Google	1. Digital Future Initiative	Announced \$1B of investment under Digital Future Initiative to support digital skills, research, AI innovation, and partnerships. Expected to create 6,529 direct jobs and deliver AUD6.7B in total economic impact (Nov 21, 2021)

Major Corporate Investments in Australia (Non-Exhaustive List)<sup>44 45 46</sup> | Source: Tracxn

## 9. Strategic Outlook

### What Determines Australia's AI Future: The Real Constraint and the Real Opportunity

Australia's AI start-up ecosystem has reached an inflection point where momentum is no longer the primary constraint, structure increasingly is. The country has made clear progress in building application-layer companies, attracting later-stage capital to a select group across application and infrastructure, and translating policy intent into strategic initiatives. At the same time, development across the ecosystem remains uneven. Depth across core AI layers continues to evolve, the scale-up pathway becomes more selective beyond early stages, and capital tends to concentrate around a small set of execution-proven leaders. Australia demonstrates strong capability in applied AI, while broader capacity across the underlying stack, particularly across data, model development and compute, is still maturing.

The key constraint at this stage is structural in nature. Strength remains concentrated in applied solutions, with comparatively less depth across core layers across data, model development and compute. As companies move beyond early growth, access to capital, talent and institutional support increasingly converges around established leaders. While this reflects prudent investment behaviour, it

can also limit ecosystem breadth and reduce the likelihood of multiple globally competitive platform companies emerging in parallel. Without broader participation across the stack and a wider cohort able to reach scale, a significant share of long-term value is likely to continue accruing offshore.

The next phase of development is therefore centred on leverage rather than invention. Australia's ability to strengthen its position as an AI-producing nation will depend on widening the scale-up funnel, continuing to deepen domestic foundations, and aligning national ambition with ecosystem breadth alongside standout successes. This will require capital allocation that supports a broader cohort, infrastructure investment that reinforces sovereign capability, and sustained institutional focus on talent development and research commercialisation at scale.

National initiatives such as the National AI Plan and the expansion of AI Adopt Centres signal a clear intent to move from AI uptake toward capability building. Their longer-term impact will be shaped by how effectively these frameworks translate into scalable and enduring outcomes across the ecosystem. Policy can provide an important catalyst, with its significance ultimately reflected in the ability of these initiatives to adapt over time and continue supporting AI capability development nationwide

## 10. Appendix

### Scope of the Report:

This report presents a comprehensive overview of the AI start-up ecosystem in Australia, covering companies founded with artificial intelligence as the core foundation of their products, where the solution would not meaningfully exist without AI. The report focuses on start-ups that possess a clear AI-first thesis and proprietary AI technology, spanning both infrastructure and application layers across industries.

The report includes start-ups involved in AI infrastructure and platform development, such as machine learning and large language model platforms, NLP and computer vision development tools, AI governance and observability solutions, foundational and vertical AI model developers, and ML processors or cloud GPU providers. It also covers AI-driven application layer companies offering ready-to-use products where AI is the

primary value driver, across sectors including enterprise software, healthcare, fintech, consumer technology, defence, retail, and manufacturing. In addition, the report includes legacy companies that have clearly pivoted to AI offerings, provided there is validated evidence of a core AI product supported by technical artifacts or credible references.

The report excludes start-ups focused on traditional software, AI-enhanced legacy tools where AI is only an incremental feature, AI outsourcing and services-led businesses, and companies with unclear AI core functionality or unsubstantiated pivots.

By combining granular data with strategic insights, the report aims to serve as a valuable reference for all stakeholders seeking to understand the evolving AI start-up ecosystem in Australia.

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