PANACHE VENTURES

# Canada Builds

## A Look at Startup Formation Across Canada

Third Edition
H1-2026

# Introduction

Founded in 2018, Panache Ventures was created with a singular mission to back visionary founders at the earliest startup stage in Canada. Led by a team of experienced entrepreneurs and fund managers, Panache Ventures has invested in 100+ startups, and more than 90% of its fund is invested in Canada. With teams in Montréal, Toronto, Calgary, and Vancouver, Panache leads pre-seed financings across Canada, backed by a proven team, a strong investment track record, and AI-powered data infrastructure. It has become a pillar of the early-stage startup ecosystem, playing a critical role in transforming bold ideas into successful high-growth companies.

### ABOUT THE THIRD EDITION

This edition covers full-year 2025 with an early read on H1-2026. The data is unique to Panache Ventures and indicative of future demand for early-stage venture capital. It highlights new startup formation across Canada, which is vital to economic prosperity and sovereignty.

We call on investors, business leaders, and policymakers to meet the increasing demands of Canadian entrepreneurs. A robust early-stage ecosystem is critical to starting, retaining, and scaling innovation in Canada.

### METHODOLOGY

The report is built on proprietary and public datasets tracking the formation of new technology startups in Canada. Data sources often have limitations, and as such, the findings and insights highlighted in this report are directional and subject to revision.

## Authors




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### THE REPORT AT A GLANCE

**+49%**
new startup formation, Q1 2026 vs. Q1 2025

**$8.0B**
Canadian venture investment in 2025 (CVCA)

**~8%**
of new startups raised pre-seed capital

**6 in 10**
new startups are building with AI

**~50%**
of new Canadian startups came from Ontario in 2025

**44%**
of founders have experience at VC-backed startups

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# The Canadian Macro

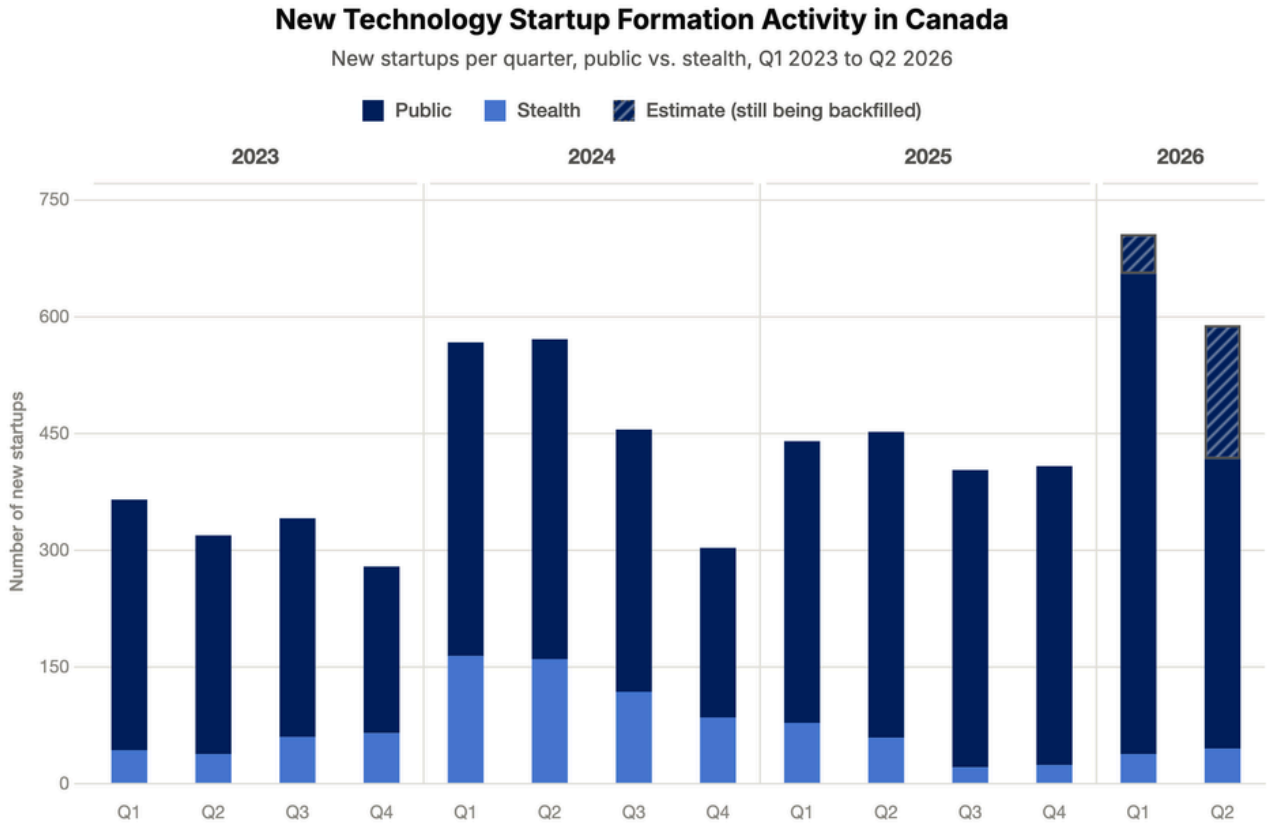
Canada is producing more new startups than ever.


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# Continued Strength in Startup Creation

New **startup formation** held steady in 2025 and **picked up speed in early 2026.**




Note: The hatched portion of Q1 and Q2 2026 is an estimate. It adjusts for founders who announce their startups after launch, based on the revisions we observed for the same period last year.

## WHAT THE DATA SHOWS

**2025 held on to 2024's surge.** New startup formation dipped 10% from 2024's peak but stayed about a third above 2023. The dip was concentrated in the first half of the year, and the second half of 2025 outpaced the same period in 2024, carrying momentum into 2026.

**Q1-2026 was up 49% from Q1-2025,** and growth spread across the country. Ontario remained the largest hub, while British Columbia, Québec and Alberta drove most of the increase.

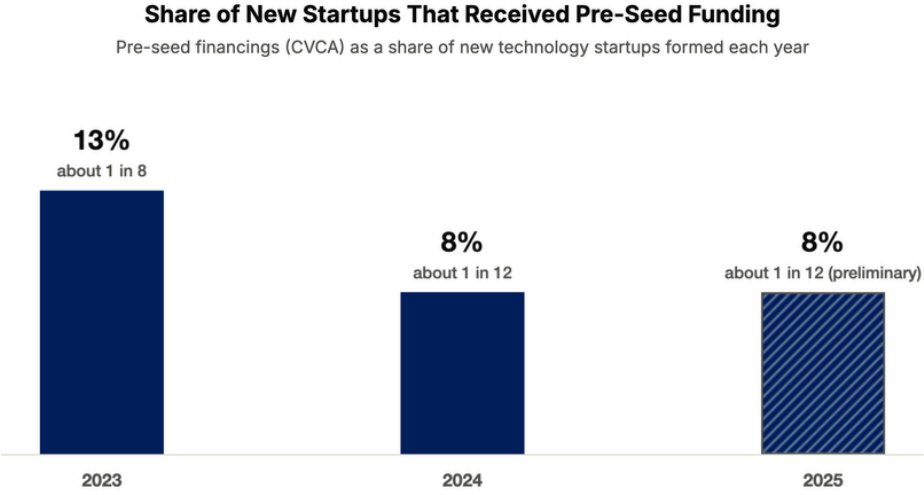
**Bottom line:** Q1-2026 was up 49%, Canada’s strongest first quarter in recent years.

# The Pre-Seed Opportunity

Founders are launching startups at a record pace, but early-stage capital isn't keeping up.

Canadian venture investment totalled $8.0B in 2025, yet less than 8% of new startups raised pre-seed capital.

We expect the pre-seed market gap (and opportunity) to expand in 2026.




Sources: Panache Ventures startup formation data; CVCA Year-End 2025 and Q2 2026 Financing report. CVCA Year-End 2025 report · CVCA Q2 2026 report

## SUPPLY VS. DEMAND

**Pre-seed venture dollars.** It made up 24% of Canadian VC deals in 2025, but just $121M of the $8.0B invested, about 1.5 cents of every venture dollar.

**The pre-seed capital demand.** CVCA reported 56 pre-seed deals in H1-2026. Financings lag new startup formation. The Q1-2026 startup formation rose 49%, relative to Q1-2025, indicating higher future demand for capital.

**Money is moving to fewer, bigger deals.** Total venture capital invested increased by 17% to $2.69B in H1-2026, but the number of deals fell about 9% and seed dollars dropped 31% (CVCA).

**Rounds shrank, then started to recover.** The average pre-seed round was $0.88M in 2025, 15% below its five-year average, and $0.97M in H1-2026 (CVCA). AI lets lean teams do more, but smaller rounds can also result in less runway and slower velocity.

**Bottom line:** Pre-seed funding will need to more than double to fund and retain innovation in Canada. Lower pre-seed funding today means fewer growth stage companies in the future.

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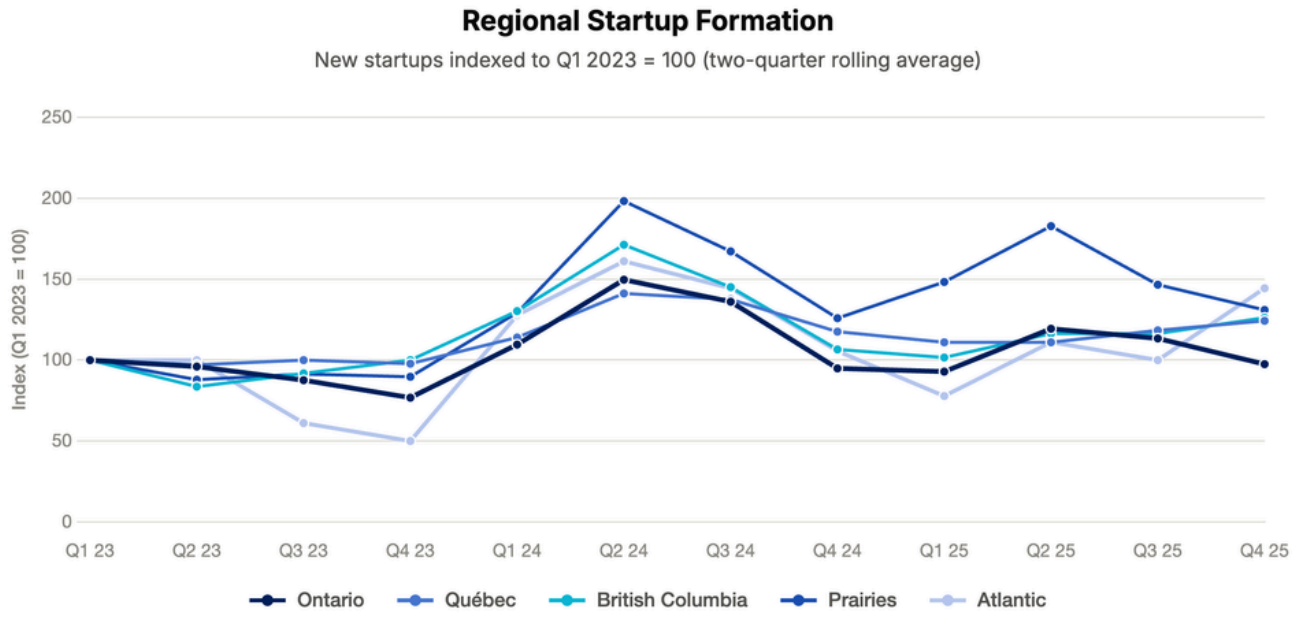
# Regional Breakdown

Canada's next category-defining companies can emerge from anywhere.


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# Building Coast to Coast

Ontario still accounts for about half of new Canadian startups, but formation is becoming more regionally balanced.




How to read this: each line starts at 100, its Q1-2023 level, so 200 means twice as many new startups. By the end of 2025, Ontario was roughly flat, while every other region was about 25% to 45% higher.
Source: Panache Ventures analysis.

## REGIONAL STARTUP FORMATION INSIGHTS

**Per capita, British Columbia rivals Ontario's startup production.** New startups fell 13% in 2025, similar to Ontario, but relative to population the two provinces produce startups at a similar rate.

**Alberta held up best.** New startups dipped just 3% in 2025, the smallest drop among the large provinces, and its share of new Canadian startups rose from 8% to 9%.

**Québec remains the second-largest hub,** accounting for about 1 in 5 new startups. Its 9% decline in 2025 was in line with the national decline of 10%.

**Ontario continues to anchor the ecosystem,** accounting for roughly 50% of new Canadian startups in 2025. Even a small decline has an outsized impact nationally.

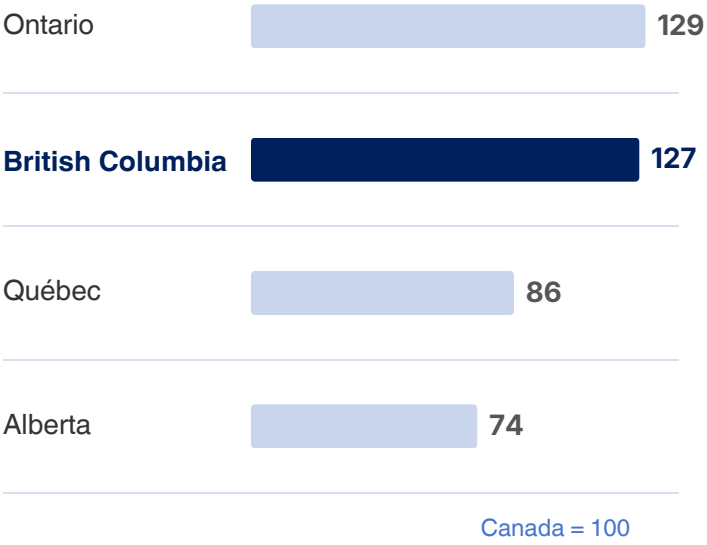
**The Atlantic region held steady.** New startup formation in the region was flat in 2025. Nova Scotia accounted for more than half of the region's new startups, while New Brunswick grew 45%.

# British Columbia

BC had a slow start to 2025, then rebounded in the second half. By Q1-2026, nearly 1 in 4 new Canadian startups came from BC.



## NEW STARTUPS PER PERSON, 2025




## KEY METRICS

| METRIC | BC |
|---|---|
| Share of Canada's new startups, 2025 | 17% |
| New startups per person (Canada = 100) | 127 |
| Change in new startups vs. 2024 | –13% |
| Total VC invested, 2025 (all stages) | $1.4B |
| Share of Canada's total VC dollars | 18% |

## WHAT STANDS OUT

**A global talent base.** Vancouver is home to about 7 in 10 of BC's founders, and 32% of BC's new founders studied outside Canada, compared with 22% nationally.

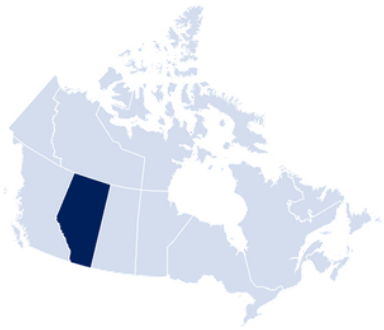
**Consumer and deep tech.** One in five new BC startups is consumer-facing, compared with about 1 in 6 nationally. Deep tech and hardware make up about 1.7 times the national share.

**Capital is following.** BC drew $1.4B in venture capital in 2025, about 18% of Canada's total, from just 12% of the country's deals. That is the largest average deal size among the large provinces (CVCA).

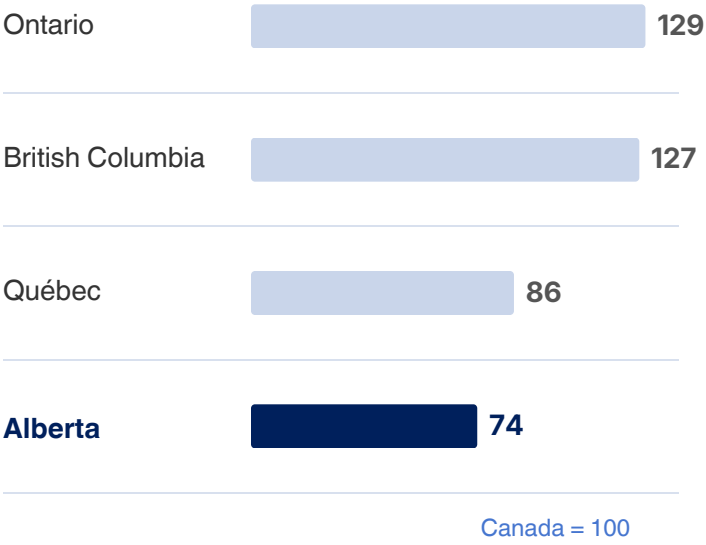
Note: Startups per person compares a province's share of new startups with its share of Canada's population (Canada = 100). VC figures cover all stages. Sources: Panache Ventures startup formation data; CVCA Year-End 2025.

# Alberta

Alberta held up better than any other large province in 2025, and its share of Canada's new startups keeps rising. Alberta's support for early-stage companies is sustaining momentum.



## NEW STARTUPS PER PERSON, 2025




## KEY METRICS

| METRIC | AB |
|---|---|
| Share of Canada's new startups, 2025 | 9% |
| New startups per person (Canada = 100) | 74 |
| Change in new startups vs. 2024 | –3% |
| Total VC invested, 2025 (all stages) | $465M |
| Share of Canada's total VC dollars | ~6% |

## WHAT STANDS OUT

**A tale of two cities.** Calgary is home to about two-thirds of Alberta's new founders and Edmonton about a quarter, the most balanced split of any large province.

**AI and Energy.** Alberta's share of cleantech and energy startups is nearly twice the national level, and AI went from 27% of its new startups in 2025 to nearly half in Q1-2026. Defence and aerospace startups are starting to appear.

**Builders outpace capital.** Alberta drew about 6% of Canada's venture dollars in 2025, well below its share of new startups.

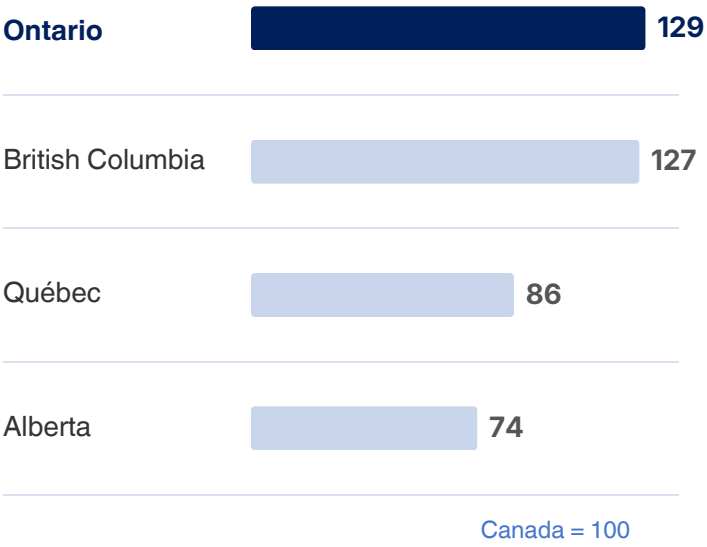
Note: Startups per person compares a province's share of new startups with its share of Canada's population (Canada = 100). VC figures cover all stages. Sources: Panache Ventures startup formation data; CVCA Year-End 2025.

# Ontario

Ontario is Canada's largest startup hub, but the rest of the country is growing faster, and Ontario's share is slipping.



## NEW STARTUPS PER PERSON, 2025




## KEY METRICS

| METRIC | ON |
|---|---|
| Share of Canada's new startups, 2025 | 50% |
| New startups per person (Canada = 100) | 129 |
| Change in new startups vs. 2024 | –11% |
| Total VC invested, 2025 (all stages) | $4.6B |
| Share of Canada's total VC dollars | 57% |

## WHAT STANDS OUT

**Toronto is the engine.** About 84% of Ontario's new founders are based in Toronto, and 17% of Ontario founders are women, the highest share of any large province. The University of Waterloo plays a different role: it's one of Canada's top schools for founders, and its grads go on to build across Toronto and as far as San Francisco. About 4% of Ontario founders build in the Waterloo Region itself.

**A Fintech and AI infrastructure base.** Both make up a larger share of Ontario's new startups than they do nationally. In Q1-2026, Ontario's share of new startups slipped to 41% as other provinces grew faster.

**Capital is concentrated.** Ontario drew $4.6B in venture capital in 2025, about 57% of Canada's total (CVCA). In CBRE's 2026 Scoring Tech Talent report, Toronto ranks #3 and the Waterloo ranks #10 among the top tech talent markets in North America.

Note: Startups per person compares a province's share of new startups with its share of Canada's population (Canada = 100). VC figures cover all stages. Sources: Panache Ventures startup formation data; CVCA Year-End 2025.

# Québec

Québec is Canada's second-largest startup hub, and AI is driving its growth in 2026. Despite its significant share of new startups (19%), Québec's share of the national VC dollars is relatively lower (12%).



## NEW STARTUPS PER PERSON, 2025




## KEY METRICS

| METRIC | QC |
|---|---|
| Share of Canada's new startups, 2025 | 19% |
| New startups per person (Canada = 100) | 86 |
| Change in new startups vs. 2024 | –9% |
| Total VC invested, 2025 (all stages) | $1.0B |
| Share of Canada's total VC dollars | 12% |

## WHAT STANDS OUT

**An AI hub centred on Montréal.** Montréal is home to 8 in 10 of the province's founders, and nearly half of Québec's new startups in Q1-2026 are in AI, compared with 40% nationally. Mila received $36M from Québec in early 2026 and is in talks to lead Canada's open-source AI work.

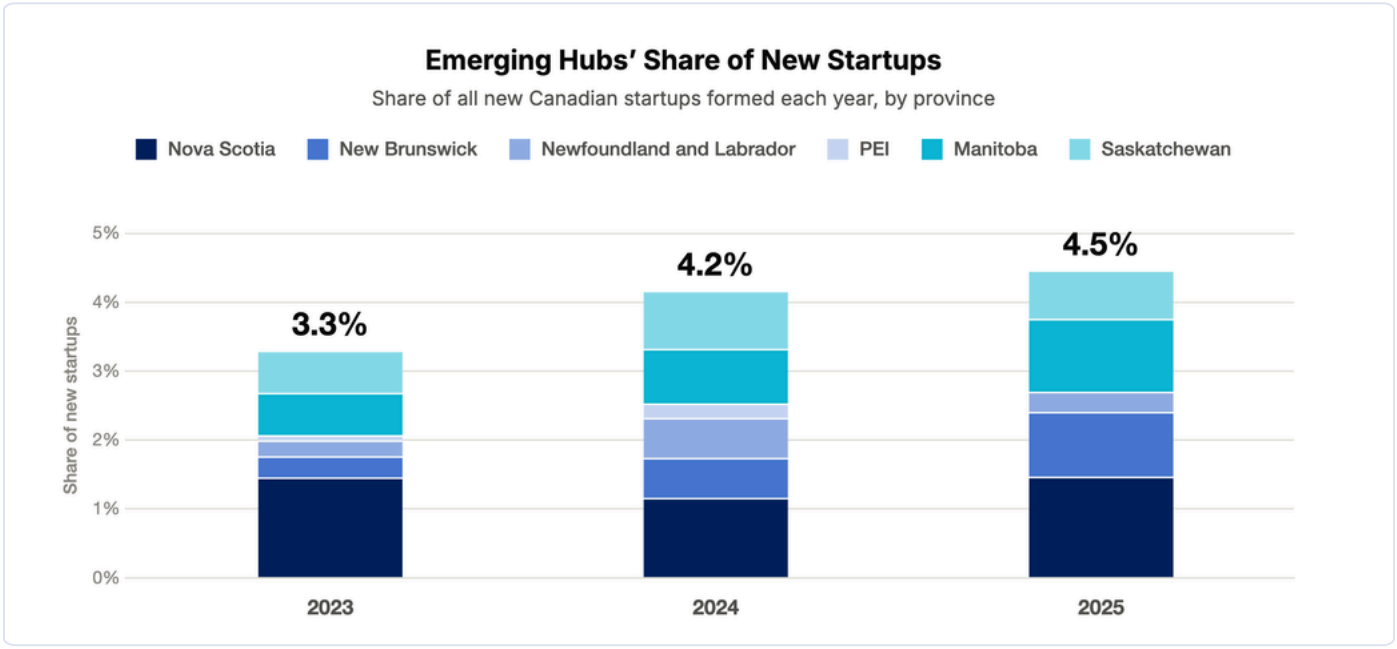
**Developer tools and biotech.** Québec's share of developer tool startups is about 1.5 times the national level, and biotech and health is above average too.

**Larger deals in 2026.** Québec had 21% of Canada's VC deals in 2025 but 12% of the dollars ($1.0B). In the first half of 2026 alone, it drew $758M, about three-quarters of its 2025 total (CVCA). This volume is largely driven by growth stage investments, while only $50M corresponds to deals <$5M.

Note: Startups per person compares a province's share of new startups with its share of Canada's population (Canada = 100). VC figures cover all stages. Sources: Panache Ventures startup formation data; CVCA Year-End 2025.

# Emerging Hubs

Startup formation is extending beyond the four largest provinces. Atlantic Canada and the Prairie provinces each held steady in 2025, while national startup formation declined.




## WHAT STANDS OUT

**Halifax anchors the Atlantic region.** Halifax is home to roughly half of Atlantic Canada's new founders. Q1-2026 was the region's strongest first quarter in our data.

**Record capital.** Atlantic Canada drew $348M in venture capital in 2025, nearly double 2024 ($176M), and Nova Scotia posted a record year at $162M (CVCA).

**Climate and defence.** Cleantech's share of new Atlantic startups is about two and a half times the national level, and defence and aerospace are more prominent than in any other region.

**Prairie anchors.** Winnipeg accounts for nearly all new founders in Manitoba, while most of Saskatchewan's are in Saskatoon. Manitoba also had a record year in 2025, drawing $127M, up from just $4M in 2024 (CVCA).

**Canada's next category-defining companies can emerge from anywhere. That's why Panache Ventures has boots on the ground across the country.**

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# Sectors & Founders

What new startups are building and the talented founders behind them.


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# Signals From Early 2026

New startup formation in the first half of 2026 is already 20% above the same period of 2025. Growth is spreading across sectors and regions.

**+49%** new startup formation, Q1-2026 vs. Q1-2025

**+20%** new startups in H1-2026 vs. H1-2025

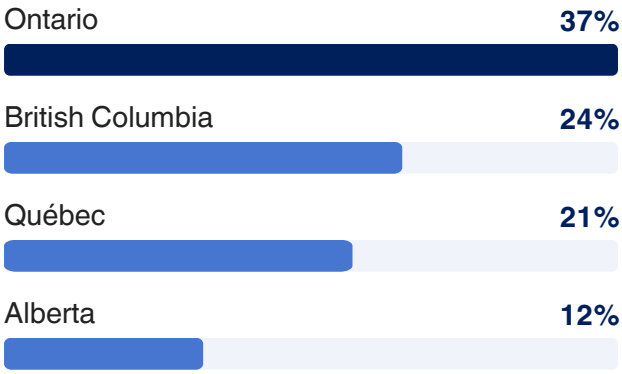
### SECTOR SHARE OF NEW STARTUPS

H1-2025 → H1-2026

| | | |
|---|---|---|
| Defence and aerospace | ~1% → | **~3%** |
| AI infrastructure | ~3% → | **~6%** |
| Cybersecurity | ~4% → | **~2.5%** |
| Deep tech / hardware | ~3.5% → | **~4%** |
| All sectors overall | | **+20%** |

### WHERE NEW STARTUPS LAUNCHED

Share of new startups, H1-2026



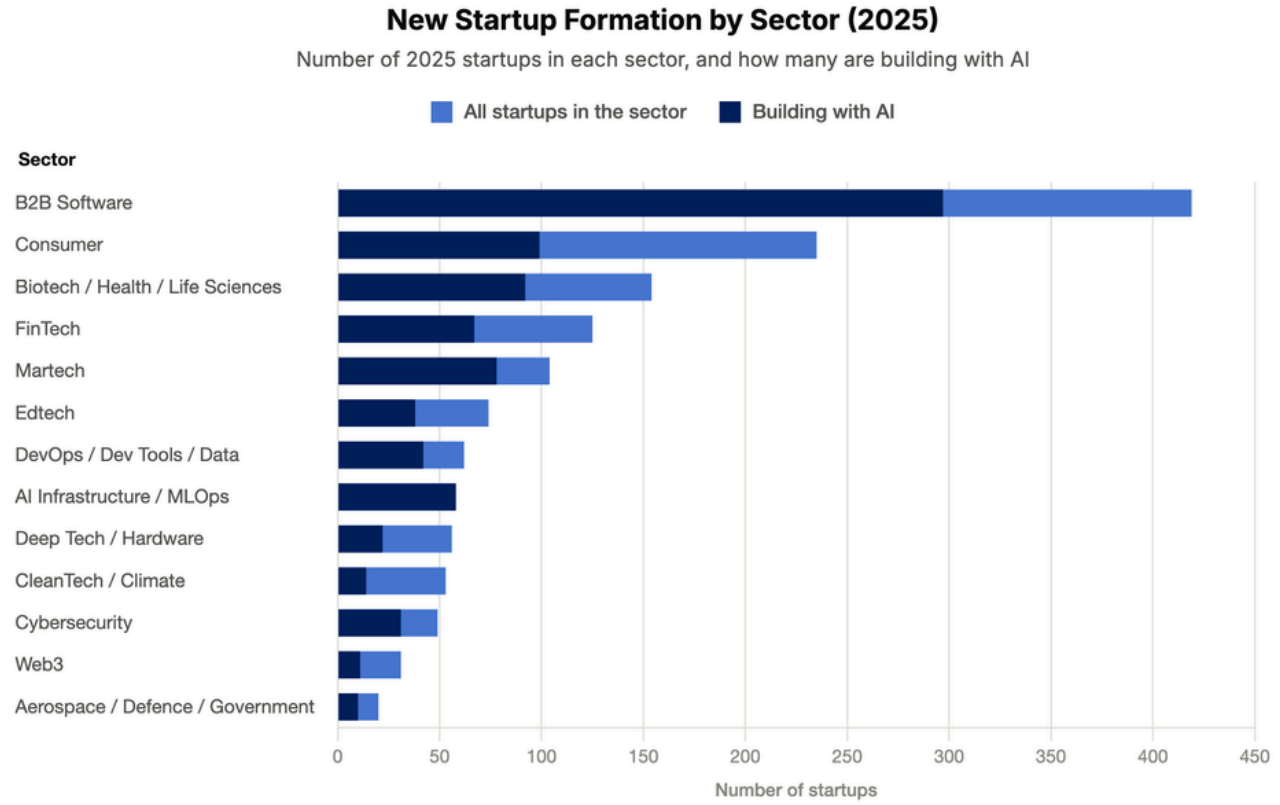

### WHAT STANDS OUT

- Defence and aerospace **nearly tripled** (from about 1% to 3%), as Canada boosts defence and sovereignty spending. AI infrastructure **nearly doubled** (from about 3% to 6%).
- Growth was strongest in **British Columbia, Québec and Alberta.** British Columbia startups rose 80%, Québec 52% and Alberta 45%, and Atlantic Canada doubled from a smaller base.
- **The founder mix held steady:** about 7 in 10 new founders had a technical background, and computer science was still the most common degree (37%), ahead of business (27%).

Note: Q2-2026 figures are likely understated due to a lag in reporting new companies. H1 growth may rise as the data is updated.

# What Canada Is Building

AI adoption now spans nearly every sector: 6 in 10 new startups are building with AI.




Note: B2B Software includes business tools that do not fit another sector, such as business intelligence, sales, HR, productivity, proptech and legaltech. Although it is the largest group shown, no single category within it accounts for more than 3% of new startups. All shares are based on startups with an identified sector. Startups are counted as building with AI only where there were clear signs of it, so these shares are a minimum.

## WHAT STANDS OUT

**AI adoption is highest in business software.** Excluding AI infrastructure, where adoption is universal, sales/martech (75%) and B2B software (71%) lead all sectors.

**Consumer is the largest standalone sector.** Consumer startups account for 16% of new companies, followed by biotech and health (11%) and fintech (9%).

**AI adoption trails in consumer.** Fewer than half of consumer (42%) startups are AI-native. AI adoption in hardware-oriented deep tech (39%) and cleantech (26%) startups is next. **Canada's Physical AI wave is coming.**

**Regulated industries are embracing AI.** Roughly 6 in 10 biotech/health startups and more than half of fintech startups are building with AI, extending it into regulated areas.

# Founder Insights

In 2025, Canada's new founders were experienced and technical. Many had already worked at a venture-backed startup or a big tech company. The result is a more seasoned and globally connected group of builders shaping the next wave of innovation.

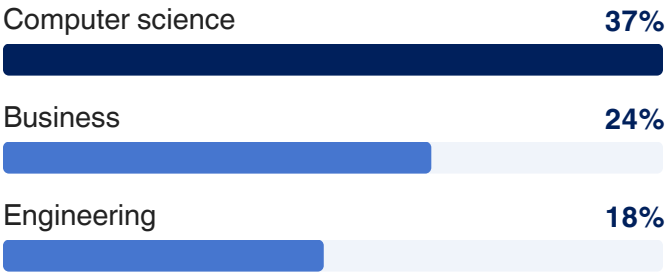
**44%** have experience at VC-backed startups

**10%** are serial founders

**12%** previously worked at a big tech company

**15%** identify as women founders

## TOP FIELDS OF STUDY



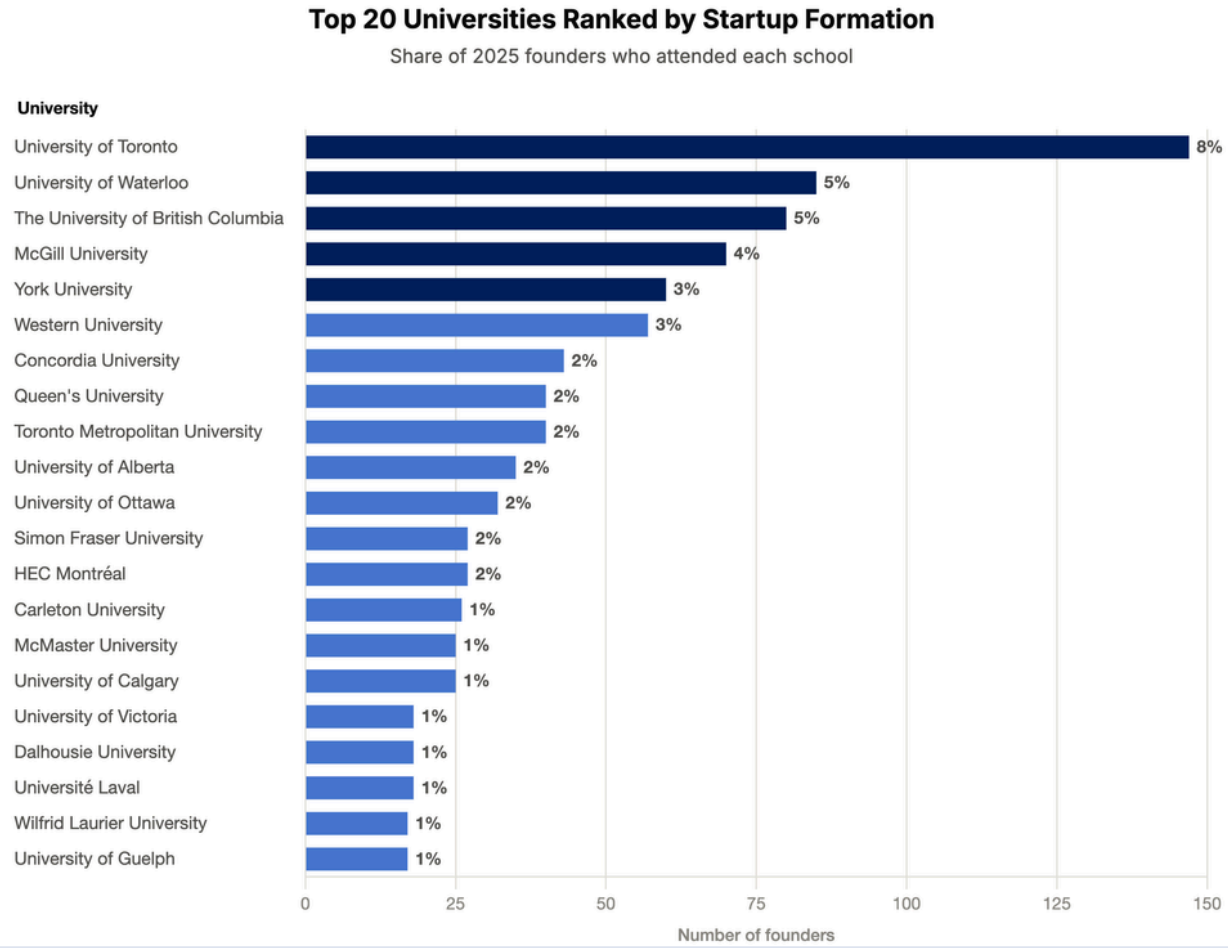

**3 in 4**
founders are technical

## KEY OBSERVATIONS

- **More founders are going solo.** In 2023, nearly two-thirds of new founders held a co-founder title. By 2025, fewer than half did, and the share slipped again in early 2026 (45%).
- **Technical founders come from STEM**. About half studied computer science, nearly a quarter studied engineering and about 1 in 6 studied science.
- **Representation is stuck.** About 1 in 7 founders are women, nearly unchanged since 2023. Women founders are also less likely to come from technical backgrounds (59% vs. 77%).
- **Big tech is a launchpad.** Amazon, Intel, IBM, Microsoft, Google, Meta and Shopify are the most common past employers.

# Academic Hubs

Canadian universities continue to produce and attract strong talent. The University of Toronto, the University of Waterloo, the University of British Columbia and McGill University are strong founder engines.




**Canada is at the forefront of artificial intelligence research** and is emerging as a strategic magnet for global AI founders. Organizations such as the Vector Institute (Toronto), Mila (Montréal), and Amii (Edmonton) serve as the anchors of this ecosystem — nurturing top-tier researchers, advancing responsible AI frameworks, and enabling commercialization pathways that convert breakthroughs into globally competitive startups.

| | |
|---|---|
| **Vector Institute** | Toronto |
| **Mila** | Montréal |
| **Amii** | Edmonton |

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# About Panache

Canada’s first-round fund.
We lead from the start. The world’s best investors follow.


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# Canada's Pre-Seed Leader

Panache Ventures was founded in 2018 to close a structural gap in Canada's technology ecosystem: a lack of true early-seed stage institutional capital for ambitious, globally minded founders. This report runs on the same data and national network Panache uses to discover founders, often before their first capital raise.

**WE BACK THE WINNERS**

**$3.7B**
Total venture capital raised by portfolio

**90%**
Canadian portfolio

**40+**
Growth-stage companies under one Panache brand

**4**
Canadian Unicorns

## WHAT SETS US APART

**National pipeline**
We track 3,000+ new startups a year, Canada's largest founder pipeline. Seeing every cohort sharpens our pattern recognition, so we can be very selective.

**Data-driven**
Our AI-powered tools track founder signals, like serial founders and alumni of VC-backed startups, and flag emerging sectors before they show up in funding data.

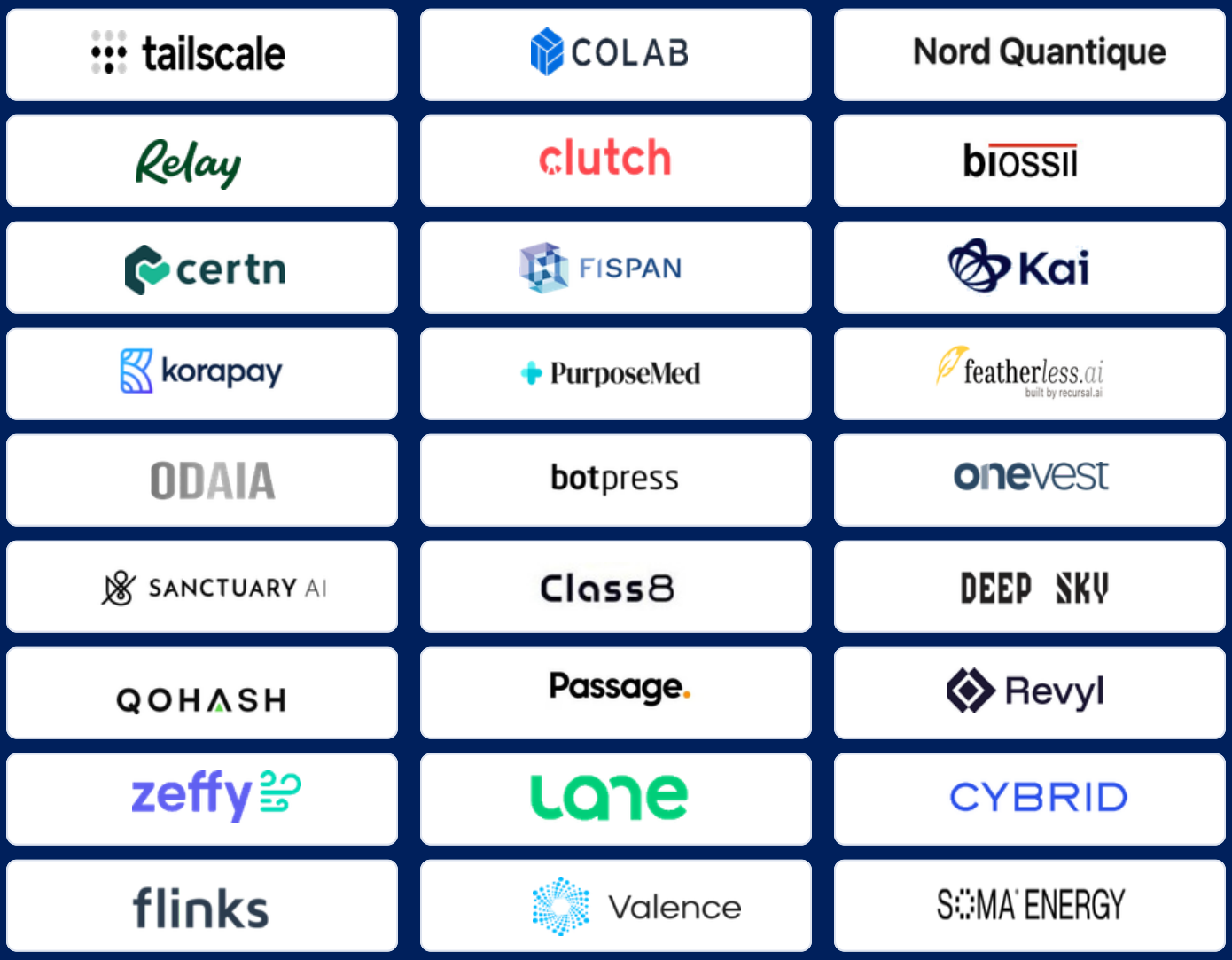
**On the ground**
Teams in Vancouver, Calgary, Toronto and Montréal. Founders know us, and we support them through Series A and beyond. Being local is how we win competitive deals.

**Backing Canadian Founders with Global Ambition.**

# Built for Scale

**40+**

**growth-stage companies** under one Panache brand. No other Canadian early-stage fund carries this density of homegrown high-growth companies.




*Illustrative and subject to change

# Our Team

## Leadership



**Patrick Lor**
Managing Partner, West



**Prashant Matta**
Managing Partner, East



**Mike Cegelski**
Chairman

## Investment Team - East



**Geneviève Tanguay**
Partner, Montréal



**Domenic Del Vecchio**
Principal, Montréal



**Inshaal Qadir**
Analyst, Toronto

## Investment Team - Central Lead



**Sarah Willson**
Principal
Toronto

## Investment Team - West Lead



**Melaniia Volkodav**
Associate
Vancouver

## Operations



**Melissa Belec**
VP of Investor Relations
Montréal



**Alejandro Marin**
VP of Finance
Toronto

PANACHE VENTURES

# Build & Invest in Canada 

Contact us at panache.vc to learn more