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UNDER EMBARGO UNTIL 11 JULY

Annual industry report on crowd-sourced funding reveals strength in the face of headwinds

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Crowd-sourced funding results are in for FY23, with some surprising outcomes in the face of tougher economic conditions.

Despite the headwinds, new records were broken and positive market indicators, like the total number of raises above \$1m continued to reveal growing resilience and maturity in the sector as Australian crowd-sourced funding (CSF) reaches the five year milestone.

In the 12 months to 30 June 2023, approximately \$64m was raised across 85 successful CSF offers, with one quarter of deals raising over \$1 million and the largest proportion being completed by growth businesses for the second consecutive year. Growth businesses with more than \$1 million in reported revenue accounted for 44% of all successful CSF raises, which was up 29% on FY22.

Although the sector saw an overall dip of approximately 26% in funding volume compared to the prior year, the result was solid relative to other parts of the financial system.

In FY23, CSF funding activity exceeded ASX IPO activity for the first time, with 85 successful CSF offers completed, against just 57 ASX IPOs in FY23 (as recently reported by [The Australian](#)). The ASX experienced an 80% fall in total capital raised in FY23. A similar story is evident in the broader Australian venture capital industry, which experienced a greater than 70% fall in funding volume in H2FY23, as recently reported by [Cut Through Ventures](#).

The FY23 results add to a total of \$248m now raised for Australian startups across over 327 successful CSF offers, with 28 offers raising more than \$2m, and with approximately two thirds of all successful deals hosted by Birchal.

The top three raises in FY23 all broke new records, including medicinal cannabis company Cannaponics becoming only the second startup to reach the \$5m maximum funding target allowed under Australian CSF law. Backed by 2771 investors, it was also the biggest medicinal cannabis CSF campaign of all time.

Old Young's \$2.7m raise made it the largest alcohol raise of all time with support from 855 investors, and Your Mates Brewery completed the fastest CSF campaign on record, with \$2.5m raised from 1015 investors in just 1 hour 54 minutes.

In Q3 notably, Birchal held 100% of the funding volume for the first time in Australian CSF, as the only platform to successfully fund over the period with eight deals completed– just two short of the total number of deals in the prior corresponding period (PCP) –to raise \$6.9m for the quarter.

Market activity increased again in Q4, with deals picking up across all platforms, raising \$23.6m over 21 successful CSF offers, and with positive results driving early momentum into the new financial year, including five companies raising \$6m via Birchal in July so far.

Other key facts

- Top three performing categories for FY23 included Food and Beverage raising \$23.7m or 37% of the funding volume; Health care raising \$8.3m (13%); and Clothing & Apparel raising \$6m (9.3%)
- WA had a stand out year with a 30% leap in funding volume (\$16.2m) and a 33% increase in deal numbers (16) compared to FY22
- 20% of successful crowd-sourced funding deals were follow-on raises in FY23
- Birchal remained the dominant platform with \$44.6m (70%) of the FY23 funding volume with all other platforms combined making up the remaining \$19.3m
- Australian CSF recognised as 'best-in-class' by international thought leader Global thought leader on equity crowdfunding, Professor of Law and Fulbright Scholar Andrew A. Schwartz in his global market comparison in this year's report
- Average deals size in FY23 was \$763k and average investment was \$1739

Birchal is Australia's most successful crowd-sourced investment platform, with 70% of crowd investment taking place on our platform. As one of the first seven issued a licence from ASIC in 2018 to operate as a crowd-sourced funding intermediary, we've now helped more than 165 game changing Australian businesses raise more than \$164M, backed by a crowd of more than 230K investors, and growing daily.

If you would like further information on the topic, please call **Chelsea Cunningham** on +61 422 422 499 or chelsea@birchal.com.