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**UNDER EMBARGO UNTIL 24 JAN 2023**

## Latest crowdsourced funding report reveals growth against wider financial system falls

### CSF Yearbook 2022 released today revealed resilience of Australian CSF

Melbourne, Victoria, 24 Jan 2022

The latest industry report on Australia crowdsourced funding has revealed the resilience of the sector, with funding slightly higher in 2022 compared to the previous year, against a backdrop of steep falls across other parts of the financial system.

Australia's annual industry CSF Yearbook was released today, showing a total of \$72m was raised over 91 crowdsourced funding campaigns, backed by more than 35k investors.

The report showed a 2% increase in the number of deals across the sector compared to the previous year, accompanied by a \$263k positive increase in the amount raised.

The result proved equity crowdfunding had become an important and valued part of the financial system within the current economic climate, according to Birchal Co Founder and CEO Matt Vitale.

"Equity crowdfunding is now a key part of the financial system, and its importance in Australia's startup ecosystem is set to grow in the face of challenging macroeconomic conditions, and a softening appetite among the traditional funders of startups in Australia," he said.

"ASIC has stated that the CSF regime appears to be operating efficiently and reliance on it appears to be increasing, describing CSF earlier this year as a 'robust alternative for smaller companies to raise up to \$5 million in 12 months with appropriate investor protections'."

The maturity of the industry was also reflected in the report, with a significant jump in the percentage of later-stage businesses now raising capital through CSF. In 2022 almost 50% of all successful offers were for

companies with more than \$1m in reported revenue at the time of their CSF offer. An increase of over 100% on the prior year.

Significant increases were also seen in businesses that reported positive earnings at the time of their CSF offer, with numbers climbing from 14 (or 16% of all offers) in 2021 to 26 (or 29% of all CSF offers) in 2022.

The moderation of valuations was also revealed as businesses and investors were responding to the changing market conditions, with valuations as a multiple of revenue decreasing among offers on Birchal.

In 2021, established businesses (with greater than \$500k in reported revenue at the time of offer) completed successful CSF offers at pre-money valuations with an average multiple of 16.5x historic revenue. In 2022, that figure almost halved to 8.7x historic revenue.

“Because of the lax monetary policies of developed economies over the last decade, equity crowdfunding (as a solution to the funding gap early stage businesses experienced in the wake of the GFC) has never truly been put to the test.

“So from Birchal’s perspective, 2023 is our time to shine. Australia’s startup ecosystem has made tremendous progress over the last few years, and we are determined to help ensure we do not lose a vintage (or two) of great Australian startups.

“Given the moderation in valuations we have observed this year, we are hopeful that the forward-thinking investors backing early stage Australian businesses in 2023 will be very pleased with their performance in the years to come.”

Birchal is Australia’s most successful crowd-sourced investment platform, responsible for more than 70% of Australia’s crowd investment funding volume. As one of the first seven intermediaries to receive a licence from ASIC in 2018, we’ve hosted over 190 successful offers for game changing Australian businesses, raising more than \$145m, with a crowd of more than 200k members, and growing daily.

*If you would like further information on the topic, please call **Chelsea** on **+61 422 422 499** or email [chelsea@birchal.com](mailto:chelsea@birchal.com).*