



Shareholders Report 2018

Important Information

Seedrs Limited ("Seedrs") has prepared this 2018 Shareholders Report (the "Report") on a voluntary basis. Its purpose is to provide our shareholders with an overview of our performance and developments during the year. Our Group Directors' Report and Consolidated Financial Statements, which are appended to this Report, constitute our statutory annual report and accounts.

All information in this Report has been prepared by Seedrs management. Except as set forth in our Group Directors' Report and Consolidated Financial Statements, none of this information has been audited. Seedrs management has exercised due care and reasonable judgment to ensure that the information in this Report provides a fair and accurate representation of the business, but no express or implied warranty is given with respect to the contents of this Report. There may be information that has not been included in this Report that shareholders would find relevant in understanding the performance and prospects of the business.

Nothing in this Report constitutes an invitation or inducement to make an investment or an investment recommendation, and this Report is not a financial promotion. This Report has been prepared solely for the benefit of Seedrs shareholders. Seedrs does not provide legal, financial or tax advice of any kind, and nothing in this document constitutes such advice. If you have any questions with respect to legal, financial or tax matters relevant to your interactions with Seedrs or its affiliates, you should consult a professional adviser.

Seedrs is a limited company, registered in England and Wales (No. 06848016), with its registered office at Churchill House, 142-146 Old Street, London EC1V 9BW, United Kingdom.

Seedrs is authorised and regulated by the Financial Conduct Authority (No. 550317).



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Christelle Xu Data Analyst

2018 Highlights

Financial

56%

Growth in revenue over 2017
and **190%** over 2016

110%

Growth in contribution over
2017 and **404%** over 2016

103%

Growth in the value of our carry pool
over 2017, and **340%** over 2016

Operational

71%

Growth in completed investment
value of 2017, and **213%** over 2016

63%

Growth in average deal size
over 2017, and **179%** over 2016

17%

Growth in investments over
2017, and **59%** over 2016

Strategic Initiatives

AutoInvest – launched first-ever automated investment tool allowing algorithmic / smart beta investment in this asset class

EIS 100 Fund – built our first fund product, letting investors create a highly diversified portfolio through single investment into a passive fund

Secondary Market – continued expansion as monthly volumes more than trebled year-on-year

Europe – proposal for major, positive regulatory change made significant progress, as we continued to build our European beachhead in advance of the proposal's enactment

Who We Are

Seedrs is a leading European marketplace for private equity investment. We operate an online platform which:

Provides **investors** of all shapes and sizes—including retail, intermediary and institutional—with a transparent, straightforward and cost-efficient way to invest in the equity of private companies.

Offers **growing private companies**—from seed-stage to pre-IPO—access to a broad base of investors who can provide patient capital together with community engagement.

We believe that private equity, and in particular the equity of growth-focused private businesses, is a highly compelling asset class. A diversified portfolio of these companies has the potential to outperform—while being largely uncorrelated with—most other types of investment. Historically, private equity investments were generally available only to those who could allocate significant amounts of both capital and time to them. We built the Seedrs platform in order to open the asset class to all investors who understand and want exposure to its risk/return profile.

We attract the best companies to the platform by providing them with a simple way to raise capital from, and build a community among, a wide range of investors. This includes our large and active base of retail, intermediary and institutional investors, but it also includes the companies' own customers, partners, vendors and friends. All of these investors are attractive to growing businesses not only for the capital they bring but also for the value they can add as a broad network of informal advisers, introducers, evangelists and supporters.

Since our launch in 2012, we have played a key role in defining and building this section of the capital markets. In the process we have become one of the largest and most prominent firms operating in it. As we continue to grow quickly, we have ambitious plans over the coming years to use the infrastructure and ecosystem we have built to expand profoundly the number, size and type of investors we are serving and businesses we are funding.

We believe that private equity, and in particular the equity of growth-focused private businesses, is a highly compelling asset class. A diversified portfolio of these companies has the potential to outperform—while being largely uncorrelated with—most other types of investment.



Ciro Miranda Solutions Architect

Awards & Achievements

We continued to receive substantial industry-wide recognition in 2018, bringing in a strong haul of awards and accolades including:



Industry Game Changer

Growth Investor Awards 2018
Winner



Equity Crowdfunding Platform of the Year in Europe

Corporate Intl Global Award 2018



Finance Technology of the Year

National Technology Awards 2019
Winner



The Fintech50 2018

Fintech50 2018



Most Trusted Equity Crowdfunding Platform

UK Excellence Awards
(CV Magazine) 2018



'Innovation in the SME Finance Sector' & 'Best Alternative Funding Provider'

Business Moneyfacts Awards 2018



Adam Reeve Senior Investor Manager, and Patricia Nicola, Senior Investor Relations Associate, collect our Industry Game Changer Award from EIS Association Director General Mark Brownridge and television presenter Claudia Winkleman.

Executive Chairman's Letter

2018 was another outstanding year for your company. We continued to generate substantial growth across our financial and operational metrics, while delivering key new strategic initiatives and expanding upon existing ones.

Our numbers for the year were highly encouraging on all counts. Revenue and contribution were up substantially from 2017, as was contribution margin—showing that we are not only growing the top line but also improving our marginal profitability as we do so. Our key operational metrics, covering platform activity and funding levels, grew strongly in 2018 as well, and our carry pool doubled in value over the course of the year—even as we realised a record level of carry from it. This is an excellent set of results, and they are discussed in more detail in the CEO Letter and the Performance Review.

We continue to pair a focus on short-term performance with investment in longer-term strategic initiatives that have the potential to deliver step-change growth over time. Among our main initiatives in 2018 were our two first forays into “productised” investment: AutoInvest, which we launched mid-year; and our first fund product, the EIS 100 Fund, which we built over the course of the year and launched in early 2019. Both have had promising initial take-up, and we believe each is a basis for a very substantial opportunity going forward. Meanwhile, our pioneering Secondary Market continued to grow, more than trebling in monthly activity levels, as did our Anchor Investment Programme. Finally, the proposal for a harmonised EU crowdfunding regime made significant progress over the course of the year, and we are getting closer to the day when we can finally realise our ambition of being a fully pan-European platform. All of these initiatives are discussed further in the Strategic Initiatives Update.

None of our success during 2018 would have been possible without the excellent leadership that the company is fortunate to have. Jeff Kelisky continues to prove an exceptional CEO, combining a strong focus on operational excellence with a broad and far-reaching strategic vision. He is supported by a talented and committed executive team, together with a highly experienced and engaged Board. We were particularly pleased to welcome two new members to that Board in 2018: Ian McCaig, who previously served as CEO of First Utility and of lastminute.com; and Mark Brooker, who served as COO of Betfair and of Trainline and, prior to that, was a long-time investment banker with Morgan Stanley and Merrill Lynch. Both have already made outstanding contributions.

I hope you will enjoy reading this update and seeing the great progress your company continues to make. As always, I am available to all of you if you have questions or concerns about, or ideas or suggestions for, the business, and as ever I remain deeply grateful to you for your support for Seedrs.



JEFF LYNN

Executive Chairman and Co-Founder



We continue to pair a focus on short-term performance with investment in longer-term strategic initiatives that have the potential to deliver step-change growth over time.



CEO's Letter

Our growth across our 2018 value metrics was a direct consequence of our focus on improved operational capabilities, sharpened value proposition, and market engagement.

The two years since I joined Seedrs have been tremendously exciting across the board, in product, people and, most importantly, performance.

In that time, we have nearly trebled our revenues—taking our two-year revenue CAGR to 70%—and increased our contribution by over 4.5x. This growth was driven by focusing heavily on value economics and scalability, as is evidenced in our performance metrics: we increased our average deal size from £289k to £807k, while reducing our cost of deal execution by 53%. We also increased the annual number of investments over those two years from 46k to 72k. These numbers are discussed in more detail in the Performance Review.

This focus on value-driven growth was no accident. In 2017, we set out a multi-year growth strategy that exposed the underlying economics of scaling in this industry and the sequencing of initiatives that would be required to achieve it. Internally we refer to it as the “up and over” strategy, and broadly it emphasises an initial focus on increasing value (maximising revenue per deal while minimising the costs of execution) before then moving toward a focus on scaling the volume of deals funded, with further cycling between the two as we move forward. In addition, and to operationalise that, we take a long-term view on both strategic and economic drivers of value creation, where we invest across both near-term growth initiatives and the longer-term strategic bets that will be necessary to build a multi-billion-pound marketplace.

In line with this strategy, our growth across the 2018 value metrics above was a direct consequence of our focus on improved operational capabilities, sharpened value proposition, and market engagement.

Complementing this operational progress, longer-term strategic demand generation and scalability was furthered through continued advancement of Seedrs' marketplace capabilities. Here, once again, we demonstrated leadership in our space by delivering another industry first with the introduction of “productised” investment through the launch of AutoInvest and creation of the Seedrs EIS 100 Fund. These initiatives, alongside our quickly-expanding Secondary Market, are built for growth and represent the seeds of what will become critical components essential to achieving scale over time.

Looking forward, I continue to be hugely excited by our prospects. 2019 is off to a very strong start, and at mid-year we are on track to deliver even faster growth than we did in 2018. This is very much driven by our “up and over” strategy, where this year we are pushing much more aggressively on scaling funded deal volume while building upon the value improvements we have made over the past two years. As mentioned in my letter last year, 2019 is a planned investment year for the company, where we will continue our emphasis on expanding the current roadmap while innovating on next-level features for our customers.

I am immensely proud of our team at Seedrs: from our hugely supportive Board and my executive management team down, we have a massively talented and committed group of smart, hard-working people focused on building a great company and having a positive impact in the world as a result.

Most importantly, I'd like to thank our shareholders, entrepreneurs, and platform investors, from whom we draw our inspiration and desire to serve. I continue to be energised by our supportive and engaged community. Our future is bright, and we have even more cool developments on the way.

A handwritten signature in black ink, appearing to read 'Jeff Kelisky'.

JEFF KELISKY

Chief Executive Officer

“

Since raising £650,000 on Seedrs, Miso Tasty has launched into over 700 Tesco stores across the UK. Our mission is to become the leading Japanese-inspired meal and snack brand, and we're thrilled to have 600 Seedrs investors on the journey with us. The support from investors and the Seedrs team post-raise has been brilliant in helping us grow our brand as we look to scale nationally and beyond.

”

Bonnie Chung Founder and CEO, Miso Tasty

Performance Review

Financial

Seedrs currently makes money in two main ways:

Deal Fees

We charge a success-based fee to businesses who raise funds through us. In some cases we also charge fees for additional marketing support we provide in connection with a business's campaign. We refer to these fees collectively as "deal fees", and they represent the predominant source of our revenue today.

Investor Fees

We charge carry to investors who hold their investments through our nominee when they generate a positive return on an investment. We also very occasionally charge direct fees to investors (generally in connection with unusual or one-off transactions). We expect investor fees, especially carry, to become a significant revenue stream as the portfolio matures.

In 2018, we generated **£3.18m** of revenue, up 56% on 2017 (£2.04m) and up 190% on 2016 (£1.10m).

This revenue growth came primarily from our 71% growth over 2017 in the value of completed investments, with average deal size increasing by 63% (as discussed in the "Operational" sub-section below). This reflects our focus on working with more large and later-stage businesses as part of the "value" component of our strategy, as described in the CEO's Letter. Campaigns for these larger businesses do tend to come with lower net fee percentages than smaller campaigns, but notwithstanding this our overall deal fee yield declined only 12% from 2017. A significant increase in the amount of carry we realised, albeit still small in relative terms, also helped drive our revenue growth.

71%

Growth in the value of completed investments

63%

Increase in average deal size



Filippo Massarelli Portfolio Manager

Performance Review

In addition to revenue, we look closely at contribution. This represents revenue after deal execution costs, which include costs of sales and costs to serve. Costs of sales are the external costs we bear for each deal, including referral fees, payment processing fees, KYC fees and campaign support costs. Costs to serve are the internal costs, including primarily staff costs, that are directly attributable to reviewing, executing and monitoring each investment. Because costs of sales and costs to serve encompass the bulk of the variable costs associated with each deal, our ability to reduce them as percentage of revenue—and thereby to maximise our contribution margin—is one of the keys to our ultimate profitability and scalability.

56%

Growth in revenue

110%

Growth in contribution

Our contribution in 2018 was **£2.26m**, which represented 110% growth over 2017 (£1.08m) and 404% growth over 2016 (£449k). This implies a 2018 contribution margin of **71%** (2017: 53%; 2016: 41%). As with the growth in top-line revenue, the increase in contribution (and, especially, contribution margin) is a key part of our focus on increasing value per deal as discussed in the CEO's Letter.

Our administrative expenses, which include all operating expenses other than costs of sales and costs to serve, were **£6.60m** in 2018, up 34% over 2017 (£4.93m) and 44% over 2016 (£4.59m). Our resultant 2018 net operating loss was **£4.33m**, up 12% from 2017 (£3.85m) and up 5% from 2016 (£4.14m), and so our 2018 net operating margin was **-136%** (2017: -189%; 2016: -377%).

Summary Seedrs Group P&L

| | 2018 | 2017 | 2016 |
|-----------------------------|-------------------|-------------------|-------------------|
| Deal Fees | £2,998,479 | £1,987,426 | £1,079,402 |
| Investor Fees | £137,704 | £36,186 | £2,394 |
| Other Revenue | £45,717 | £12,172 | £16,577 |
| Total Revenue | £3,181,899 | £2,035,784 | £1,098,373 |
| Costs of Sales ¹ | £(455,959) | £(445,951) | £(215,363) |
| Costs to Serve | £(461,719) | £(511,638) | £(433,514) |
| Total Contribution | £2,264,222 | £1,078,195 | £449,496 |
| Contribution Margin | 71% | 53% | 41% |
| Administrative Expenses | £(6,598,570) | £(4,932,420) | £(4,585,311) |
| Net Operating Profit (Loss) | £(4,334,348) | £(3,854,225) | £(4,135,815) |
| Net Operating Margin | -136% | -189% | -377% |

¹ Includes (1) referral fees, (2) payment processing fees, (3) KYC fees and (4) campaign support costs, which is consistent with how we prepare our management accounts. In our statutory accounts, only referral fees are included as costs of sales, with payment processing fees, KYC fees and campaign support costs treated as administrative expenses (as are all costs to serve). We believe that the approach we take here, and in our management accounts, provides a clearer picture of contribution, and therefore of contribution margin. The difference has no impact on net operating profit (loss) or net operating margin.

Performance Review

Operational

Our financial growth was driven by strong operational performance over the course of the year. We look at operational performance through two lenses, both of which are important to us but show different things:

Activity Levels

These reflect the amount of investor activity on the platform (independent of completed funding), demonstrating our effectiveness in attracting and converting users. They are our “top-of-funnel” measures.

We saw **£193.63m** invested on the platform in 2018, up 58% over 2017 (£122.71m) and 125% over 2016 (£86.07m). This came from **21,309** investors, down 11% from 2017 (23,888 investors) and up 16% over 2016 (18,379 investors). These investors made a total of **72,732** investments, up 17% over 2017 (62,248 investments) and up 59% over 2016 (45,694 investments).

Funding Levels

These reflect completed deals and investment amounts and so demonstrate our success in closing revenue-generating transactions. They are our “middle-of-funnel” measures (our financial performance is then the bottom of the funnel).

We completed² investments in **176** deals during 2018, up 5% from 2017 (168 deals) and 12% from 2016 (157 deals). And our average deal size increased to **£807k**, up 63% from 2017 (£494k) and 179% from 2016 (£289k). This brought us a total of **£142.06m** in completed investment, up 71% over 2017 (£82.96m) and 213% over 2016 (£45.42m).

Seedrs Activity Levels and Funding Levels

| | | 2018 | 2017 | 2016 |
|-----------------|-----------------------|--------------|--------------|-------------|
| Activity Levels | Amount Invested | £193,632,096 | £122,712,901 | £86,073,466 |
| | Number of Investors | 21,309 | 23,888 | 18,379 |
| | Number of Investments | 72,732 | 62,248 | 45,694 |
| Funding Levels | Completed Investment | £142,064,235 | £82,964,667 | £45,418,236 |
| | Completed Deals | 176 | 168 | 157 |
| | Average Deal Size | £807,183 | £493,837 | £289,288 |

² In early 2018, we changed our deal completion process so that we now invoice a business once we are entitled to our fee—which is when the campaign has hit its target and we have completed all of our due diligence and documentation—rather than waiting until the funds are paid. Given this change, and in order to maintain comparability between our revenue numbers and our investment numbers, we now define “completed” investment as investment that has been invoiced. The net difference between this and our previous definition (investment for which the funds have been paid to the investee company) is minimal: virtually all invoiced investment is ultimately paid, although the timing may differ, i.e., an investment billed in Q1 may not see funds paid until Q2.

Performance Review

Portfolio & Carry

By the end of 2018, we had completed investments in a total of **754** deals across **446** separate businesses since launch. During the year, we produced our Autumn 2018 Portfolio Update, which gave detailed information on the characteristics and performance of the portfolio to date. That Portfolio Update is available at portfolio.seedrs.com, and we encourage you to read it for a thorough understanding of our portfolio. For purposes of this Shareholders Report, we focus solely on what the performance of our portfolio means for our pool of unrealised carry.

As of the end of 2018, the book value of our carry pool stood at **£3.07m**. This is measured as the carry we would have earned if all investments in our portfolio had been sold at fair value (which we measure under our Valuation Policy and is explained further in our Portfolio Update) on that date. This represented an increase of 103% from the book value of the carry pool

at the end of 2017 (£1.52m) and an increase of 340% from the end of 2016 (£698k). The growth was due to the expanded size of our portfolio and the appreciation of a number of our portfolio companies, offset by losses, a limited securitisation arrangement we have in place with respect to a portion of our carry on several deals, and the carry we realised during the year (carry is removed from the pool upon realisation).

Neither the value of our carry pool, nor the value we receive from our securitisation arrangement, is recognisable in our statutory financials. As a result, our accounts do not demonstrate a full picture of our financial position in our view. To address this, we maintain a pro forma P&L that shows what the impact would be if the changes in the value of the pool, and the value of our securitisation arrangement, were treated as revenues:

Summary Seedrs Pro Forma Group P&L³

| | 2018 | 2017 | 2016 |
|--|-------------------|-------------------|-------------------|
| Deal Fees | £2,998,479 | £1,987,426 | £1,079,402 |
| Change in Implied Carry Value ⁴ | £1,557,364 | £818,097 | £422,251 |
| Securitised Carry Revenue ⁵ | £50,000 | £300,000 | £0 |
| Realised Carry | £136,914 | £12,631 | £2,394 |
| Other Investor Fees | £790 | £23,555 | £0 |
| Other Revenue | £45,717 | £12,172 | £16,577 |
| Total Revenue | £4,789,264 | £3,153,881 | £1,520,624 |
| Costs of Sales ⁶ | £(455,959) | £(445,951) | £(215,363) |
| Costs to Serve | £(461,719) | £(511,638) | £(433,514) |
| Securitised Carry Obligations ⁷ | £(387,006) | £0 | £0 |
| Total Contribution | £3,484,580 | £2,196,292 | £871,747 |
| Contribution Margin | 73% | 70% | 57% |
| Administrative Expenses | £(6,598,570) | £(4,932,420) | £(4,585,311) |
| Net Operating Profit (Loss) | £(3,113,990) | £(2,736,128) | £(3,713,564) |
| Net Operating Margin | -65% | -87% | -244% |

³ Pro forma accounts are intended for information only and have not been prepared in accordance with generally accepted accounting standards. Please ensure you also consult the company's statutory accounts, which are appended to this Shareholders Report.

⁴ Change in implied carry value reflects the estimated value of our accumulated unrealised carry (based on fair value of each company's shares as determined in accordance with our Valuation Policy) as if it was all realised at the end of the period, less the estimated value of our accumulated unrealised carry at the end of the prior period, i.e. the P&L impact is the difference between the carry pool at the start and the end of the year.

⁵ Securitised carry revenue reflects the market value of any goods or services we have purchased from third parties, or other income we have received, in exchange for rights to receive future carry under contractual and legally-binding arrangements.

⁶ See earlier note with respect to the inclusion of payment processing fees, KYC fees and campaign support cost in costs of sales.

⁷ Securitised carry revenue reflects the portion of any increase in implied carry value that, if realised, we would be obliged to pay to third parties under the securitisation arrangements described above.

“

I've built a diversified portfolio of exciting businesses on Seedrs and really enjoy watching the more successful ones develop. I target startups with an experienced team, big addressable markets and a compelling vision. Initial positions are small, only scaling up in later rounds if the business gains clear momentum.

”

Steven Artingsall Senior Investment Manager, Railpen

Strategic Initiatives Update

Alongside the growth of our core business as discussed in the Performance Review, we continue to pursue a number of strategic initiatives. We view these initiatives as long-term investments: we expect them to have minimal impact on our short-term results, but the successful ones have the potential to accelerate our growth significantly in the years to come. In this section we discuss several of the new strategic initiatives we launched in 2018, as well as the progress of several of our ongoing initiatives.

New Initiatives

We built two major new initiatives in 2018, both of which give investors “productised” ways of investing in our deals.

We have long recognised that different types of investors want different investment experiences: while many like our traditional model of selecting individual campaigns in which to invest via the platform, and others want direct introductions to particular businesses (as discussed further under “Anchor Investor Programme” below), there is another segment that is keen for more automated approaches to investing. The two initiatives described below represent our first salvo in serving the needs of this last group of investors.

AutoInvest

In July 2018, we launched our AutoInvest product. AutoInvest allows investors to select the amount they would like to invest per campaign, and then the product automatically invests based on the investor’s chosen criteria. When we first launched AutoInvest, we limited it to a set of pre-selected criteria. We have since enabled the first step in investor customisation, and we plan to add more criteria from which to choose soon.

AutoInvest represents our first productised form of investment, and we believe it is also the first time anyone has created a widely-available opportunity for algorithmic investing in private companies. Historically, investment in this asset class has required manual deal-by-deal selection: either

the investor chose each deal to invest in directly, or he or she invested with a fund manager who made the selections. In other asset classes, such as public equities, that sort of manual selection is one strategy, and it is the traditional one, but it is not the only one. As both data and technological capacity improve, more and more investors are able to develop theses about which factors correlate with investment success and then design algorithms which make investment decisions automatically based on whether those factors are present.

AutoInvest opens the door to this sort of algorithmic, or smart beta, investing in our space. In customising their AutoInvest criteria, investors will, in effect, have developed a thesis on what types of businesses are likely to perform best, and through the customisation process they are building a simple algorithm that triggers investments.

We have had a strong initial response to the launch of AutoInvest. By the end of 2018, over **800** investors had signed up to it, and over **£160k** had been invested through it across over **3,000** individual investments. Take-up has continued to grow, and as of writing the cumulative amount invested through AutoInvest has nearly trebled from year-end. As we continue to evolve and market the product, we expect to see these numbers continue to grow and, eventually, represent a significant portion of our overall investment activity.

£160k

Invested through AutoInvest

3,000

Investments through AutoInvest

Say hello to AutoInvest



Strategic Initiatives Update

EIS 100 Fund

Over the course of 2018, we scoped out and built our first-ever fund product, the EIS 100 Fund. This pilot fund, which was raised and began deploying in early 2019, aims to invest across approximately 100 businesses on the Seedrs platform over an approximately 12-month period.

The EIS 100 Fund is purely passive: it automatically invests a set proportion of a company's fundraising round in all Seedrs campaigns that meet a defined set of rules. Like AutoInvest, the fund allows investors to gain exposure to a diversified portfolio of businesses in a streamlined and efficient way. But whereas AutoInvest is a smart beta product, with investors setting the deployment rules based on their own investment theses, the EIS 100 Fund provides something closer to pure beta, allowing investors to get access to a very broad cross-section of this asset class through a single investment decision.

As with AutoInvest, the design of the EIS 100 Fund took its inspiration from the public equity markets. Those markets have long had a mix of active and passive fund managers, but in the absence of private equity marketplaces providing sufficient volumes of dealflow, private company investors have not had the opportunity to invest on a passive basis. And in an asset class where average returns have historically been very high, but so has volatility, there is a strong investment case for "taking the beta" rather than attempting to pick the outperformers while risking a portfolio full of significant underperformers.

The response to the EIS 100 Fund was highly encouraging, with **455** investors investing a total of **£1.38m** in it, but we very much see it as just the start of our funds proposition. During 2019 we are building on our learnings from this pilot fund and beginning work on designing our next fund products.

455

Investors in the fund

£1.38m

Invested in the fund



Strategic Initiatives Update

Ongoing Initiatives

Secondary Market

In June 2017, we launched the Seedrs Secondary Market. The market allows investors who have invested in companies through us to list their holdings for sale, and for other investors to purchase those holdings, all via the Seedrs platform. Trading takes place over the course of a single week each month starting on the first Tuesday (which we call “Trading Tuesdays”).

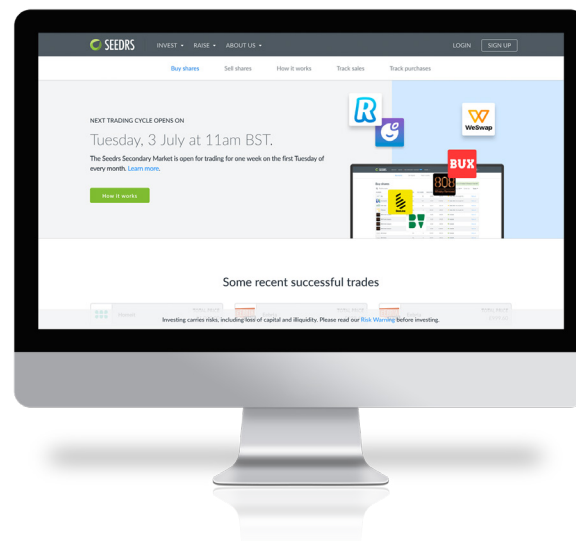
We reported last year that the market had shown initial success following launch, and in 2018 it grew substantially. We measure the performance of the market based on average volumes per monthly trading window, and these are a few the key metrics:

An average of **1,030** share lots were listed for sale in each 2018 trading window, up 278% from 2017 (272).

An average of **428** share lots were successfully sold in each 2018 trading window, up 345% from 2017 (96). This meant that the average conversion rate has increased to 42% in 2018 from 35% in 2017. It also means that in 2018 we saw a total of 5,139 investor exits.

The average aggregate sale value in each 2018 trading window was **£141k**, up 436% from 2017 (£26k).

The average aggregate profit earned by sellers in each 2018 trading window was **£64k**, up 687% from 2017 (£8k). This means that the average profit yield (aggregate profit divided by aggregate sale price) increased from 31% to 45%.



This growth in the Secondary Market is encouraging, and among other things it was an important component of the substantial increase the amount of carry we realised in 2018 (as discussed in the Performance Review). We have seen the trend continue in the first trading windows of 2019, and as we make further technical and structural improvements—and our portfolio continues to expand—we believe the Secondary Market has the potential for substantial further growth ahead.

345%

Increase in share lots sold per trading cycle

687%

Increase in aggregate investor profit per trading cycle



Chi Yu Head of Design
Ricardo Brizido Chief Technology Officer

Tim Quigley Software Engineer
Anton Jidkov Software Engineer

Strategic Initiatives Update

Europe

We have long viewed ourselves as a European platform: we have had a Lisbon office, focused primarily on web development, since inception, and we have been open to investors and businesses across Europe since late 2013. In late 2016 we launched commercial offices in Amsterdam (covering Benelux) and Berlin (covering DACH).

The European opportunity in the medium-term is tremendous. However, we are limited in what we can do in Europe today due to regulatory fragmentation. The narrow cross-border framework under which we currently operate prevents us from conducting any investor-facing marketing activities

outside of the UK (our European teams can only focus on attracting companies to raise funds on the platform), and we cannot localise the language or other features of the platform. So while we are working to do as much European business as we can within those confines, we view our efforts in Europe today as primarily about building a beachhead in advance of forthcoming regulatory changes that will enable us to pursue a full-scale pan-European operation.

In the face of those challenges, which have made our progress bumpy, we see 2018 as a very successful year for us in Europe.

Activity Levels

- We saw **£29.75m** invested on the platform from European (ex-UK) investors, representing 37% growth over 2017 (£21.71m). This constituted 15% of total investment (2017: 18%).
- We saw **22,777** investments from Europe (ex-UK) across **5,331** investors. This represented an increase in the number of investments of 8% on 2017 (21,067 investments) but a decline in the number of investors of 31% on 2017 (7,710 investors).
- European (ex-UK) investors represented 25% of all investors and 31% of all investments (2017: 32% and 34%, respectively).

Funding Levels

- We completed investments in **20** deals from Europe (ex-UK), up 11% over 2017 (18 deals). In both years this constituted 11% of completed deals.
- The average size of our Europe (ex-UK) deals in 2018 was **£215k**. This represented a 58% decline on 2017 (£518k), although that was a year in which we had several disproportionately large European deals.
- This resulted in **£4.31m** of completed investment into Europe (ex-UK) deals, representing 3% of all completed investment. In 2017, we had £9.32m of completed investment, which was 11% of the total.



Strategic Initiatives Update

From a strategic perspective, 2018 was particularly exciting. In March, the European Commission proposed the European Crowdfunding Service Providers for Business Regulation, a measure which would harmonise the rules that apply to platforms like ours across the European Union. The Economic and Monetary Affairs Committee of the European Parliament approved an amended version of the legislation in November (and it was subsequently passed by the whole European Parliament with an overwhelming majority), and in June 2019 the European Council signed off on a further amended version. The three European bodies will shortly begin the trilogue process to agree a combined version of the Regulation, and assuming they succeed in doing so this autumn, it will come into effect in autumn 2020.

This Regulation has the potential to be transformative and, at long last, to allow us to operate at full scale under a single set of rules across Europe (the UK will not be subject to this regime post-Brexit, but the Regulation is broadly similar to UK rules, and we expect to be able to operate under both regimes with limited friction). We have used our European base, and our involvement in the European Crowdfunding Network, to work closely with lawmakers in supporting the Regulation through its legislative process. Our experiences both in the UK and on the Continent helped inform a number of the amendments that the Parliament and Council made to the Regulation, and we have had the opportunity to provide technical expertise and insight to policymakers in Brussels and in a range of Member States.

Meanwhile, we have continued very effectively to build our brand in Europe, not only in DACH, Benelux and Portugal but also across a range of other countries. Our teams in Berlin, Amsterdam and Lisbon regularly attend tech- and startup/ scaleup-related events across Europe, as well as building relationships and partnerships with key players in a number of regional ecosystems. This work, we believe, will give us a critical running start when we build a full-scale European operation under the new Regulation.

Anchor Investors Programme

Toward the end of 2017, we launched what we call our Anchor Investors Programme, which is a network of institutional and intermediary investors who look to write larger (“anchor”) tickets in the rounds in which they invest.

We work with these investors—who include fund managers, family offices, wealth managers, IFAs, private banks, corporate venture capital units and others—to understand their investment preferences and objectives. We then introduce them directly to companies who are raising capital (or planning to do so) through Seedrs and who meet their criteria. If the investor then chooses to invest in a given company, it does so as part of the Seedrs round, holding its shares either inside or outside our nominee structure.

The Anchor Investors Programme grew dramatically in 2018. We increased the number of members by year-end to **310**, compared to 66 at the end of 2017. And through the Programme, we secured over **£17m** in investment offers for **15** different businesses.



Hemant Bedarkar Head of Investor Services
Patricia Nicola Senior Investor Relations Associate

Developments Since Year-End

Following on the success we saw last year, 2019 is off to a very strong start. Financial and operational highlights from the first half of the year include:

Financial

Revenue

up 60%

on H1 2018 and
up 188% on H1 2017

Contribution

up 63%

on H1 2018 and
up 288% on H1 2017

Net Operating Loss

up 24%

on H1 2018 and
up 34% on H1 2017

Operational

Amount Invested

up 51%

on H1 2018 and
up 178% on H1 2017

Completed Investment

up 34%

on H1 2018 and
up 204% on H1 2017

Completed Deals

up 45%

on H1 2018 and also
up 45% on H1 2017

Kate O'Rourke Product Designer

Appendix

Group Directors' Report and Consolidated Financial Statements

Company Registration No. 06848016 (England and Wales)

SEEDRS LIMITED

GROUP DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

SEEDRS LIMITED

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SEEDRS LIMITED
COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | A Barbosa (resigned 1 January 2018) I S Black (resigned 1 April 2018) C Cadeira Da Silva J A Lynn S Rimmer T C Levene J D Kelisky I McCaig (appointed 25 May 2018) M D Brooker (appointed 25 Sept 2018) |
| Secretary | K Kerrigan |
| Company number | 06848016 |
| Registered Office | Churchill House 142-146 Old Street London EC1V 9BW |
| Auditor | KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL |

SEEDRS LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report on the Group for the year ended 31 December 2018.

Review of the business

The Group's principal activity is to provide an online platform for investing in early stage and growth businesses. The parent Company's activities are regulated by the Financial Conduct Authority.

The Group's revenue is generated primarily from fees paid by businesses that raise investment on the platform, and activities ancillary to fundraising. There is also the potential for investor fees to be generated, which are contingent on the success of those businesses. To date the Group has realised a small portion of these investor fees; however the majority have not been realised, continue to be difficult to quantify at present, and so they have not been included as revenue.

Results and performance

The results of the Group for the year, as set out on page 9, show a significant growth in revenue to £3,181,899 (2017: £2,035,784) and a loss for the year of £3,988,235 (2017: £3,627,944). The shareholders' funds of the Group total £9,969,825 (2017: £13,705,289). The Group is in its growth phase and the directors consider the results in line with their expectations and business plan.

The performance of the Group during 2018 has been very encouraging, with the platform achieving record levels of investment and fundraising activity while introducing market-leading products and technology. Increased expenditure has been due to continued investment in the Group's core business in addition to the research and development of new investment services and platform features. The directors consider 2018 to be a success demonstrated by the relationship between revenue growth (56%) and the increase in administrative expenses (28%).

Business environment

Online investment in alternative asset classes is growing as an industry and continues to receive attention and support from the media, public and government. Whilst there is competition, the Group is confident that its commitment to developing a strong brand, an extensive customer base and a quality service will mean it remains a market leader.

Analysis of key performance indicators

The Board monitors the progress of the Group by reference to the following KPIs:

| | 2018 | 2017 |
|----------------------|------------|------------|
| Revenue for the year | £3,181,899 | £2,035,784 |
| Loss for the year | £3,988,235 | £3,627,944 |

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group include: regulatory change, cyber security, financial fraud, performance of the successfully funded companies and loss of reputation. Risk management is addressed through a framework of policies, procedures and other internal controls. Regulatory compliance and the maintenance of high ethical standards are priorities for the Group. Like other businesses, the Group is also faced with the uncertainty of the circumstances surrounding the United Kingdom's forthcoming departure from the European Union ("Brexit"). The Group has put together a plan to address potential outcomes of Brexit including regulatory impacts, data protection and status of European employees. The parent Company is regulated and based in the United Kingdom and its European operations are at a relatively small scale, and therefore the directors do not consider Brexit to be a material risk to the Group's business strategy. A sensitivity analysis has been performed to assess the impact on the Group's financial position in the event of worsening economic scenarios, and this will be kept under review. With regards to the planned fundraise, given the nature of the Group's business proposition and potential investors, the directors do not believe that Brexit will have a significant impact on its ability to raise funds.

Future developments

The Group aims to grow significantly over the coming year, increasing its revenues, improving efficiencies in its cost base and introducing new products.

On behalf of the Board


.....
J D Kelisky
Director

SEEDRS LIMITED
GROUP DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Registered No. 06848016

The directors present their report and the Group and parent Company financial statements for the year ended 31 December 2018.

Directors

The following directors have held office since 1 January 2018:

A Barbosa (resigned 1 January 2018)
I S Black (resigned 1 April 2018)
C Cadeira Da Silva
J A Lynn
S Rimmer
T C Levene
J D Kelisky
I McCaig (appointed 25 May 2018)
M D Brooker (appointed 25 Sept 2018)

Proposed dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2018 (2017: £0).

Research and development

Details of research and development are provided in the strategic report on page 4.

Future developments

Details of future developments are provided in the strategic report on page 4.

Auditor

KPMG LLP was appointed auditor to the Company and will be re-appointed in accordance with of the Companies Act 2006.

Going Concern

As discussed in note 1.2, the Directors have prepared business plans and cash flow forecasts for a period well beyond 12 months from the date of their approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, by raising additional capital, to meet its liabilities as they fall due for that period. As a result, these financial statements have been prepared on a going concern basis.

The required additional capital that needs to be raised however is not yet committed and whilst the Directors, having previously raised such capital in recent years, have confidence in their ability to raise additional funds, there is no certainty that it will be successful at the time that it may be required.

Should a future capital raise be unsuccessful, the Group may be unable to discharge its liabilities as they fall due and, as a result, these circumstances represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

SEEDRS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard (March 2018 revision)* applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent Company and of their profit or loss for that period.

In preparing these financial statements, the directors are required to:

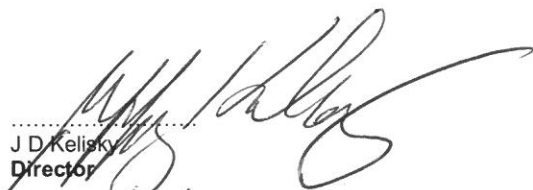
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the parent Company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board


.....
J D Kelisky
Director
16/4/2019
.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEEDRS LIMITED

Opinion

We have audited the financial statements of Seedrs Limited ("the Company") for the year ended 31 December 2018 which comprise the Consolidated Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard (March 2018 revision) applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the Company incurred a net loss of £4m for the year (2017: £3.6m) and had operating cash outflows of £3.6m (2017: £3.3m), and the Company's ability to continue as a going concern is dependent on additional capital being raised that is not yet committed. These events and conditions, along with the other matters explained in note 1.2, constitute material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul McKechnie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 15 Canada Square
 London E14 5GL
 Date 18/4/2019

SEEDRS LIMITED

CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|----------|--------------------|--------------------|
| Revenue | | 3,181,899 | 2,035,784 |
| Cost of sales | | <u>(31,339)</u> | <u>(43,144)</u> |
| Gross profit | | 3,150,560 | 1,992,640 |
| Administrative expenses | | <u>(7,484,908)</u> | <u>(5,846,865)</u> |
| Operating loss | 2 | (4,334,348) | (3,854,225) |
| Other interest receivable and similar income | 3 | <u>45,284</u> | <u>18,902</u> |
| Loss of ordinary activities before taxation | | (4,289,064) | (3,835,323) |
| Tax on loss on ordinary activities | 4 | <u>300,829</u> | <u>207,379</u> |
| Loss for the year | | <u>(3,988,235)</u> | <u>(3,627,944)</u> |
| Other comprehensive income | | 30,410 | (41,497) |
| Total comprehensive income | | <u>(3,957,825)</u> | <u>(3,669,441)</u> |

All amounts are from continuing operations

Notes on pages 15 to 25 form part of the financial statements

SEEDRS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called-Up Share Capital | Share Premium | Capital Redemption Reserve | Non- Distributable Reserves | Profit and Loss Account | Total Equity |
|---|-------------------------------|-------------------|----------------------------------|-----------------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 January 2017 | 4,835 | 14,937,349 | 31 | - | (7,524,775) | 7,417,440 |
| Profit/(Loss) for the year | - | - | - | - | (3,627,944) | (3,627,944) |
| Other comprehensive income | - | - | - | - | (41,497) | (41,497) |
| Total comprehensive income for the year | - | - | - | - | (3,669,441) | (3,669,441) |
| New shares issued | 1,627 | 9,973,853 | - | - | - | 9,975,480 |
| Share issue costs | - | (60,236) | - | - | - | (60,236) |
| Share buy back | - | - | - | - | - | - |
| Share-based payments | - | - | - | 42,046 | - | 42,046 |
| Unissued shares | - | - | - | - | - | - |
| At 31 December 2017 | 6,462 | 24,850,966 | 31 | 42,046 | (11,194,216) | 13,705,289 |
| Profit/(Loss) for the year | - | - | - | - | (3,988,235) | (3,988,235) |
| Other comprehensive income | - | - | - | - | 30,410 | 30,410 |
| Total comprehensive income for the year | - | - | - | - | (3,957,825) | (3,957,825) |
| New shares issued | - | - | - | - | - | - |
| Share issue costs | - | - | - | - | - | - |
| Share buy back | - | - | - | - | - | - |
| Share-based payments | - | - | - | 222,361 | - | 222,361 |
| Unissued shares | - | - | - | - | - | - |
| At 31 December 2018 | 6,462 | 24,850,966 | 31 | 264,407 | (15,152,041) | 9,969,825 |

Notes on pages 15 to 25 form part of the financial statements

SEEDRS LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called-Up Share Capital | Share Premium | Capital Redemption Reserve | Non- Distributable Reserves | Profit and Loss Account | Total Equity |
|---|-------------------------------|-------------------|----------------------------------|-----------------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 January 2017 | 4,835 | 14,937,349 | 31 | - | (7,480,904) | 7,461,311 |
| Profit/(Loss) for the year | - | - | - | - | (3,636,505) | (3,636,505) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | (3,636,505) | (3,636,505) |
| New shares issued | 1,627 | 9,973,853 | - | - | - | 9,975,480 |
| Share issue costs | - | (60,236) | - | - | - | (60,236) |
| Share buy back | - | - | - | - | - | - |
| Share-based payments | - | - | - | 42,046 | - | 42,046 |
| Unissued shares | - | - | - | - | - | - |
| At 31 December 2017 | 6,462 | 24,850,966 | 31 | 42,046 | (11,117,409) | 13,782,096 |
| Profit/(Loss) for the year | - | - | - | - | (3,872,869) | (3,872,869) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | (3,872,869) | (3,872,869) |
| New shares issued | - | - | - | - | - | - |
| Share issue costs | - | - | - | - | - | - |
| Share buy back | - | - | - | - | - | - |
| Share-based payments | - | - | - | 222,361 | - | 222,361 |
| Unissued shares | - | - | - | - | - | - |
| At 31 December 2018 | 6,462 | 24,850,966 | 31 | 264,407 | (14,990,278) | 10,131,588 |

Notes on pages 15 to 25 form part of the financial statements

SEEDRS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 | 2017 |
|--|-------|------------------|-------------------|
| | | £ | £ |
| Fixed assets | | | |
| Intangible assets | 6 | 407,246 | 449,085 |
| Property, plant and equipment | 7 | 2,383,759 | 1,726,804 |
| Financial investments | | 10,949 | 8,185 |
| | | <u>2,801,954</u> | <u>2,184,074</u> |
| Current assets | | | |
| Debtors | 9 | 1,723,069 | 835,883 |
| Cash at bank and in hand | | <u>6,337,093</u> | <u>11,210,856</u> |
| | | 8,060,162 | 12,046,739 |
| Creditors: amount falling due within one year | 10 | <u>(892,291)</u> | <u>(525,524)</u> |
| Net current assets | | <u>7,167,871</u> | <u>11,521,215</u> |
| Total assets less current liabilities | | <u>9,969,825</u> | <u>13,705,289</u> |
| Capital and reserves | | | |
| Called up share capital | | 6,462 | 6,462 |
| Share premium account | | 24,850,966 | 24,850,966 |
| Other reserves | | 264,438 | 42,077 |
| Profit and loss account | | (15,152,041) | (11,194,216) |
| Shareholders' funds | | <u>9,969,825</u> | <u>13,705,289</u> |

Notes on pages 15 to 25 form part of the financial statements

These financial have been prepared in accordance UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 (March 2018 revision), applicable in the UK and Republic of Ireland.

Approved by the Board for issue on 16/4/2019

.....
J.D. Kelisky
Director

Company Registration No. 06848016

SEEDRS LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Property, plant and equipment | 7 | | 2,425,002 | | 1,742,172 |
| Fixed asset investments | 8 | | <u>699,071</u> | | <u>699,071</u> |
| | | | 3,124,073 | | 2,441,243 |
| Current assets | | | | | |
| Debtors | 9 | 1,544,615 | | 695,060 | |
| Cash at bank and in hand | | <u>6,241,041</u> | | <u>11,050,692</u> | |
| | | 7,785,656 | | 11,745,752 | |
| Creditors: amount falling due within one year | 10 | <u>(778,141)</u> | | <u>(404,899)</u> | |
| Net current assets | | | <u>7,007,515</u> | | <u>11,340,853</u> |
| Total assets less current liabilities | | | <u>10,131,588</u> | | <u>13,782,096</u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 6,462 | | 6,462 |
| Share premium account | | | 24,850,966 | | 24,850,966 |
| Other reserves | | | 264,438 | | 42,077 |
| Profit and loss account | | | (14,990,278) | | (11,117,409) |
| Shareholders' funds | | | <u>10,131,588</u> | | <u>13,782,096</u> |

Notes on pages 15 to 25 form part of the financial statements

These financial have been prepared in accordance UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 (March 2018 revision), applicable in the UK and Republic of Ireland.

Approved by the Board for issue on 14/4/2019



J.D. Kelsky
Director

Company Registration No. 06848016

SEEDRS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|-------------|-------------|
| Cash flows from operating activities | | | |
| Loss before tax | | (4,289,064) | (3,835,323) |
| <i>Adjustments for:</i> | | | |
| Depreciation | | 618,372 | 500,782 |
| Amortisation | | 66,726 | 69,124 |
| Provision of Bad Debts | | 44,425 | - |
| Share-based payments | | 222,361 | 42,046 |
| Interest receivable/Investment Income | | (43,571) | (26,093) |
| (Profit)/loss on disposals | | (66) | 4,073 |
| <i>Working Capital Movements</i> | | | |
| (Increase)/decrease in receivables | | (894,930) | (173,179) |
| Increase/(decrease) in payables | | 357,678 | (68,085) |
| Tax paid | | 279,720 | 163,232 |
| Net cash from operating activities | | (3,638,349) | (3,323,423) |
| Cash flows from investing activities | | | |
| Purchases of PPE/intangibles/investments | | (1,275,704) | (751,082) |
| Proceeds from sale of PPE/intangibles/investments | | 843 | 3,129 |
| Interest received | | 43,571 | 26,093 |
| Net cash from investing activities | | (1,231,290) | (721,860) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 9,975,480 |
| Share issue costs | | - | (60,236) |
| Net cash from financing activities | | - | 9,915,244 |
| Net increase/(decrease) in cash and cash equivalents | | (4,869,639) | 5,869,961 |
| Effect of exchange rates on cash and cash equivalents | | (4,124) | 5,893 |
| Opening cash and cash equivalents | | 11,210,856 | 5,335,002 |
| Closing cash and cash equivalents | | 6,337,093 | 11,210,856 |

Notes on pages 15 to 25 form part of the financial statements

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 Statement of compliance

Seedrs Limited is a limited company incorporated in England. The Registered Office is Churchill House, 142-146 Old Street, London, EC1V 9BW.

Group's and parent Company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 (March 2018 revision).

1.2 Basis of preparation

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £4.3m for the year to 31 December 2018 (2017: £3.9m) and operating cash outflow of £3.6m (2017: £3.3m).

The Directors have prepared business plans and cash flow forecasts for a period well beyond 12 months from the date of their approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, by raising additional capital, to meet its liabilities as they fall due for that period. As the Group is in growth phase and has yet to generate a profit or positive operating cash flows, the assumptions within these long-term forecasts are judgemental and actual results may differ significantly.

The required additional capital that needs to be raised however is not yet committed and whilst the Directors, having previously raised such capital in recent years, have confidence in their ability to raise additional funds, there is no certainty that it will be successful at the time that it may be required.

Should a future capital raise be unsuccessful, the Group may be unable to discharge its liabilities as they fall due and, as a result, these circumstances represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Basis of consolidation

The Group's financial statements consolidate the financial statements of the parent Company and all its subsidiary undertakings drawn up to 31 December each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the subsidiary so as to obtain benefit from its activities.

All subsidiaries have been included in the Group's financial statements using the acquisition method of accounting. Accordingly, the Group income statement includes the results of all subsidiaries for the whole period from their date of acquisition. A list of all subsidiaries and their acquisition dates are included below. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Angelweb Unipessoal, Lda (incorporated 10 Dec 2009)
Seedrs Nominees Limited (incorporated 31 Oct 2013)
Junction Investments, Inc. (purchased 27 Oct 2014)
Pubvest Securities LLC (purchased 27 Oct 2014)
PubVest Advisors LLC (purchased 27 Oct 2014)
PubVest GP, Inc. (purchased 27 Oct 2014)
Seedrs America Nominees, LLC (incorporated 16 Oct 2015)

1.4 Exemptions

No individual profit and loss is presented for the parent Company as permitted by section 408 of the Companies Act 2006. The parent Company has taken the exemption from preparing a cash flow statement under the terms of FRS 102 Section 7 *Cash Flow Statements*. The cash flows of the parent Company are included within its consolidated financial statements.

The parent Company is also exempt under the terms of FRS 102 Section 33 *Related Parties* from disclosing related party transactions as all such transactions are with wholly-owned subsidiaries within the group.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

In line with section 479A of the Companies Act 2006, Seedrs Nominees Limited is exempt from the requirements of the Act relating to the audit of the company's individual accounts.

1.5 Intangible assets

Intangible assets acquired separately from a business acquisition are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Amortisation is provided at rates calculated to write off the balance less estimated residual value of each over its expected useful life, as follows:

| | |
|----------|---------------|
| Domain | over 10 years |
| Goodwill | over 10 years |

1.6 Impairment of financial and non-financial assets

The Group assesses at each reporting date whether an asset should be impaired. If any such indication exists the Group estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in the profit and loss.

1.7 Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|-----------------------|---|
| Computer platform | 25% reducing balance |
| Office equipment | over 4 years |
| Fixtures and fittings | over the shorter of the office operating lease, or over 4 years |

Tangible fixed assets include capitalised development costs in respect of both the Company's and the Group's computer platform.

1.8 Revenue recognition

Revenue represents commissions receivable on successful fundraising campaigns on the platform, rendering of services associated with such campaigns and realised fees on investment returns distributed to investors. Revenue is recognised as earned, when and to the extent that, the Company obtains the right to consideration. It is measured at the fair value of the right to consideration excluding VAT. Revenue further includes interest earned on client money balances which resulted in a £12,172 reclassification between Other interest receivable and Revenue for the 2017 comparatives.

1.9 Cost of sales

Cost of sales includes referral fees paid to third parties.

1.10 Leasing

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

1.11 Equity Investments

Investments are stated at cost less provision for impairment. Where the acquisition consideration has been satisfied by the issue of the parent Company's own shares, the fair value is calculated by reference to the issue price agreed between the parties at the date the investment is acquired.

1.12 Foreign currency translation

Parent Company

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. All differences are taken to profit and loss.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Group

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of the exchange ruling at the statement of financial position date. Income and expenses for each statement of comprehensive income are translated at the average exchange rate for the period. All resulting exchange rate difference are recognised in other comprehensive income.

1.13 Share-based payments

The cost of equity-settled transactions with counterparties is measured by reference to the fair value of the equity instruments granted at the date at which they are awarded. The cost is recognised as an expense over the vesting period, which ends on the date on which the relevant counterparties become fully entitled to the award. No expense is recognised for awards that do not ultimately vest.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled transaction are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

| | | | |
|----------|--|------------------|------------------|
| 2 | Operating loss | 2018 | 2017 |
| | | £ | £ |
| | Operating loss is stated after charging: | | |
| | Depreciation of tangible assets | 618,372 | 500,782 |
| | Amortisation of intangible assets | 66,726 | 69,124 |
| | Financial statements audit | 27,600 | 29,400 |
| | Other audit services | 18,000 | 18,000 |
| 3 | Other income | 2018 | 2017 |
| | | £ | £ |
| | Other income | 1,713 | 4,981 |
| | Bank interest | 43,571 | 13,921 |
| | | <u>45,284</u> | <u>18,902</u> |
| 4 | Taxation | 2018 | 2017 |
| | | £ | £ |
| | Domestic current year tax | | |
| | Adjustment for prior years | <u>(300,829)</u> | <u>(207,379)</u> |
| | Total current tax | <u>(300,829)</u> | <u>(207,379)</u> |

The Company has no liability to corporation tax due to losses incurred. The Company has trading losses of £13,461,689 (2017: £10,112,190) which may be available to carry forward and offset against future trading profits derived from the same trade.

No deferred tax asset has been recognised in respect of tax losses that may be available to the Company because the recognition criteria under FRS 102 Section 29 have not been satisfied.

| | | | |
|----------|-----------------------|------------------|------------------|
| 5 | Staff costs | 2018 | 2017 |
| | | £ | £ |
| | <i>a) Staff costs</i> | | |
| | Wages and salaries | 4,109,799 | 3,332,190 |
| | Social security costs | 544,149 | 408,699 |
| | Other pension costs | 31,311 | 12,353 |
| | | <u>4,685,259</u> | <u>3,753,242</u> |

Included in wages and salaries is a total expense of share-based payments of £222,361 (2017: £42,046) arising from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was 77 (2017: 65).

| | | | |
|--|--|----------------|----------------|
| | <i>b) Directors' remuneration</i> | 2018 | 2017 |
| | | £ | £ |
| | Aggregate remuneration in respect of qualifying services | <u>366,804</u> | <u>265,353</u> |

The highest paid director received remuneration of £225,807.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

| 6 Intangible assets | | Goodwill £ | Domain £ | Total £ |
|-----------------------|--|----------------|---------------|----------------|
| Cost | | | | |
| At 1 January 2017 | | 591,245 | 72,640 | 663,885 |
| Additions | | - | - | - |
| Disposals | | - | - | - |
| Exchange adjustment | | 37,319 | 4,585 | 41,904 |
| At 31 December 2018 | | <u>628,564</u> | <u>77,225</u> | <u>705,789</u> |
| Amortisation | | | | |
| At 1 January 2018 | | 187,227 | 27,573 | 214,800 |
| Charge for the year | | 59,759 | 6,967 | 66,726 |
| Disposals | | - | - | - |
| Exchange adjustment | | 14,915 | 2,102 | 17,017 |
| At 31 December 2018 | | <u>261,901</u> | <u>36,642</u> | <u>298,543</u> |
| Net Book Value | | | | |
| At 31 December 2018 | | <u>366,663</u> | <u>40,583</u> | <u>407,246</u> |
| At 31 December 2017 | | <u>404,018</u> | <u>45,067</u> | <u>449,085</u> |

Goodwill arose from the acquisition of Junction Investments, Inc. on 27 October 2014. The domain was purchased by Junction Investments, Inc. pre-acquisition. The directors have reviewed the value of goodwill and have concluded that, in their opinion, no impairment is required.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Property, plant & equipment

| <i>Group</i> | Computer Platform £ | Fixtures and Fittings £ | Computer Equipment £ | Total £ |
|-----------------------|------------------------------------|--|-------------------------------------|--------------------|
| Cost | | | | |
| At 1 January 2018 | 2,767,226 | 191,072 | 172,622 | 3,130,920 |
| Additions | 1,214,512 | 6,477 | 54,715 | 1,275,704 |
| Disposals | - | - | (2,636) | (2,636) |
| Exchange adjustment | - | 830 | 1,133 | 1,963 |
| At 31 December 2018 | <u>3,981,738</u> | <u>198,379</u> | <u>225,834</u> | <u>4,405,951</u> |
| Depreciation | | | | |
| At 1 January 2018 | 1,260,748 | 68,041 | 75,327 | 1,404,116 |
| Charge for the year | 526,919 | 50,218 | 41,235 | 618,372 |
| Disposals | - | - | (1,576) | (1,576) |
| Exchange adjustment | - | 531 | 749 | 1,280 |
| At 31 December 2018 | <u>1,787,667</u> | <u>118,790</u> | <u>115,735</u> | <u>2,022,192</u> |
| Net Book Value | | | | |
| At 31 December 2018 | <u>2,194,071</u> | <u>79,589</u> | <u>110,099</u> | <u>2,383,759</u> |
| At 31 December 2017 | <u>1,506,478</u> | <u>123,031</u> | <u>97,295</u> | <u>1,726,804</u> |
| <i>Parent Company</i> | | | | |
| Cost | | | | |
| At 1 January 2018 | 2,879,302 | 137,419 | 105,736 | 3,122,457 |
| Additions | 1,255,332 | 6,477 | 46,332 | 1,308,141 |
| Disposals | - | - | (1,663) | (1,663) |
| At 31 December 2018 | <u>4,134,634</u> | <u>143,896</u> | <u>150,405</u> | <u>4,428,935</u> |
| Depreciation | | | | |
| At 1 January 2018 | 1,292,446 | 50,156 | 37,683 | 1,380,285 |
| Charge for the year | 558,370 | 36,851 | 29,313 | 624,534 |
| Disposals | - | - | (886) | (886) |
| At 31 December 2018 | <u>1,850,816</u> | <u>87,007</u> | <u>66,110</u> | <u>2,003,933</u> |
| Net Book Value | | | | |
| At 31 December 2018 | <u>2,283,818</u> | <u>56,889</u> | <u>84,295</u> | <u>2,425,002</u> |
| At 31 December 2017 | <u>1,586,856</u> | <u>87,263</u> | <u>68,053</u> | <u>1,742,172</u> |

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Fixed asset investments (parent Company only)

| | Shares in group undertakings and participating interests £ |
|---|---|
| Cost | |
| At 1 January 2018 | 1,443,257 |
| Additions | - |
| At 31 December 2018 | <u>1,443,257</u> |
| Provisions for diminution in value | |
| At 1 January 2018 | 744,186 |
| Charge for the year | - |
| At 31 December 2018 | <u>744,186</u> |
| Net book value | |
| At 31 December 2018 | <u>699,071</u> |
| At 31 December 2017 | <u>699,071</u> |

Holdings in subsidiaries

The parent Company holds share capital of the following companies:

| Subsidiary Undertakings | Principal Activity | Country of Registration or Incorporation | Shares held Class | % |
|---------------------------------|------------------------------------|--|----------------------|-----|
| Angelweb Unipessoal Lda | IT services | Portugal | Ordinary | 100 |
| Seedrs Nominees Limited | Nominee company | England and Wales | Ordinary | 100 |
| Junction Investments, Inc. | Investment in early-stage business | United States of America | Ordinary | 100 |
| PubVest Securities LLC (*) | Broker dealer | United States of America | Ordinary | 100 |
| PubVest Advisers LLC (*) | Investment advisor | United States of America | Ordinary | 100 |
| PubVest GP, Inc. (*) | General partner | United States of America | Ordinary | 100 |
| Seedrs America Nominees LLC (*) | Nominee company | United States of America | Ordinary | 100 |

(*) - holdings held indirectly; these entities are included within the consolidated results of Junction Investments, Inc.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Fixed asset investments (continued)

The aggregate amount of capital and reserves and the results of these undertakings for the relevant financial year were as follows:

| | Capital and reserves | Profit/(loss) for the year |
|---|---------------------------------|---------------------------------------|
| | 2018 | 2018 |
| | £ | £ |
| Angelweb Unipessoal Lda | 54,103 | 32,299 |
| Seedrs Nominees Limited | 1 | - |
| Junction Investments, Inc. (Consolidated) | <u>2,409,982</u> | <u>(76,373)</u> |

i) Seedrs Limited is the sole shareholder of Seedrs Nominees Limited, holding its entire issued share capital of 1 ordinary share of £0.01 issued at par.

ii) With the exception of PubVest Securities LLC, none of the subsidiaries are subject to audit hence the disclosures above are based upon accounts figures as at 31 December 2018.

iii) The amount disclosed as capital, reserves and accumulated deficit for Junction Investments, Inc. represents the consolidated results of the Junction Investments, Inc. group as at 31 December 2018 which includes the results of its subsidiaries.

iv) The directors have reviewed the underlying values of the investments and have concluded that, in their opinion, no impairment is required for any of the above.

9 Debtors

| <i>Group</i> | 2018 | 2017 |
|--------------------------------------|------------------|-----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 953,871 | 133,076 |
| Other debtors | 769,198 | 482,472 |
| Amounts falling due after one year: | | |
| Other debtors | - | 220,335 |
| | <u>1,723,069</u> | <u>835,883</u> |
| <i>Parent Company</i> | 2018 | 2017 |
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 953,871 | 132,595 |
| Other debtors | 590,744 | 391,696 |
| Amounts falling due after one year: | | |
| Other debtors | - | 170,769 |
| | <u>1,544,615</u> | <u>695,060</u> |

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Creditors : amounts falling due within one year

| <i>Group</i> | 2018 | 2017 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 112,209 | 69,900 |
| Taxation and social security | 316,058 | 111,989 |
| Other creditors | 464,024 | 343,635 |
| | <u>892,291</u> | <u>525,524</u> |
| <i>Parent Company</i> | | |
| | £ | £ |
| Trade creditors | 94,936 | 55,678 |
| Taxation and social security | 284,674 | 96,653 |
| Other creditors | 398,531 | 252,568 |
| | <u>778,141</u> | <u>404,899</u> |

11 Share Capital

| | 2018 | 2017 |
|--|--------------|--------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 1,105,970 Ordinary shares of £0.0038462 each | 4,254 | 4,254 |
| 574,095 Series A Preferred shares of £0.0038462 each | 2,208 | 2,208 |
| | <u>6,462</u> | <u>6,462</u> |

Shareholders' rights

Ordinary shares of £0.0038462 each

Ordinary shares have full rights in respect of voting, dividends and participation in any capital distribution arising on a winding up of the company. Ordinary shares are non-redeemable.

Series A Preferred shares of £0.0038462 each

Series A Preferred shares have preferential rights in respect of participation in any capital distribution and anti-dilution, as set out in the articles. Series A Preferred shares have the same rights as ordinary shares in respect of voting and dividends. Series A Preferred shares are non-redeemable.

SEEDRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Share option plan

Share options are granted to employees, directors and certain advisors. All the options are equity-settled and vest on various dates up to 20 February 2022. The contractual life of each option granted is ten years.

Group and parent Company

The expense recognised for the share-based payments in respect of employee, director and advisor option grants during the year to 31 December 2018 is £222,361 (2017: £42,046).

Equity-settled transactions are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

| <i>Group and parent Company</i> | 2018 | | 2018 | | 2017 | | 2017 |
|---------------------------------|-------------|---|-------------|--|-------------|---|-------------|
| | no. | | WAEP | | no. | | WAEP |
| Outstanding as at 1 January | 382,925 | £ | 6.22 | | 293,358 | £ | 6.22 |
| Granted during the period | 34,626 | £ | 6.21 | | 130,018 | £ | 6.21 |
| Forfeited during the period | (10,226) | £ | 6.21 | | (40,451) | £ | 6.21 |
| Exercised during the period | - | £ | - | | - | £ | - |
| Expired during the period | - | £ | - | | - | £ | - |
| Outstanding as at 31 December | 407,325 | £ | 6.22 | | 382,925 | £ | 6.22 |
| Exercisable as at 31 December | 209,605 | £ | 6.22 | | 154,234 | £ | 6.23 |

The weighted average fair value of options granted during the year was £5.42 (2017: £3.20). The exercise price for options outstanding at the end of the year was £6.22 (2017: £6.22).

The fair value of the share-based payments has been estimated using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the instruments were granted. The inputs used in the estimate of the fair values at grant date were as follows:

| | 2018 | 2017 |
|-----------------------|-------------|-------------|
| Fair Value | 5.42 | 3.20 |
| Share Price | 11.80 | 9.27 |
| Exercise Price | 6.21 | 6.21 |
| Expected Volatility | 10% | 10% |
| Expected Life (years) | 4 | 4 |
| Risk-free rate | 0.75% | 0.50% |

The Group has based the expected volatility figure on implied volatilities of companies in similar sectors and other publicly available information for indices where similar companies are publicly traded. Risk-free rate is based on the UK Base rates at the time of grant.

SEEDRS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

13 Financial commitments

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

| <i>Group</i> | 2018 £ | 2017 £ |
|--|----------------------|----------------------|
| Operating lease payments due: | | |
| Within one year | 206,731 | 257,256 |
| After one year and not later than five years | <u>-</u> | <u>205,985</u> |
| <i>Parent Company</i> | 2018 £ | 2017 £ |
| Operating lease payments due: | | |
| Within one year | 157,741 | 185,130 |
| After one year and not later than five years | <u>-</u> | <u>157,741</u> |

14 Subsequent events

There have been no subsequent events.



Seedrs Limited is a limited company, registered in England and Wales (No. 06848016), with registered office at Churchill House, 142-146 Old Street, London EC1V 9BW. Seedrs Limited is authorised and regulated by the Financial Conduct Authority (No. 550317)