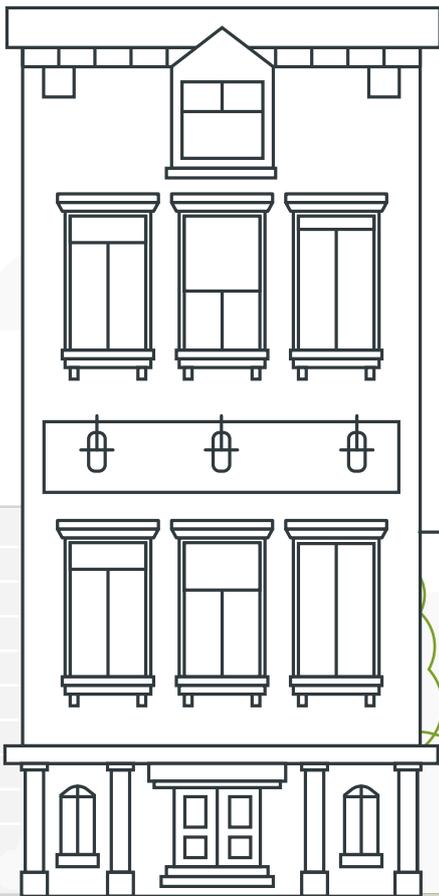
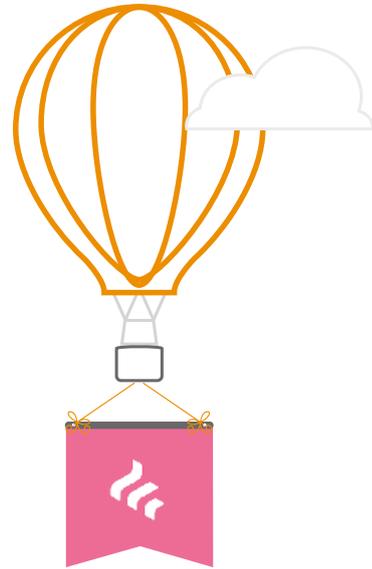
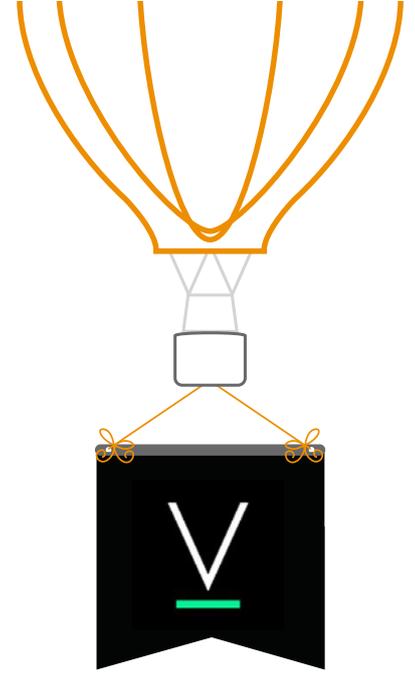


crowdcube

SHAREHOLDER UPDATE

Q2 2019



BLANCO NIÑO

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Executive summary

We achieved our sixth record quarter in succession in Q2 as revenue topped £1.9 million for the first time, up 31% compared to 2018. The growth, despite concerns around Brexit and global economic uncertainty, means we continue to make progress toward profitability, with H1 2019 revenues of £3.7 million, which is up by 39% compared to 2018.

We funded a record 53 businesses in Q2 with headline raises from Nutmeg (£4.4m), Freetrade (£1.9m) and Money Dashboard (£3.7m), underlining how leading fintech businesses are turning to Crowdcube to fuel their growth and build stronger relationships with their communities. The rise in fintech was echoed in a [report](#) by Beauhurst, naming it the UK's most successful sector.

We were also thrilled to see digital challenger bank Monzo, which first raised on Crowdcube in 2016, valued at £2 billion following its recent fundraise. If you were lucky enough to back Monzo in 2016 on Crowdcube, you would have seen the value of your shareholding grow more than 25 times or by 2,500%.

Key metrics

Q2 2019 compared to Q2 2018

 **£1.9m** revenue; an increase of 31%

 **£61.1m** of pledged investment; an increase of 28%

 **£44.5m** successfully invested; an increase of 48%

 **53** pitches funded; an increase of 18%

 **47,693** pledged investments; an increase of 44%

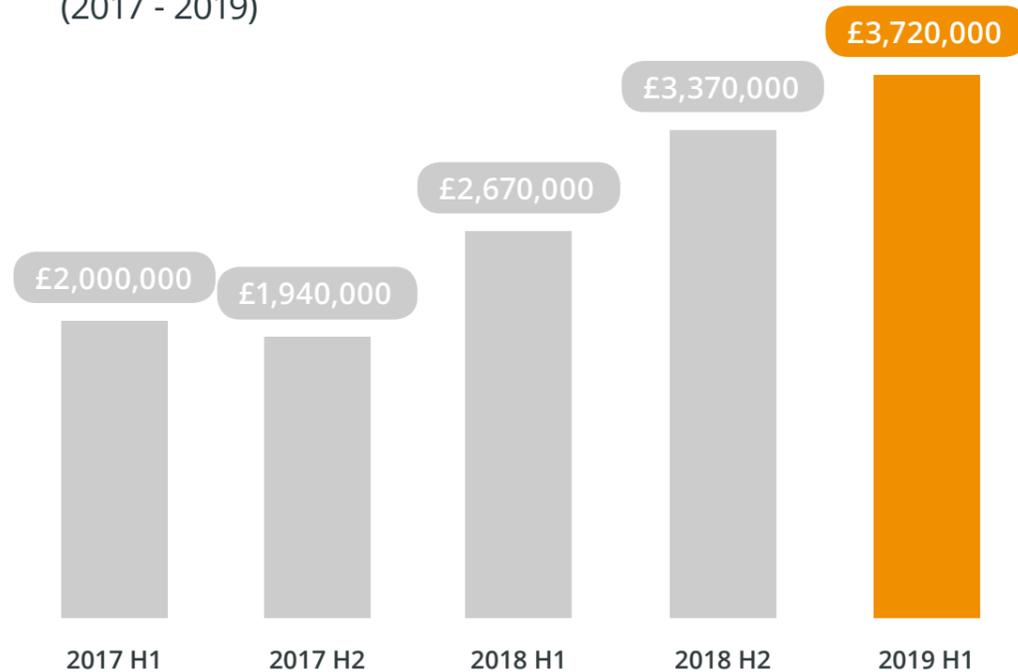
 **37,981** successful investments; an increase of 52%

 **40,371** member registrations; an increase of 14%

 **1,448,358** web visits to Crowdcube; an increase of 1%

Revenue growth

(2017 - 2019)



Highlights from H1

- Revenue for H1 is up 39%, compared to 2018
- We saw the return of 25 Funded Club members, including Freetrade, Pavegen and Money Dashboard
- Of the 96 businesses that successfully raised in H1, more than half were early-stage rounds. However, growth-stage businesses accounted for 42% of total investment during the period
- Cleantech, fintech, and food and beverage were among our most popular sectors
- 15 businesses raised £1m or more
- Nutmeg became the UK's biggest equity crowdfunding campaign so far this year when they raised £4.4m from over 2,200 investors

Commercial performance

Crowdcube is in good financial health following our growth over the last six quarters and successful fundraise in 2018; we're well positioned to continue this growth trajectory but also maintain a robust financial position if there is an economic slowdown or adverse impact from Brexit.

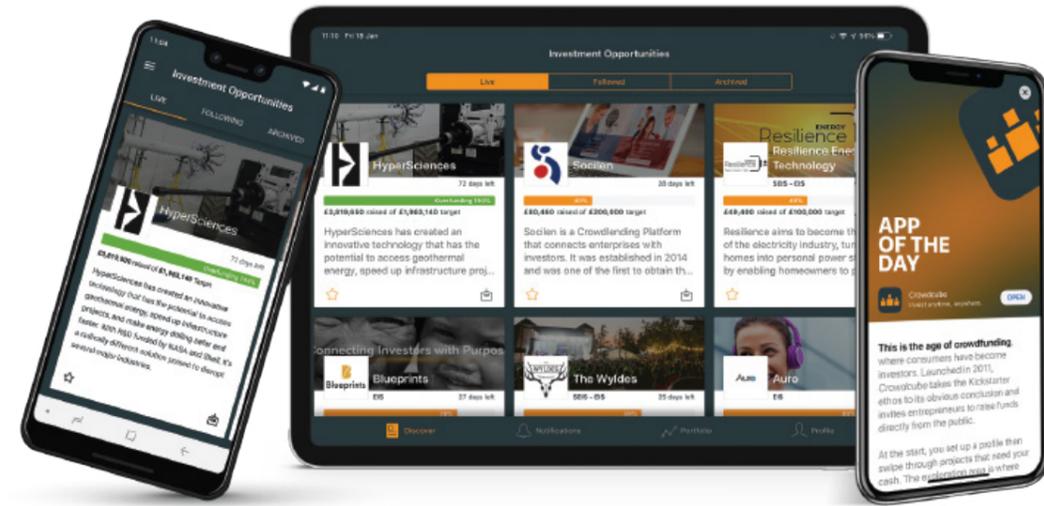
We've made excellent progress towards profitability over the last 18 months with growing revenue while managing costs. Our cash burn has reduced from around £700k per quarter in H1 2018 to £400k per quarter in H1 2019. Our closing cash balance at the end of Q2 was £8.1m.

With this in mind, we've decided to invest more in our team and technology to accelerate product development and further improve our customers' experience. This investment, primarily into our engineering team, will, however, impact the likelihood of achieving profitability this year. Nevertheless, we firmly believe that now is the right time to be investing for the future and consolidating our position as the world's number one equity crowdfunding platform.



International

- Investment grew 63% in H1 compared to 2018, after a record €7m was successfully invested into Spanish businesses during the period.
- It was a record period for revenue from international raises, which reached €327,000 in H1, a 109% increase compared to 2018.
- This quarter, Muroexe raised a total of €2.8m, making their campaign the biggest ever equity crowdfunding campaign in Spain after breaking Santamania's record of €1.3m. This means we've funded six of the **ten biggest raises** in Spain to date.
- After helping businesses raise €8m and having 35% market share in 2018, Universo Crowdfunding, an independent research firm, recognised Crowdcube as Spain's leading equity crowdfunding platform.

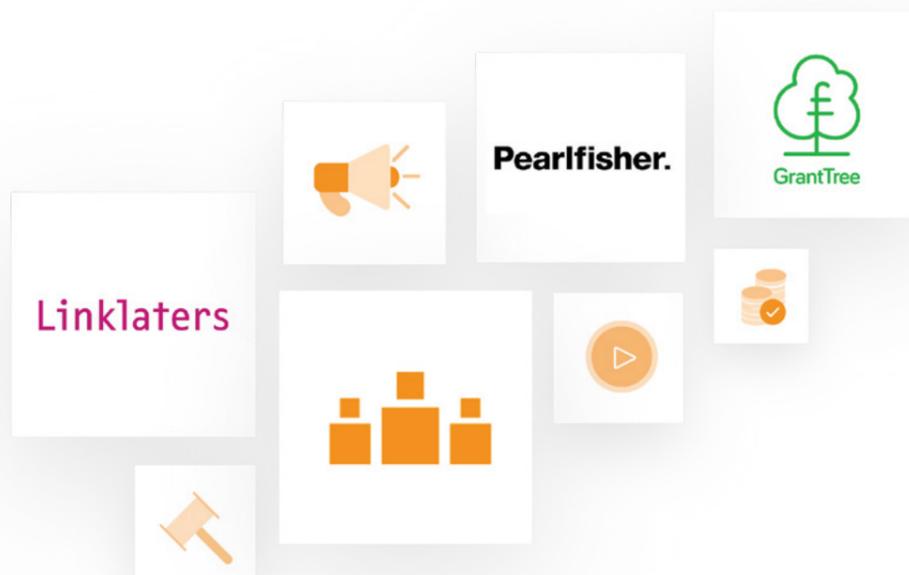


Product and engineering

- We've completed a series of platform improvements and upgrades that will enable us to handle significantly higher traffic and give our members an improved experience during peak periods.
- To make online payments even more secure, we will be upgrading our platform to meet new European requirements for authenticating online payments. These improvements will be made over the summer and completed before 14 September 2019.
- To improve our members' experience, engagement and data accuracy, we've implemented **email verification** for new members.
- To help increase the number of businesses returning to Crowdcube for follow-on rounds of funding, we've introduced a new pre-emption product. The new product will enable us to cater for a range of different fundraising scenarios that will help boost revenue and investor engagement.

Partnerships

- Helping our funded businesses to thrive after they've raised on Crowdcube is a big focus for us. This quarter we continued to enhance our **post-funding services** with two new initiatives:
 - Firstly, we helped educate our Funded Club on the benefits of having a Non-Executive Director by hosting an event in collaboration with Linklaters, a global law firm.
 - Secondly, we've partnered with Esc the City, to help our Funded Club with recruitment. Hiring is a common challenge for ambitious, high-growth companies, and we expect keen interest in this new partnership.
- We also launched a partnership with **NatWest's Entrepreneur Accelerator** to educate businesses in Natwest's network on the benefits of using Crowdcube to take their business to the next level.
- We're proud to say that many of the businesses that list on Crowdcube are referred to us by happy entrepreneurs of funded companies and our wider community, these referrals contributed 30% to revenue in H1. If you work with startups or know any relevant partners for Crowdcube, we'd love to hear from you. Please introduce them directly to Jonathan, our Head of Partnerships at jonathan@crowdcube.com.



Events

We've been organising lots of events in our new office in Spitalfields, including a very successful live pitching event where Good Club, Nutmeg, Fullgreen, BuyMeOnce and Gozney, all pitched to a packed room of investors. We filmed the event for the first time so you can watch all of the pitches, [here](#).

We also hosted an event alongside YFood as part of their London Food Tech Week 2019. The event, which featured Funded Club members; Bird & Blend, Grind and The Vurger Co, as well as Pearlfisher's Global Futures Director Sophie Maxwell, explored how leading brands supercharge growth by building a community. You can watch all the video coverage of the event, [here](#).





Freetrade

We experienced some technical issues during Freetrade’s raise on 25 April, and you can read this [blog about what went wrong and how we fixed it](#). Subsequently, we’ve improved our technology to be able to handle more traffic. After raising £1.9m in April, the Freetrade team came back in June, and are [currently overfunding having raised around £3.5m](#); without experiencing any technical issues with our platform this time!

Market update

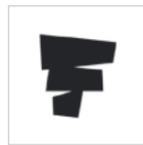
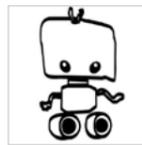
We continue to outpace our competitors and expect to have once again helped businesses raise significantly more investment in Q2 than any rival platform. Beauhurst’s H1 report into UK equity investment has not been published yet, but as soon as it is, we will update you with the official, and independently verified, performance data.



Funded Club news



Monzo raised over £110 million in its latest funding round that raised its current valuation to £2 billion.



Small Robot Company won Hottest Agtech/FoodTech Startup at The Europas, which recognise the hottest tech startups in Europe. Three other funded businesses - Adzuna, PlanSnap and Festicket - were also nominated at the awards.



Seven Brothers Brewery teamed up with Kellogg's to create beers from waste cereals.



Skipping Rocks Lab teamed up with Lucozade to give out their edible drinks pods at the London Marathon.

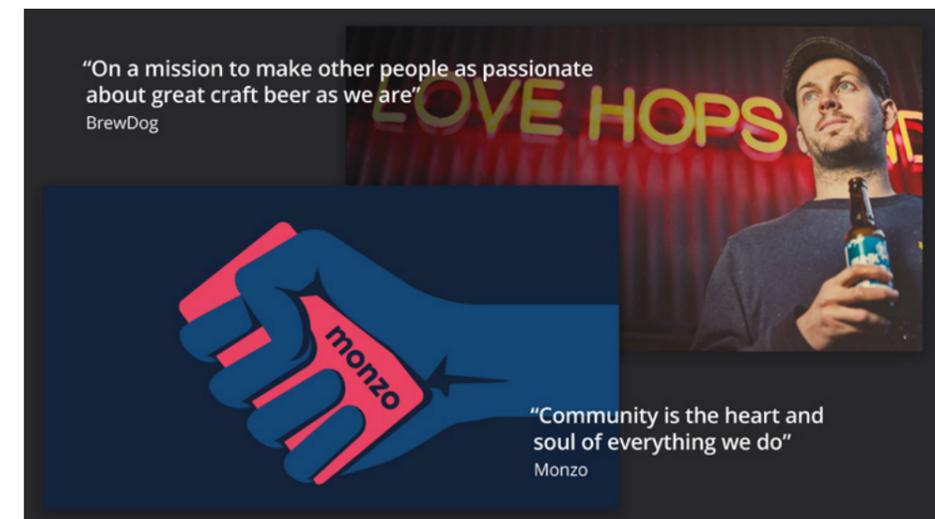


Revolut launched a beta version of its product in Australia, marking the first time the challenger bank has expanded outside of Europe.

Sadly, eight of our funded businesses have closed their doors this quarter. These businesses are White Car, Filmore & Union, The Bottle Shop, Redchurch Brewery, Chupamobile, Country Matters, Himachal, and Recrutive Software. While data from the Office of National Statistics reported that just under 50% of all new businesses in the UK fail after three years, in the last eight years only 14% of our businesses are no longer trading.

TEDx Talk

Finally, Luke (Co-founder) gave a TEDx Talk on the shift in brand relationships from 'more to meaningful'. Luke also discussed the importance of building and maintaining a strong community, something that's very important to us here at Crowdcube. We'll share a video of the talk as soon as it's available.



Overall, it's been another fantastic quarter and a great end to the first half of 2019. As always, we remain focused on continuing this growth for the remainder of the year as we aim to help even more investors connect with entrepreneurs so they can take their vision to the next level.

If you have any questions, please email investor@crowdcube.com.

Thanks again for your continued support.

Best wishes,

Darren & Luke | Co-founders of Crowdcube



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If you know someone who would like to be part of our team find out more, [here](#).