Seedrs **2022** Sector Report

Welcome

Welcome to the Seedrs Sector Report 2022 which provides our analysis, as Europe's leading private investment platform, on how some of the most exciting emerging and established sectors have performed this year.

The Report contains our unique insight on what businesses and industries we've seen prosper on our platform as well as what sectors we think have defined the global investment landscape in the last 12 months.

For the first time in the Report's history, we have also included external voices, from investors, entrepreneurs and analysts to provide a 360 degree analysis of 2022 and give meaningful, and reliable foresight into 2023.

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Introduction from Jeff Kelisky

CEO, Seedrs & EVP Republic Retail

Any year where Seedrs had become part of the world's largest private investment platform - Republic - could have been characterised as a strong 12 months for us. However, to have achieved this milestone in our growth journey against the economic turbulence that we've experienced, is as good an indicator as any that Seedrs is faring well in an extremely challenging commercial climate.

To be clear, there's no denying that 2022 has been a year of obstacles. The last twelve months have reiterated that global events do not take place in a vacuum and that business economics across industries and sectors are directly correlated with external forces. We've seen unprecedented and severe turmoil - rising inflation, volatile public markets, a global recession, the war in Ukraine, an unprecedented international energy crisis have all hamstrung post-pandemic economic recoveries.

But, despite these significant headwinds, the Seedrs platform has continued to support some of the most innovative startups in Europe that are building the products and services that will shape the world of tomorrow. And within that, there have been some standout sectors for equity crowdfunding this year.

It's in sustainability - a vertical that continues to fill investors with confidence - that we saw some of the most innovative businesses raise from their communities in 2022. 59% more sustainability focused businesses (117 up from 76) received investment on the platform this year, raising from 38% more investors. Within that, it was ClimateTech businesses that thrived in particular. This Report, which analysed more than 324 campaigns, found that the ClimateTech sector excelled with investment growing 154% from £15.7m to £40.1m, with 58% more business raising from 37% more investors.

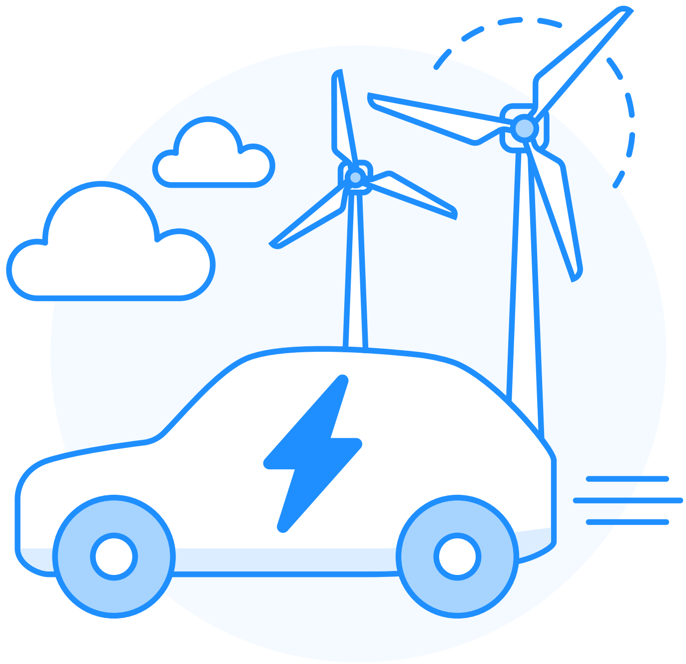
There's plenty to explain this. As we outline below in our Climate Tech Report, the ensuing energy crisis has put alternative energy sources at the vanguard of politics and venture capital. That's why, while global overall investment activity has sunk by 57%, ClimateTech funding is on track for an all time high in 2022, with 25% of all venture funding globally going into the sector this year according to PwC.

And we've seen this macro trend reflected in our space specifically. As a platform, we see crowdfunding playing a crucial role in the overall ClimateTech funding landscape and clean energy is a big part of this. The ensuing energy crisis has put alternative energy sources at the vanguard of politics and venture capital. As consumers become increasingly concerned with where their energy comes from, investors are looking to back businesses that are at the forefront of driving the transition to more accessible, affordable and greener sources. And at Seedrs we are uniquely positioned to democratise the opportunities to invest in these sorts of businesses and harness the belief of the crowd in the green revolution to fund impactful and scalable alternative energy solutions. We saw alumni businesses like QED Naval, Solivus and Ripple return to run campaigns, raising millions from our investors and their communities. At the same time, we also welcomed many innovative new businesses, like Gazelle Wind Power, who raised over €3.8m.

In other sectors, investment in Food & Beverage remained stable and saw a 14% upturn from £92.2m to £105.1m with an increased number of business raising on the platform (78 up to 97). It should be stated though that not all sectors fared so well in 2022. Despite many innovative businesses raising with Seedrs, Health & Wellness saw an average drop of 15% in investment raised. However, those that saw success in these sectors, such as Occuity, came as a result of realistic valuations, fundamental growth and demonstrable consumer benefits.

Undeniably, 2023 is a year that will contain both economic uncertainty and (at least short term) market turbulence. For our industry, we're likely to see venture funding continue to tighten up with valuations on high growth businesses dropping across the board. However, I think it's a year where we will see mission driven entrepreneurs outperform competitors as they continue to create businesses that have genuine environmental and social impact. These conscious businesses are likely to weather the short term economic environment and build businesses that have long term sustainable growth. I think we're also in prime territory for the "lipstick effect", where people who are in straitened economic circumstances are tired of denying themselves fun things but need to indulge on a budget, so there is also likely to be a trend for those businesses who are able to deliver higher quality or luxury at affordable prices. In support of all these businesses, Seedrs differentiated product offering, best in class team, and rigorous commitment to driving innovation and value creation for customers, will see us continue to have a meaningful impact on Europe's venture ecosystem.

Our End of Year Sector Report provides our unique insight as a private investment platform on what businesses and industries we've seen pique investor interest. The Report also brings in external perspectives including three founders from some of the most pioneering ventures we've hosted on the platform this year. Finally, we hear from the leaders of the UK's leading venture capital firms - including Founders Factory and Hambro Perks - on what defined 2022 and what to look out for in 2023. As we look forward to next year, we hope that you consider the findings as interesting and informative as we did.



Sustainability

ClimateTech

This year, ClimateTech has taken centre stage in the world of venture financing.

While overall investment activity has sunk by 57%, ClimateTech funding is on track for an all time high in 2022. It's estimated to hit a whopping $58.9bn by the end of the year, and has already surpassed 2021 according to Net Zero Insights State of ClimateTech Report. All in the midst of a recession!

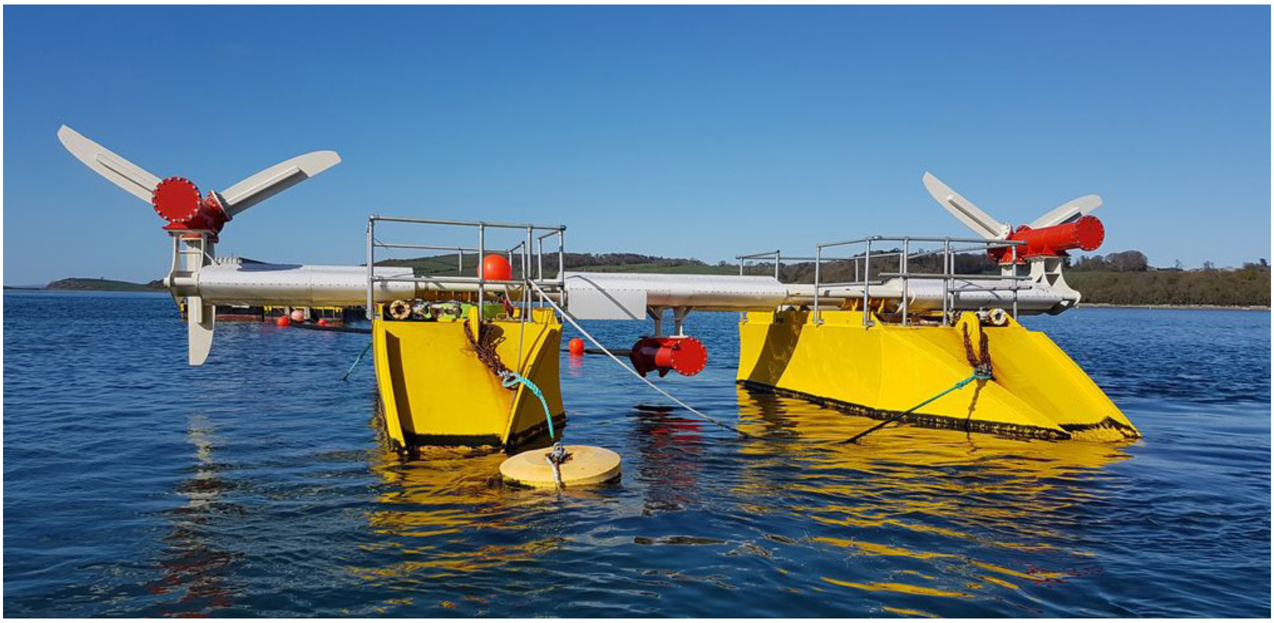
In fact, of every dollar invested in global venture capital, 19 cents went to ClimateTech in Europe and North America alone.

A combination of increasing climate urgency, the normalisation of impact investing, Russia's invasion of Ukraine and Europe's subsequent energy crisis have all contributed to continued activity and interest in the sector.

According to Greenpeace, 2022 was a record year of climate disasters. From the devastating floods in Pakistan, record heat waves in the UK and Californian wildfires - the climate crisis has crept closer to home every month. So, it's no surprise that there's been ever-growing urgency for the public and private investors.

Furthermore, Russia's invasion of Ukraine and the ensuing energy crisis has also put alternative energy sources at the vanguard of politics and venture capital. With Europe's achilles heel (its dependency on Russian gas) exposed, seeking alternative energy sources has become a key agenda in both government and business.

Unsurprisingly, ClimateTech investment has been skewed towards energy, comprising 43% of investment in 2022. To put this in perspective, the second biggest sector was transport, which



accounted for 17.7%, less than half of energy investments.

At Seedrs, we've seen the wider buzz around ClimateTech reflected on our platform - with particular zeal around clean energy businesses. In fact, according to our summer investor survey, ClimateTech is the #1 sector of interest on Seedrs. £4.5m was raised in 2022 alone from over 6000 investors in the space.

As a platform, we see crowdfunding as having a unique role to play in the ClimateTech funding landscape. Often these businesses are R&D intensive and asset heavy, with long paths to commercialisation. They often get their start-up funding through government grants, but often exhaust public funding before becoming commercial enough for private investment. It's this gap where Seedrs plays a crucial role - harnessing the belief of the crowd in the green revolution to fund impactful and scalable alternative energy solutions.

That's why alumni businesses like QED Naval, Solivus and Ripple have all returned for another round on Seedrs, raising millions from our investors. We also welcomed innovative new businesses, like Gazelle Wind Power onto Seedrs, who raised €3.8M.

With no signs of climate urgency slowing and no clear end to the conflict in Ukraine, we expect to see activity continuing to experience overall growth in 2023. It will be interesting to see which verticals within energy take the lead. In Q3 of this year, nuclear funding grew significantly (just shy of 200%). On the other hand, funding in hydrogen declined, posing interesting questions about which technologies will draw the greatest attention in the new year.

Kasia Cheng, Associate

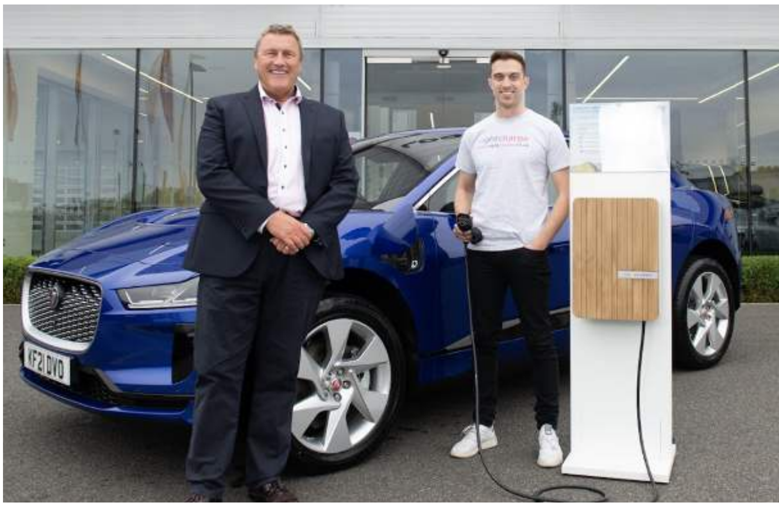
EV & Mobility

In the UK, the aim is to decrease gas emissions by 28% by 2035 in order to achieve the Government's ambition of Net Zero by 2050. According to a UK Gov Report, it's clear that the transport sector will play a fundamental role in this transition given it is one of the largest sources of emissions accounting for almost 27%. The future of transport and mobility will be defined by the move away from petrol and diesel cars to electric vehicles or "EVs". EVs are battery powered machines that run either totally or in part on electricity. They come with an electric motor and a rechargeable battery, and there are three main types of Electric Vehicles:

1. **100% Electric**
2. **Plug-in Hybrid** - a combination of electricity and fossil fuel
3. **Hybrid** - mostly run on fossil fuel but can drive a few miles on electricity

In the last few years we've seen the EV space booming, having record sales year on year. According to Hey Car, as of 2022, it is estimated that in the UK there are more than 620,000 EVs on the road. And the global growth of EVs is expected to maintain momentum as we see the biggest car manufacturers like Mercedes, Volkswagen and others focusing more on this vertical. We've seen this growth reflected in raises on the Seedrs platform with plenty of successful campaigns including Electric Assisted Vehicles (EAV) who are currently raising and have hit their £750,000 target from 401 investors*.

One of the primary challenges of the EV space has been around charging point networks. It is difficult to find and access working charge points and also to compare the different costs. At present, it has some catching up to do with

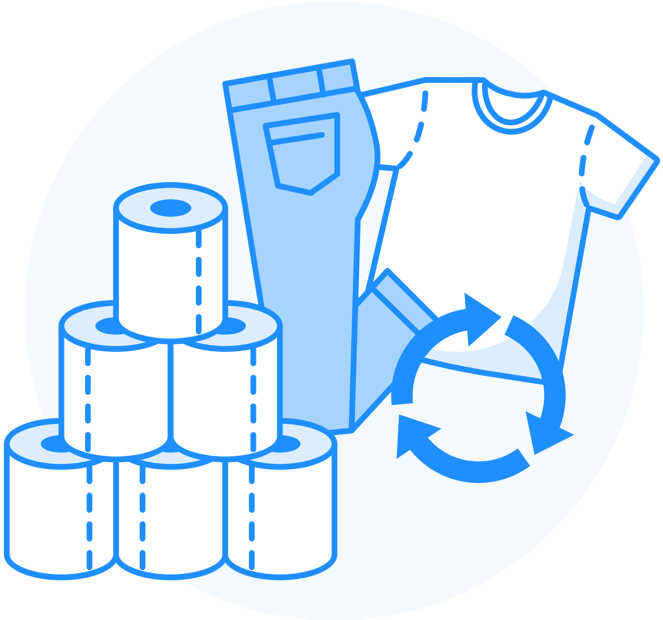


the fossil fuel sector in accessibility. For the EV sector to grow exponentially, then the UK will need to build out a network of convenient and affordable charging that reaches the whole country.

This speaks to the main issue with EVs - that is that while there have been some improvements, there is still a long way to go for this innovative tech to dominate the transportation sector. That's why on the Seedrs platform we've seen significant investor appetite for charging points ventures like Rightcharge who raised £470k from 364 investors. Government and private markets will play a big role in investing in the EV space but there are still many uncertainties on how this technology will evolve. Ultimately, though, the demand for EV is increasing and things are looking positive for consumers and investors involved.

Eduardo Cannizzo, Associate

*accurate as of 11.01.2023



Consumer Industries

Sustainable D2C

As with the majority of other sectors, direct to consumer (D2C) has been challenged by the ongoing economic uncertainty, particularly in the second half of the year. The cost of living crisis has made consumers more price sensitive and led to a reduction in their spending on non-essential items. This differs from 2021 where direct to consumer was at an all time high, partly accelerated by the pandemic, where consumers enjoyed the breadth of choice from independent brands and convenience of home delivery coupled with higher disposable income. For brands with a sustainability focus, the negative macroeconomic factors have been somewhat minimised by changes in consumer decision making where consumers are more willing to try out new products and brands, and spend more money on sustainable products. As a result, staple brands with competitive price points and credible sustainability metrics have managed to experience considerable growth.

Sustainable D2C brands raising on the Seedrs platform have had great success this year, likely due to these brands having an established and valued relationship with their customers. They are powered by their community which makes them the perfect fit for crowdfunding.

Beauty & Personal Care

The beauty & personal care industry has grown since the start of the pandemic, with the UK industry now reported to be over £3 billion and expected to grow by another £400 million in the next few years with investment now starting to return to the industry. In addition, since the pandemic, there has been a significant shift towards online purchases and monthly subscriptions, delivering consumers exactly what they want direct to their door.

One brand in this space is Wild, a leading UK personal care company, who raised £5m in institutional investment earlier in the year after having recorded 400% year on year growth in 2021 to expand internationally and extend the product range. We also saw brands experience considerable growth last year through their subscription services and subsequently raise well on the Seedrs platform including both Fussy and AKT London, who raised £1.3M and £1M respectively.

Staple brands

Staple consumer brands like The Cheeky Panda (interviewed later in our Report), who raised 2.8M with us earlier this year (having first raised on Seedrs back in 2017) are continuing to experience year on year revenue growth, alongside Naked Sprout, who earned £1m revenue in their first 12 months of trading, raised 600K+ over the summer, paving their own way in the same market. Also, decorating brands like Coat, who raised £2.4M with us, are continuing to disrupt the industry by selling premium paint direct to a new ethical breed of customer.

Fashion

The D2C fashion market has shifted over the past year, with second-hand apparel becoming a global phenomenon; the resale market growing 24% this year and expected to reach $218 billion by 2026. We have seen this in the wider market with established brands like Depop and Vinted as well as on the Seedrs platform with Thrift+, who raised £1.5m and counting and dotte, a peer-to-peer marketplace for buying, selling, donating and recycling children's clothes that raised £480K.

As expected, fast fashion brands are under continued criticism with consumers' ever-increasing commitment to eradicate climate change. Indeed, 52% of consumers say they're more likely to purchase from a company with shared values. A recent headline in this space was about Patagonia who recently announced a new structure whereby its profit, after re-investing in the business, will be distributed to a non-profit to help fight the environmental crisis. Alongside this, we've also seen other direct-to-consumer sustainable fashion brands in the wider market such as ME+EM and Just Wears raising large institutional rounds (£55m and £2.6m respectively) as VC's see the potential in innovation in the fashion market. This space has attracted retail investors also with the likes of SPOKE (raised £4.7m) and DAI (raised £1.6m) on the Seedrs platform earlier this year.

With ongoing uncertainty and rising prices, 2023 is likely to be a challenge. As many consumers reduce their spending and with low switching costs, D2C brands will have to find new and inventive ways to keep their customers engaged as well as finding more creative marketing means to attract new customers. Sustainability will continue to be a focus for consumers and brands that prioritise this demand are likely to be rewarded.

Emma Maurer, Associate

Health & Wellness

In the post-COVID-19 world, consumers have become significantly more mindful about their health and wellbeing. In response, businesses have continued to innovate in the "Health & Wellness" space, especially around digital healthcare technology.

While the "health" and "wellness" verticals are often described together, they are, in fact, separate sectors that are intrinsically interconnected. Healthcare is a well established $8.3 trillion global industry. Comparatively, the wellness market is much smaller at $1.5 trillion but growing exponentially due to consumers increasingly seeking products that improve their health, fitness, nutrition, appearance, sleep and mindfulness. Over the past year, Seedrs has facilitated businesses raising in both the health and wellness spaces across both B2B and B2C audiences. This why in our investor survey earlier this year, "Health & Wellness" ranked #5 in terms of sector popularity on the platform.

Health

The Seedrs platform facilitated over 19+ raises in 2022 for health businesses. Reflective of macro-trends in the healthcare space, AI businesses piqued the interest of investors both from their own networks and from the Seedrs community.

For example, Occuity, which so far has raised over £1.5M from 450+ investors. Despite the large valuation placed on the business, investors were attracted to its unique positioning as a non-invasive diabetes screening and monitoring device. The popularity of Occuity fits into the wider investor trend of looking favourably at telehealth solutions for prominent healthcare problems. For example, Silatha, a SaaS focused healthcare solution, that offers meditation & peer2peer support for women in the workspace raised €214k from 100+ investors.

Less-traditional “femtechs” like tilly, also showcased the diversification of investment interest within the health space. Having raised nearly €400k from 280 investors, tilly overfunded by 134% during the tougher quarters of the year. It’s particularly interesting to see alternative health businesses like tilly take a greater slice of the investment pie where more traditional health provision ventures have tended to dominate portfolios on the Seedrs platform.

Wellness

In short, “wellness companies” are those that focus on improving the physical and mental health of consumers with a product or a technology solution. Wellness startups include CBD focused businesses and wearables that help monitor or improve an individual’s quality of life.

Due to the community aspect of crowdfunding, these types of businesses have always favoured and advocated for this method of raising capital. Seedrs saw plenty of successful raises in this category in 2022 like Puresport, a leading CBD, mushroom and nootropics consumer product, that soared over its £1.3m target with a £1.82m raise from nearly 600 investors.

We also saw family-centric wellness as an emerging trend. Famli, a solution for families to look after the wellbeing of their family unit, performed exceptionally well with over 205% of their target raise.

What does 2023 spell for investors?

For the health sector, telehealth is really appealing to investors, because of the clear and obvious benefits to consumers - it’s a cheaper, more convenient method of low-risk care where providers can offer a similar level of care while patients avoid waiting rooms and travel inconveniences. As its popularity grows and it expands to additional use cases around chronic disease management, so will investors’ interest continue to grow.

For the wellness sector, community backed products will continue to dominate the market. Building brand awareness is going to be crucial as to what performs best on Seedrs and in front of institutional investors. That’s because community means everything in a time when growth is not as easily promised.

Karina Mazur, Associate

The Investors Perspective

At Seedrs, we've been working in partnership with leading Venture Capital (VC) funds for years, pioneering an innovative way of allowing money to flow into the startup ecosystem by allowing eligible individual investors on our platform to participate in funds that invest in some of the UK's most exciting early stage tech startups. We sat down with some of our VC partners to understand what defined 2022 and what opportunities they see for 2023.

Louis Warner, COO, Founders Factory COO & General Partner, G-Force Fund

What has defined 2022 for investment and what forces have affected the global investment landscape?

2022 has been a tale of two halves. The public markets' 18-month bull run up to Summer this year was dramatically halted as interest rates hikes, inflation spikes, war in Europe, supply chain snarl-ups and global COVID hangovers all came home to roost, driving sell-offs, with tech stocks feeling the brunt of it. These forces have also impacted the earlier stage venture ecosystem, with startups in the best case finding it harder to raise capital, and in the worst, marking down forecasts, laying off staff, and thinking hard about how to survive. But great companies are created in tough times, and there is still a lot of venture capital that needs to be deployed. The best teams, tackling the biggest problems will still get funded, however, probably at a more cautious pace than before.

What opportunities do you see for 2023 and what sectors do you anticipate to thrive?

One of the sectors we see thriving is Climate Tech. The north star and unanimously agreed global target of reaching Net Zero by 2050 is driving governments, legislators, asset managers, investors, businesses and consumers to act, not only because these problems need to be solved, but also because there are significant financial returns to be made, and early results are promising. The scale of the challenge in the transition to a low carbon global economy is seeing huge influxes of capital and talent into the sector, and there are encouraging examples of this investment starting to make progress. FinTech will continue to thrive, health and biotech too, and the crossover of FinTech and HealthTech should also see some strong ideas. It will be interesting to watch Web3 evolve in 2023, the sector has reputational damage to restore, and businesses working to restore and inject trust back into the sector should see good levels of investment. We also remain optimistic about AI and robotics, but where the applications are solving real and big problems.

Hambro Perks Investment Team

What has defined 2022 for investment and what forces have affected the global investment landscape?

2022 has been a story of two halves, with a well-documented change in pace over the summer. However, at the early stages of investing where we operate, this has not manifested as a wholesale slow down as such. We've instead seen a shift to more thoughtful investing and, to some extent, a return to first principles. Companies with fantastic leaders operating in markets with systemic tailwinds, and business models with compelling unit economics, have continued to raise funds. But certain parameters that VCs value have shifted. For example, there is a growing focus on lean growth over fast growth, given the uncertain environment for 2023.

The consecutive interest rate hikes marked the end of the loose monetary policy era and the sell-off of public market assets moved faster than the re-pricing of private market assets, hence, some investors had to scale back private market asset allocation, especially in the growth/ pre-IPO stage.

The investment landscape follows the broader economic environment, which this year has been characterised by the knock-on effects of energy price volatility, a cost-of-living crisis here in the UK and stubborn labour market shortages. Alongside these macro shocks, investors continue to unpick and form views on the short versus long term impacts of the pandemic on our lives and ways of working

What opportunities do you see for 2023 and what sectors do you anticipate to thrive?

All of the dynamics noted above lead us to see excellent opportunities in sectors that exist to solve real world challenges, and where technology can be leveraged to genuinely move the dial. Key thematics that will be front of mind for 2023 will include ageing demographics, mental health, climate change, employee attrition and skills gaps, workplace productivity and financial literacy.

Emma Steele, Partner, Ascension Ventures

What has defined 2022 for investment and what forces have affected the global investment landscape?

We've seen valuations at early stages coming down, runways extending, fewer investors willing to price or 'lead', a bigger focus on metrics. On top of this we've witnessed more founders and investors focussed on impact as well as more corporate & innovation budgets allocated to solving the world's biggest problems.

What opportunities do you see for 2023 and what sectors do you anticipate to thrive?

I see 2023 as the year for mission driven founders proving to the world they will outperform the market, by driving value through their social and environmental focus. There is a big opportunity to focus on early-stage investing where the economics are more favourable and more likely to weather the medium term macro storms. Also, the best companies are formed in downturns so now is not the time to take your foot off the gas as an early stage investor.

Francesco Pericarari, General Partner, Silicon Roundabout

What has defined 2022 for investment and what forces have affected the global investment landscape?

2022 was the year of reckoning after the peak of speculative VC interest the year before. It was shaped by forces both negative and, potentially, positive. On one hand, it was the year where a trend towards concentration of capital in only a handful of megafunds reached a concerning new height, as most of the capital raised by venture firms globally was almost entirely sucked up by a handful of larger VCs. On the other hand, with VC hype fading and these very large funds hitting the press with some spectacular failures, it was also a year of rebalancing between extremely hyped up digital or tech enabled businesses and harder to build high-tech companies. With global interest rates going up, a war splitting political "west" and "east" like not before since the cold war, inflation running wild, a really high level of VC "dry powder" and some global successes ushered by deep tech companies, like SpaceX in the US and Northvolt in Europe, meant 2022 was definitely a year of conflicting forces smashing together.

What opportunities do you see for 2023 and what sectors do you anticipate to thrive?

2023 could go either way. Larger established funds may continue to starve the rest of the industry as LP investors feel their brand is a flight to safety. New digital hype cycles could emerge, like companies using AI APIs to deliver useful but hardly innovative apps, taking away attention and funding from critical hard problems like climate change, aging populations, and global diseases. But I believe that, even if some of these phenomena take place, it won't be the whole story. Smaller, more diverse emerging funds and solo-capitalists with innovative investment thesis will continue to prove that an alternative exists and can outperform the establishment. Equally deep tech will continue to generate genuinely disruptive and impactful solutions to international hard problems. These solutions include novel computing infrastructures, new powerful AI models, and alternative energy generation and storage methods for problems like the ending of Moore's law, the climate crisis, and seemingly incurable diseases. Because of this, I believe that emerging new firms taking different approaches to backing science and engineering based deep tech companies have a generational opportunity to achieve both huge returns and large-scale impact.

We also caught up with some of the investors on the Seedrs platform to understand what drove their investment decisions in 2022 and what they expect 2023 to hold in store for the industry.

Kari Pisani

What forces have affected the global investment landscape?

In the last year inflation, central bank interest rate increases, the prospect of a global recession in 2023, the dramatic fall in valuations across the board, the energy crisis in Europe and the Russia Ukraine conflict all had significant impacts on the global investment landscape. This made for a very challenging capital markets and investment environment.

What businesses caught your eye on Seedrs? And why?

I am particularly keen about all companies that are operating in the crowdfunding space and the lending side of the industry like Estateguru and Assetz Capital. I was also very excited about the Seedrs Republic deal.

Which sectors are you looking to add more of to your portfolio next year?

I think GreenTech issuers and companies look particularly attractive.

James Kattan, Investor, K3 Invest

What forces have affected the global investment landscape?

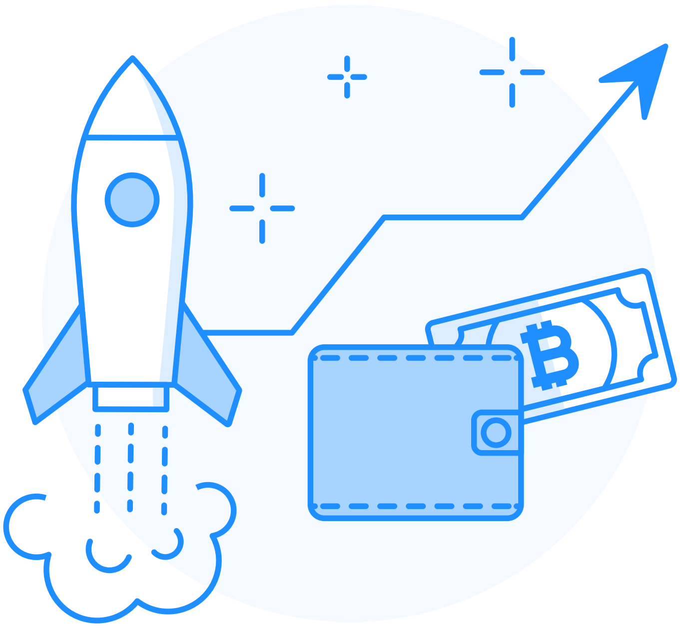
With so much uncertainty in the global political and economic landscape, the flight to less risky investments has most certainly been a trend. With, in some cases, the overnight collapse of major companies and funds, investors like myself will be seeking companies whose fundamentals provide for robust trading through turbulent times. I also believe ticket sizes have reduced whilst investors prefer to keep a larger cash allocation in their portfolios whilst we navigate the various market corrections.

What businesses caught your eye on Seedrs? And why?

OPPO Brothers, This and Yumello. First and foremost, the quality of the products speak for themselves but they are all enjoying favourable conditions in terms of market trends. 'Healthy' indulgence is a significant lifestyle choice these days whilst B corp status will always put companies ahead of the crowd in their corporate ethos, This and OPPO both have this whilst Yumello will no doubt not be far behind.

Which sectors are you looking to add more of to your portfolio next year?

Further investment into sustainable energy production and storage, I think there is still plenty of capacity for new players. Travel, hotel and related services are still experiencing a rebound from the pandemic days, I think there will be good opportunity here. As ever, it will need to be a product/service that I would use and champion as it grows.



FinTech & Web 3

Cryptocurrency, NFTs & the Metaverse

There is no denying that Web 3 technologies like crypto, NFTs and the Metaverse have the potential to dramatically transform our society, economy and culture. However, after rocketing growth over the last three years, 2022 proved a tough year defined by hacks, failing funds, unattended Metaverse meetings and stablecoins, like TerraUSD, going to zero.

The astronomical rise of Web 3 technologies prior to 2022 was largely driven by optimism, fear of missing out amongst investors and institutional adoption by influential corporations. This year that bubble of optimism burst through a downfall in valuations and investment driven by bad actors and regulation. We're now in what many commentators have described as a crypto "winter" but, at Seedrs, we have reason to believe that it is in fact a "crypto spring".

Before 2020, many of the Web 3 industry terms we take for granted were a foreign language to the everyday person. That is no longer the case. Although there was an undeniable decrease in confidence throughout 2022, we saw something much more valuable come out of it - a sense of clarity and fundamental understanding of the economic, technological and regulatory impact that these industries will have on everyone's lives.

The word fundamental is structural in this context. What we have noticed is a kind of "translation" of this complex sector, and that's why next year is primed for giving retail investors the opportunity of that clarity to invest into some truly impactful businesses.

At Seedrs, we make sure we onboard the best startups operating across the ecosystem. And what we look for in the crypto assets space is no different to what we would look for in any legacy sector. We're looking for entrepreneurs who have a strong story, vision and who have laid the foundations to succeed. As with any startup, their value continues to be refined and distilled as the company matures. The only real difference here is that that value is laser focused on changing how we look at ownership (crypto), experience (Metaverse) and value (NFTs).

Republic Crypto is at the forefront of blockchain development in the US and Republic's acquisition of Seedrs, and the access this gives our EU business to their blockchain arm will also be at our helm. The product suite ranges from the creation of tokens all the way to managing ledgers. We plan to give European companies in this space the tools to not just raise capital from the crowd, but support and enable their 'different languages' so that they make sense to everyone.

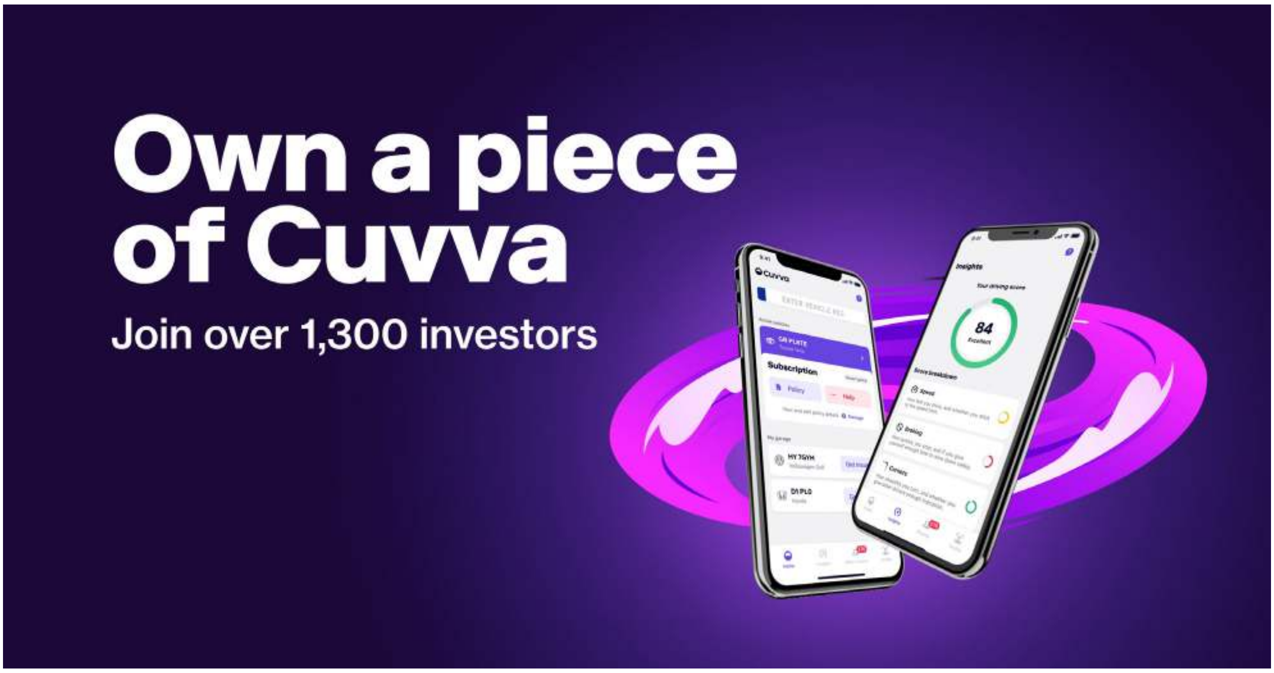
Andrew Sears, Senior Associate

InsurTech

Annually, the volume of equity investment into FinTech companies globally has increased since 2017. This has also been reflected in the number of deals completed. Despite macroeconomic headwinds that drove a slight drop in investment figures for Q3, 2022 has still proven to be successful in terms of the volume of investment into this extremely popular sector compared to previous years. In particular, we've seen massive interest in Insurtech ventures.

There have been a number of forces that have supercharged the InsurTech industry in 2023. For example, the cost of living crisis has provided a launchpad for some startups in the space who are providing on-demand low-cost insurance options for younger demographics who are increasingly cash strapped. That's why in 2022, the amount of VC investment into Insurtech startups surpassed that of 2021. This has created immense pressure for InsurTechs to scale quickly, either by merging with competitors or accelerating growth independently (usually trying to acquire as many customers as possible).

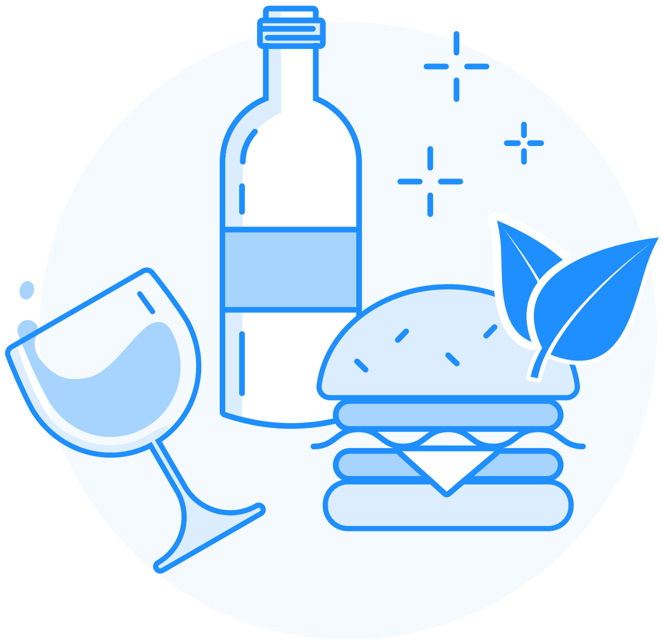
VC faith in InsurTech has been reflected on the Seedrs platform with several high profile raises this year. Take, for example, Cuvva, who raised £4m from 3,059 investors (160% of target). Beyond their value proposition of providing cheaper and easier on demand car insurance, Cuvva had plenty that made it a no brainer for retail investors. Firstly, it was laser focused on growth rather than on revenue and, secondly, it was VC backed. It also helped that Cuvva's product is targeted to a younger audience of which there are several active on the Seedrs platform as a result of the smaller ticket price on offer.



Overall, in 2022, the average Insurtech company on Seedrs raised over £2.6m (147% of target), with an average of £1m+ of these funds raised under the Seedrs nominee. Insurtech startups raising on the Seedrs platform gathered an average of over 1300 investors per campaign (one of the highest number of investors amongst Fintech companies in 2022) with the average ticket being £1405.

In 2023 we're likely to see investors have confidence in B2C Insurtechs that have large user bases and are legally mandated to their demographic like Cuvva and insurance. Despite the gloomy economic climate, we've seen Insurtech thrive and we expect this to continue in 2023.

Andreas Christofi, Associate



Food & Beverage

Alcohol: Breweries & Distilleries

The alcohol industry, in particular, Breweries and Distilleries, has remained in a relatively strong position despite the current market conditions.

Next year, we think there will be continued interest in this space, with popularity for different spirits (whether alcoholic or not) and beverages with a clear stance on sustainability taking the front lead.

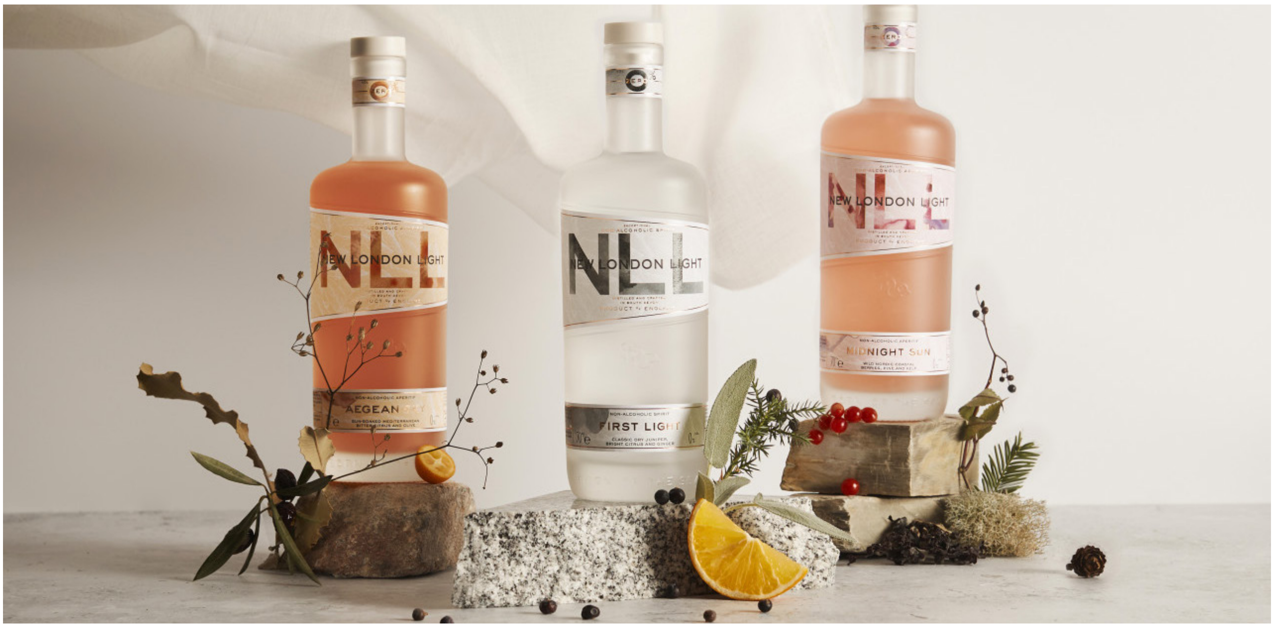
According to SIBA, there are now 1,895 independent breweries in the UK and this is still on the rise. In just the past year alone, the UK has seen the opening of 200 new breweries. At Seedrs, we feel that this has contributed to many of these breweries seeking investment to fund the next stage of growth and development of different types of beers, in particular, craft beer (which now has a market size of £1.4bn).

We feel that the current economic and geopolitical turmoil has heightened this trend, with consumers switching from an alcoholic beverage they'd have mid-week, to a can of Big Drop instead, which recently raised over £2.3m from 448 investors on the platform.

That's not to say that consumers are looking to go teetotal. In fact, according to IWSR, 58% of consumers purchasing alcohol-free products did so to reduce their alcohol consumption, not eradicate it.

The gin market has also been booming over the past six years, with the number of gin distilleries tripling since 2016. But will it remain as popular next year?

Over the past couple of years, we have seen further interest and appetite for spirits such as rum, tequila and whisky. According to Campari Group, the UK is now the third-largest rum market in the world, with premium and spiced rums being a favourite amongst consumers.



Furthermore, we've seen further education around tequila, changing consumer attitudes from being just a quick shot you have with some salt and lime, to a drink that can be enjoyed with a meal. Perhaps the greater interest in Mexican cuisine across the UK has contributed to this trend.

Whisky is also a trend to watch closely, having a market size of £4bn across the UK. With people choosing to drink at home more often (triggered first by the pandemic, and now with the economic crisis), an opportunity has opened up to consumers to try different, high-quality spirits, instead of the usual G&T they would have out. We've seen this reflected on the Seedrs platform this year with a number of innovative distilleries, such as Salcombe Gin raising over £1.6m from 882 investors and Port of Leith Distillery raising over £2.8m from 911 investors.

Lastly, sustainability remains of paramount importance as consumers look to brands which are more eco-friendly. This has been further accelerated by the environmental crisis. Moving forward, people will want to see further displays of businesses actively taking steps towards creating a more sustainable world. Over the last few years, we have seen a huge rise in the number of conscious consumers, with many breweries and distilleries making an active effort to become more environmentally friendly. We think that this trend will continue.

Ultimately, the alcohol industry is transforming the types of beers / spirits which are being produced. They have had to adapt to the growing consumer demand for healthy and sustainably-focused products. We expect this trend to continue due to the ongoing environmental crisis and the growing sentiment around health being of most importance in a post-pandemic world.

Nikhita Govekar, Associate

Organic & Plant Based

2022 has been another strong year for investment into organic and plant-based food startups. In the first half of the year, the industry reporting agent FAIRR recorded a record $1.7B invested into plant based startups and they are expecting this trend of increased investment to continue into 2023.

In the UK startup scene that position is echoed by reports on Beauhurst, the startup information aggregator, which states that this year there have been 689 fundraisings to the tune of £750m under the banner of 'vegan'.

The drivers behind this increased appetite for investment are varied. One explanation is the continued increase in the population of vegans in the UK, growing from 1.3% in 2019 to 3.1% in 2021. This, alongside the increase in vegetarians and flexitarians, has created a larger market for these businesses to serve. There is also the growing awareness of the perceived climate impact of meatless farming versus traditional farming which has added to the impetus to build and invest in startups in the space.

Seedrs has reflected these trends on its platform. This year the "Food" element of "Seedrs Food and Beverage" has continued to be dominated by plant based or alternative foods, and these have been some of our most successful raises.

THIS returned to Seedrs to once again showcase how the appetite of the crowd combined with institutional money can lead to high impact and effective capital raising events. THIS raised over £8m from nearly 3,000 investors for their high quality meat alternatives and, as their innovation and product range continues to grow, we can expect to see more from the alternative protein space in 2023.

Another key theme and success story of 2022 has been the organic and 'real food' sector, best typified by Hunter & Gather. Building off an incredibly engaged community based on the Keto and Paleo lifestyles. Hunter & Gather have raised £1.3m on Seedrs in order to continue to add to their health focused and organic product line as well as finalising their B Corp status, a badge that continues to stand out in food and beverage startups.

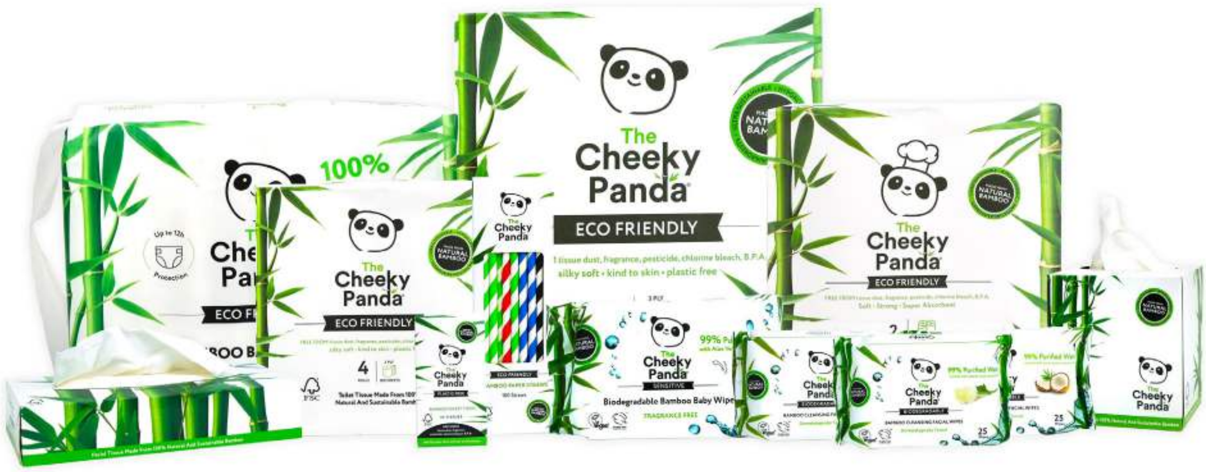
At time of writing, Planet Organic are raising on the platform, having already raised £6.8m with over a week left. Planet Organic reflects a trend of shoppers being more discerning about not only what they are buying but also where they are shopping. They also highlight the successes of businesses raising at fairer valuations and succeeding because of it. With wider movement towards shopping at smaller outlets we would expect this trend to continue into 2023.

In 2022, the changing attitudes of consumers towards both sustainability and dietary lifestyles have been reflected on Seedrs and the wider markets through increased awareness and investment. We would expect this to continue into 2023 and to see further diversification of the sector - look out for precision fermentation and further forays into vegan confectionery and snacks.

Michael Tymofijiw, Senior Associate

Entrepreneurs Perspective

This year some of the most innovative startups and high growth companies in the UK raised money from their communities on the Seedrs platform. We sat down with some of them to understand more about how 2022 panned out and what 2023 has in store.



The Cheeky Panda

Chris Forbes, Co-Founder

What is The Cheeky Panda and what does your organisation do?

The Cheeky Panda is an innovative B Corp which offers eco-friendly bamboo toilet paper, kitchen roll, bamboo straws, bamboo nappies and many other bamboo products. We've had a lot of fun disrupting the hygiene category since 2016!

What defined the year for the sustainability sector for you?

That's a complicated question because there's a lot of positives but also a few negatives. The positives are that some companies are setting out serious targets for 2030 and they're actually determined to deliver them. We're seeing an awful lot of that in "Scope 3" emission (all emissions indirectly generated by a business e.g. business travel) targets from carbon neutral brands. And as part of that, at The Cheeky Panda, we actually help large companies to lower their Scope 3 emissions. Compared with even a couple of years ago, companies now seem very serious about implementing such policies, which is really satisfying to see.

Depressingly, though, on the negative side we are actually starting to see the effects of climate change. We had record heat waves in the summer, bushfires around the world and Europe's worst drought for 1000 years, and we don't think these are going to be isolated events. I'm a great believer that the economy is part of the ecosystem of our planet and the economy will behave badly when people behave badly towards the planet. You only see a sustainable economy when you've got a sustainable ecosystem, so there's a lot of work to be done from a policy point of view as well.

There's also been a lot of greenwashing going on. COP27 actually had more people from the oil industry than it did from the environmental sector. And while at that forum they did set some targets and agree on policies, it doesn't actually seem to be that significant. There's a lot of money sitting in ESG funds that are actually funding climate destroying sectors like the oil industry or fast fashion. Some of the ESG funds are starting to get fined for greenwashing. If the funds decide to operate correctly then I believe they will actually help things much quicker. A company like Seedrs doesn't try to game the system. For example, if it's my pension and I put money into an ESG fund, the last thing I want to do is contribute to the oil sector. That's why a lot of people are very annoyed when they figure out they've put money into an ESG fund and, when they peel back the surface, it's sitting in carbon intensive stocks! People want to take more control and see a bit more democracy in financial markets where individuals are starting to select more stock picks rather than funds that might be investing in the old brown economy.

What forces have affected the industry?

There's several different levers. We've seen a supply chain crisis, mainly around shipping, and, crucially, we've seen hyperinflation. This has been driven by a number of "black swan" events and the war in Ukraine. All of this means there's been quite a lot of uncertainty this year in terms of what 2023 is going to be like. Counting the positives though, millennial consumers are about to become the largest buying group, and 40% of millennial consumers buy based upon health and sustainability.

The generation before thought - "what's the cheapest deal I can get?" - but now buying decision makers are starting to care less about the deal and actually where and how it's made, what's in it, is it good for them and is it good for their children. For a consumer brand like us that's a massive shift trend. We've seen a 60% growth in sales this year despite the economic headwinds and we are really well positioned for 2023.

Finally, the B Corp badge is becoming increasingly recognised now and people are trusting the values of companies that have gone through the B Corp certification process. As part of this, they are questioning some of the larger brands, asking what's in the product, is it good or have I just been buying that brand because I'm buying into the brand. Essentially people are starting to wonder if there's something better out there.

What prompted you to raise this year for your 7th round?

The primary driver was our balance sheet and working capital because, while we have got strong cash flow and trading invoice finance, it only covers one third of our supply chain. To be able to grow at the rate that we have been and want to continue to do, we need to have a bit more money in the balance sheet.

Seedrs is also great for shareholder engagement! If somebody buys the brand and they buy a share in your company, even if it's just one share, you've got customer loyalty. We looked at what BrewDog did in the early stages of crowdfunding and kind of followed that, and actually, it's great to have a big community that you can interact with for example with surveys. We recently came out with a new three ply embossed toilet tissue and we weren't sure what to call it so we asked our 5000 shareholders at zero cost. If I was to do that through a market survey, it would cost me £5000-£10,000. It's great how you can go to your community and test ideas like this.

Why did you choose to raise through the community?

On Seedrs, the main thing is you've got the secondary market. It's a good way for you to be able to track outside of rounds how the stock is perceived to be selling. It's kind of like a public market and a private market, which is a very good and a useful health check for the brand. Seedrs also have the nominee structure which is easy for managing a large number of shareholders.

Are you looking at raising institutional money soon?

This year institutional capital has been very hard to come by in consumer because of inflation and uncertainty. But I think it'll probably be quite easy for us next year because we've got a really strong management team and, even despite the headwinds everyone faces, we've got 60% growth. As a brand that has ESG at its core and the fact we are coming back to EBITDA positive, it ticks a lot of boxes.

What's your take on the global pan-sector investment landscape?

In the first half of this year, there was so much uncertainty about the war in Ukraine and what it was going to do. I think a lot of people just sat on their hands and spoke to different advisors. A lot of investment that's been done this year has been restructuring or follow-on investment, rather than allocating capital to new investments.

Public markets, particularly tech stocks, have fallen off by about 50%, so a lot of people are feeling bloodied looking at the value of their portfolios. However, those portfolios were probably pushed up artificially high and are now reflecting a figure that is artificially low. But the fundamentals haven't changed. If you invest in a company you're in it for a three to five year hold and if a company delivers on its sales projections and mission then that's going to end up with a really good return on your investment.

Sustainability is becoming a mandatory part of institutional investment. Whether it's social governance or whether it's actually environmental, If companies don't have ESG as a core element in their business, then it's going to be harder for them. I always predicted that there was going to be a green rush. This is a trend that happens in sectors from time to time. Where we've seen large investment into tech, particularly FinTech from 2012 onwards, that's not really happened in the green sector yet. I'm sure it will happen - it's not a case of "if" it will happen, it's "when" it will happen.

When that does happen, I think the green sector is probably going to be the most exciting investment opportunity there has ever been. The planet is our home. Everyone and particularly investors like to live in a nice home and if we are living next to the equivalent of a sewage works, well it all gets a bit smelly. There will be huge deprecation of stocks that are in the brown economy. Hopefully we don't leave it too late where we've destroyed too much.

I think as people start to see some really big returns by owning green stocks that's when the green sector will fully take off. Because money follows money, you need a first couple of movers and then it all piles in behind. We're one of the pioneers in the green sector and we've inspired people to create other green businesses and follow in our footsteps.

Why should investors add sustainability ventures into their portfolios?

It's the future! If you're backing companies with solid fundamentals then, over the long term, it's going to be a much better yield than sticking in something like bonds or even currency. If you've got a family and particularly if you've got kids in your family and you're paying into oil stocks, that's not really protecting your future.

Moreover, at some point, the brown sector will become uninvestable. And when the money comes out of the "brown" sector, the stock prices will crash and your portfolio will see huge depreciation. If you're just concerned about what's going to happen today and you're investing in brown stocks then you're really going to have to closely monitor the share price performance.

I think the green sector is probably going to be the biggest wealth creator and wealth disrupter we've ever seen. If you were in the 80s and got into Microsoft or Oracle, stocks then when these start to become mainstream, you make a huge amount of money. The question investors should be asking is what part of my portfolio should be focussed on businesses that deliver the future? I do think there should be a balance of pensions and investments sitting in low risk instruments like index and bonds but also a smaller percentage should be in things that can create high yield and that make a difference for our world.

Any other predictions for 2023?

I think a lot of the hyperinflation that we've seen in 2022 is going to go away in 2023. This has been a very uncertain year but things like our shipping rates have actually reduced back to their pre-COVID prices, this will reduce inflation. I think we can go into 2023 looking for opportunity. We've seen the potential with purpose-led consumer trends and I think that's probably one of the most exciting things in the market right now.

Ripple

Sarah Merrick, CEO, Ripple

What is Ripple and what does your organisation do?

Ripple is a platform which makes clean energy ownership affordable and accessible for everyone. Using our product, people are able to own part of a wind farm or solar park and save money on their electricity bills in the process. It's been a big year at Ripple HQ defined by some huge milestones. We now have one operational wind turbine that started in March this year and then we've got a second farm, consisting of eight turbines, which is under construction. We're hoping to launch an even bigger project early in the New Year and we're also looking at expanding into other markets.

What defined the year for the Clean Energy sector?

This year demonstrated the significant benefits of moving away from fossil fuels towards clean energy. We've seen an acceleration in the appetite to deploy renewables - particularly onshore wind in England - at scale. There has also been increasing political acceptance for the transition we're championing. That is, in part, because it's also been a year absolutely dominated by the energy price crisis driven by the war in Ukraine. This focus, however, has amplified the understanding that clean energy can be a cheap source of electricity and provide stable prices without being susceptible to international volatility, and geopolitical risks.

We're also starting to see a greater consensus for the transition to clean energy than ever before. For us, the highlight of the year was when we started constructing our second wind farm - an eight turbine project. It showed that we could secure a lot of customers in a very short amount of time. Fundamentally, this proved our scalable model and that owning a bit of a wind farm does protect you from the fossil fuel crisis.

Ultimately, we're seeing increasing appreciation for clean energy sources from conscious and price sensitive consumers, and I'm proud of the role Ripple is playing in that.

What prompted you to raise this year?

This year we raised our 5th round with Seedrs because we wanted to grow the team and gear up to launch even bigger projects. We also want to expand into other European markets. All of this requires investment and we were amazed at the response we got from fundraising.

Why did you choose to raise through the community?

We chose to raise through the community because we'd already built a fantastic existing base of investors. We've now more than doubled the number of initial investors we had by raising multiple times on Seedrs. There's always been a really great fit between Ripple and the Seedrs platform. We build online communities of wind farm owners, so us being funded by the community as well really works. Thanks to raising through the community, we've got a really solid base.

We have chosen to raise multiple rounds on Seedrs because we'd always had a great experience in the past and we knew how it worked. The fact that we've raised so much in excess of our target was amazing too.

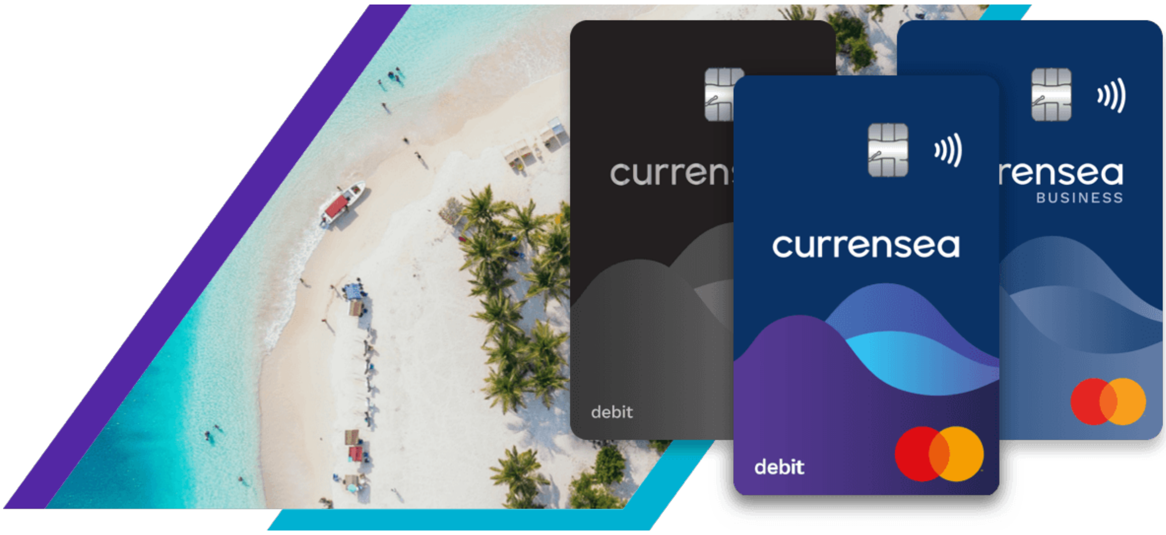
What's your take on the global pan-sector investment landscape?

Globally, the investment landscape seems to be really difficult. In terms of what's likely to come out of the current situation, I hope companies with really strong fundamentals continue to prove their worth in the market so they can fuel growth in the future.

Why should investors add Clean Energy ventures into their portfolios?

Firstly, it's a massively growing market with room for so many different solutions meaning there's real variety within the sector. There's no "one size fits all" approach and there's no climate change silver bullet. This means that there's space for so many different companies to be operating in the sector. Secondly, the need for clean energy and cleantech is becoming urgent. There are very few other sectors where the fundamentals of massively accelerating demand are quite as clear and present.

This year the energy industry has been on the front pages for all the wrong reasons. We're seeing the anguish that rising utilities costs are causing to families across the country. However, while this is hard to stomach, I think it has underlined how the right solution in the energy sector can deliver for everyone. Ripple has been able to show that wind farm ownership can protect consumers from spiralling energy prices and, in turn, I think investors have recognised that we're on to a winner.



Currensea

James Lynn, CEO, Currensea

Can you briefly describe for me what it is that Currensea does?

Currensea is the first open-banking debit card in the UK which works in conjunction with existing high street bank accounts. I set up the business because I was annoyed with paying bank fees when travelling abroad. I had tried prepaid cards and challenger banks and found I was still having to keep them topped up and monitor a separate balance all the time. And, inevitably, my card was declined at hotels and restaurants where I'd forgotten to top up. So my co-founder and I created Currensea, which is a debit card that works with your existing high street bank account and wipes out the bank fees. So, no more topping up, no pre-paying, no second account. Just very, very simple.

What defined the year for the FinTech sector for you?

The year had positives and negatives. On a positive note, travel returned and we saw extraordinary growth. We were up over 30% month on month from the start of 2022 through until peak summer season which was fantastic for us. On the flip side, the economic conditions have become more challenging as the year has gone on, with various inflationary challenges and difficulties surrounding energy and the war in Ukraine, etc. The industry has definitely been negatively impacted by this. So, overall, it was a game of two sides.

What forces have affected the industry?

I think inflationary pressures have been very obvious and this has had a large impact on staffing within the FinTech industry. From one perspective, employees have been facing the current cost of living crisis. As an employer, you have to assess the result of this pressure on your workforce and their subsequent salaries, creating a need for salary increases. At the same time, multiple global tech players reacted to inflation by reducing their workforce, which subsequently reduced competition in the overall workplace for those standout hires. From a startup business perspective, this is arguably a positive for us. Big players in the industry had previously taken a disproportionate amount of great hires within the sector by paying them significantly above market salaries. With market conditions changing, this competition has reduced.

What prompted you to raise this year for your second round?

First of all, this year we saw amazing growth in our own Currensea card. We have the highest Trustpilot rating in the sector with 4.8 out of 5 and we have a hugely broad customer demographic with a mean age of 45. We have customers who are as old as 85 to 90 years old and as young as 20 to 25, proving that our products suit an extraordinary range of people. On top of this, it meant that the product has really resonated well across the board. Secondly, we grew our “debit card as a service” platform, enabling other organisations to issue debit cards that work in tandem with consumers’ existing high street bank accounts. We wanted to fundraise in order to do two things: help to drive our existing product growth and to help other organisations to reap the benefits of the service we’ve already proven.

Why did you choose to raise through the community?

We have a number of angel investors involved in Currensea, and this year, we also had two venture capitalists involved in our fundraising. However, I really wanted to raise through the community again, for a couple of reasons. The first is that it’s hugely valuable to bring on some amazing brand advocates and people who have belief in a product. These people have seen and used the product, so giving them the chance to get involved is incredibly powerful. We opened up awareness of the fundraising round to our existing customer base early on and we had a really high percentage of investors in the fundraising round who were actually existing customers who loved the product so much they wanted to get involved. Pairing these existing customers with new customers from the Seedrs community meant we could bring on so many amazing brand advocates.

What’s your take on the global pan-sector investment landscape?

I think there’s a really key trend within the investment landscape - which is that startups aren’t setting the fundamentals of their business models properly. This year we’ve seen various businesses who are going for growth at any cost and are trying to figure out how to actually make money and create a strong business model at a later date. I don’t think that investors stand for this anymore. Investors now look at the fundamentals to verify whether a business’ unit economics will stack up and at scale. If a business isn’t profitable or doesn’t have a vision of how to become profitable, they are having more trouble fundraising.

Why should investors add FinTech ventures into their portfolios?

I think the whole finance sector is a sector which is ripe for updating. Banks have a very clear and important role to play in finance and they are the custodians of consumers’ money, businesses’ money, etc. They do that job very well and securely, however, there’s a need for additional services which they are not so good at. Banks move slowly and cautiously, for very good reason, but when you look at additional services such as foreign exchange spend and travelling abroad, FinTechs are able to move a lot faster. They can give an incredibly consumer focused product set, really quickly. As time goes on, there will be an increasing number of FinTechs who enter this space and work with banks, rather than trying to knock banks out. The market is ripe for FinTechs to appear and work successfully in this space, and in terms of investment, the FinTech sector is definitely set to grow and disrupt some of the current norms. I believe the key to a successful FinTech company is one that enhances banks and the existing financial community and those types of FinTech companies are where you'll see strong investment returns.

Any other predictions for 2023?

I think with the economic climate, people are becoming more risk averse both on the consumer and investment side. We've seen all sorts of challenges this year including the crash of crypto and we've seen big, venture capital-invested firms in that space collapse like FTX. Unfortunately, we've seen what happens when people are too trusting and follow the crowds. Bitcoin is an example of this, where people have seen the price of Bitcoin shoot up and everyone gets involved, all for it to come crashing down again. So I think people will be more risk averse and the "flight to quality" shift will occur. People will be looking carefully at what they invest in, what they use and what's in their portfolio, and if there are really sound, good products and good businesses out there, then they will fly. If there are slightly more flaky businesses out there, I think they'll struggle.

Anything else to add?

In addition to everything mentioned, we've seen more focus on "FinTech for good". Really early on we empowered people to give back by donating a small percentage of their bank fee savings into good causes. It's incredibly compelling and we've already removed 2 million bottles from the ocean and planted over 100,000 trees. We've also started enabling charities to issue branded cards to their members, and those cards facilitate those members to donate back a portion of either bank fee savings or Roundup in the UK. These additions to the core product have gone down really well. Outside of Currensea, we're delighted to see an increasing number of other FinTechs creating sustainable services where they can give back as well, building a lasting business for the future.