

UNDERSTANDING OUR DUE DILIGENCE PROCESS



INFORMATION FOR INVESTORS



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WHO WE ARE

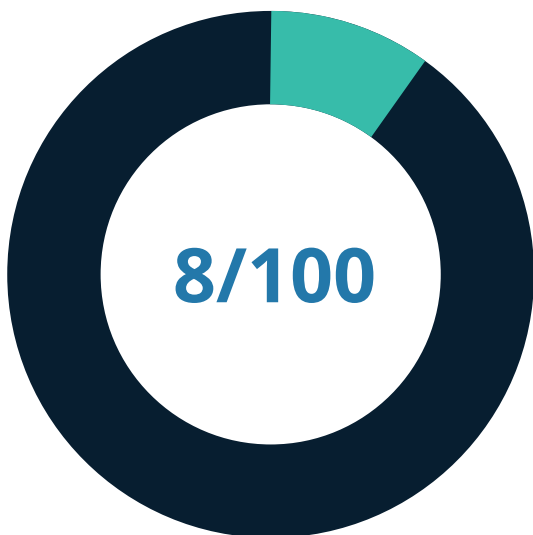
Crowd for Angels is a leading UK crowdfunding platform that funds companies through the issue of shares and bonds to investors. The company launched its platform in 2014, shortly after receiving authorisation from the Financial Conduct Authority (FCA). For investors, Crowd for Angels charges no fees and offers a transparent platform and a wide range of investment opportunities. The platform gives you the chance to invest in a variety of exciting start-ups and businesses, and we carry out extensive checks to make sure every company appearing on our platform is held to an extremely high standard.

All monies are held in a 3rd party segregated account and investments are serviced through a nominee structure ensuring investor rights are maintained.



OUR CHECKS – HOW WE VET OUR PITCHES

We perform extensive upfront checks on every one of the companies which wants to pitch for funds on our platform. These include verifying details of the directors' backgrounds, the company's finances and the business plan, among many other areas. Everything that you see in a live company's pitch has been exactly checked by us - we require evidence for every claim that a company makes in its pitch.



Only 8 out of every 100 companies to apply to pitch for funds on our platform have made it through our rigorous vetting process – we will only place a pitch on our platform if we believe that the company is trustworthy, reliable, has true potential and we would consider investing in it ourselves (indeed, for many pitches some members of our team have done just that).

While we don't endorse any pitch on our platform, we believe that our rigorous due diligence process will help you to feel confident in your investment. Here we outline our extensive process of checks into every pitching company.

STEP ONE – APPLICATION

When companies first apply to pitch for funds through our platform we expect them to provide us with the company name, company number and company status, as well as information about directors and the nature and history of the business. They may also submit a website or other information, along with working contact details for their directors and their place of business. The information we request at this stage is preliminary, and we expect applicants to provide much more detailed information if they reach a later stage.



Initial Checks

At this stage we check all the information companies have given to us against records held at Companies House and other reputable sources. For directors we also check to see if there are any red flags, such as bankrupted or dissolved companies in their backgrounds, and run an identification and credit check using LexisNexis®.

As directors and the management team form a critical part of any company, we also conduct internet searches, check qualifications and ask how much they have invested in the business to date as a sign of commitment.

Whether a company will be allowed past this stage will depend on if the information they have given us corresponds with records at Companies House and if the directors' histories are clean.



CONTACT

We check the contact details we have been given, both the directors' contact details and those of the business. If we don't receive a prompt response to these checks – if the business doesn't answer the phone, for example – then we will not allow the company past this stage.

Checking that a company can be contacted, especially on a landline phone, gives us more confidence that they are a serious and reliable business. It also provides us with an opportunity to talk with the company and understand their needs better.

We always make every effort to meet each company pitching on our platform in person as part of our process. We're proud that we've been able to meet 97% of the businesses which have pitched so far.

For the companies that successfully pass the application stage, they will be asked to create a pitch that the investors, like yourself, will see. For those which are not suitable for our platform, we make every effort to provide either an alternative fundraising home or provide constructive feedback that can help the business to progress in the future.



STEP TWO – BUILDING THE PITCH

Companies now get the opportunity to build the final pitch that investors will see by completing up to 11 forms that are held on our platform. During creation the company does have a chance to review and edit any information. However, once submitted for final review, the company is unable to edit the pitch and Crowd for Angels will undertake detailed checks on all of the information submitted. All questions are asked through a dedicated due diligence portal that is part of the Crowd for Angels platform.



Detailed Information

At this stage we ask applicants a detailed set of questions about their business. The information we expect is of significant detail, and includes multiple questions in areas such as the company's growth potential, its team, products, competition, audience, finances, the risks involved, and the exit strategy, among others.

A pitch is a financial promotional, any statement made on the pitch that is deemed factual requires evidence. Evidence cannot include easily editable sources such as the company's website or personal social networks such as LinkedIn.

We will then perform checks on all the information provided. At this stage we will also exercise our judgment about the potential of the company's product and concept – while we do not endorse any pitch on our platform, we won't put a pitch online if we believe the concept is obviously poor.

Fundraising Information

With all companies we require a set of up-to-date accounts and a balance sheet. Furthermore, we will check to see if there is any outstanding loan finance in the company and the terms of those loans.

If a company is seeking finance through the issue of shares, we will not allow it to proceed if a large loan is present on the books. All our bonds are secured and we will undertake a check on assets supporting the bonds.

We require evidence for every claim a company makes in its pitch. Any statistic or fact you see in a pitch on our platform has been checked by us. We will not allow a pitch to be placed on our platform until we are confident that every factual claim made in it is true.

Business Plan

While a business plan does not form part of our pitch, we do keep a copy on file. We also check the pitch against the business plan to ensure that the pitch is fair and reasonable.

Valuation

While we don't provide advice to companies pitching on our platform, we do offer guidance. In general, we are inclined to encourage companies to lower their valuations if they don't seem accurate to us. We will also offer guidance on their fundraising targets – companies may sometimes set their targets too high, and we encourage them to avoid this.

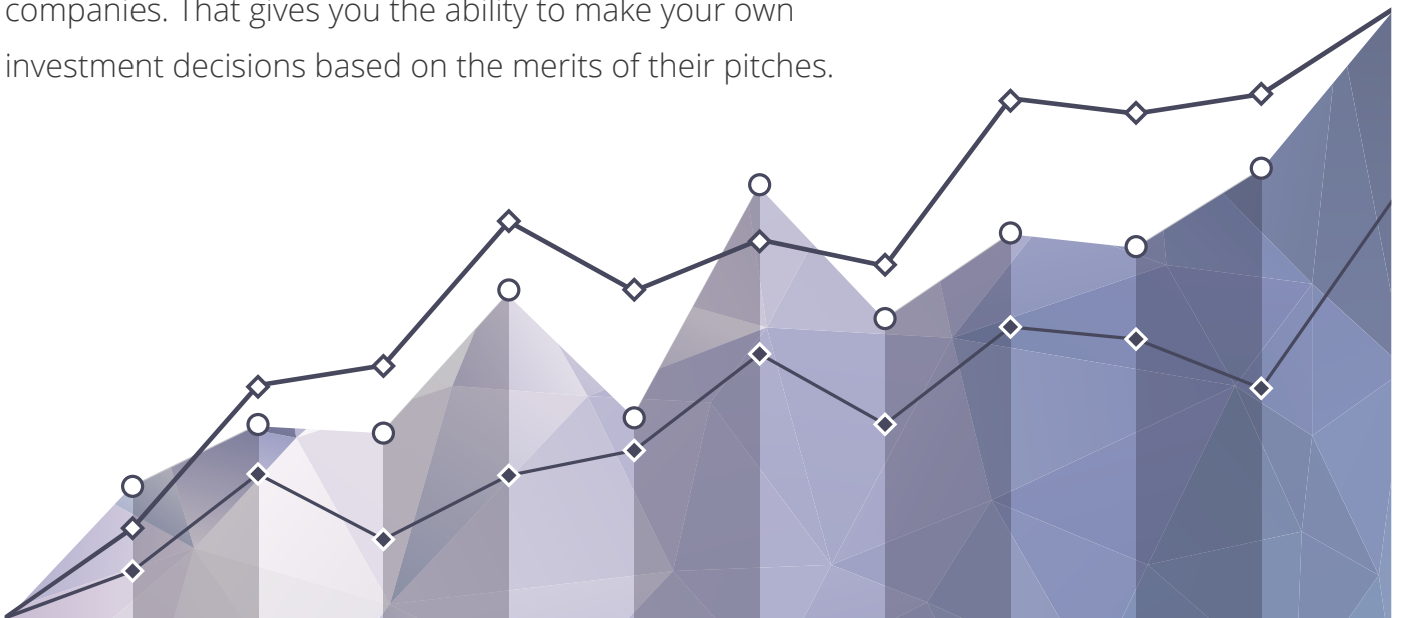


STEP THREE – THE FUNDRAISING PERIOD

During the fundraising period, companies will not be able to edit their pitches on our platform but can update via a dedicated section. Investors can be assured that the factual information in pitches on our website is always as accurate as we can make it. Once the fundraiser is complete, we work with a legal firm who will undertake further due diligence checks on the company prior to the funds being released. All investors are kept up to date with their investment on our platform and can withdraw their committed investment up to 7 days after they have first made it.



We hope that understanding the rigorous process of checks we undertake for every applicant company gives you greater confidence to invest in the pitches on our platform. Since only a small fraction of companies meet all of our requirements, you can feel sure that those that do appear are serious and reliable companies. That gives you the ability to make your own investment decisions based on the merits of their pitches.



Risk Warning

Investing in small public listed or private companies involves risks, including illiquidity, lack of dividends, loss of investment and dilution, and it should be done only as part of a diversified portfolio. Crowd for Angels is targeted exclusively at investors who are sufficiently sophisticated to understand these risks and make their own Investment Decisions. You will only be able to invest via Crowd for Angels once you are authorised. Please visit <https://crowdforangels.com/risk-warning> to read the full Risk Warning.

This document has been approved as a Financial Promotion by Crowd for Angels (UK) Limited, which is authorised and regulated by the Financial Conduct Authority. Investments can only be made on the basis of information provided in the Pitches by the Investee Companies concerned. Crowd for Angels takes no responsibility for the Pitch Information or for any recommendations or opinions made by the Investee Companies.

Investments made in companies listed on the Crowd For Angels platform are not covered by the Financial Services Compensation Scheme (FSCS).

*The availability of any tax relief, including EIS and SEIS, depends on the individual circumstances of each investor and of the company concerned, and may be subject to change in the future. If you are in any doubt about the availability of any tax reliefs, or the tax treatment of your investment, you should obtain independent tax advice before proceeding with your investment.