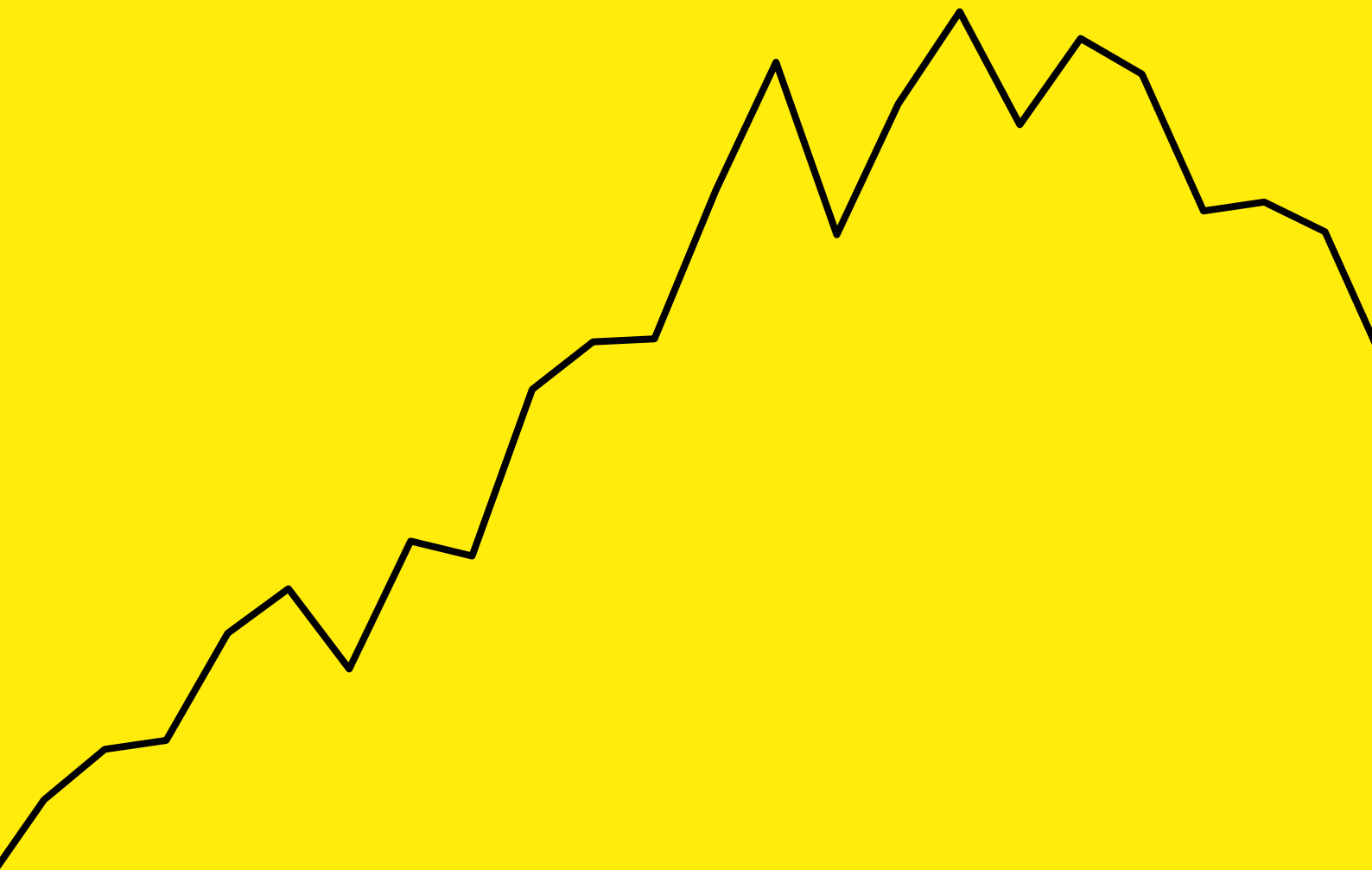


The Deal

Equity Investment in the UK

Year 2016



About The Deal

What does this report cover?

This report analyses all equity investment in non-listed UK companies between 1 January – 31 December 2016.

Why equity investment?

Beahurst tracks the UK's non-listed high-growth companies. The majority of these companies have raised equity finance to fuel their growth. By looking at equity fundraising activity across the UK, we're able to see the emerging trends and patterns from the perspective of investors and the businesses themselves.

About Beahurst

Beahurst is the leading provider of rich data on high-growth UK companies. Our platform is used by hundreds of organisations around the UK to research and monitor the most ambitious businesses and their backers.

For more information, including a free demonstration, visit beahurst.com

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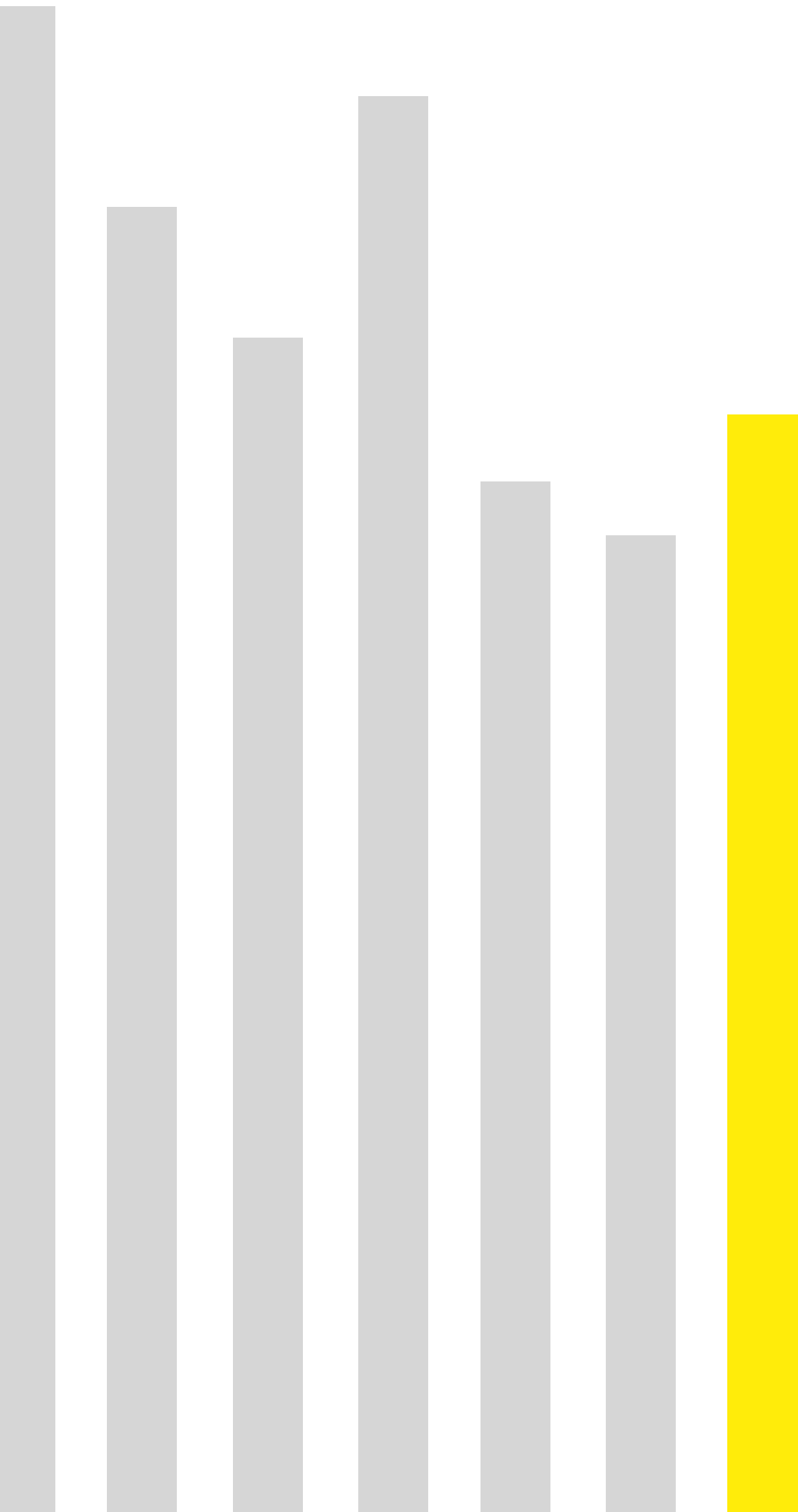
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Foreword.

A year ago we predicted that 2016's investment numbers would be flat on 2015's. At the time, we thought that was a pessimistic outlook. It looks like we weren't pessimistic enough.

The figures speak for themselves: deal numbers and investment are both down in double figures. Even the relatively new kids on the block, crowdfunding platforms, haven't escaped the negative trend, with their deal numbers falling by 14%.

But there are still some things to celebrate from 2016. We saw some mammoth investments made into UK companies that genuinely have the potential to be world-leaders in their industries. We saw a number of successful exits, demonstrating that the cycle of investment can indeed pay off. And even crowdfunders had something to celebrate, with their reach expanding significantly into the funding of later-stage companies.

I fear that this foreword is not complete without mention of Brexit. I'll keep it brief. Despite the broader decline, we saw no significant drop in deal numbers after the EU referendum, suggesting Brexit has had little to no short-term impact on equity investment. The long-term effects, of course, remain to be seen.

I want to take this opportunity to thank our team for putting together this report. As a high-growth business ourselves, it is always fascinating for us to dive deep into the data on companies at various stages of development and look at the trends in the landscape as a whole. I hope you find the data and our analysis useful and interesting to read.

A favour: if you enjoyed reading this report, please do share with your colleagues, and let us know what you thought of our findings on social media, or even by good old-fashioned email.

Kind regards,

Toby Austin

CEO & Co-Founder
Beahurst

toby@beahurst.com

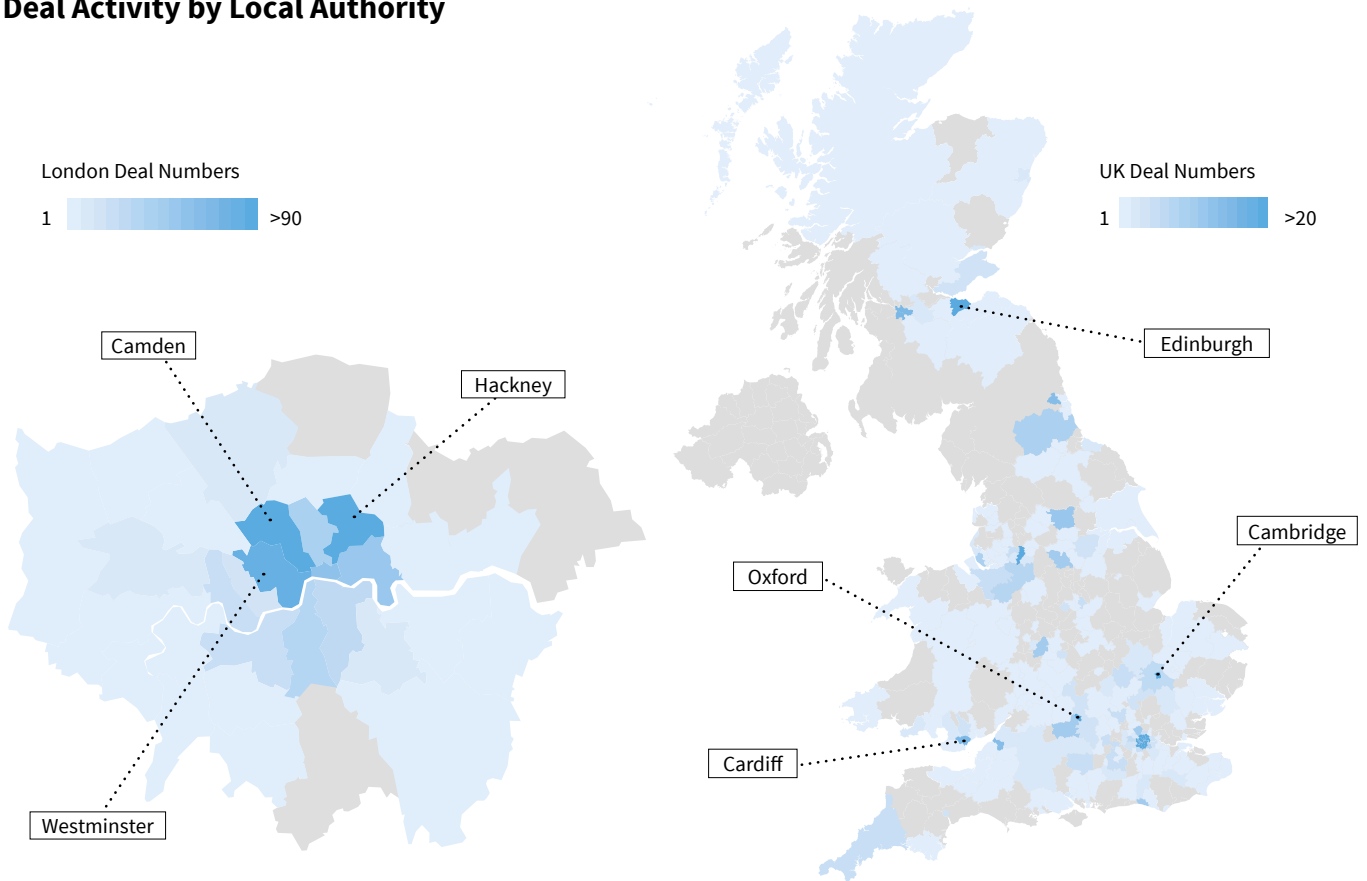
@Beahurst

Summary.

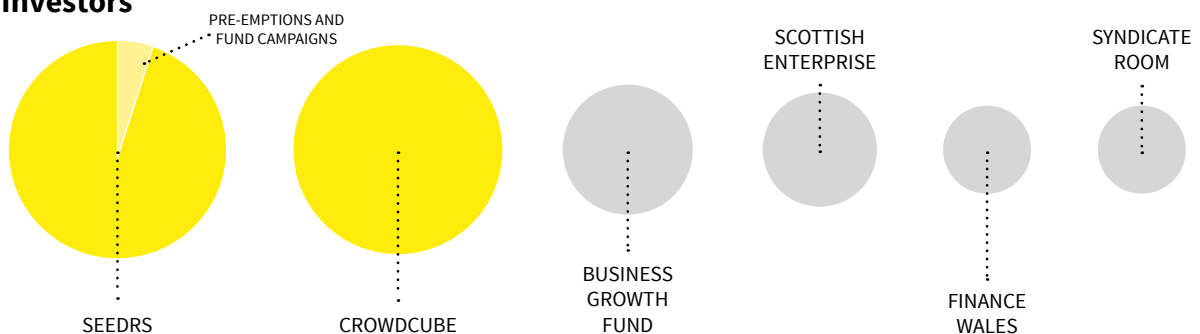
Key Figures Compared with 2015



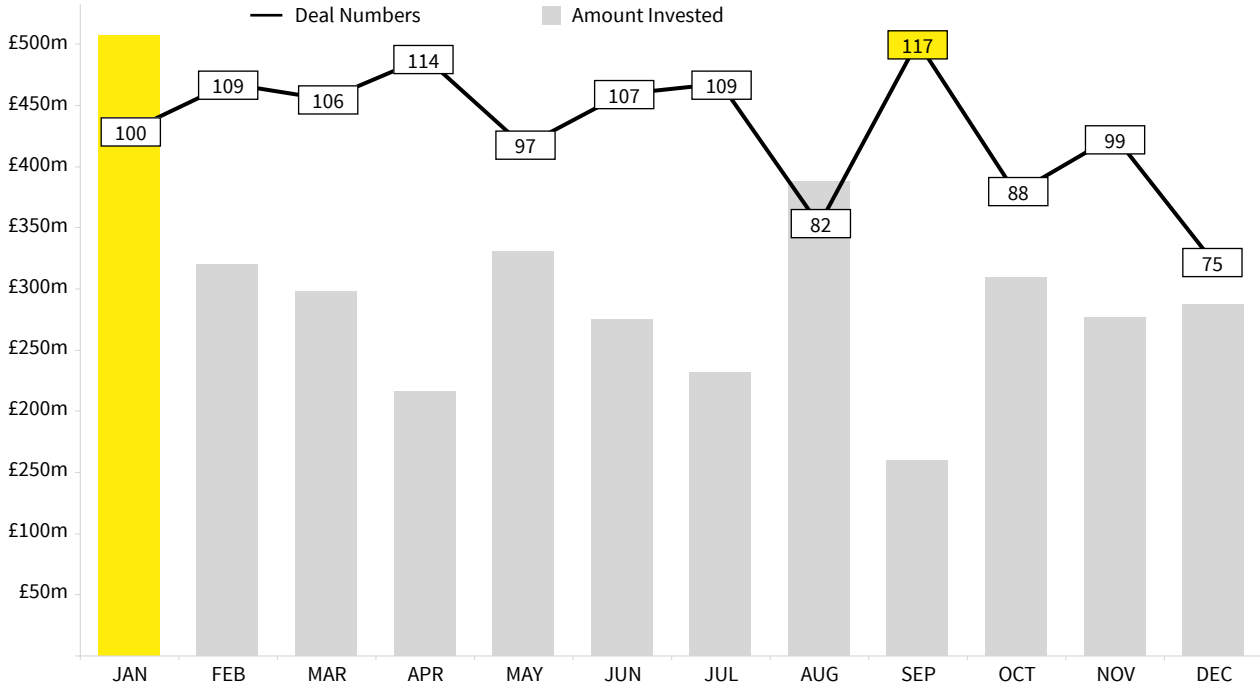
Deal Activity by Local Authority



Top Investors

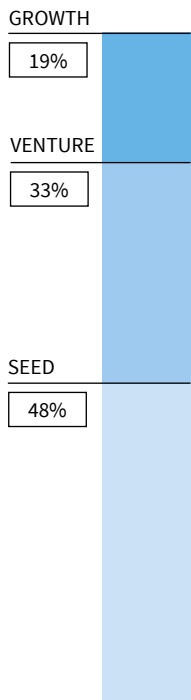


Deal Numbers and Amount Invested in 2016

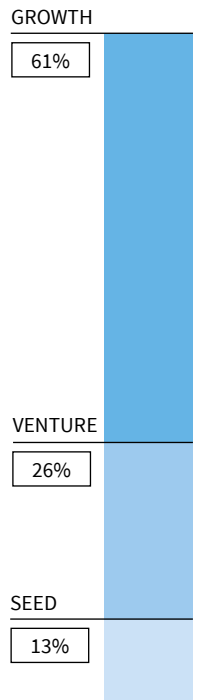


Company Stage of Evolution

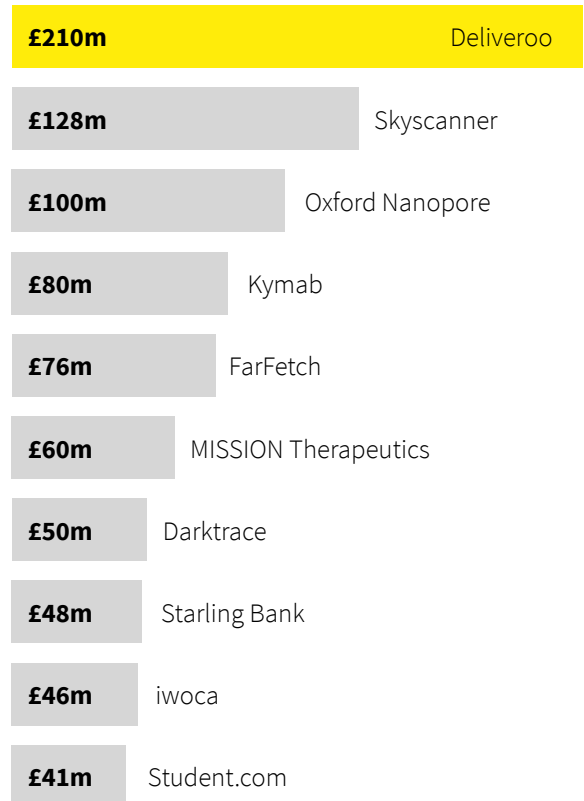
Deal Numbers



Amount Invested



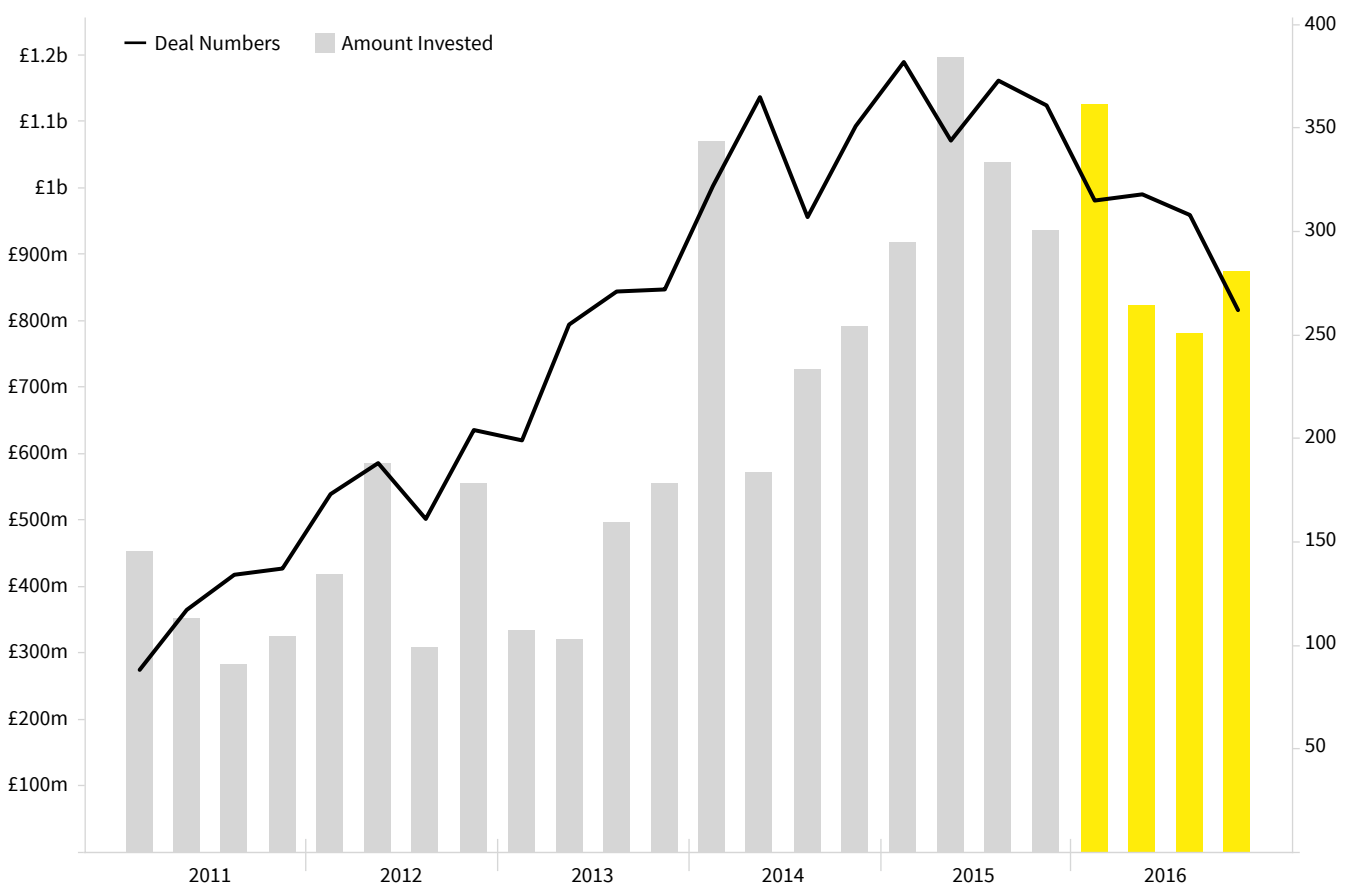
Biggest Deals



2016 in review.

2016 has seen yearly deal numbers fall for the first time in recent memory, but there are interesting stories and successes to be found amidst the slump.

Deal Numbers and Amount Invested by Quarter



- Following a slowdown in growth in 2015, **yearly deal numbers fell for the first time, by 18%**. The total amount invested also fell by 12% from 2015.
- Despite this decline in investment activity, the **average deal size increased by 5%**. The average deal size has been increasing since 2013.
- Despite the decline overall, there was no significant drop in deal numbers after the EU referendum, suggesting **Brexit has so far had little to no short-term impact** on equity investment. The long-term effects remain to be seen.
- Crowdfunding is emerging as a real alternative at the later stages of growth. Despite an overall decline in crowdfunding deal numbers, **crowdfunding at the growth-stage increased 10%**, with 80% of these companies crowdfunding for the first time.
- Investment into early-stage life sciences companies is booming. **Seed-stage life sciences businesses saw a 19% increase in deals**, and a record £202m invested.
- **Wales and Northern Ireland bucked the general trend**, seeing a 30% and 8% increase in deal numbers respectively.

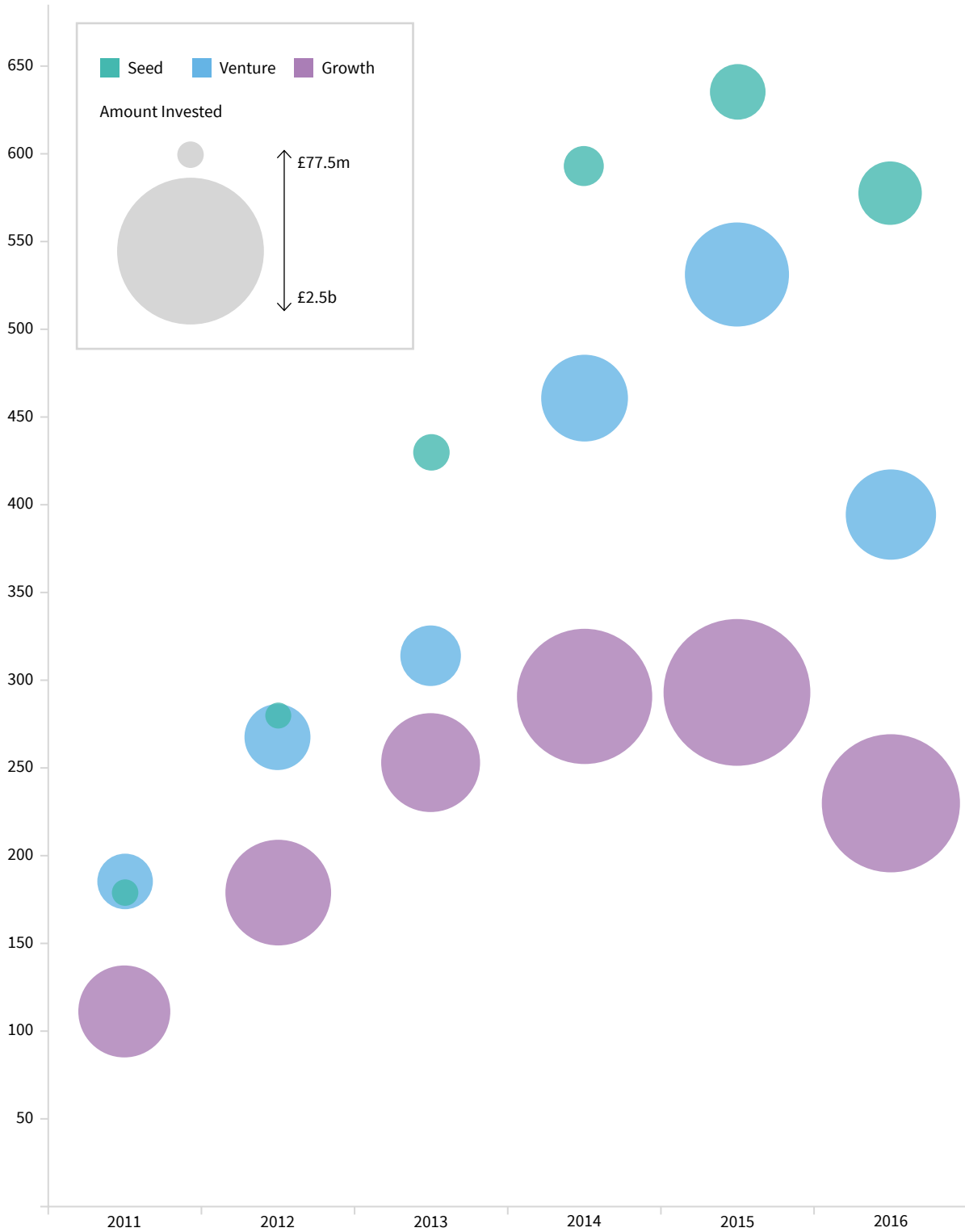
18%

fall in yearly
deal numbers
from 2015.

12%

fall in yearly
amount invested
from 2015.

Deal Numbers and Amount Invested



“ Despite the shock of deal numbers’ first annual fall, there are clear positives emerging.”

Until 2016, equity investment into UK companies had increased every year since 2011. That was true despite quarterly drops, despite a change of government, and despite an initially turbulent economy. Now, examining full year data, it has fallen for the first time. Both the number of deals and the amount invested overall declined (by 18% and 12% respectively) in 2016. What happened?

The decline was felt most keenly by companies in their venture stage, although not by a significant margin — companies at all stages saw a drop in deal numbers. Similarly, the fall left few sectors untouched, with the notable exception of life sciences. Seed-stage life sciences companies saw a 19% increase in deals, with a record £202m invested. Retail businesses, however, saw a 39% drop in number of deals, and supply chain companies certainly felt the pinch as 52% fewer deals were undertaken.

Despite this overall decline, 2016 saw some unusually large deals. The biggest fundraising went into food delivery company Deliveroo, which secured a colossal £210m: the second-largest equity raise by a UK startup since that of Metro Bank (£388m) in 2014. Skyscanner also raised £128m, suggesting that the future is not entirely bleak for B2C technology companies.

That said, if there is a reason to be optimistic about prospects for equity finance, it lies with crowdfunding. Despite the overall fall in deal numbers seen by crowdfunders, at growth-stage deal numbers increased by 10%. And around 80% of these companies were crowdfunding for the first time. Jeff Lynn, Seedrs CEO, commented that “2017 will be the year in which institutional capital begins to play a meaningful role in equity crowdfunding. We are now

beginning to see the first exits from investments made at the beginning of the equity crowdfunding era... Where we are today is roughly where peer-to-peer lending was when institutional investors first entered that space.”

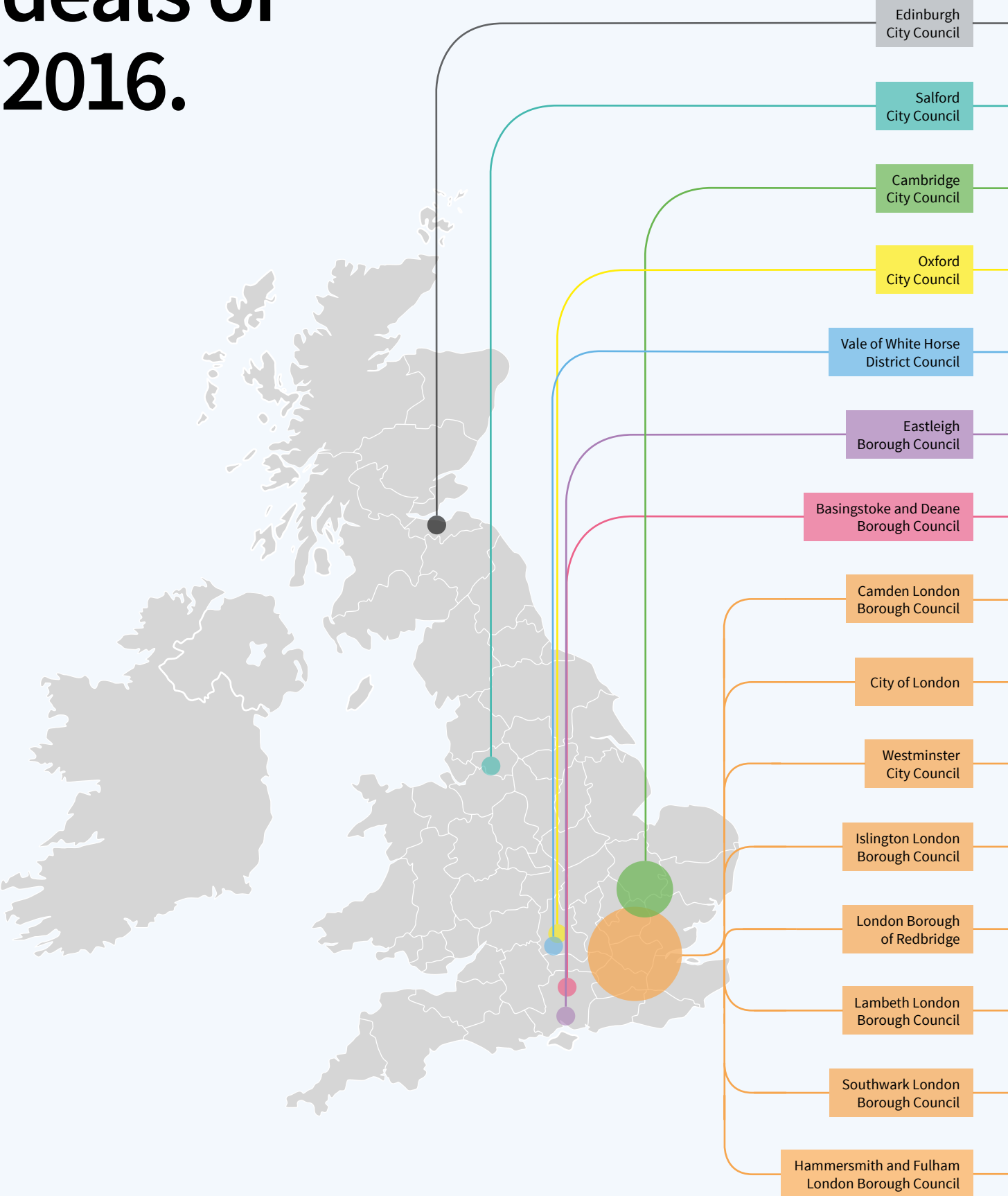
Similarly, Crowdcube commented that “From our discussions with entrepreneurs, it is clear that many put fundraising plans on hold in anticipation of the referendum... It’s encouraging to see that the crowdfunding industry is outperforming the market.”

In terms of regions, London took half of all fundraisings in 2016. The strongest borough in London by deal numbers was Hackney, with 88 equity investments totalling £153.5m. The only two locales to escape the malaise were Northern Ireland and Wales; deal numbers increased by 8% in the former and by 30% in Wales.

An analysis of a cohort of companies who raised equity in 2011 tells a positive story — 15% have exited. The rest of the cohort have seen their total valuation grow from an average of £2.97m to £12.7m. Just 12% failed, meaning that a company which raised equity investment in 2011 has thus far been more likely to succeed than die. It remains to be seen how a later cohort of companies will fare.

The outlook is broadly negative, but not universally so. Overall Brexit has had no discernible short-term effect, though the uncertainty around the referendum is likely to have contributed to the collective decline in deal numbers. But despite the shock of deal numbers’ first annual fall, there are clear positives emerging.

The biggest deals of 2016.



JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

£128m



£41m



£32m

£60m



£80m

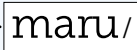


£100m

£30m



£40m



£36m



£210m

£39m



£35m



£48m



£50m



£46m



£76m



£41m



£30m

£38m

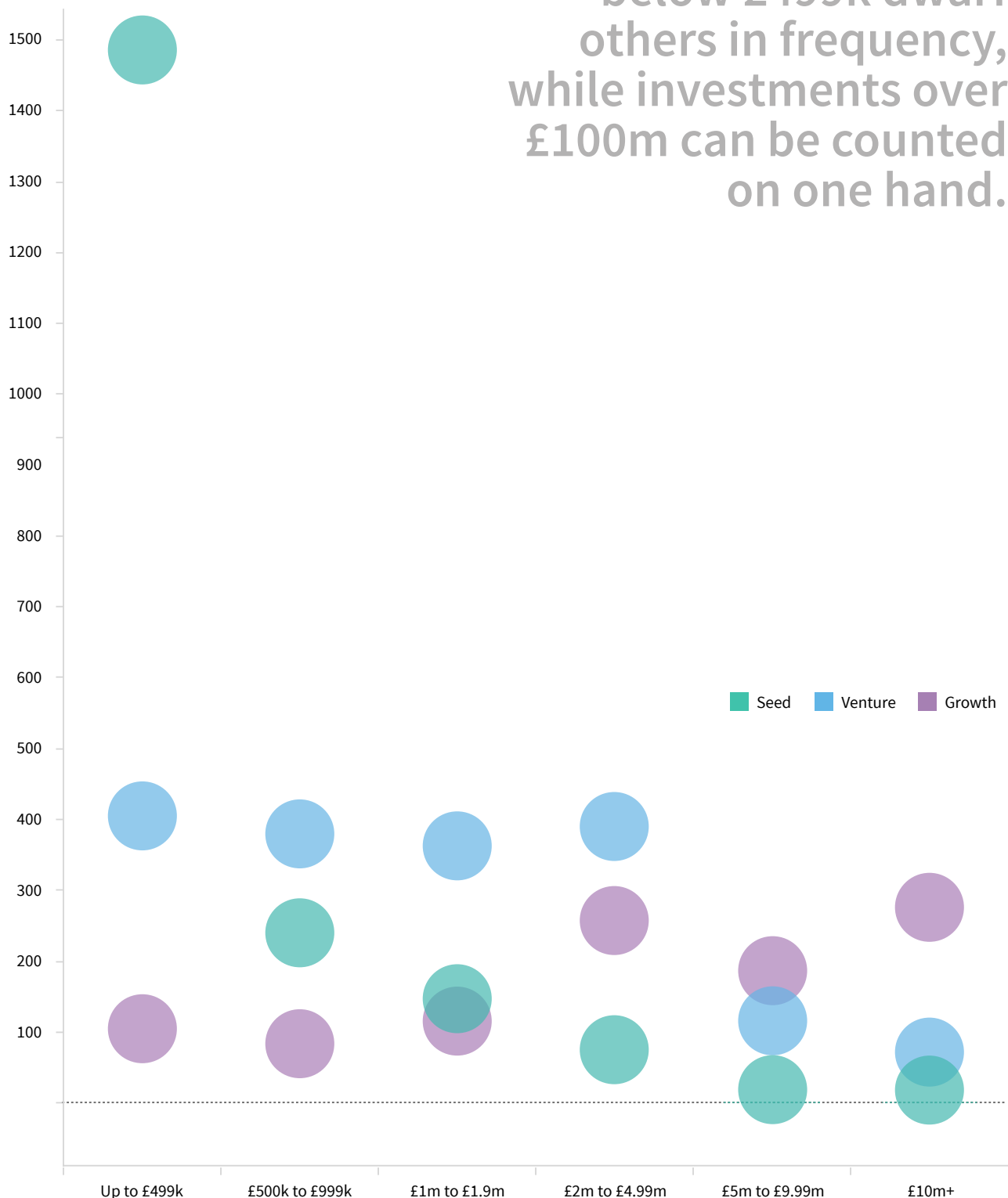


£40m

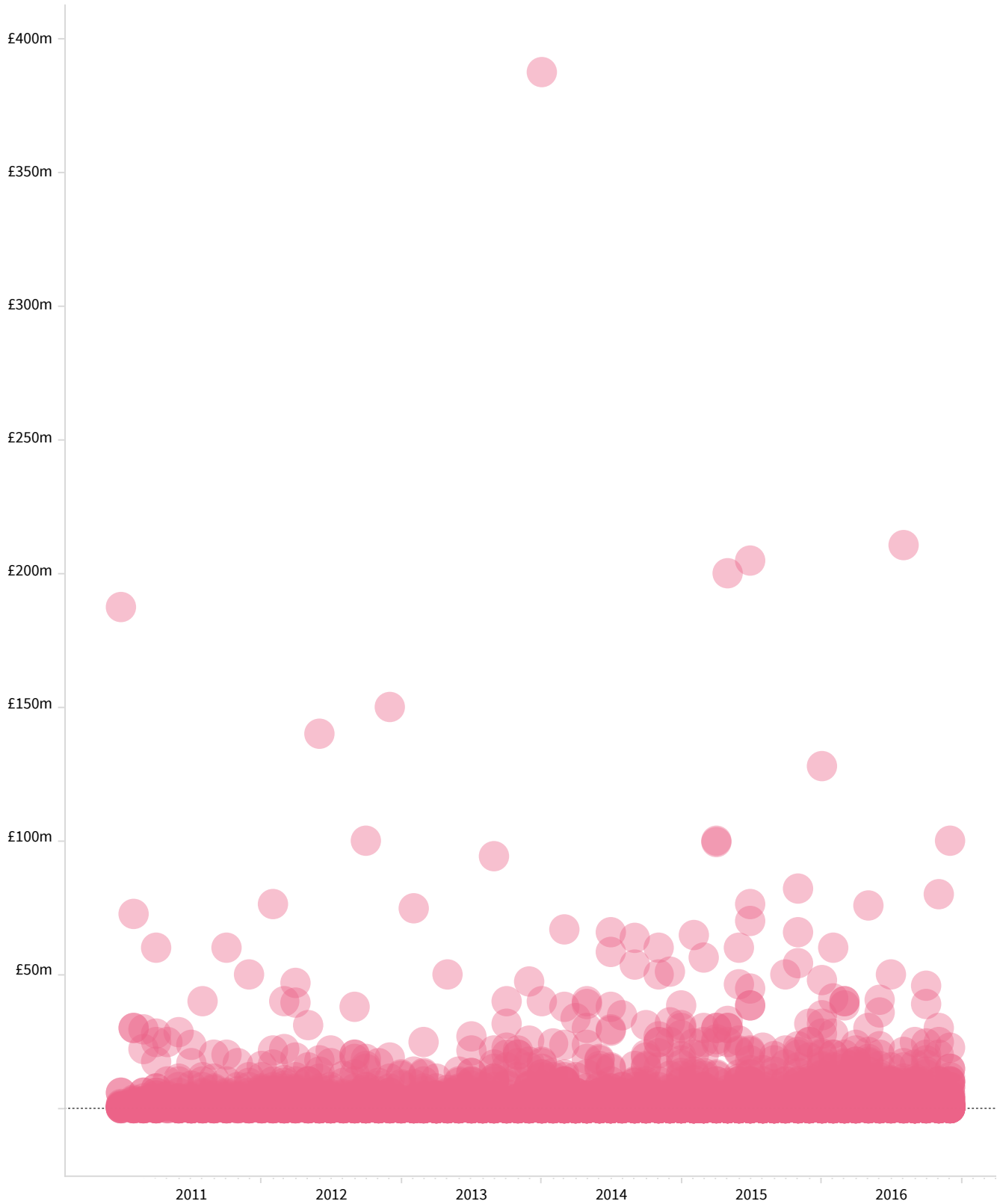


Deal sizes.

Number of Deals 2011-2016 by Deal Size



All Equity Fundraisings 2011-2016 by Investment Size

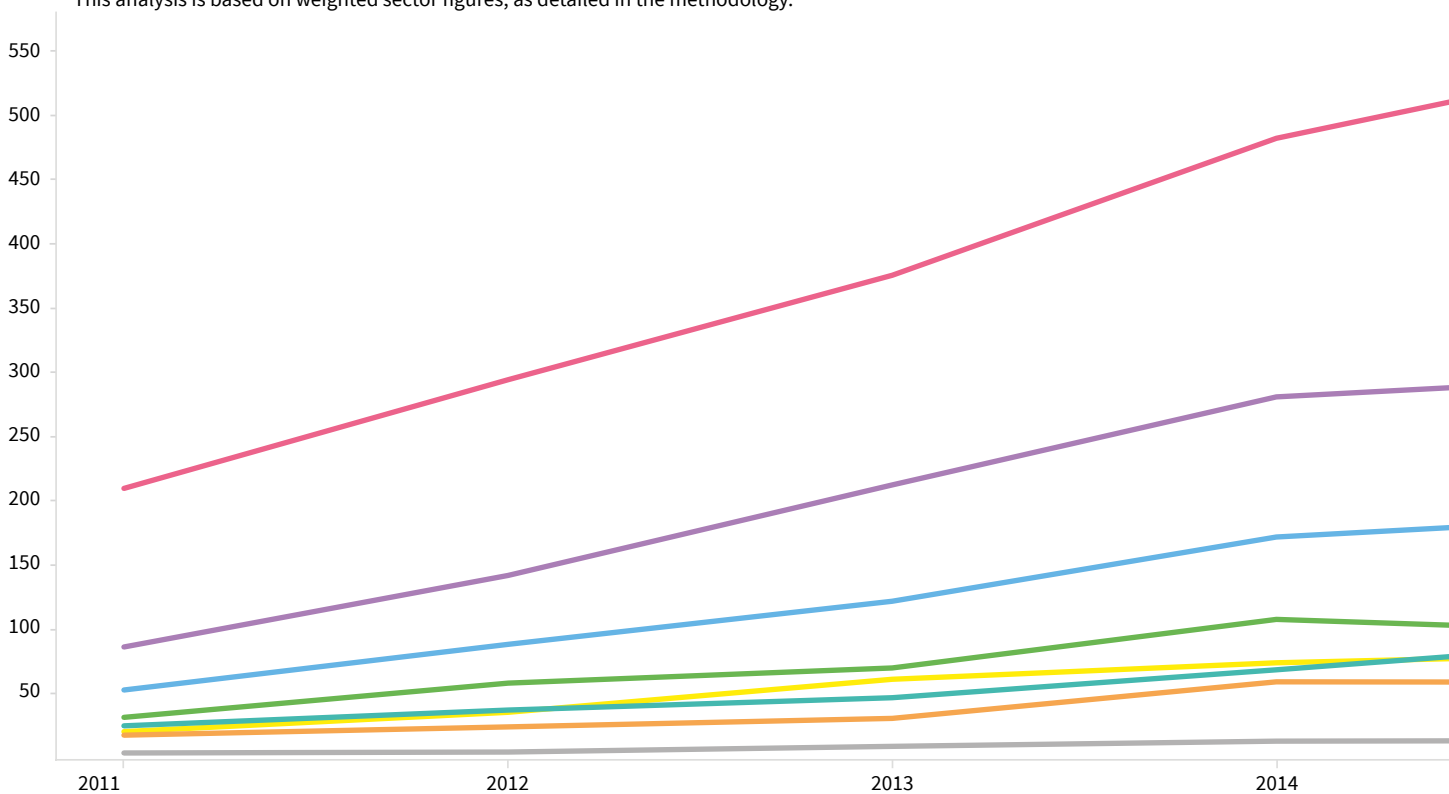


Sectors.

Most sectors saw a decline in both deal numbers and amount invested. The sectoral distribution of deals and investment remained stable.

Deal Numbers, Selected Sectors

This analysis is based on weighted sector figures, as detailed in the methodology.

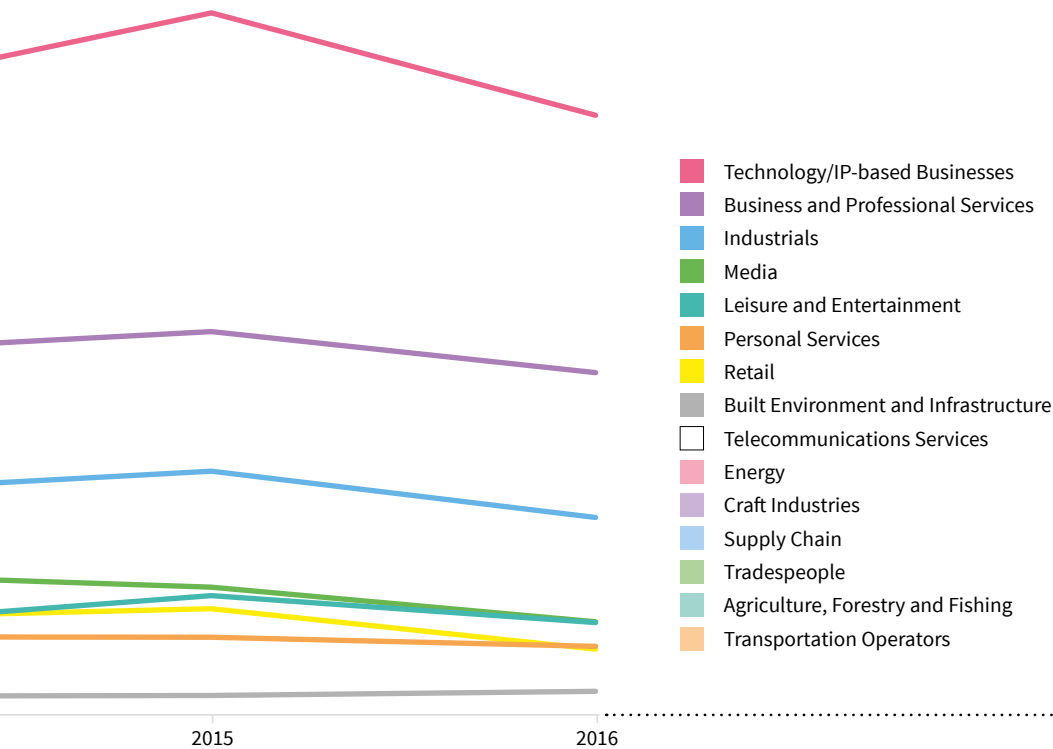


Technology still takes the biggest piece of the pie.

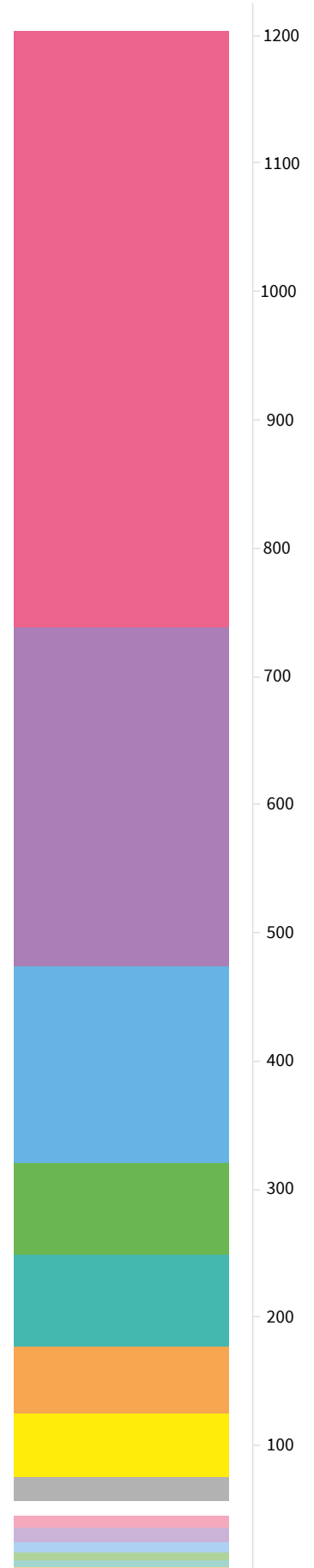
Technology accounted for around 40% of deal numbers and amount invested in 2016, as it has since 2011. The distribution of deals and investment in other sectors also remained level from previous years.

The slump continues for most sectors in 2016.

The decline in deal numbers and amount invested affected most sectors. Significant drops were seen for Retail and Supply Chain businesses, where deal numbers fell by 39% and 52% respectively, and amount invested by 34% and 18%. Built Environment and Infrastructure deal numbers bucked the trend with a 25% increase.



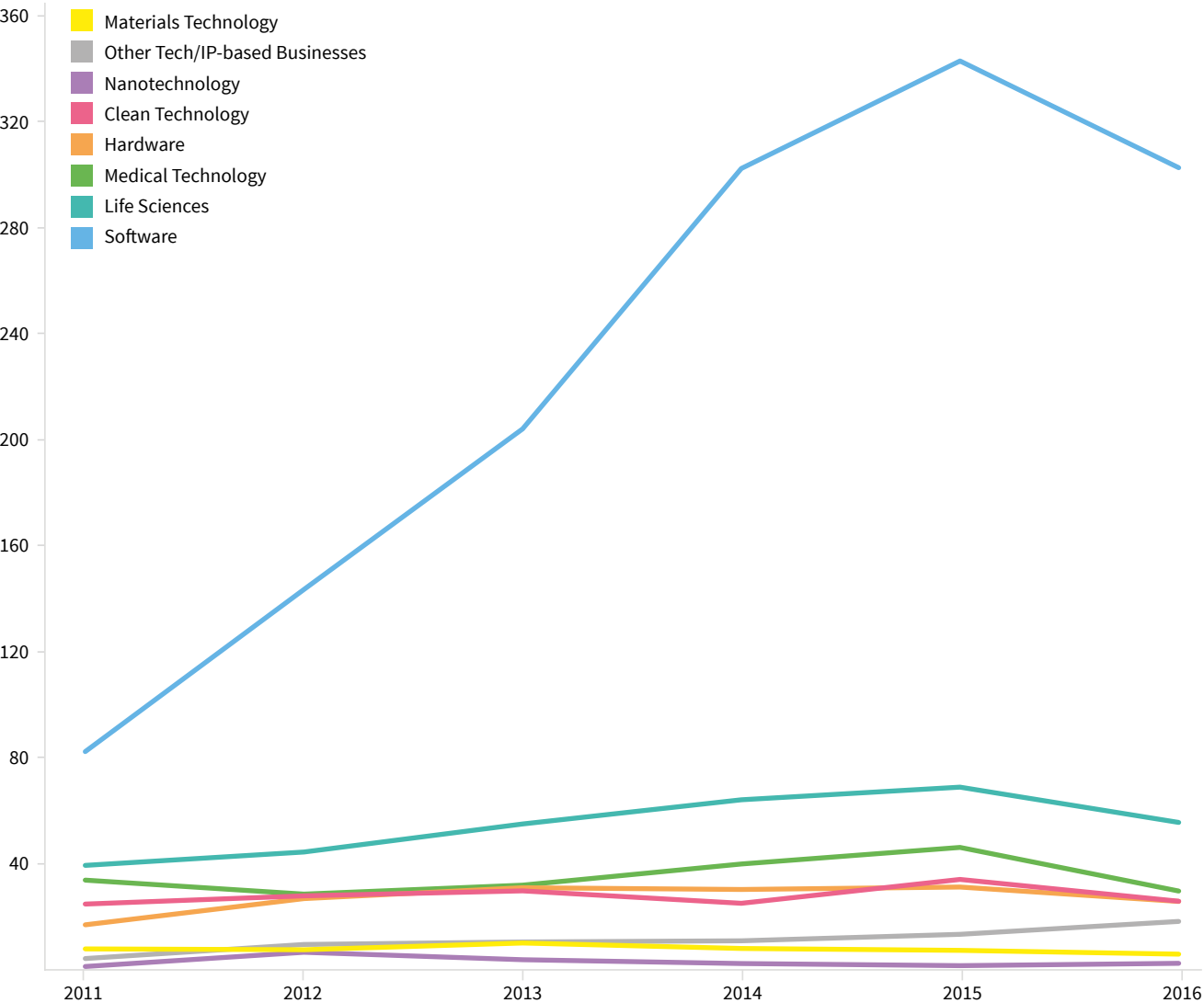
2016 Deal Distribution



Despite falling deal numbers it's been a good year for Life Sciences, with some high-profile investments and an upsurge in both deals and amount invested for seed-stage businesses.

Deal Numbers, Technology Sub-Sectors

This analysis is based on weighted sector figures, as detailed in the methodology.



Life Sciences Deal Numbers and Amount Invested

This analysis is based on double counted sector figures.



Early-stage Life Sciences storms ahead.

Despite an overall dip in deal numbers and amount invested, investment into Life Sciences is booming. Seed-stage investments into the sector have weathered the investment slump well with deal numbers increasing every year, up 19% from 2015. The amount invested has also grown continuously — this year by a staggering 182% to £202m.

Life Sciences make a strong showing wth big deals.

There was also cause for celebration amongst later-stage Life Sciences companies. Oxford Nanopore, Kymab, Autolus, F2G, and Mission Therapeutics each raised over £40m, putting their fundraisings firmly in the 20 biggest of the year. Woodford Investment Management contributed to all but one of these rounds.

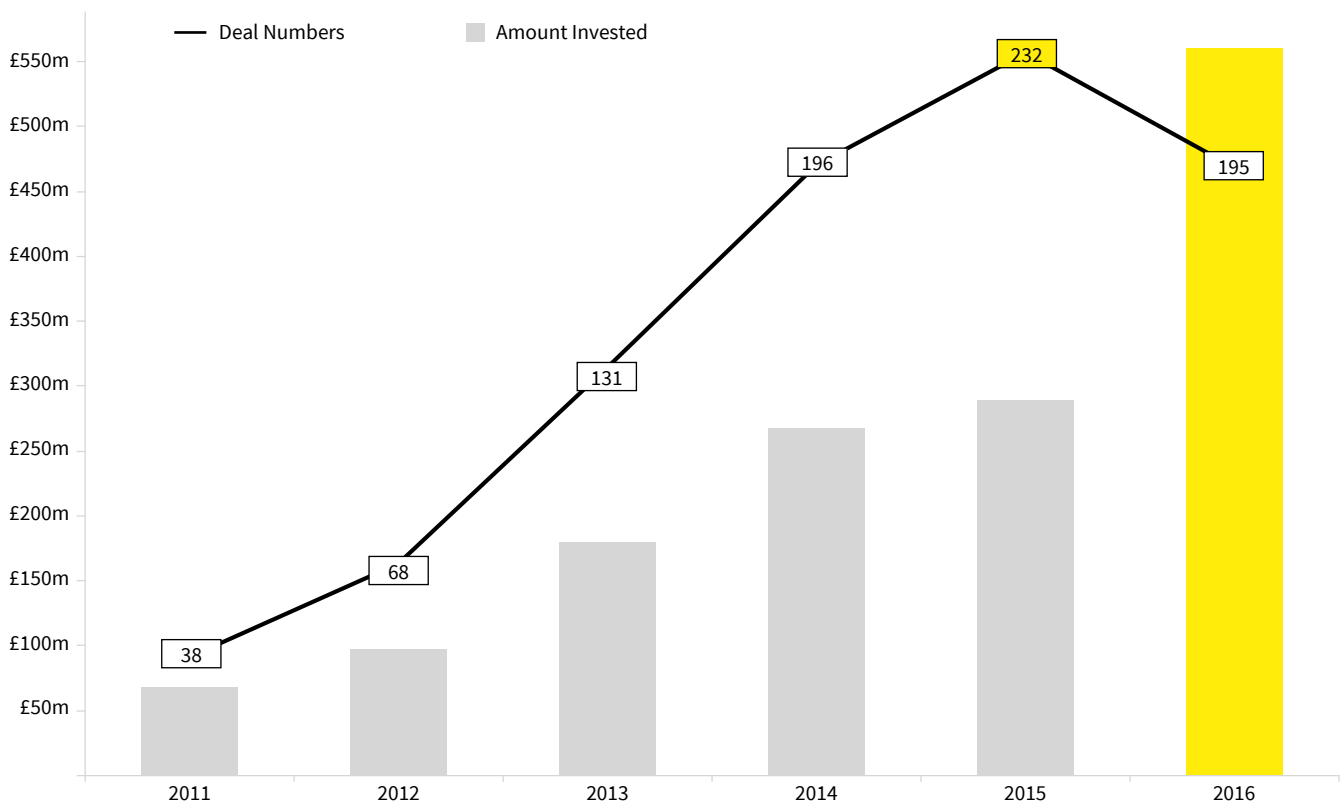
19%

increase in Life Sciences deal numbers at the seed-stage.

A future for apps?

Anecdotal evidence suggests app companies are having difficulty raising finance – but more money is being invested into the sector than ever before. So what's going on with mobile apps?

Mobile Apps Deal Numbers and Amount Invested 2011–2016



In October 2016, Time Out acquired events app YPlan for £1.6m. There was nothing unusual about this – except that YPlan had previously been valued at £41.6m. It had been backed by Octopus Ventures, Nokia Growth Partners, Qualcomm Ventures and others. The business had struggled with its value proposition, structure, and financials, at one point laying off around a third of its staff, and pivoting from direct sales to a self-service model – in which event organisers manage their own listings.

In the following weeks, Beauhurst received information suggesting that YPlan was far from the only app headed down this path. An unnamed source, whose company was at the time advising three app-based companies with a combined valuation of £75m, contacted Beauhurst to divulge that all three were insolvent, had rapid cash-burn problems, and were “running out of road” when it came to their investors.

So what’s happening to the app market?

In brief, the rumours don’t stack up. The amount of cash invested into the app industry has rocketed since 2011, from £67m to just over £560m. This is also true, however, of the number of fundraisings into the space, which has accelerated from a mere 38 in 2011 to 195 in 2016. The average amount invested per fundraising, therefore, has also changed. In 2010 the average invested in each was £1.8m. The number of fundraisings by app companies peaked at 232 in 2015 (at an average of £1.24m each). And in 2016, the trend reversed: the value of fundraisings increased whilst their volume decreased.

This latest development could

suggest several things: investors became more willing in 2016 to plough finance into consumer-oriented technology, previously-funded app companies gradually became self-sustaining and no longer needed or wanted equity backing, or prospective entrants to the market were put off by what they saw as relatively limited finance available and steep competition to get it – or some combination of these factors. What is clear, however, is that the amount invested is growing while the number of deals is shrinking – with the average deal size in 2016 rising to £2.87m.

It’s also interesting to note that the most prolific funders behind this capital are not exclusive or difficult to access: the two top spots are held by Seedrs (65 fundraisings) and Crowdcube (57). That said, the real money is not from crowdfunders but institutional and governmental investors: the largest funders by value of fundraisings were Skyscanner’s backers at the start of 2016 (Artemis, Baillie Gifford, Kazanah Nasional Berhad – the sovereign wealth fund of the Malaysian Government – Virtuvian Partners, and Yahoo! Japan). This £128m investment has inevitably pushed up the averages under discussion (without it, the average investment into a 2016 app company would diminish to £2.23m, a 22% fall from the actual average, but nonetheless a steep increase from the average of £1.36m in 2015).

Then why are app companies so concerned?

All the above goes to suggest that, in fact, there has never been a better time for young app-based companies. So are we to discard the

Ones to watch.



What do they do?

Velocity has developed a restaurant and venue recommendation app that also enables users to book and pay for services through their mobile.

What have they raised?

£28.3m over 5 fundraisings.

What are they worth?

£17.5m as of July 2015, though they've since raised \$26.5m over two deals.



What do they do?

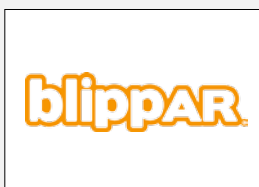
Tandem is developing an online retail bank offering products and services including credit cards, loans and current accounts.

What have they raised?

£52.3m over 8 fundraisings.

What are they worth?

£63.6m as of their last fundraising, 15th Sep 2016.



What do they do?

Blippar has developed “augmented reality” image recognition apps, that allow users to point phone cameras at certain objects or advertisements and access additional content or information online.

What have they raised?

£81.5m over 5 fundraisings.

What are they worth?

£194m as of their last fundraising, 2nd March 2016.

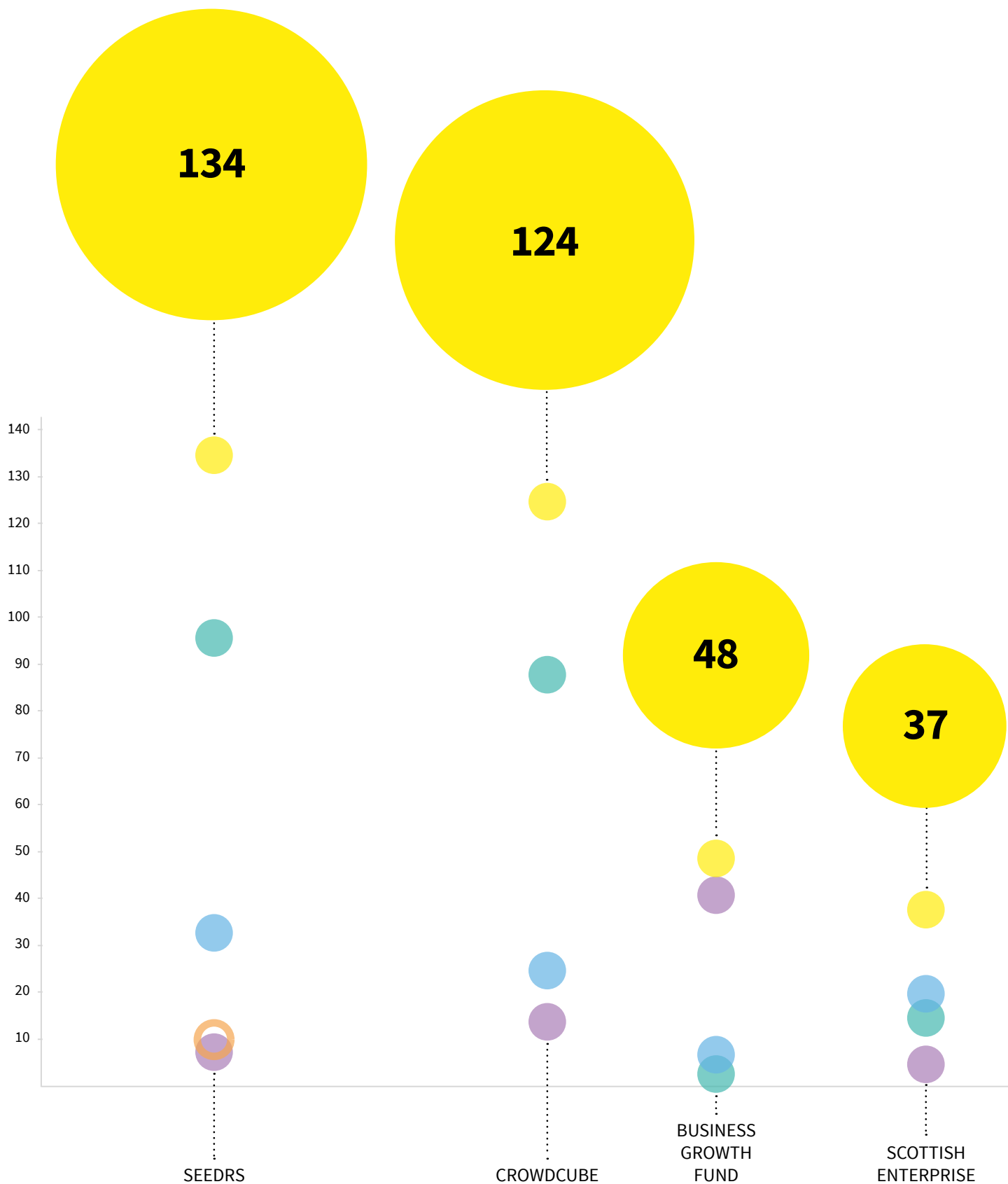
“ Young app companies are having a far harder time finding backing than ever before.

anecdotes above as just that – anecdotal? Not quite so fast.

In 2013, 70% of investment into mobile app companies came whilst the companies were still in their seed stage. That figure held constant throughout 2014. But in 2015, it fell to 65%; venture-stage companies had picked up the slack. By 2016, only 62% of fundraisings reached app companies at their seed stage; the rest were into venture-stage (31%) and growth-stage (7%) companies. The anecdotes hit on something true, then, which is that very early-stage companies had a harder time finding backing in 2016 than in any year since 2011. The higher-value fundings we saw in 2016 remained the preserve of companies which had already succeeded to some degree.

There's plenty of money to go around – more than ever, in fact – but young app companies are having a harder time finding it than they have done for at least five years. That said, a large majority of the sector's fundraisings continue to be into seed-stage firms, which means that these companies could benefit from a larger pool of money.

Investors.



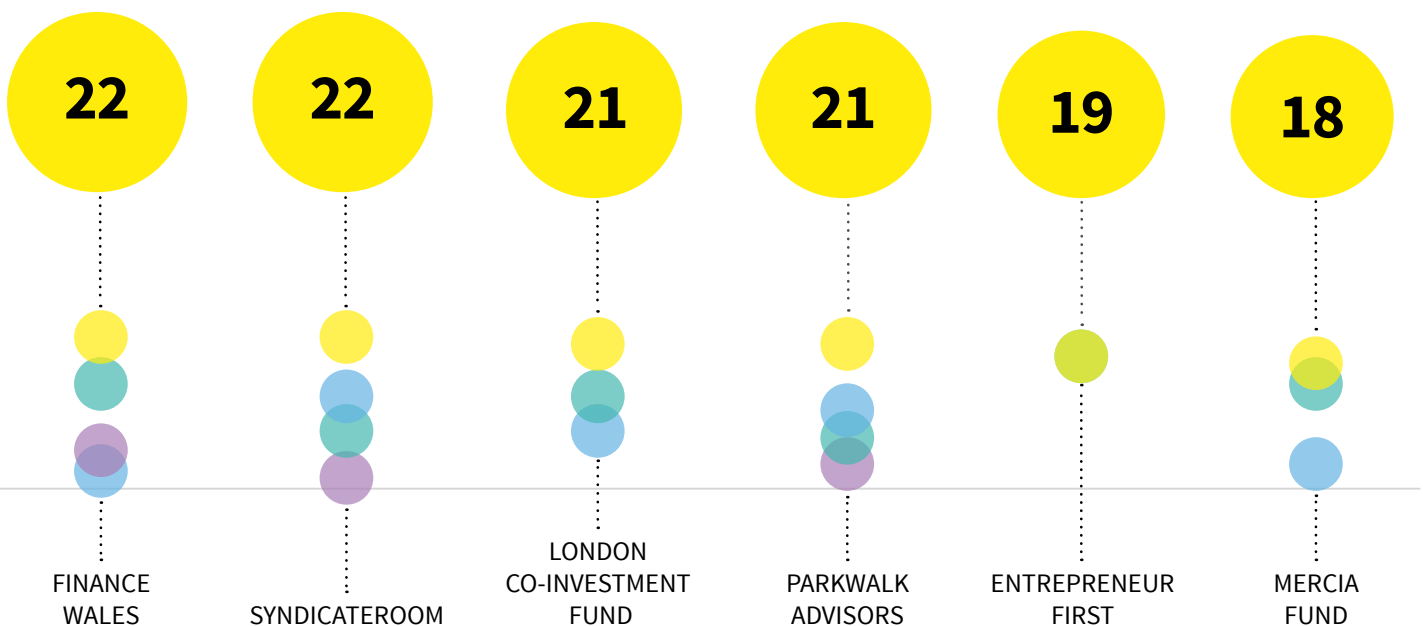
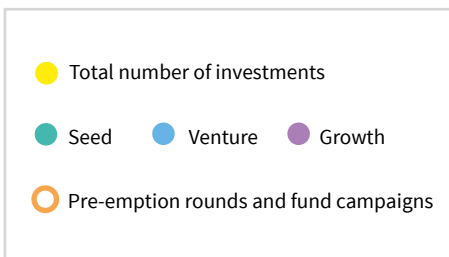
Crowdfunding platforms dominated the investor rankings in 2016, with Seedrs and Crowdcube responsible for 21% of deals in the UK.

Crowdfunding platforms stay at the top of the charts.

Crowdfunding platforms continue to dominate the investor rankings in 2016, with Seedrs and Crowdcube taking first and second place for the third year in a row. The two platforms facilitate significantly more transactions than any other investors in the country, and together are responsible for 86% of all crowdfunding activity in the UK, and 21% of all equity investments in the UK.

Seed, venture, growth.

Crowdfunding platforms also top the seed investor rankings by a long way, followed by Entrepreneur First – who only make seed investments. Seedrs and Crowdcube also lead venture-stage investment, with Scottish Enterprise in close third. The Business Growth Fund dominated growth-stage investing in 2016, with 40 of their 48 investments made at the growth-stage.



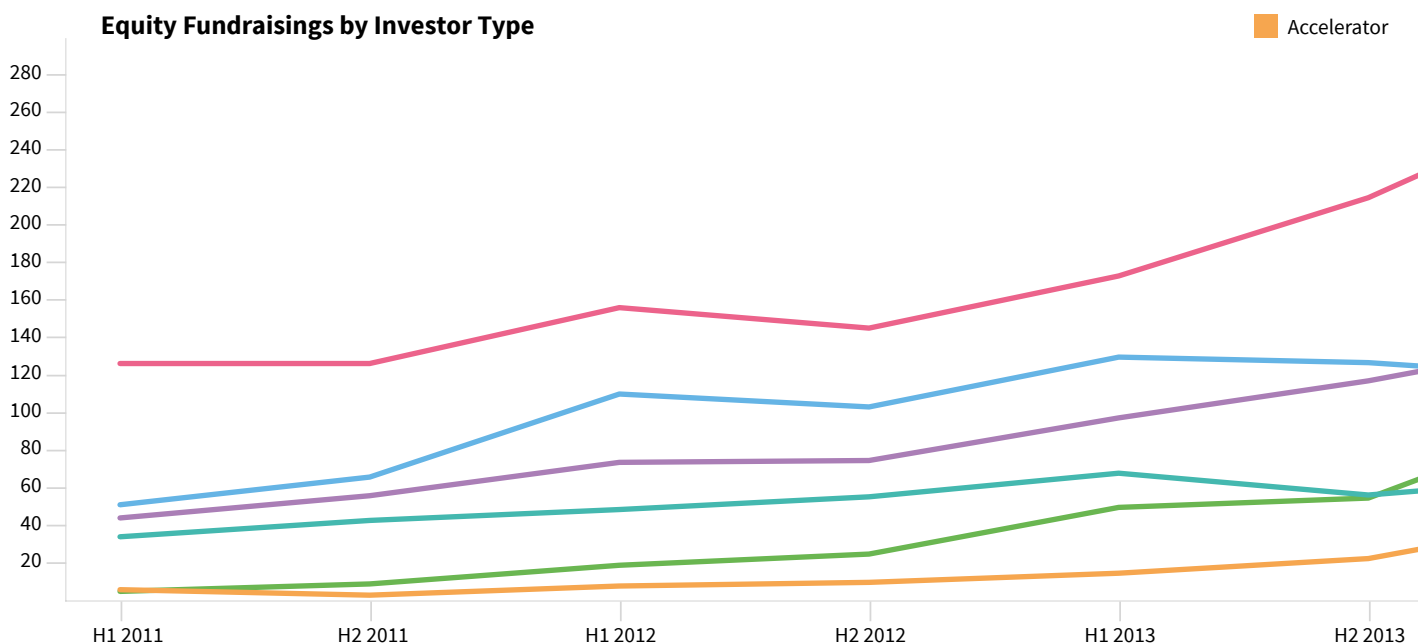
Deal numbers fall for most investor types, but accelerators charge ahead. Crowdfunding is emerging as a real alternative at the later stages of growth.

Investment activity falls for most investor types.

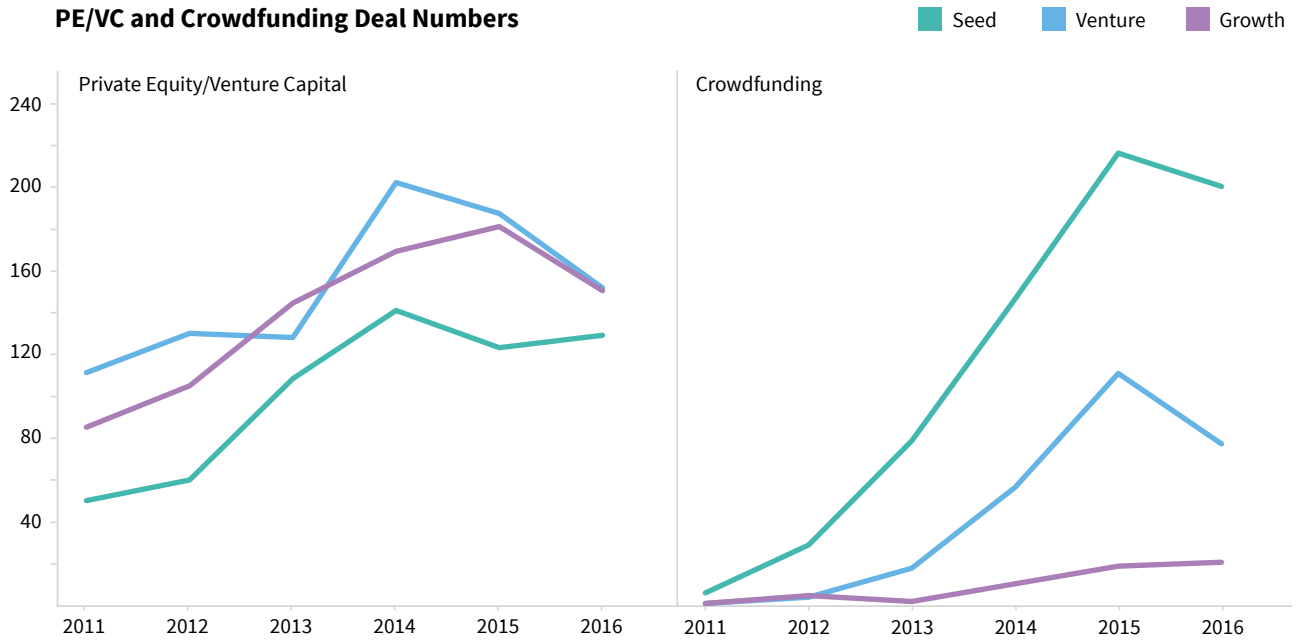
The overall decline in investment activity in 2016 was felt by most investor types. Private Equity and Venture Capital last saw growth in the first half of 2015, as did government equity funding. Although still relatively low volume, accelerators bucked the trend, with deal numbers increasing 10% from 2015.

Crowdfunding matures, despite a decline in activity.

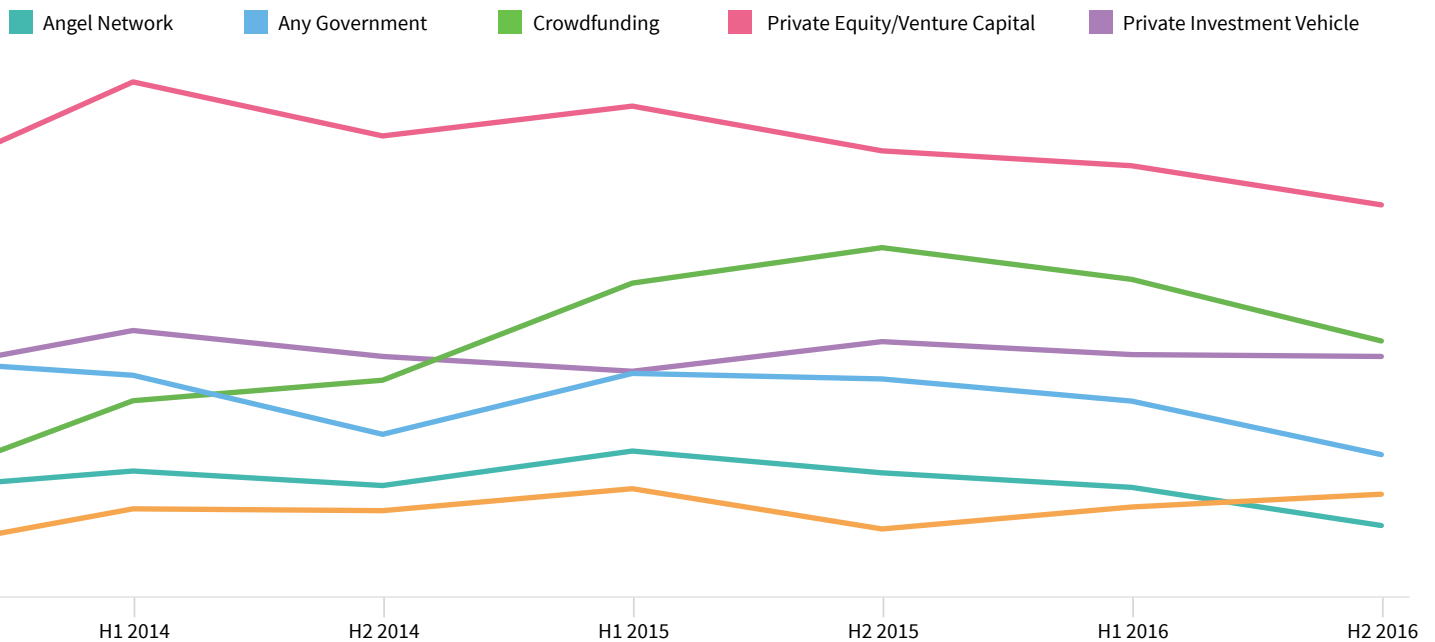
Overall crowdfunding deal numbers fell 14% from 2015, with the fall felt most at venture-stage. At growth-stage, deal numbers grew 10%, signifying increasing maturity in the market. Around 80% of these companies were crowdfunding for the first time — pointing to crowdfunding’s emergence as a real alternative at the later stages of a company’s growth.



PE/VC and Crowdfunding Deal Numbers



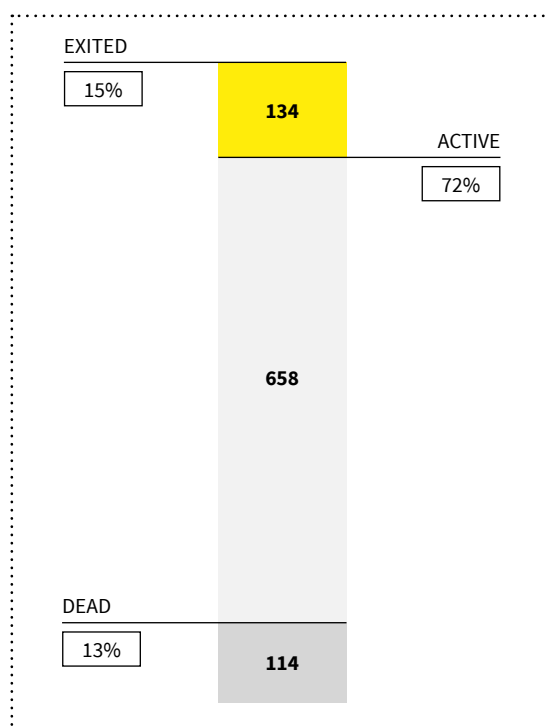
80% of companies crowdfunding at the growth-stage were using crowdfunding for the first time.



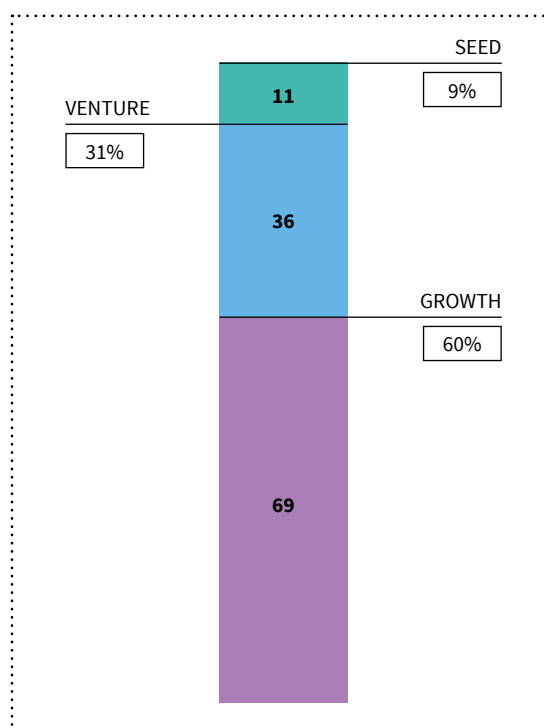
Five years on.

We've taken a look at every company that raised equity investment in 2011 and followed their progress in the last five years. What can their successes and failures tell us?

Exits and Failures from 2011 Cohort



Stage of Evolution at Time of Acquisition



15% of the businesses that raised equity finance in 2011 have exited: this means that 134 businesses have either been sold or listed on a stock exchange.

IPOs

Of the 2011 cohort 18 companies – 2% – floated on public stock exchanges, predominantly AIM. The two largest IPOs, however, were on to the LSE main board. Between them these 18 companies raised a total of £940m across their initial public offerings.

It will come as no surprise that all but two of the companies were strongly Technology-based. More strikingly, however, a third of the companies that listed were operating in the Life Sciences space. As drug development processes are extremely capital intensive, it makes sense that these businesses would turn to public markets for the funding they need.

Acquisitions

13% of the businesses that raised equity money in 2011 have since been acquired: some were acquired by private equity funds, and some were acquired by other companies. The most common types of acquirer were UK companies, followed by US companies.

The majority of businesses were acquired when they were at the growth stage, which makes sense: by that point they were large enough for their acquirer to notice them. The largest acquisition was that of Sky-scanner, acquired by Ctrip for £1.4bn.

It is reassuring to see so many and such valuable acquisitions, but the real question is whether there are more to come – and how many?

On average the 116 businesses in

the 2011 cohort that were acquired raised £12.3m of funding before being acquired; whereas the average amount raised by the whole cohort is £8.5m. Similarly the acquired companies had been incorporated for 10 and half years before being bought, whereas the average age of each company in the cohort is just over 9 and half years. The 658 companies that are still going will need to raise a little more money and trade for a little longer before they can expect to exit in this way.

Valuations

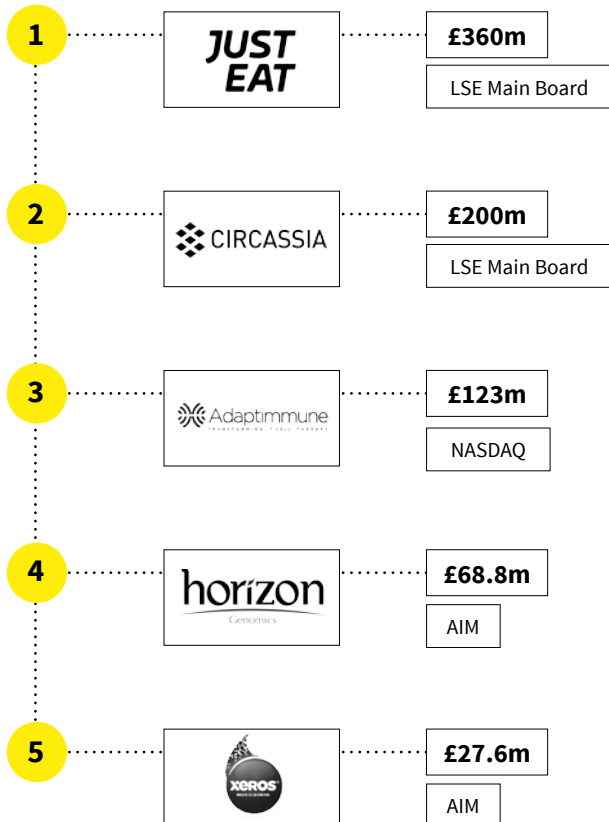
How are the 658 businesses that haven't exited faring? On average, where we've been able to calculate a valuation, they were worth £2.97m in 2011. They're now worth £12.7m, an increase of 328%. Whilst valuation growth doesn't substantively prove that the underlying businesses are doing better, it shows that investors are confident enough in their prospects to pay more for a stake in them.

The failures

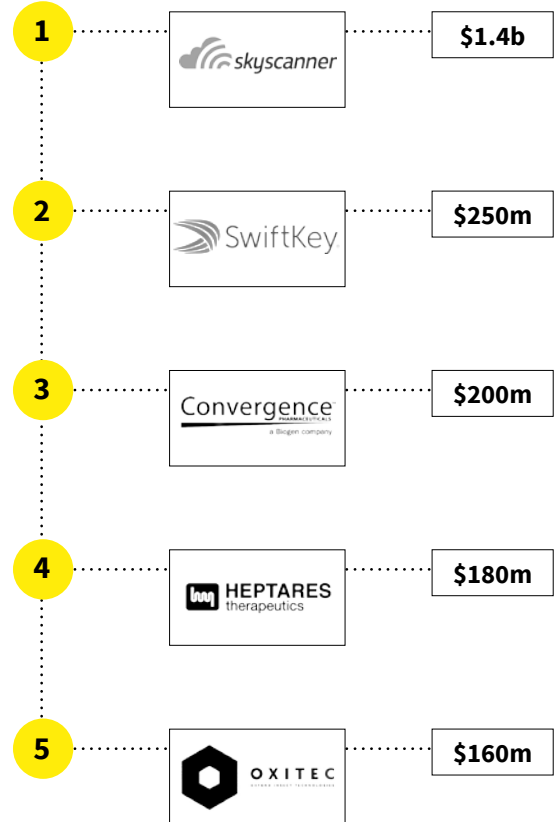
Above we've focussed on the successes, the growths, the exits. But what's the story when we look at ventures that didn't go quite as planned? Below we look at the companies that have died: this is when a company has gone into liquidation and eventually ceased trading. As we often hear, 90% of all startups fail, but what does receiving investment do to these odds? Are there certain sectors that are more vulnerable to failure, even once they have received equity backing?

In the same cohort of companies that raised equity in 2011, 12% are currently classified as dead. But this

Largest IPOs



Largest Acquisitions



Exits and Failures from 2011 Cohort, Selected Sectors



figure isn't uniform across sectors, and it is this disparity that proves interesting when we delve a little deeper.

CleanTech is a sector that receives a lot of buzz off the back of its green credentials. In 2011 we witnessed 93 equity investments totalling £221.5m into 87 CleanTech companies. Of these companies, 21% are now dead. This is significantly greater than the cross-sector average, which raises questions as to the reasons behind this apparent high failure rate. Is it the relative youth of this sector? The macro climate of falling fuel prices?

One of these dead CleanTech companies is Aquamarine Power. The company received more investment than any of the other CleanTech companies in the 2011 cohort: £53.7m between 2009 and 2014. They were based in Edinburgh, developing and manufacturing technology that uses waves to produce electricity. Despite the enthusiasm surrounding their progress and the numerous grants received from the EU and Innovate UK, their valuation peaked at £85.9m, following a £17.7m investment in January 2011, and successively fell until they ceased trading in November 2015. They cited the economic climate and the lack of private-sector backing as the reason behind their rapid demise.

With government plans to create Europe's largest CleanTech hub in London in partnership with the Imperial College Centre for CleanTech Innovation, and with the support of the London Sustainable Development Commission, the chances for similar CleanTech ventures might be set to improve.

At the other end of the spectrum sits the Banking and Financial Services companies of the 2011 cohort. The 45 companies received funding

totalling £138m in 2011. Strikingly, only 2% of these companies are now classified as dead. So it should be no surprise that London has been named the world's leading city for Fintech in a recent report commissioned by the Treasury.

Another sector with a similarly low company death rate is Life Sciences, where only 7% of the companies that raised funds in 2011 are now dead. The UK government's industrial strategy indicates increased support for Life Sciences; but government support is already having an impact in the sector, as it is across the whole cohort. Innovate UK grant recipients in the 2011 cohort had a failure rate nearly half the average, at 4%.

So what have we learned?

The findings are positive. The chances of a successful exit are high across all-sectors: the most likely kind of exit is an acquisition by another UK company. The chances of failing (after five years) are lower than the chance of exiting. Some sectors are more prone to failure than others, while companies that have received public grants are less likely to fail. Even if companies haven't been acquired or floated (or gone bust), on average their paper value has increased.

This is how things stand after five years with this cohort of businesses, and hopefully indicates a positive outlook for high-growth companies in the UK. However, it could well be that the current climate is not so conducive to success. We will have to wait and see.

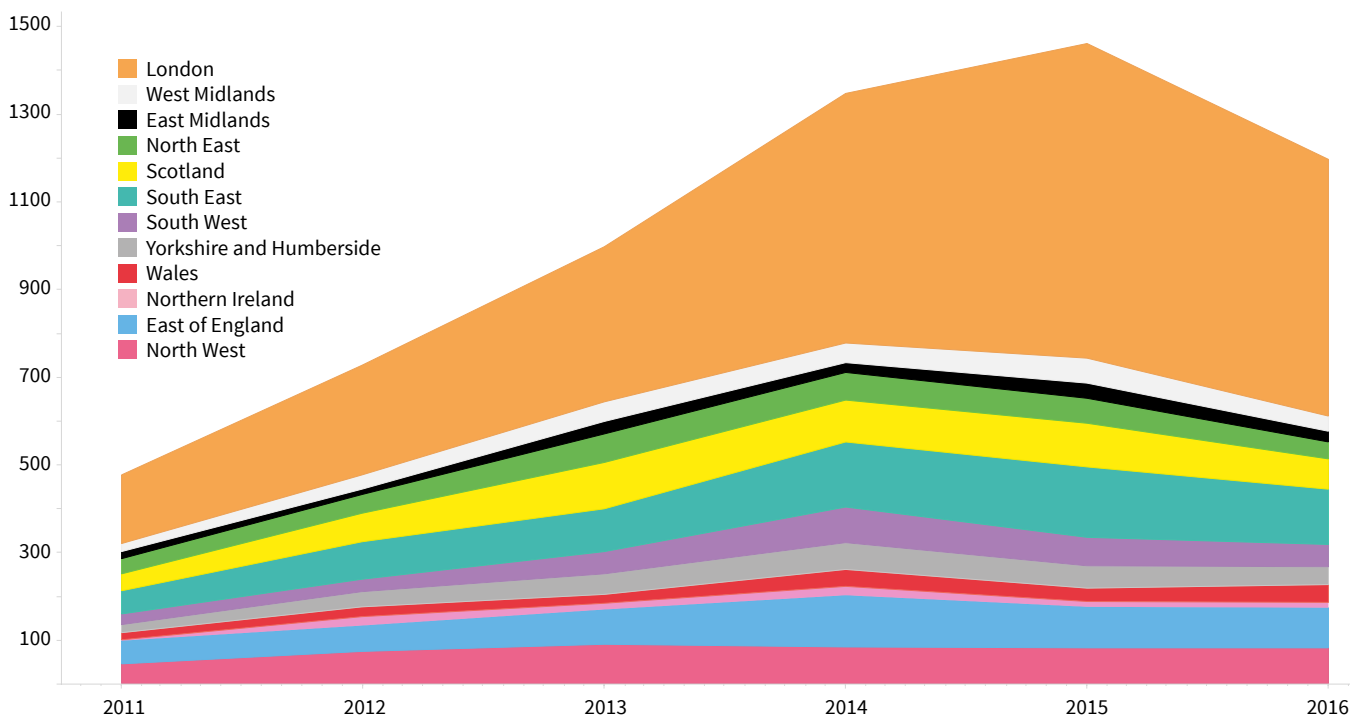
Geography.

Deal numbers fell across the board in all regions except Wales and Northern Ireland. As always, London took the lion's share of both deal numbers and amount invested.

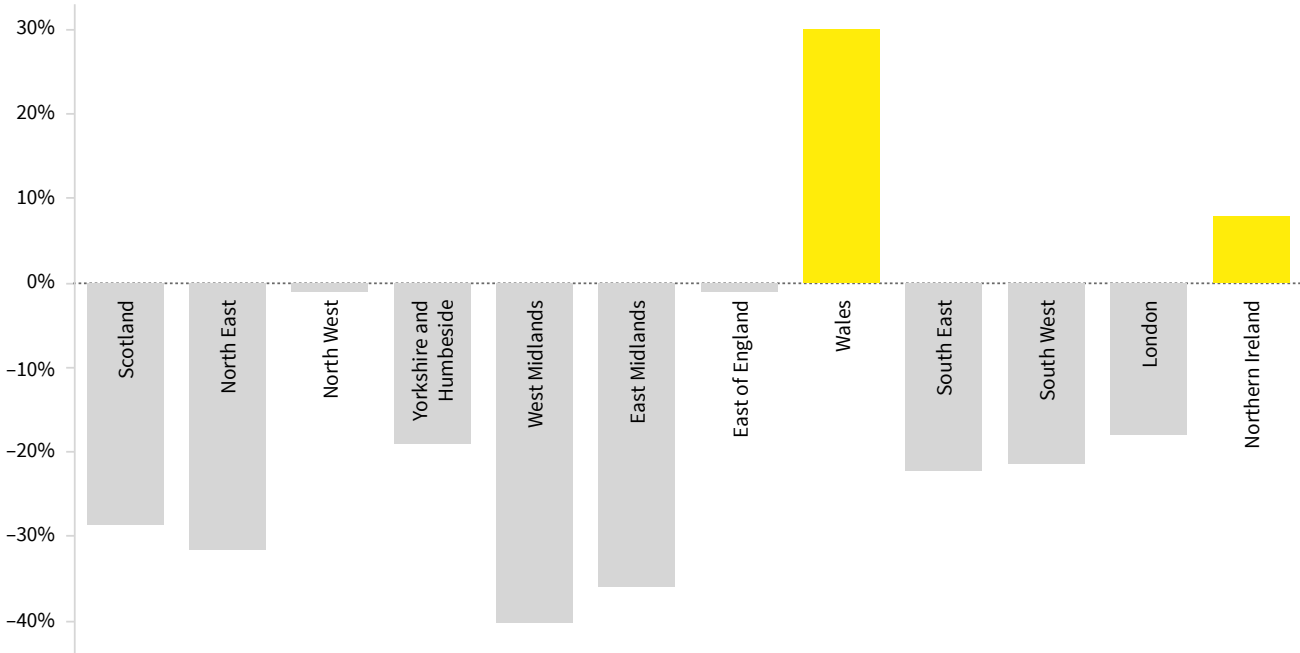
Wales and Northern Ireland buck the trend.

Wales and Ireland were the only regions not to witness a fall in deal numbers in 2016, with numbers increasing 30% from 2015 in Wales, and 8% in Northern Ireland. Both regions receive comparatively low levels of investment, with £37m invested over 39 deals in Wales, and £27m over 14 deals in Ireland. The growth in Wales can be attributed to increased activity by Finance Wales and investments through Seedrs, rising from 2 in 2015 to 8 in 2016. In Northern Ireland, the growth hopefully represents the beginning of a slow return to the higher deal numbers last seen in 2014.

Share of Deal Numbers by Region



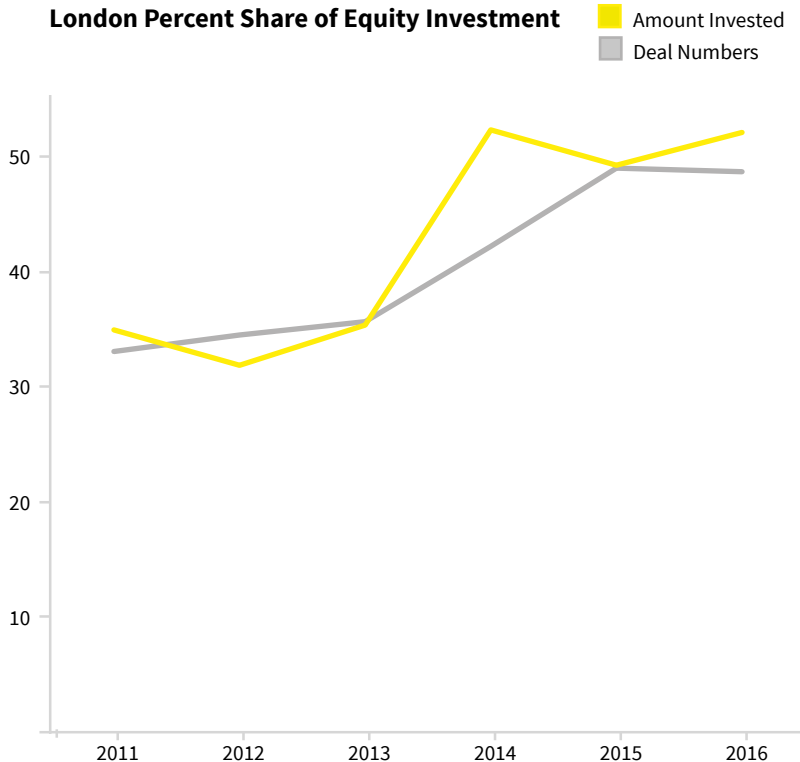
Percent Change in Deal Numbers

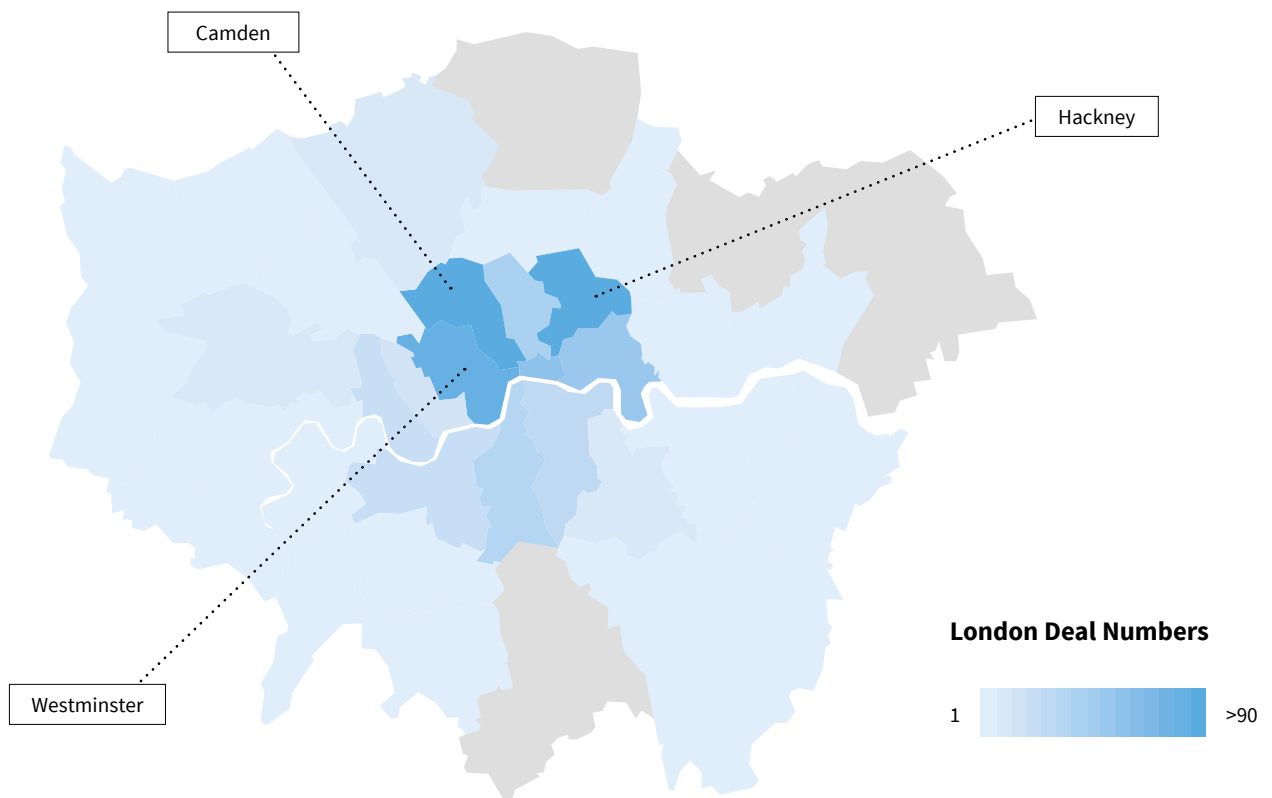


London takes half of all fundraisings in 2016.

As has always been the case, the largest proportion of deals went to companies in the capital, with London taking 49% of equity fundraisings in 2016. However, after continuous growth since 2011, London’s share of deal numbers levelled out this year, shrinking by 0.64%. London-based companies also took 52% of the amount invested in 2016. The South East and the East of England came in second and third place, taking 10% and 8% respectively.

London Percent Share of Equity Investment





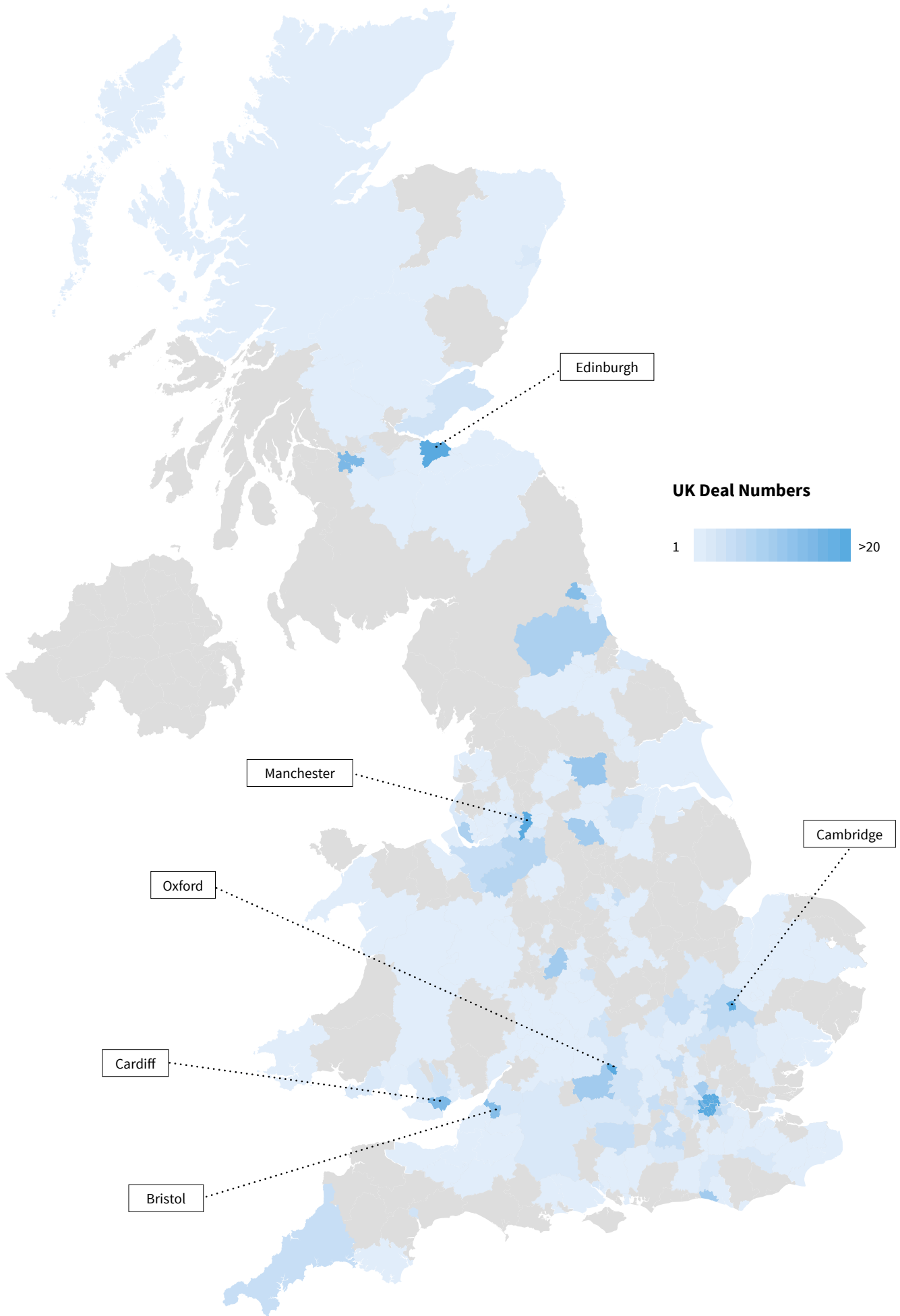
As you might expect, the top local authorities for equity investment are all in London, with the exception of Edinburgh and Cambridge.

Hackney makes it to the top of the charts.

Hackney was the top local authority by deal numbers both in the capital and in the whole of the UK. The London borough saw £153.5m invested over 88 equity investments, with Camden in close second with 85 deals worth £255.6m. Westminster saw a huge £380.4m invested over 83 deals — 11% of the total amount invested in the UK in 2016.

Cambridge and Edinburgh stay strong.

Cambridge and Edinburgh take the only non-London spots in the top ten local authorities for deal numbers this year, coming in seventh and ninth place respectively. Cambridge saw £295.6m invested over 40 deals, while Edinburgh saw £155m invested over 29 deals. The two cities have made the top ten every year since data collection started in 2011.



Methodology.

When discussing UK investment totals and deal numbers in our blogs, articles and reports, we use the following methodology, unless we state otherwise.

The deals we include in this report are equity investments into UK-based businesses. The articles and analysis contained in this report are based on announced equity investment.

This data is based on our own independent monitoring of fast-growth UK companies, their deals and their investors.

What we include when analysing UK equity investment

Equity financing

Funding from either “organised” or “unorganised” investors. The former include institutions such as private equity firms, corporate venturing arms or formal networks such as business angel groups. The latter include business angels that are not investing through an angel network.

Crowdfunding investment

Investments of money in return for equity from crowdfunding intermediaries are included.

Deals where third-party funders raised their cash from equity crowdfunding platforms

We include these if crowd investors either retained the power to allocate their money, after making a commitment to the funder, or if they (or the platform as a nominee) directly own shares in the investee companies.

Investor participations

We attribute each deal to however many investors were involved in the deal provided they received new shares, regardless of the number or value of shares received.

Pre-emption participations

We include all participations by investors, even if their contribution to a given round only represents the exercise of pre-emption rights.

Deals only partly equity

Venture debt, loans or grants issued to non-listed companies are included only if they have come alongside equity financing. The entire round

(including debt) is included in the data.

Investment only into non-listed companies

Publicly listed companies of any kind that are actively traded on any exchange are excluded from our numbers.

Announced vs. unannounced deals

We categorise equity fundraising transactions into two types.

Announced deals are those investments that had an accompanying press release or were mentioned in the news.

Unannounced deals are investments that were uncovered by our in-house researchers. Information about these deals, such as the amount invested and the company’s valuation, is not publicly available.

What we do not include

Buyouts, mergers and acquisitions

These transaction types involve the change in ownership of existing shares (to buy out existing shareholders) rather than the creation of new shares (and the injection of new money into the company).

Private placements

Private investment in public equities even if made by a venture capital or private equity arm.

Solely debt/grant funding

Venture debt or grants issued to growing companies without any equity in the funding round.

Cash for rewards

Investment into companies for non-financial rewards, e.g. Kickstarter.

Project finance

Equity funding for individual films, construction projects and other individual projects.

Fund commitments

When a fund manager raises a new fund from which to disburse investments, it is not per se giving away equity in itself (though it might do that separately as well). This fundraising by the fund does not constitute equity investment. Therefore fund commitments are excluded from our analysis.

Further details

Sectors

We have developed our own sector matrix that we believe more accurately reflects the way in which investors and others in the industry think about fast-growth companies.

Cross-sectors

When analysing cross-sector data, i.e. comparing sectors, we weigh deal numbers and investment amounts across all of the investee's sectors. For example, a company in the Internet Platform and Theatre sectors will be counted as half a deal in each of these two sectors.

Single-sectors

When analysing single-sector data we do not apply weighting. For example, when looking at the Mobile Apps sector in isolation we count fully all deals and investment amounts related to all investee companies with Mobile Apps as one of their sectors. That same deal may also be counted fully when looking at the E-commerce sector in a different section of the report if the company is in both sectors.

Currencies

Where investment amounts have been provided in foreign currencies, these have been converted to GBP at the average exchange rate for the quarter in which they were completed.

Seed/Venture/Growth

We categorise businesses as being at the seed-stage, venture-stage, or growth-stage based on proprietary research and criteria. A deal is a seed-stage deal if the company was at the seed-stage when it received the investment.

Location

This information is based on the head office location of the company receiving investment. For example, if a company has offices in multiple cities or was founded in a particular city but has moved its headquarters, our data only reflects this headquarters address.

Second closing of a round

If, for example, a company completes a second closing of its Series B round for £5m this quarter having previously closed £2m last quarter (for a £7m total), only the £5m second closing is included in our data this quarter with the £2m first closing counting towards the previous quarter's figures.

Overfunding

If a company sets out to raise a certain amount of money (via e.g. equity crowdfunding), but continues its fundraising after it has reached that amount, and then does manage to raise that second amount, we would count this as one deal, placing it at the date on which the second amount of money was raised.

Close deals

If a series of similar deals are announced for the same company within a short time period and these in our opinion actually form one single deal then we will count these in aggregate as one deal.

Ongoing fundraising

If a company indicates the closing of £1m out of a desired raise of £10m, our data only reflects the amount that has closed.

Contingent funding

If a company receives a commitment for £10m subject to certain milestones being achieved but first gets £5m, the entire £10m is included in our data.

Timing

Investments are allocated based on the date given in the announcement of the deal. This may differ from the date on which the deal legally closed. On occasion we see deals announced later than the date given, for example, a press release may be distributed in May that discloses that a deal happened in March. In this case we will take March as the deal date.

Data for this report was finalised on **19/01/17**. Deals disclosed after this date are not included.

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- Angel Networks
- Government Funds
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- Universities
- Comprehensive portfolios

50,000+

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- CXOs
- Directors
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Text: Henry Whorwood, Ella Halmari, Jonathan Ross, Eleanor Sharman, Nina Coldham

Data: Simone Dauti, Lucy Coutts, Zahra Mawji

Production: Ella Halmari

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