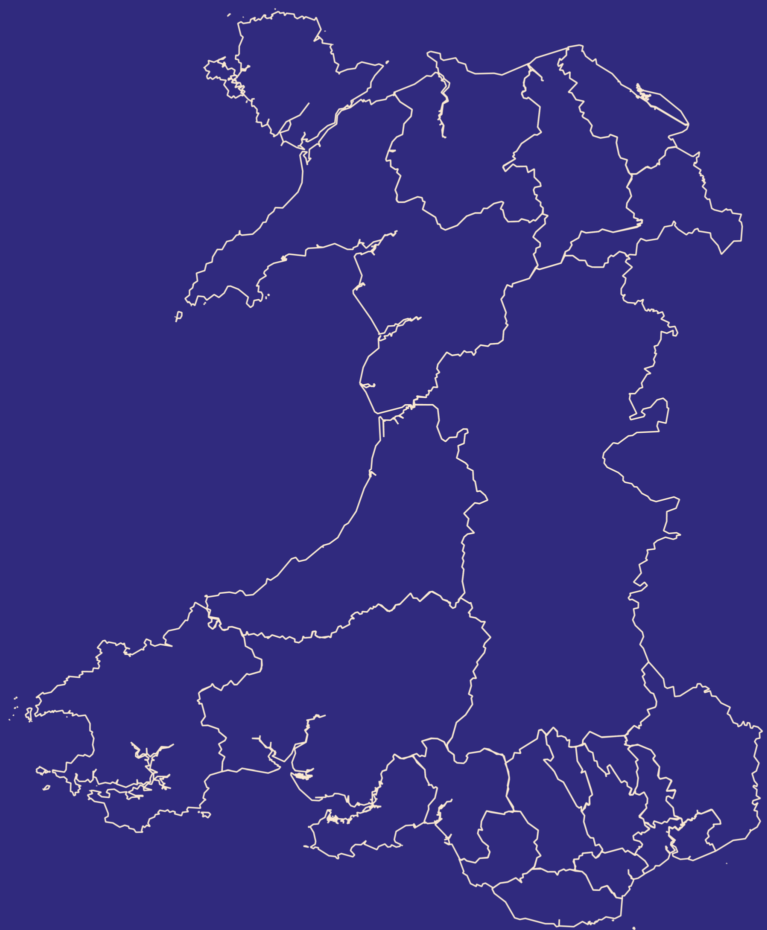
Equity Investment in Wales

2023



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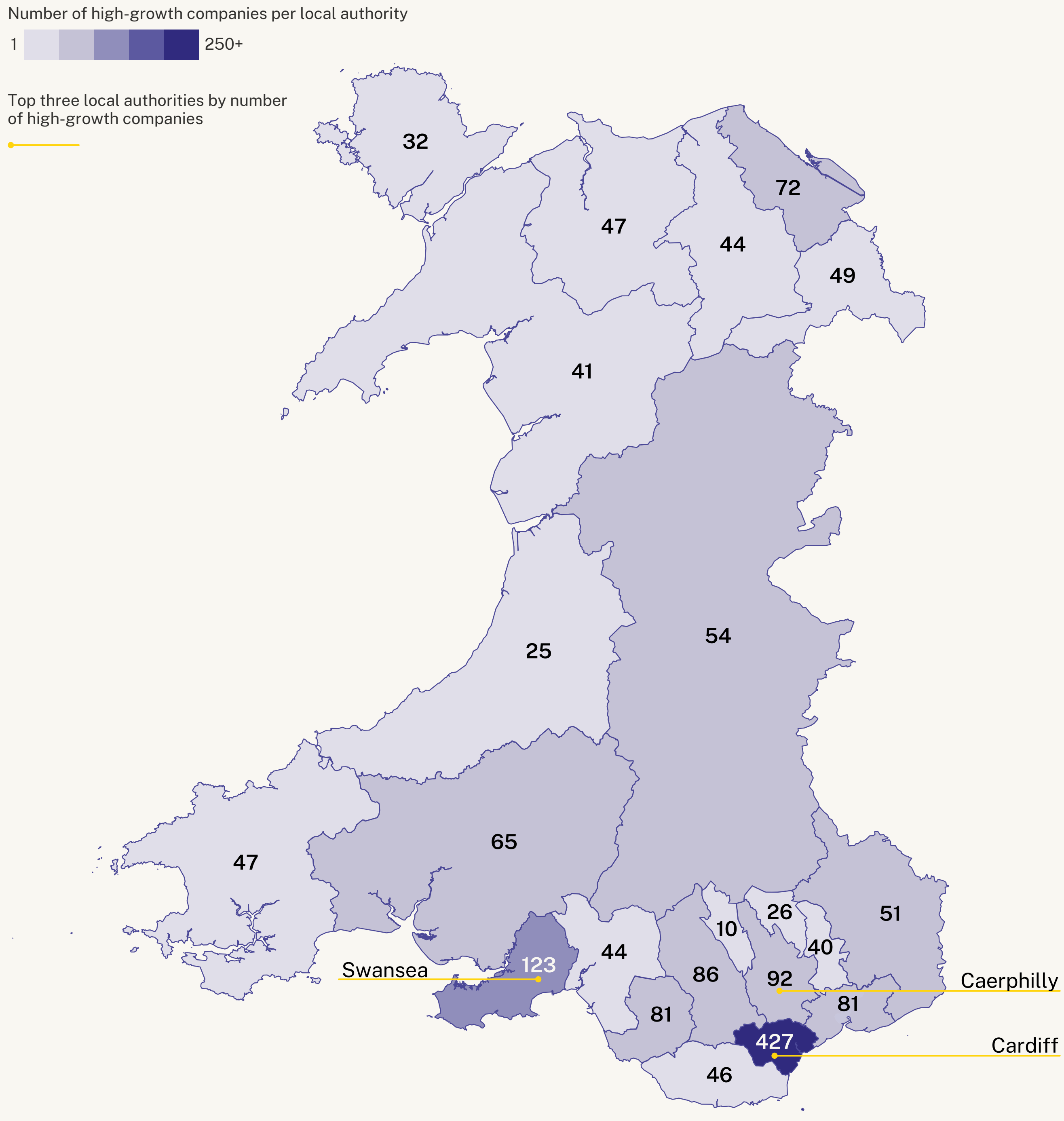


Foreword

Giles Thorley
Chief Executive Officer at the Development Bank of Wales

The relationship between equity investment and business growth is explored in detail in this second report by Beauhurst, sponsored by the Development Bank, as we take a closer look at the dynamics of equity investment in Wales.

The last report looked at data for 2011 to 2020. It is pleasing to see that Wales has seen a marked step up across the board since that time. Data for the number of Welsh high-growth companies that raised equity investment is up and the value of equity investment in the last three years has also increased. It is difficult to make direct comparisons with other parts of the UK due to different business populations but it's encouraging that Wales has a strong proportion of high growth businesses relative to our business population.

The research also clearly shows that equity is a great growth enabler having supported half of the companies in Wales that have achieved over 100% annual growth in turnover over the last three years. And it's pleasing to see that they are pretty evenly distributed across Wales.

Looking at the stages of investment the data shows us that 70% of finance has supported seed and venture deals. Nurturing these early stage businesses today is a strategic aim of the Development Bank as we recognise their potential as tomorrow's growth companies. It's also not surprising that the technology sector continues to see the most equity fundraising deals with Software-as-a-service (SaaS) leading the way.

Another strategic focus for us is to encourage more syndicated business angel deals so it's great to see evidence of this working. Along with the tax benefits, business angels value the advantages of greater firepower and shared risk, while business owners capitalise on their connections, skills and experience.

An equally important role for equity investment is succession transactions, helping management teams to take over existing businesses. We've seen a big uplift in deals completed using partial equity investment with our own run rate doubling in the last two years.

The Development Bank will continue to educate businesses on the value of equity investment. We are pleased to work alongside other funders and contributors to this report like the British Business Bank and Cardiff Capital Region to stimulate demand, encourage more investors to Wales and ensure financial inclusion for all.

Executive summary

Henry Whorwood
Head of Research and Consultancy at Beauhurst

1,583
active Welsh high-growth companies (2023)

£990m
value of equity deals into Welsh businesses (2013-2022)

1,357
number of equity deals into Welsh businesses (2013-2022)

Wales hosts 1,583 active high-growth companies, comprising 3.44% of the UK's total population and 6.18% of high-growth companies outside London and the South East. Over the past decade, these firms secured £990m in equity investment, peaking at £130m in 2020. It is great to see this investment activity and the clear resilience of Welsh companies in challenging times. When companies in London and the South East are removed from the equation, Welsh companies have secured 2.67% of total equity investment by value over the past decade. During the same period, the number of equity deals involving Welsh companies constituted 5.91% of the total deal activity outside of London and the South East. This implies that Welsh companies are securing equity deals at a rate proportionate to their population outside of London and the South East.

There is untapped potential in Wales. The Development Bank of Wales and other investors in the region kick-start growth journeys by helping companies to secure funding and bring innovative technology and practices to the market or by supporting companies making a transition to the next generation of leaders. Other investors need to be pragmatic and look beyond London and the South to find opportunities in sectors as diverse and advanced as agritech, medical devices, fintech, and cleantech. Wales has a lot to offer in terms of innovation — and return on capital.

High-growth Wales by region

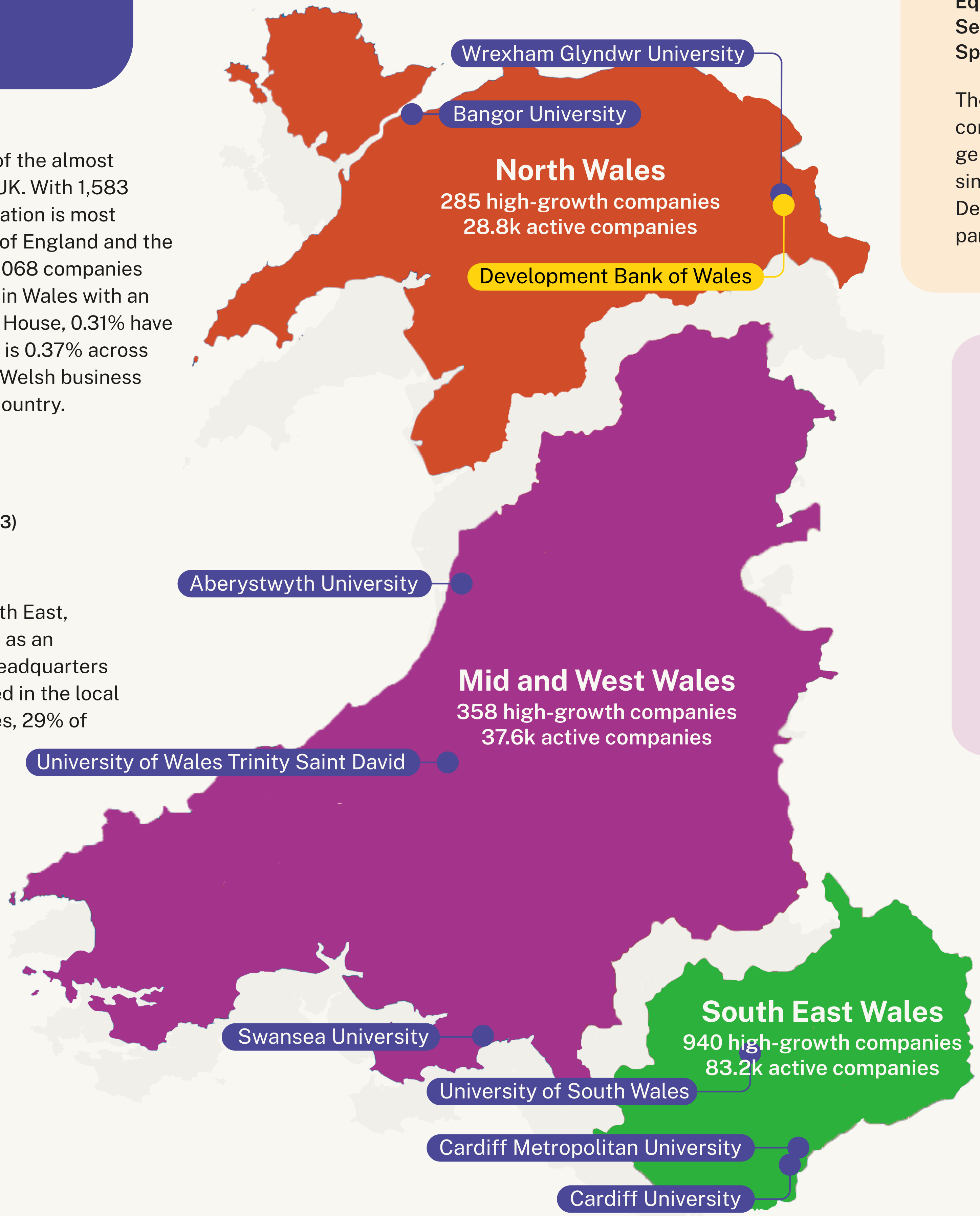
Wales is home to approximately 3.5% of the almost 46,000 high-growth companies in the UK. With 1,583 firms, Wales' ambitious business population is most comparable to those of the North East of England and the East Midlands, which have 1,244 and 2,068 companies respectively. Looking at all businesses in Wales with an active or dormant status on Companies House, 0.31% have received equity investment. This figure is 0.37% across the UK as a whole, demonstrating that Welsh business talent is in league with the rest of the country.

1,583

active Welsh high-growth companies (2023)

Within Wales, the top region is the South East, primarily due to the strength of Cardiff as an existing high-growth ecosystem; the headquarters of 427 innovative companies are located in the local authority of Cardiff. In South East Wales, 29% of high-growth companies are seed stage, while in Mid and West Wales, this figure is close behind at 25%, suggesting the latter region is also fostering an attractive base to launch an innovative business.

Proportionally, high-growth companies represent around 1% of total active companies within each Welsh region. This suggests that each region is able to support high-growth company creation and growth, though the composition of the population in each region differs by age and sector.



North Wales

High-growth companies:	285
Equity backed companies:	77 (£114m secured 2013-2022)
Seed stage companies:	45 (£16.3m secured 2013-2022)
Spinout companies:	4

The top local authority of North Wales by the number of high-growth companies is Flintshire, home to innovative businesses such as genomics firm Biofortuna, which has raised £9.6m of equity funding since 2010. Wrexham of North Wales is also the headquarters of the Development Bank of Wales — the top investor for all of Wales, having participated in 350 equity deals between 2013 and 2022.

Mid and West Wales

High-growth companies:	358
Equity backed companies:	103 (£172m secured 2013-2022)
Seed stage companies:	88 (£18.6m secured 2013-2022)
Spinout companies:	26

After Cardiff, Swansea a leader in Wales for the number of high-growth businesses, with 123 firms headquartered in the local authority. Swansea University is an important component of the high-growth ecosystem as a number of companies have spun out of the academic institution to commercialise research. One such spinout is wind turbine developer Crossflow Energy, which has raised £8.98m in equity investment via eight deals.

South East Wales

High-growth companies:	940
Equity backed companies:	277 (£488m secured 2013-2022)
Seed stage companies:	276 (£57.1m secured 2013-2022)
Spinout companies:	21

With Cardiff, Caerphilly and Newport located in South East Wales, this region is the most populous of the three for high-growth companies. Firms headquartered in the capital Cardiff raised more than £50m of equity finance in 2022 — around half of all equity fundraising secured in Wales that year — demonstrating its position as the most established business ecosystem of the UK region.

Introduction to equity finance and how companies use it

Equity finance is a company's issuance and sale of new shares to investors. In return for purchasing shares, investors receive a stake in the company and can provide valuable knowledge and expertise. It plays a pivotal role in the development of companies by funding innovation, increasing business growth pace, and supporting succession planning enabling new generations of business owners to thrive. Companies use equity finance for various reasons, such as further R&D, entering new markets, expanding employee headcount, and opening new office spaces.

Companies may need equity finance at the earliest stage of business right through to becoming a mature, even profitable, firm. The opposite page demonstrates a positive relationship between equity investment and turnover and headcount growth. To fund such growth, high-potential businesses can navigate a broad landscape of equity sources, including angel investors, venture capital, private equity, or crowdfunding. Angel investors are high-net-worth individuals or entrepreneurs themselves. They typically invest in early-stage companies as other investor types may not be willing to part with funds. Venture capital firms often invest in high-risk businesses with the potential for rapid growth. Private equity investors, in comparison, invest in low-risk businesses with a track record of demonstrating growth.

Though some may feel that equity investment represents a relinquishing of control when new shares are allocated to investors, equity finance has great benefits — more than the money itself. The right investor can provide expertise in growing a business, from management experience to sector knowledge. Many angel investors have launched funds after selling their own successful businesses. Investor relationships can also offer access to networks of useful contacts; these may form further mentors or even become a company's next investor. Equity finance from certain investors can also help raise a company's profile, further aiding its growth.

59.1k
equity deals secured by UK high-growth companies 2013-2022

1,357
equity deals secured by Welsh high-growth companies 2013-2022

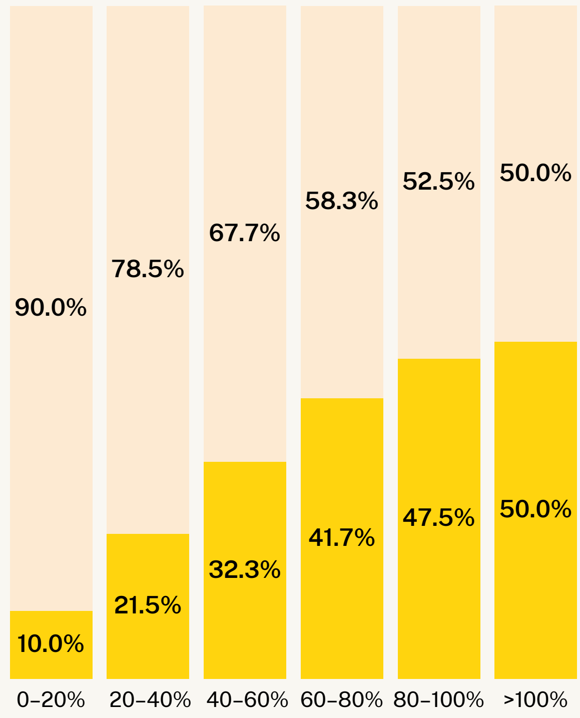
2.3%
Welsh equity deals as a proportion of all equity deals 2013-2022

Equity finance and growth

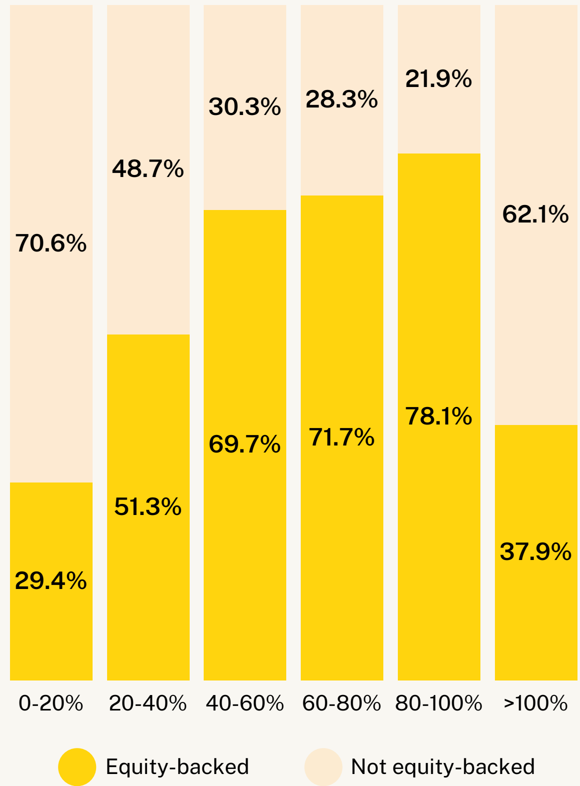
Receiving equity investment is associated with higher three-year compound annual growth rates (CAGRs) in turnover and headcount. Of the companies that had achieved the impressive feat of over 100% annual growth in turnover over the last three years, half have received equity investment. While increasing employee headcount has a less clear relationship with having received equity investment, the chart below shows that higher compound annual growth rates in headcount are also associated with receiving equity investment.

Equity investment is not a silver bullet for growth; companies still need a solid team, the right product, and an enthusiastic market. However, external capital can act as leverage for companies with the right pieces in place. It enables greater execution speed, bringing greater learning opportunities while shielding the company from some of the short-term challenges of day-to-day survival. Naturally, the relationship between equity finance and turnover or headcount growth flows both ways. Investors like to back growing companies, and growing companies often need finance. Like any other tool, it can be tremendously powerful when used correctly.

Three-year CAGR by turnover (2019-2022)



Three-year CAGR by headcount (2019-2022)



Stages of investment

Seed

Seed-stage companies are often young, with a low number of employees, a small valuation, and little (if any) equity investment raised. Seed-stage companies represent 28.5% of the UK's total high-growth company population. Welsh seed-stage companies represent 25.6% of the Welsh high-growth company population.

£215m
equity investment into seed-stage Welsh businesses 2013-2022

1.18%
proportion of equity investment into all seed-stage UK businesses

Case study

Explorage

From its base on the Isle of Anglesey, Explorage operates a web app allowing users to find and book storage space. In 2020, it secured a £30k grant from Menai Science Park's Level Up programme as one of the accelerator's inaugural cohort of companies. Explorage raised £359k in equity investment via two seed deals in 2022 to support the development of its application. Its investors include M-Sparc, the Wales Angel Co-investment Fund, and the Development Bank of Wales via its technology funds.

Venture

Venture-stage companies have progressed beyond the seed stage. These companies are likely to have developed product-market fit and secured investment and valuations in the millions. Venture-stage companies represent 16.1% of the Welsh high-growth company population and 17.0% of the UK's total high-growth company population.

£501m
equity investment into venture-stage Welsh businesses 2013-2022

1.29%
proportion of equity investment into all venture-stage UK businesses

Case study

Ceryx Medical

Cardiff-based Ceryx Medical was founded in 2016 by Julian Paton and Alain Nogaret. It develops pacemakers that mimic the heart's natural beat. Its CYSONI system monitors a patient's cardiorespiratory health and generates timed impulses to optimise cardiac performance. Since launching, Ceryx Medical has raised £4.42m in equity finance via two funding rounds (July 2020 and March 2022). Its investors include the Development Bank of Wales, BGF Growth Capital, and angel investors.

Growth

Growth-stage companies have usually been operating for over five years and may have multiple offices. A growth-stage company may also have regulatory approval (where required) and will likely bring in significant revenue and investment, with a valuation in the millions. It may have a large product range and trade internationally. Growth-stage companies represent 16.9% of the Welsh high-growth population and 13.2% of the total UK high-growth population.

£133m
equity investment into growth-stage Welsh businesses 2013-2022

0.26%
proportion of equity investment into all growth-stage UK businesses

Case study

Pockit

Cardiff-based Pockit provides its customers with prepaid credit cards that offer discounts and cashback from associated retailers. It was established in 2014 to provide more accessible financial support and to promote financial inclusion. To date, it has secured a total of £29.1m in equity fundraising; meanwhile, £11m was secured when the company was at the venture stage and £18m at the growth stage.

Established

An established-stage company has been trading for over 15 years or between five and 15 years with three years of consecutive profit of over £5m or turnover of more than £20m. Established-stage companies represent 37.3% of the Welsh high-growth company population and 37.1% of the UK's total high-growth population.

£148m
equity investment into established-stage Welsh businesses 2013-2022

0.61%
proportion of equity investment into all established-stage UK businesses

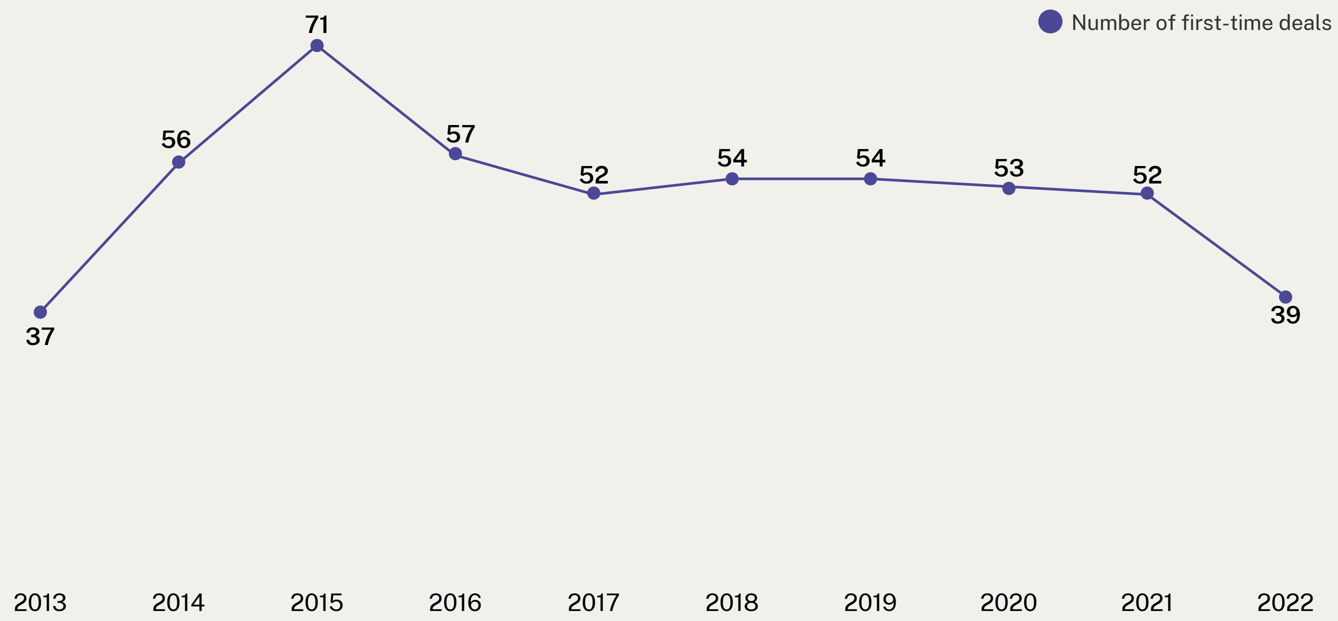
Case study

Penderyn Distillery

Penderyn Distillery produce a range of single malt whiskies and offers visitor tours of its Rhondda Cynon Taf distillery in the foothills of the Brecon Beacons National Park. Welsh football legend Gareth Bale made an undisclosed angel investment in the company in November 2022. Since launching in 2004, Penderyn has raised over £3.26m in equity investment.

First-time investment

Number of first-time equity deals into Welsh businesses (2013-2022)



> Wales has been demonstrating economic resilience despite challenging economic headwinds. Much of this resilience is informed by the fact that Wales is one of only four UK nations and regions to show year-on-year growth in the number of announced equity deals in Q1-Q3 2022, in contrast to falls elsewhere in the UK. Such information validates the understanding that equity investment is one of the cornerstones of a healthy and robust economy and this is something that we must continue to nurture and advance.
>
> Jess Phillips
> Senior Manager, UK Network – Wales

Companies receiving equity investment for the first time are the future high-growth champions of the Welsh economy, so it is concerning that the number of companies securing their first investment declined in 2022. However, the same proportional decline of around 25% was reflected in the number of companies rising for the first time across the UK. So while a declining number of companies receiving equity investment is not the best outcome, the data suggests that the decline is due to a more challenging economic environment and more cautious capital deployment by investors. Investment activity at the earliest stages is often heavily supported by angel investors, who, as individual investors, have far more discretion over their investment rate than institutional investors.

Angel investment

Angel networks facilitate investment from groups and individual angel investors, who tend to be high-net-worth individuals that offer very early-stage capital where other backers may not yet be willing. Networks of angels share investment opportunities and often syndicate their funds to make larger deals with a greater number of companies. For the youngest companies in the high-growth ecosystem, angel networks can be essential as companies benefit not only from finance they may not get elsewhere but also from their angels' support and expertise.

Between 2013 and 2022, 26 angel networks invested in 52 Welsh companies over 71 equity deals. Beauhurst data suggests that syndicated deals are on the rise. Consequently, the collaboration of angel networks on equity deals means high-growth companies can benefit from a broader range of investors and their networks.

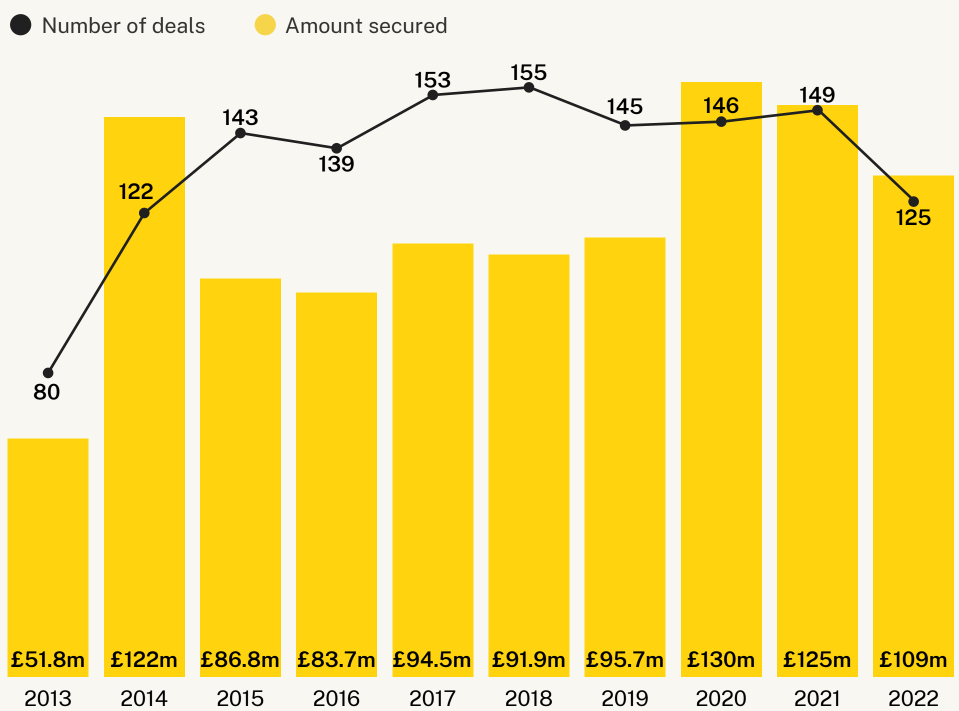
Top angel networks by equity deals into Welsh businesses (2013-2022)

Angels Invest Wales	30
Wealth Club	9
Minerva Business Angel Network	5
Newable Ventures	3
Envestors	3
South West Angel and Investor Network (SWAIN)	2
Severn Seed Finance	2
Inspire Wales	2
indycube Ventures	2
Clearly Social Angels (CSA)	2
Cambridge Angels	2
Bristol Private Equity Club	2

> Angel investment is an important element of equity finance, unlocking potential in early-stage businesses. Syndicate investment is a key part of the angel ecosystem as it promotes collaboration, encouraging a wide range of investors to work together to pool skills, share knowledge and balance financial risk. Angels Invest Wales harnesses this collaboration to match fund our Wales Angel Co-investment Fund and unlock co-investment potential with our tech seed funds.
>
> Steve Holt
> Director, Angels Invest Wales

Equity investment

Equity investment into Welsh businesses (2013-2022)



1,357

number of equity deals into Welsh businesses (2013-2022)

£990m

value of equity deals into Welsh businesses (2013-2022)

Welsh businesses secured £990m in equity investment between 2013 and 2022. The annual value of equity investment secured by Welsh high-growth companies reached an all-time high of £125m in 2021, secured via 149 deals. In 2021, equity investment in private companies across the UK reached record highs due to government stimulus measures, low interest rates, and increased deployment by investors due to pent-up demand caused by the COVID-19 pandemic and associated lockdowns. This is partially reflected in the strong total investment secured by Welsh companies in 2021.

Last year was more challenging, with the war in Ukraine and the sanctions on Russia driving energy prices and adding fuel to the stimulus-driven inflactionary environment. Combined with rising interest rates and the risk of a recession, these conditions caused investors across the UK to slow capital deployment after the frenzy of 2021. Despite the new environment, Welsh companies fared relatively well, seeing only a slight decline in total equity investment raised and the total number of deals which is broadly in line with what happened across the UK.

Top sectors for investment

Top sectors by number of equity deals into Welsh businesses (2013-2022)

Software-as-a-service (SaaS)	260
Internet platform	158
Mobile apps	142
Analytics, insight, tools	130
Healthcare products	68
Food and drink processors	67
Research tools/reagents	63
Medical devices	62
Consumer banking and financial services	60
Clinical diagnostics	58
Security services (physical and virtual)	58
E-commerce	57
Marketing services	51
Business banking and financial services	50
Educational services	41
Pharmaceuticals	33

Software-as-a-service is ranked the top sector in the Welsh high-growth ecosystem by the number of equity fundraising deals over the last decade. Companies in this sector have completed 260 deals since 2013. The Welsh ecosystem features a range of impressive software companies, such as Swansea-based software development company Veeqo which completed 14 equity fundraising deals, totalling £7.18m, before its acquisition by Amazon in March 2022. In addition, other technology sectors in Wales account for a significant number of deals over the last decade, as do healthcare and life sciences subsectors such as healthcare products and research tools/reagents.

> “This illuminating report confirms the status of South East Wales as one of the most established business ecosystems in the UK. It's particularly encouraging that 940 of Wales' high-growth companies are headquartered in the CCR, with 2022 also seeing 13 new entities spin out from our three universities — in a year that brought significant equity deals for Ceryx Medical, Delio, Jellagen, Mootral, Sero and Yoello.
>
> **Kellie Beirne**
> Director, Cardiff Capital Region

Top investors

The Development Bank of Wales continues to be the biggest equity investor in Welsh businesses — completing 350 deals across the high-growth ecosystem between 2013 and 2022. Set up by the Welsh government, the Development Bank aims to boost the region's economy by providing finance to high-potential ventures across a broad portfolio of equity and loan funds. The Development Bank of Wales, and its managed funds, contributed to top fundraisings such as Jellagen's £8.70m equity fundraising in October 2022 and IQ Endoscopes' £5.20m equity fundraising in December 2022.

Crowdfunding is a popular method for raising capital in Wales and across the UK. Well-known crowdfunding platforms Seedrs and Crowdcube rank ahead of traditional private equity and venture capital firms for the number of deals these companies have facilitated over the last decade. Crowdfunding platforms enable individuals to invest in early-stage companies that may be too risky for institutional investors. For this reason, they are an essential source of funding for early-stage companies. Some of the investors on the ranking such as Wealth Club and Sunnybarn Investments are relatively new investors in Welsh companies, reflecting an increasingly diverse equity investment landscape in Wales.

Top investors by number of equity deals into Welsh businesses (2013-2022)

Development Bank of Wales	350
Seedrs	41
Crowdcube	26
SFC Capital	14
IP Group	10
Wealth Club	9
Sunnybarn Investments	9
Mercia Fund Managers	9
BGF Growth Capital	9
Startup Funding Club SEIS Fund	7
Future Fund	7
UK Steel Enterprise - Equity Finance	6
SyndicateRoom	6
ACF Investors	6

Top deals

Top equity deals secured by Welsh companies during 2022

£9.68m	Mootral	Stage of investment: Venture Pre-money valuation: £20.1m Activity: Agritech
£8.70m	Jellagen	Stage of investment: Venture Pre-money valuation: £14.1m Activity: Medical collagen developer
£6.35m*	Calon Cardio	Stage of investment: Growth Pre-money valuation: £24.3m Activity: Cardiac device developer
£6.00m	Delio	Stage of investment: Growth Pre-money valuation: £24.0m Activity: Fintech platform
£5.50m	Sero	Stage of investment: Venture Pre-money valuation: £12.6mm Activity: Decarbonising homes
£4.08m	yoello	Stage of investment: Venture Pre-money valuation: £26.1m Activity: Payment processing app
£3.85m	Ceryx Medical	Stage of investment: Seed Pre-money valuation: £2.25m Activity: Medical device developer
£3.75m	R&V	Stage of investment: Established Pre-money valuation: Unavailable Activity: Door/window manufacturer
£3.54m	Bombora Wave Power	Stage of investment: Venture Pre-money valuation: Unavailable Activity: Wave energy generation

**This deal also included an undisclosed debt component.*

Top exits

6

exits via IPO by Welsh high-growth businesses (2013-2022)

146

exits via acquisition by Welsh high-growth businesses (2013-2022)

High-growth Welsh businesses account for 2.84% of all UK exit transactions. Between 2013 and 2022, there were 152 exits for Welsh companies. The top acquisition by value is SPTS Technologies' exit to Orbotech for £216m in July 2014. This is followed by Tech Mahindra's £112m acquisition of Cardiff-based fintech Target Group in May 2016. Five of the six high-growth Welsh businesses that underwent an IPO chose to list on London's Alternative Investment Market (AIM). This includes Bridgend-based, building materials supplier Brickability Which raised £56.7m from its 2019 IPO. It achieved a record £150m market capitalisation at IPO.

Top exits via IPO by Welsh high-growth businesses by market capitalisation (2013-2022)

Brickability	£150m
Cellnovo	£81.7m
Diurnal	£75.2m
Midatech	£74.2m
Creo Medical	£61.3m
MedaPhor	£10.1m

Top exits via acquisition by Welsh high-growth businesses by consideration paid (2013-2022)

SPTS Technologies	£216m
Target Group	£112m
Invertek Drives	£100m
Orangebox	£60.0m
Oodle Car Finance	£60.0m
Dr Organic	£55.0m
Gap Personnel	£20.1m
N R Evans Distribution	£20.0m

Breakdown of spinouts

Welsh universities by number of active spinout companies (2023)

Swansea University	26
Cardiff University	8
Aberystwyth University	4
University of South Wales	3
Bangor University	3
Cardiff Metropolitan University	2

Non-Welsh universities by number of active spinout companies with headquartered in Wales (2023)

Royal College of Art	3
University of Bath	2
University of Warwick	1
University of the West of Scotland	1
University of Manchester	1
University of Exeter	1
University of Bristol	1
Cardiff Metropolitan University	1
Brunel University	1

Academic spinouts represent a route for university researchers to commercialise innovative work and novel ideas. In this way, spinouts can benefit significantly from their academic institutions, drawing from intensive research, a wide support network, and access to state-of-the-art technology. Some universities offer capital either directly or through an associated venture fund. The above benefits impact the growth potential of spinouts; as a result, they receive lots of interest from investors.

Six Welsh universities have spun out companies based in the region, with 46 active in the high-growth ecosystem. Among the universities, Swansea University remains the top university for Welsh spinouts with 26 spinouts, including ProGnomics, Calon Cardio, and Crossflow Energy. There are a total of 12 Welsh-based spinouts from non-Welsh universities, including cultured meat space company Cellular Agriculture. Since its spinout from the University of Bath in 2016, it has secured £1.62m in equity fundraising and received Innovate UK funding.

Succession transactions

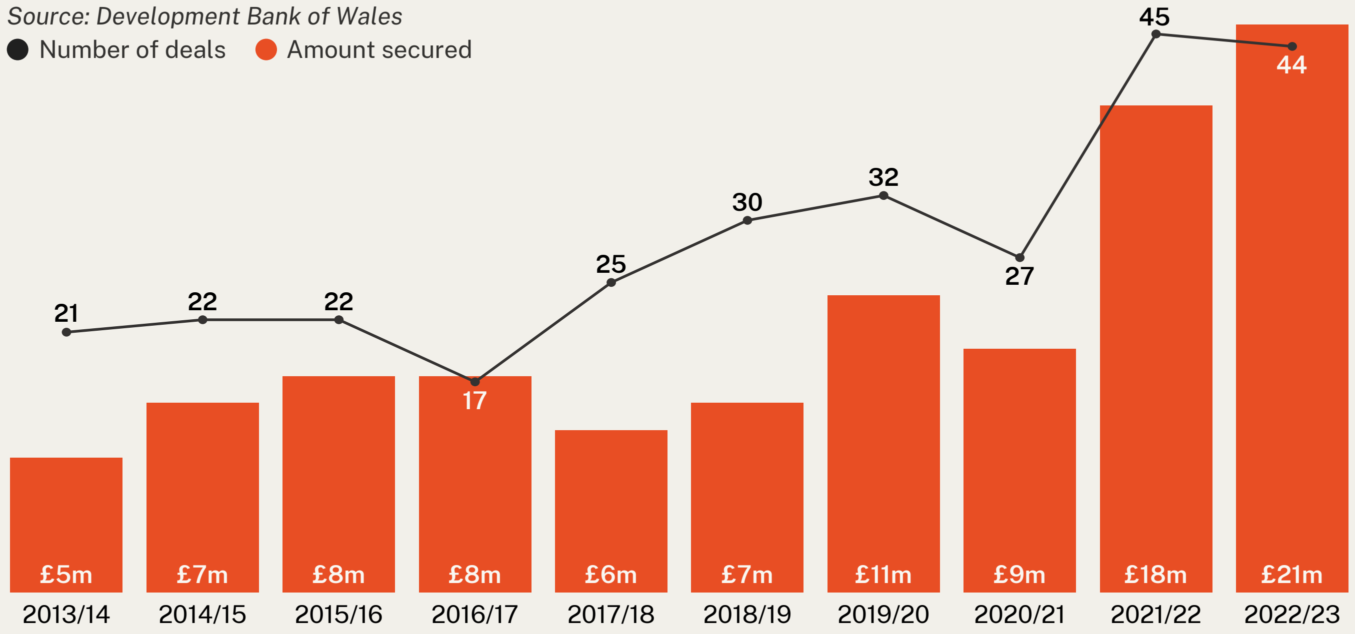
129

Welsh high-growth company MBO/MBIs (2013-2022)

Succession transactions provide a strategic exit for business owners, transferring ownership to a new management team. There has been an increased appetite for these transactions since the COVID-19 pandemic as more founders and managers have opted to retire and enjoy the fruits of their labours. There are four main types of succession transactions: management buyouts (MBOs), management buy-ins (MBIs), buy-in management buyouts (BIMBOs), and employee buyouts (EBOs), each with unique benefits and drawbacks. Despite the benefits, business owners may be deterred by factors such as a lack of clarity about taking equity investment and concerns about operational disruption. Receiving sound advice can help alleviate these concerns. The most suitable approach to a succession transaction will depend on the specific company, its owners, the incoming team, financing history, and other relevant factors.

Succession transactions supported by the Development Bank of Wales (2013-2023)

Source: Development Bank of Wales



Case studies

Abbey Glass

Current stage of evolution: **Growth**
MBO date: **18/03/22**
Activity: **Glass and glazing**
Headquarters: **Rhondda Cynon Taf**

Abbey Glass provides a range of glazing services and glass products such as mirrors and partitions for customers including Premier Inn, JD Wetherspoon, and Costa Coffee. In March 2022, the Pontyclun-based company completed an MBO that saw Angela Worgan, who has been with the company since 2006 and has served as managing director since 2020, take ownership of the business. The deal was backed by the Development Bank and its Wales Management Succession Fund.

A&R Services

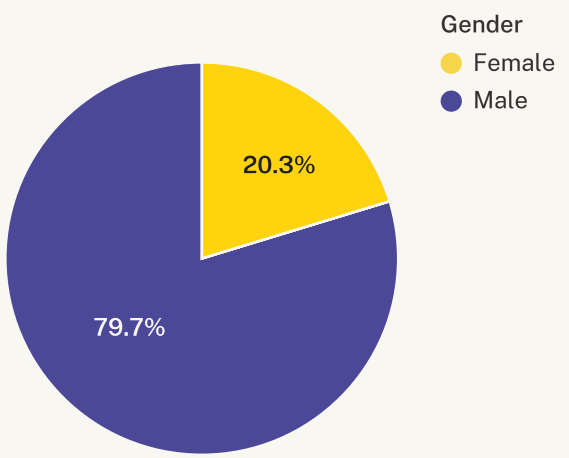
Current stage of evolution: **Established**
MBO date: **10/01/22**
Activity: **Commercial cleaning**
Headquarters: **Bridgend**

Established in 2010 as an ironing business, A&R Services now has over 350 employees offering commercial cleaning, security services, and pest control to customers including Ford and Monmouthshire Building Society. In January 2022, the Bridgend-based company completed an MBO backed by the Development Bank's succession funds. The new management team consists of co-founder Ashley Davies; Chloe Stanford, who started as an apprentice at the company; and operations manager Dora Vasarhelyi.

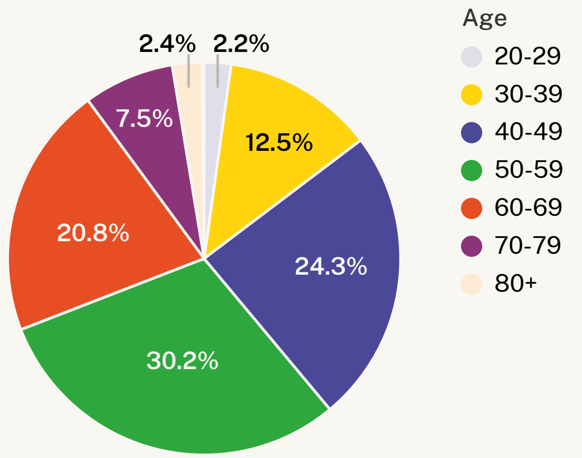
> **During the last two years, we've seen a marked uplift in demand for succession transactions as business owners consider their options following the pandemic. Our dedicated succession funds mean we can offer a mix of funding tailored to suit each transaction.**
>
> **Rhian Elston**
> Investment Director, Development Bank of Wales

Business owners demography

Gender breakdown of Welsh high-growth business founders (2023)

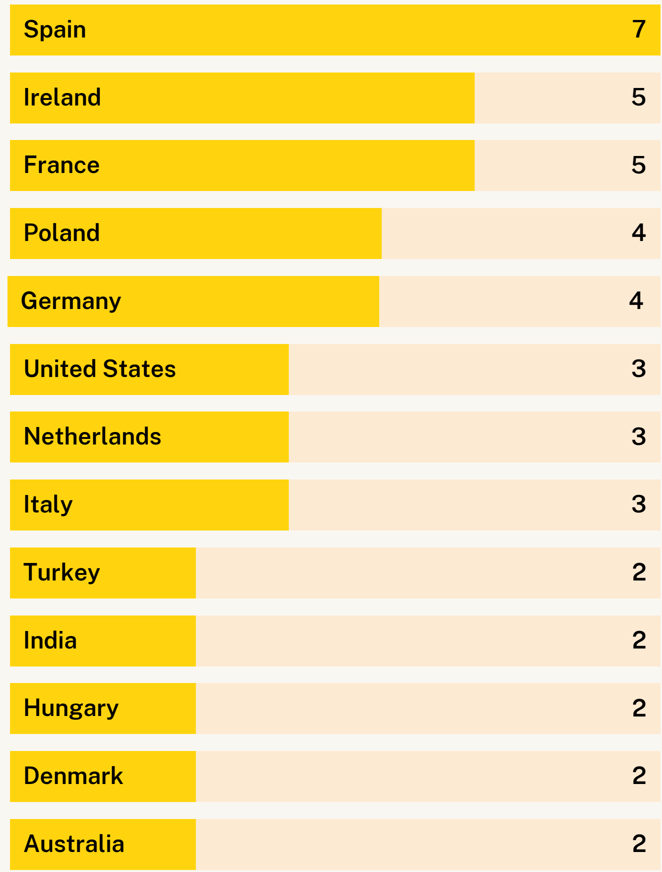


Age breakdown of Welsh high-growth business founders (2023)



Creating innovative businesses that can grow requires a diverse range of entrepreneurial and talented founders. Without a diverse business ecosystem, high-growth businesses would stagnate. Business leaders can come from any background, and their demography is ever shifting. In 2022 females represented 20.3% of Welsh high-growth business founders. While women are still underrepresented in the equity landscape, this figure represents a rising number of female entrepreneurs, leading companies in areas such as artificial intelligence, fintech, and foodtech. Leading high-growth female-founded companies include Morvus Technology, a Cardiff spinout specialising in developing tumour therapies. It has secured £13.9m in equity fundraising since its incorporation in 2004. The Welsh ecosystem is also comprised of founders from various age groups, with 14.7% of founders under 40 and 24.3% under 50.

Top nationalities of founders of Welsh high-growth businesses (2023)



Following British founders, the top founders of Welsh high-growth companies are those with Spanish nationality. Seven Spanish entrepreneurs have founded four Welsh companies, including aerospace company B2Space, founded in 2016.

International founders are likely to be from European countries and Ireland due to their geographic proximity to the UK. As well as Ireland, the United States, and Australia feature on the list, likely linked to also being English-speaking. In addition to those on this ranking, there was one founder each from Argentina, Austria, Bulgaria, Canada, Denmark, Greece, Libya, Nigeria, Slovakia, and Zimbabwe.

Methodology

Businesses in scope of this report (data as of January 2023):

4.5m

UK private companies (with an active Companies House status)

131k

active private companies headquarted in Wales

1,583

Welsh high-growth companies (currently active and have met Beauhurst's growth tracking triggers)

592

Welsh high-growth companies that raised equity finance between 2013 and 2022 (active, exited and dead)

High-growth companies

Beauhurst identifies ambitious businesses using eight triggers (outlined below) that we believe suggests a company has high-growth potential. More detail on Beauhurst's tracking triggers is available via our website.

Equity investment

To be included in our analysis, any investment must be:

- Some form of equity investment
- Secured by a non-listed UK company
- Issued between 1 January 2013 and 31 December 2022

Announced and unannounced fundraisings

An unannounced fundraising is an investment made into a private company that is completed without press coverage or a statement from the recipient company or funds that made the investment. These transactions are an integral part of the UK's high-growth economy, accounting for around 70% of all equity transactions.

High-growth tracking triggers

- Equity investment
- Academic spinouts
- Scaleups
- High-growth lists
- Accelerator attendances
- Major grant recipients
- MBOs/MBIs
- Venture debt

About the contributors

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Beauhurst is a searchable database of the UK's high-growth companies.

Our platform is trusted by thousands of business professionals to help them find, research and monitor the most ambitious businesses in the UK. We collect data on every company that meets our unique criteria of high-growth; from equity-backed startups to accelerator attendees, academic spinouts and fast-growing scaleups.

Our data is also used by journalists and researchers who seek to understand the high-growth economy, and powering studies by major organisations — including the British Business Bank, HM Treasury and Innovate UK — to help them develop effective policy.

For more information and a free demonstration, visit beauhurst.com

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The Development Bank of Wales is here to help businesses get the capital they need to start up, strengthen and grow.

Investing around £100 million per annum, our aim is to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market.

Finance up to £10 million per round is available through loans and equity investment for early stage and existing businesses. We currently manage a range of public and private funds totalling over £1 billion.

When Welsh businesses are strong, Wales is strong.

Beauhurst

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