

UK IS BIGGEST SOURCE OF INTRA-EUROPE INVESTMENT IN EARLY STAGE COMPANIES

- **Of the \$26 billion invested in European startups in 2017, 22% came from UK investors.**
- **Figures show how much the European startup network relies on UK capital.**
- **UK investors have helped companies like France's Blablacar and Finland's Supercell to scale into billion dollar success stories.**

LONDON - UK investment firms are participating in more European and Israeli tech startup funding rounds than investors in any other European country, according to research from Tech Nation and venture capital analysis firm Dealroom.

The research, which highlights the vital role that UK investors play in fuelling the growth of startups across the EU, reveals UK investors participated in 1,365 European investment rounds in 2017 out of a possible 5,679, while investors in France, Germany, and Sweden participated in 1,180 rounds, 801 and 421 respectively.

Of the \$26 billion invested in tech startups from Europe and Israel in 2017, roughly 22% (\$4.8 billion) came from UK investors. Investors in France contributed 11% (\$2.3 billion) and investors in Germany contributed 8% (\$1.8 billion). Roughly 25% of all UK venture capital investment went to non-domestic startups across Europe.

UK investors were also the most active European investors across funding rounds of all sizes in 2017, consistently supporting European startups from early to late stage.

The UK's buoyant investment activity comes at a time when investors from outside Europe are also putting large sums into promising European tech companies, however non-European investors tend to invest in maturing European startups, that already have proven successful business models. Overall, US investors contributed even more than UK investors (roughly 25%) to the \$25 billion, while Asian investors contributed roughly 12%.

For the vast majority of European countries, the UK is the number one non-domestic European venture capital investor. For example, UK investors were behind 20% of all the capital invested into Spanish startups in 2017, and 8% of all the capital invested into French startups.

The UK is home to seven of Europe's top 10 venture capital funds or unicorn hunters. These include Index Ventures, Accel Partners, Balderton Capital, Atomico,

and LocalGlobe. The most active investors in the UK are also putting considerable capital into European-based startups. Of the funding rounds that Index Ventures participated in between 2016 and 2018, 61% of them were headquartered outside the UK.

UK investors were early backers of many of Europe's most revered tech icons. For example, in Supercell, a gaming company in Finland that had a \$10 billion exit in June 2016, and Adyen, an Amsterdam payments company that IPO'd at €7 billion in June 2018. Other European tech companies that have turned to UK investors for capital to scale include French-headquartered Blablacar, Doctolib and OVH; and German-headquartered N26 and Deposit Solutions.

Tech Nation CEO Gerard Grech said: "These figures demonstrate that the UK is the engine room of Europe's technology sector. Investors base themselves here in the UK not only because of our thriving startup scene, but also because it gives them great access to the most ambitious and talented entrepreneurs across Europe. In 2019 our relationship with Europe will shift into a new gear but these figures show that our connections across the continent are strong and that the leadership we provide in European technology provides a great base from which to grow and expand our global leadership in the digital tech sector."

Secretary of State, Jeremy Wright, said: "Investors from the UK are pivotal to the success of the European technology sector which is changing how we live, work and interact every day, as well as providing great jobs and innovations that can tackle significant issues like climate change and productivity. We are determined that the UK will be at the forefront of innovation and science and providing the right conditions for the UK's digital tech sector to thrive is crucial to this. Brexit does not change our ability to lead the technology sector in Europe and we are determined that the UK will be the best place in the world to start and grow a tech business."

The size and strength of the UK's venture capital sector has been important in attracting a generation of entrepreneurs from around the world to the UK to start businesses. Successful immigrant business founders include Taavet Hinrikus and Kristo Kaarmann, who started TransferWise and Will Shu, co-founder of Deliveroo.

Tech Nation board member Wendy Tan White said: "The UK's tech sector has thrived because talented people from across the EU have come to study or work here, many creating businesses that have generated jobs and prosperity. These figures for 2017 are encouraging for those in the tech sector who were worried by the prospect of Brexit. We continue to be at the centre of Europe's tech sector and investors show no signs of waning in their enthusiasm for European startups which are reaching a new stage of maturity and success."

- Ends -