

Investing in ambition

**Scotland's Risk Capital Market:
Benchmark Analysis 2023**



Contents

About Scottish Enterprise	3	Scottish regions	22
About the report	5	Deals above £10m	24
Executive summary	6	New to equity	26
2023 UK risk capital market highlights	8	Spinouts	31
The UK market in 2023	10	Scottish sectors	36
The Scottish market in 2023	13	Investor participation	41
Scotland's relative position	15	Appendices	46
The market above and below £10m	18		

About Scottish Enterprise

Scottish Enterprise (SE) is Scotland's national economic development agency and a non-departmental public body of the Scottish Government.

It supports businesses to innovate and scale to transform the Scottish economy, by focusing on new market opportunities through targeted investment, innovation and internationalisation.

Scottish Enterprise takes a mission-based approach to concentrate efforts and target support on those areas and businesses that will realise Scotland's economic potential and address structural weaknesses¹. These missions are aimed at:

- **Creating an internationally competitive energy transition industry in Scotland**
- **Scaling the impact of Scotland's innovation strengths into high-growth industries of the future**

- **Driving capital investment to deliver a step-change in Scotland's productivity.**

The Entrepreneurship and Investment function within Scottish Enterprise plays a critical role in the delivery of the Scottish Enterprise missions. It provides support and investment for diverse entrepreneurs and ambitious, innovation driven early-stage companies who have high growth potential to raise investment and scale internationally. Scottish Enterprise investment activities in the equity market are focused on market building at the earliest, riskiest stages where building capacity and capability across the early-stage investment market is crucial to widening the funnel of innovative high growth potential companies. A fully functioning risk capital market is essential to

support businesses to innovate and scale to transform the economy.

The early-stage is defined as pre start-up, start-up, growing and expanding businesses, frequently innovative and technology based.

Visit scottish-enterprise.com for more information.

¹ Scottish Enterprise, [Our Focus on Economic Transformation](#), (Jan 2024)



About the report

The Risk Capital Market report has been published annually by Scottish Enterprise since 2003. It captures the flow of equity investment into Scottish headquartered private companies and benchmarks Scotland's performance with the other nations and regions of the UK.

Our analysis is based on Beauhurst data and deals tracked via their platform. The data covers announced and unannounced equity investment rounds into high-growth, private UK companies of any size, between 2013 and 2023. Totals reported in earlier years will change as deals not previously disclosed are added to the Beauhurst database. [Appendix 1](#) provides further detail on the Beauhurst methodology.

Executive summary

Following a period of record investment, the end of 2022 saw a global shift in investor sentiment, triggered by high interest rates and macro-economic and geopolitical uncertainty. These issues have persisted into 2023, leading to further declines in equity investment particularly in the reduction of £100m+ deals. While this shift in investor appetite has impacted the UK and Scotland, both showed resilience, attracting high levels of investment.

In the context of the UK, where £16.92bn was invested into 6,417 deals, Scotland remained a top performing market outside the Golden Triangle (London, the South East and the East of England). The Golden Triangle's dominance in the UK's risk capital market is well established, and the resilience of the Scottish market is displayed in its positioning as the second best performing region, not only for investment value, but also for VC & PE deal participation and spinout investment value. Scotland also stands out for participation in deals by both Angel Networks and Business Angels, placing behind only London.

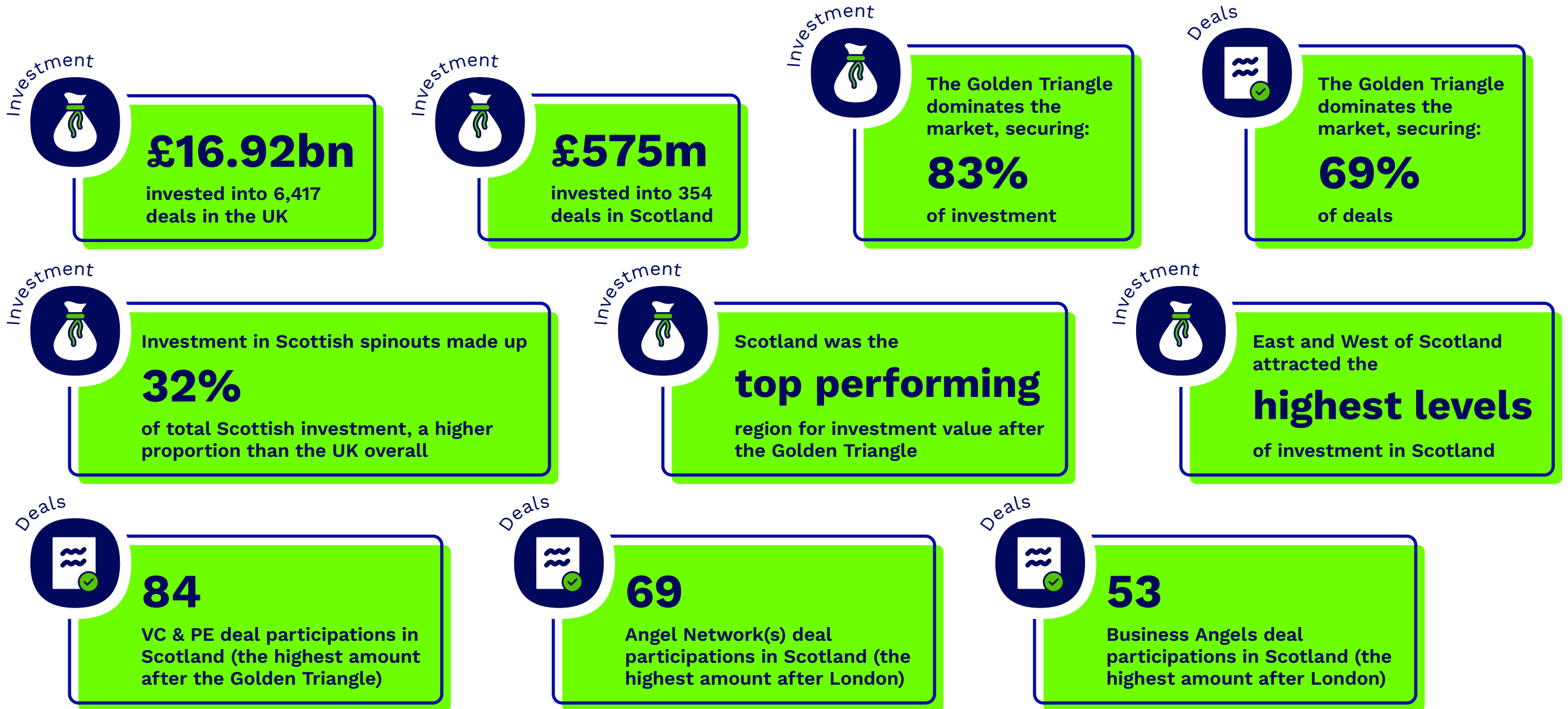
In common with the rest of the UK, the Scottish market is facing a number of challenges. Well cited changes in investor risk appetite have undoubtedly impacted the market, with new to equity investment making up a declining percentage of investment value and deals, and many investors focusing on only the best opportunities in their existing portfolios, and on later stage (less risky) opportunities.

However, there remains lots to be positive about, with Scotland's innovative companies continuing to attract significant investment. Despite the wider market dynamics, Scotland's high growth companies attracted investment of £575m across 354 deals in 2023. Additionally, Scotland has demonstrated a robust underlying market (deals below £10m) which provides a strong indication of the overall strength of the pipeline of equity investment opportunities for the future and the resilience of the Scottish market.

In the context of the UK, where £16.92bn was invested into 6,417 deals, Scotland remained a top performing market outside the Golden Triangle.



2023 UK risk capital market highlights



The UK market in 2023



The UK retained its position as the most active equity investment market in Europe, but, in line with global trends, the market has slowed.

The UK equity investment market showed resilience in 2023, with London continuing to act as a global investment hub and the European base of choice for top international funds. In 2023, the UK retained its position as the most active European market, coming in after the US and China globally.² However, investors are being more selective, valuations are down, and there are less exits taking place. It is clear that investors are under greater pressure to deliver a return from their portfolios and companies are devoting even more time and effort into raising growth capital. All of which is compounded by persistently high interest rates and global macro-economic and geopolitical uncertainty.³

For companies who are fundraising, this is a challenging environment, especially for those at the higher risk and earlier stages of their growth journey. In response, companies are looking even more at where they can manage costs to get them to their next funding round, described by some as 'survive to 25'.⁴

As a result of these market pressures, the UK experienced a 34% decrease in investment and 15% drop in deals in 2023.

Recent research into trends in UK cleantech show an explosion in equity funds raised for climate tech in the last three years and while the last year has seen an overall slowdown, 2024 is expected to see significant

developments across fintech, AI, cleantech and life sciences, shaped by technological innovations and a drive towards net zero.⁵

Healthtech has also been identified as an area of enormous opportunity. New models of care using technology are predicted to grow over the next couple of years, leading to investment in companies with the potential to deliver greater efficiency and preventative healthcare, either in the technology area or drug discovery.⁶

2 HSBC Innovation Banking and Dealroom.co, [UK Innovation 2024 Forward Look](#), (Jan 2024)

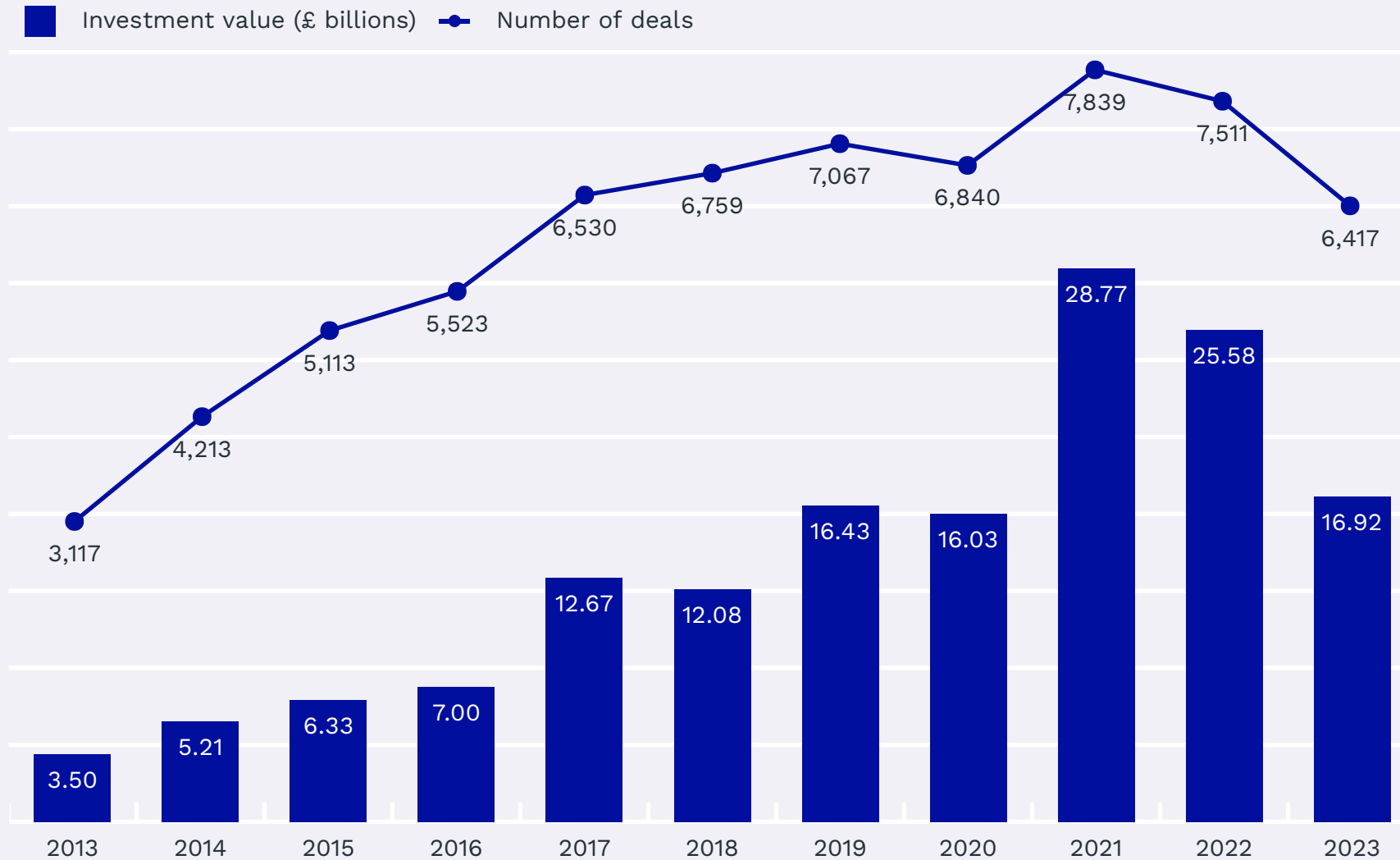
3 KPMG, [Venture Pulse Q4'23](#), (Jan 2024)

4 Beauhurst, [The Deal 2023](#), (Feb 2024)

5 ClimateTech Index, [1000 UK Startups Combating Climate Change](#), (Mar 24)

6 BVCA, [The outlook for venture capital and tech in 2024](#), (Jan 24)

Figure 1: UK deal numbers and investment value (2013 - 2023)



You can find the relevant table for Figure 1 in Appendix 2 on page 48.

The Scottish market in 2023

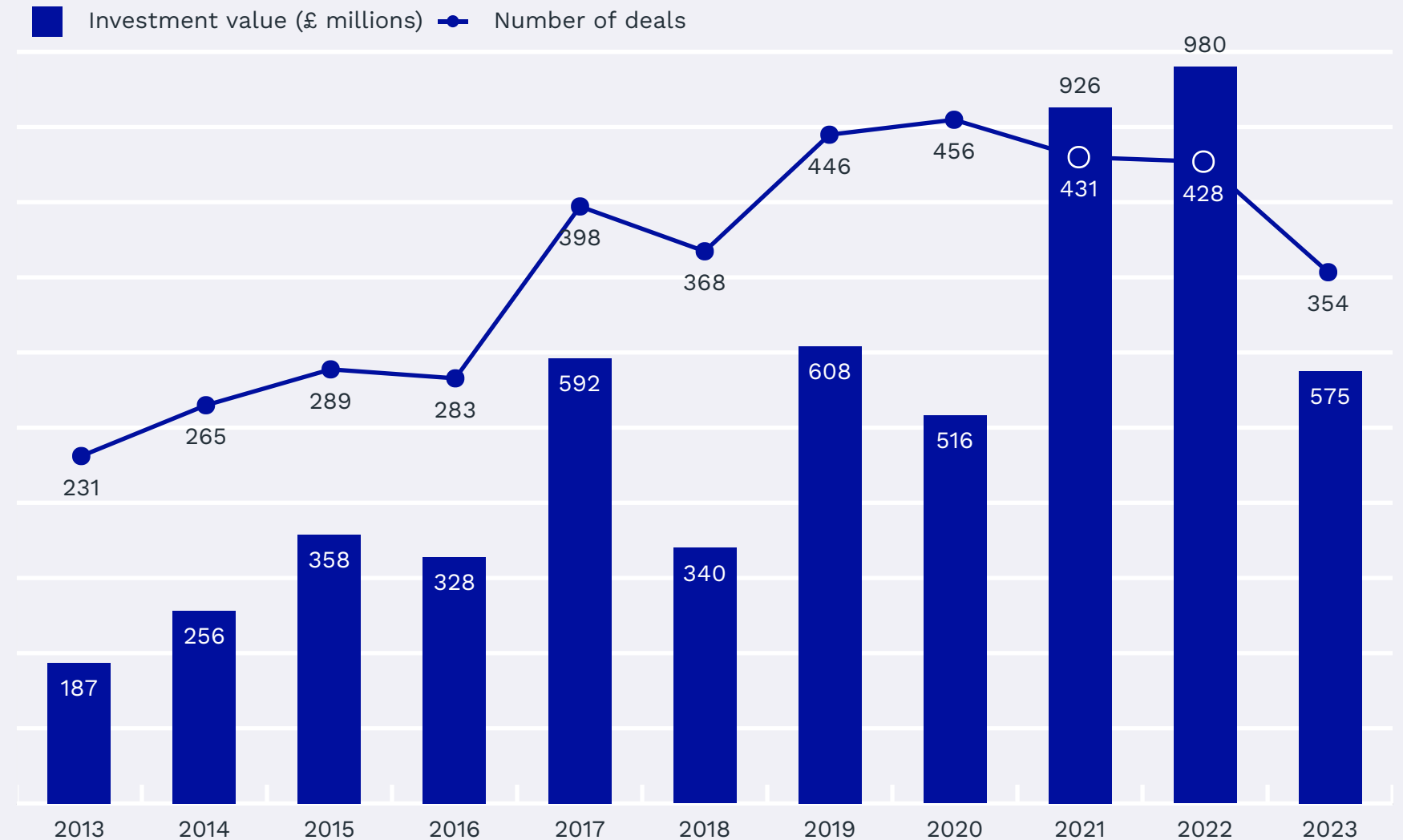
The Scottish market in 2023 mirrored trends observed across the UK, with total investment returning to levels seen before the ‘growth at all costs’⁷ period of 2021 and 2022.

At £575m, investment was down by 41% when compared with 2022, similar to levels seen in 2019.⁸ With 354 deals taking place, deal count was closer to 2018 levels, and fell by 17%.

While a departure from the spikes which have typified the market over the past couple of years, this is still an impressive level of investment, highlighting the strength of opportunities in the Scottish market.

You can find the relevant table for Figure 2 in Appendix 2 on page 48.

Figure 2: Scotland deal numbers and investment value (2013 - 2023)



⁷ KPMG, [Venture Pulse Q4'23](#), (Jan 2024); Pitchbook, [Recovery on the horizon? Investor predictions for European VC](#), (Jan 2024)

⁸ While also close to 2017 levels, 2017 saw single investment of £213m into Brewdog, which is a significant outlier.

Scotland's relative position

London continued to dominate the UK risk capital market in 2023, capturing 51% of total deals and 65% of total investment value, very similar to 2022 levels (52% of deals and 66% of investment value).


London, combined with the South East and the East of England, (the next best performing regions, which complete the Golden Triangle), accounted for 69% of total deals in the UK and 83% of total investment value (2022: 70% of deals and 83% of value).

In 2023, Scotland retained its position as the top region outside the Golden Triangle for investment value.

However, Scotland is no longer the top performing region outside the Golden Triangle for number of deals, dropping to fifth place, behind the South West.

All UK nations and regions experienced a decline in deals numbers.

Similarly, investment value declined for each, with the exception of Wales.

Figure 3: Total investment value and deals, by nation and region 2023
(map view )

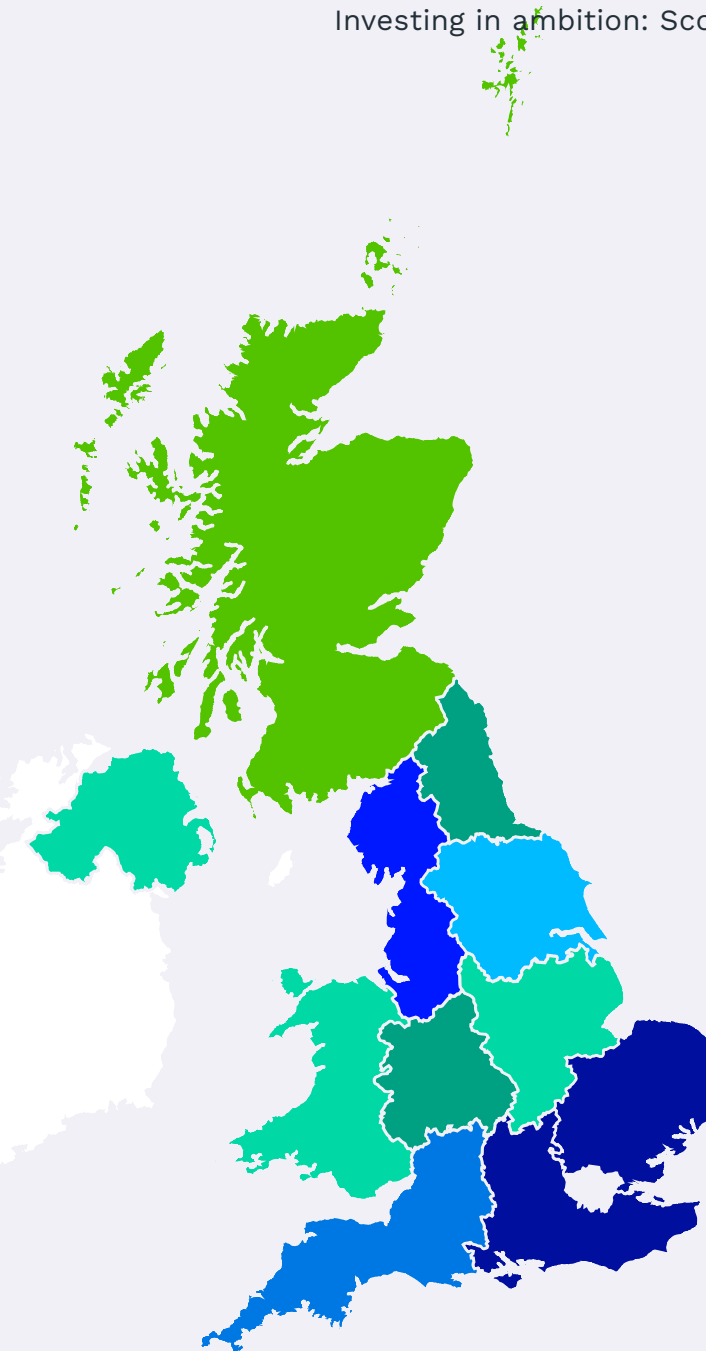
2. Northern Ireland
Number of deals: **59**
Investment value: **£107m**

3. North West
Number of deals: **339**
Investment value: **£555m**

6. Wales
Number of deals: **141**
Investment value: **£148m**

7. West Midlands
Number of deals: **213**
Investment value: **£245m**

9. South West
Number of deals: **367**
Investment value: **£474m**



1. Scotland
Number of deals: **354**
Investment value: **£575m**

4. North East
Number of deals: **126**
Investment value: **£234m**

5. Yorkshire & Humber
Number of deals: **201**
Investment value: **£304m**

8. East Midlands
Number of deals: **147**
Investment value: **£186m**

11. East of England
Number of deals: **428**
Investment value: **£1,383m**

10. South East
Number of deals: **760**
Investment value: **£1,642m**

12. London
Number of deals: **3,270**
Investment value: **£11,070m**

Table 1: Total investment value, by top performing nation and region, and % change

Nation / Region	2023	2022	% change
London	£11,070m	£16,984m	-35%
South East	£1,642m	£2,493m	-34%
East of England	£1,383m	£1,806m	-23%
Scotland	£575m	£980m	-41%
North West	£555m	£908m	-39%
South West	£474m	£955m	-50%
Yorkshire and Humber	£304m	£346m	-12%
West Midlands	£245m	£323m	-24%
North East	£234m	£261m	-10%
East Midlands	£186m	£242m	-23%
Wales	£148m	£124m	19%
Northern Ireland	£107m	£148m	-28%

Table 2: Total deal numbers, by top performing nation and region, and % change

Nation / Region	2023	2022	% change
London	3,270	3,899	-16%
South East	760	842	-10%
East of England	428	501	-15%
South West	367	390	-6%
Scotland	354	428	-17%
North West	339	429	-21%
West Midlands	213	251	-15%
Yorkshire and Humber	201	222	-10%
East Midlands	147	178	-17%
Wales	141	143	-1%
North East	126	133	-5%
Northern Ireland	59	85	-31%



The market above and below £10m

The market above £10m

The underlying market (deals below £10m)

The market above £10m

Although investment value and deal numbers declined across all size bands in the UK, the market above £10m saw the greatest decrease, with investment down by 42% and deal numbers down by 34% when compared with 2022.

This can be explained by the continued move away from investment into very large (£100m+) deals. Only 11 of these deals, with a combined value of £3,274m, took place in 2023. This was a 75% drop in deal numbers and a 56% fall in investment value from the previous year.

In line with the decline in very large deals in the UK overall, and indeed globally, the Scottish market above £10m saw the greatest decrease in both deal numbers and value (down 47% and 69%, respectively). In 2023 no deals above £50m occurred in Scotland, whereas in 2022 two deals above £100m (£164m into GoFibre and £101.3 into TauRx) and one deal worth £50m (into Well-Safe Solutions) took place.

The underlying market (deals below £10m)

The underlying market provides a measure of the overall strength of the pipeline of equity investment opportunities. Scotland's underlying market remained robust in 2023, higher than the years before the equity funding heyday of 2021,⁹ and relatively stable when compared with 2022, falling by just 2%. This slight reduction was significantly less than the 13% decrease in investment seen in the UK's underlying market.

Apart from Yorkshire and Humber, where underlying deal value increased by 4% (from £167m to £173m), Scotland saw less of a decline in underlying market value than any of the other nations and regions of the UK.

However, the number of underlying market deals dropped by 17% in Scotland, similar to the UK, where deals fell by 14%.

To get a sense of the earliest stages of the market, the underlying market can be divided by investment in deals between £2m - £9.99m and investment in deals below £2m. It is apparent that the lower end of the market remains the most challenging in Scotland, with investment below £2m down by 13%, while the £2m - £9.99m market increased by 3%.

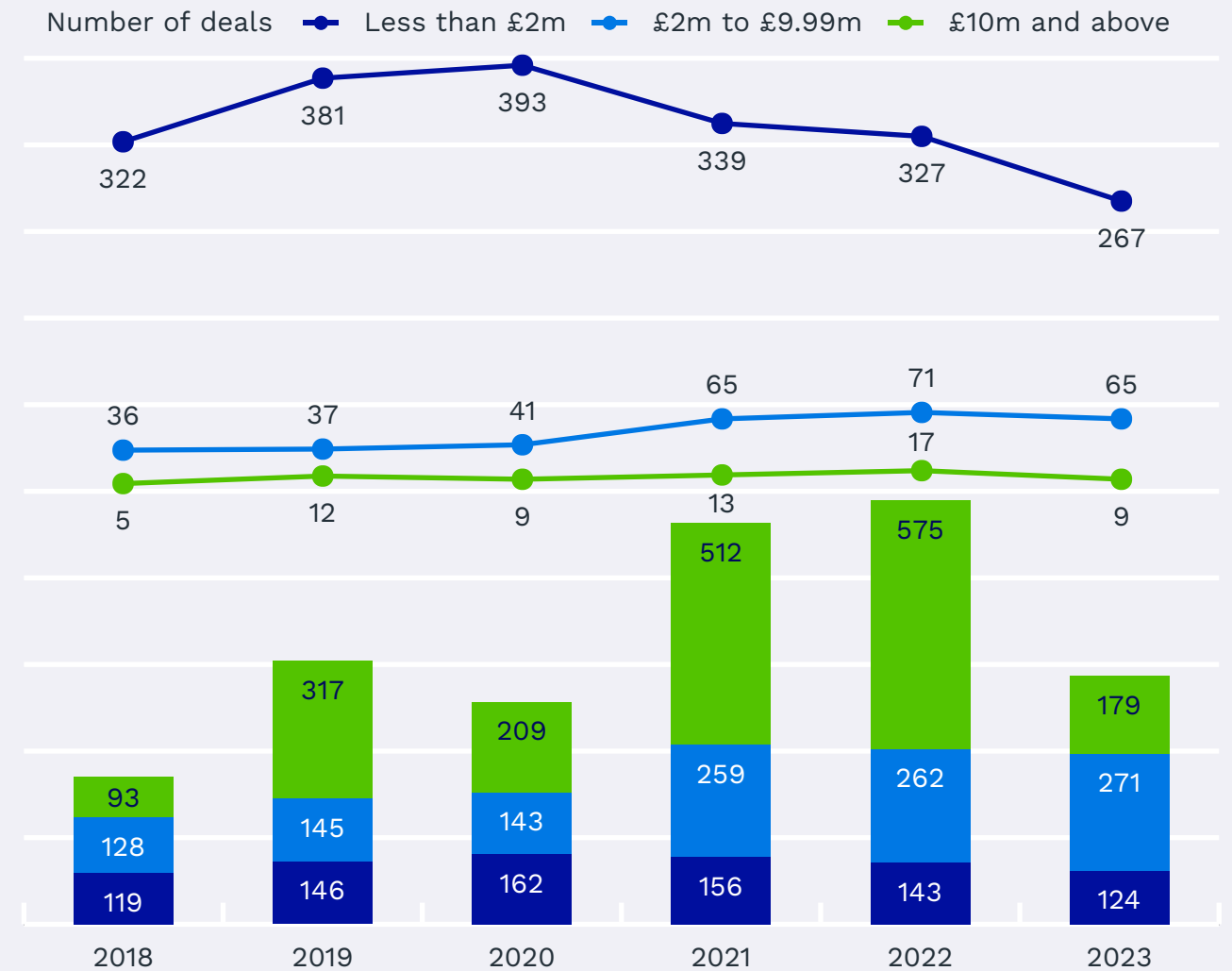
Investment below £2m fell at a similar rate in the UK, declining by 15%. However, in contrast with Scotland, investment between £2m - £9.99m fell by 11%.

9 Crunchbase, [Lower Valuations, Higher Bar: What it's Like to Raise A Seed Round in 2024](#), (Jan 2024)

Figure 4: UK deal numbers and investment value by investment band (2018 - 2023) (see page 49 for data table)

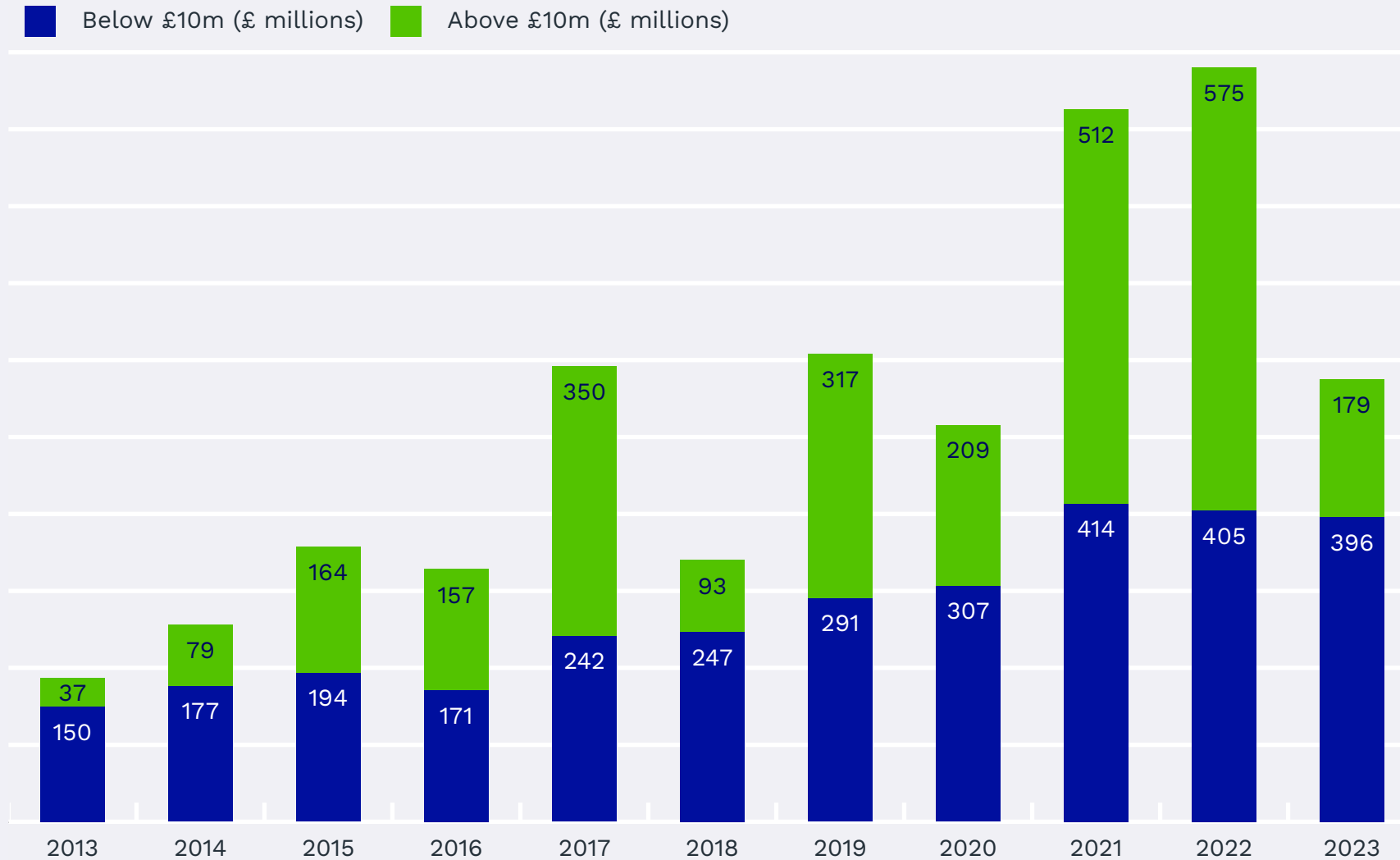


Figure 5: Scotland deal numbers and investment value by investment band (2018 - 2023) (see page 49 for data table)



Investment band value totals may not amount to exact annual investment value totals. This is due to rounding.

Figure 6: Scotland investment value, above and below £10m (2013 - 2023)



You can find the relevant table for Figure 6 in Appendix 2 on page 50.

Scottish regions

East of Scotland remained the top region for investment value and number of deals in 2023, followed by the West of Scotland, which was the only region to see an increase in investment value, attracting the three largest deals of the year.

Aberdeen saw the greatest drop in investment value, falling to the fourth top performing region after Tayside. This is due to an absence of large deals in the region, after attracting one deal over £50m and one deal over £100m in 2022 (Well-Safe Solutions and TauRx).

Tables 3: Scottish regions by investment value and % change

Scottish region	2023 Value	2022 Value	% change
East of Scotland	£266m	£476m	-44%
West of Scotland	£238m	£179m	33%
Tayside	£34m	£70m	-51%
Aberdeen	£21m	£177m	-88%
Highlands and Islands	£13m	£73m	-82%
South of Scotland	£3m	£4m	-25%

Tables 4: Scottish regions by deal number and % change

Scottish region	2023 Deals	2022 Deals	% change
East of Scotland	156	203	-23%
West of Scotland	104	111	-6%
Tayside	49	43	14%
Aberdeen	25	42	-40%
Highlands and Islands	13	24	-46%
South of Scotland	7	5	40%

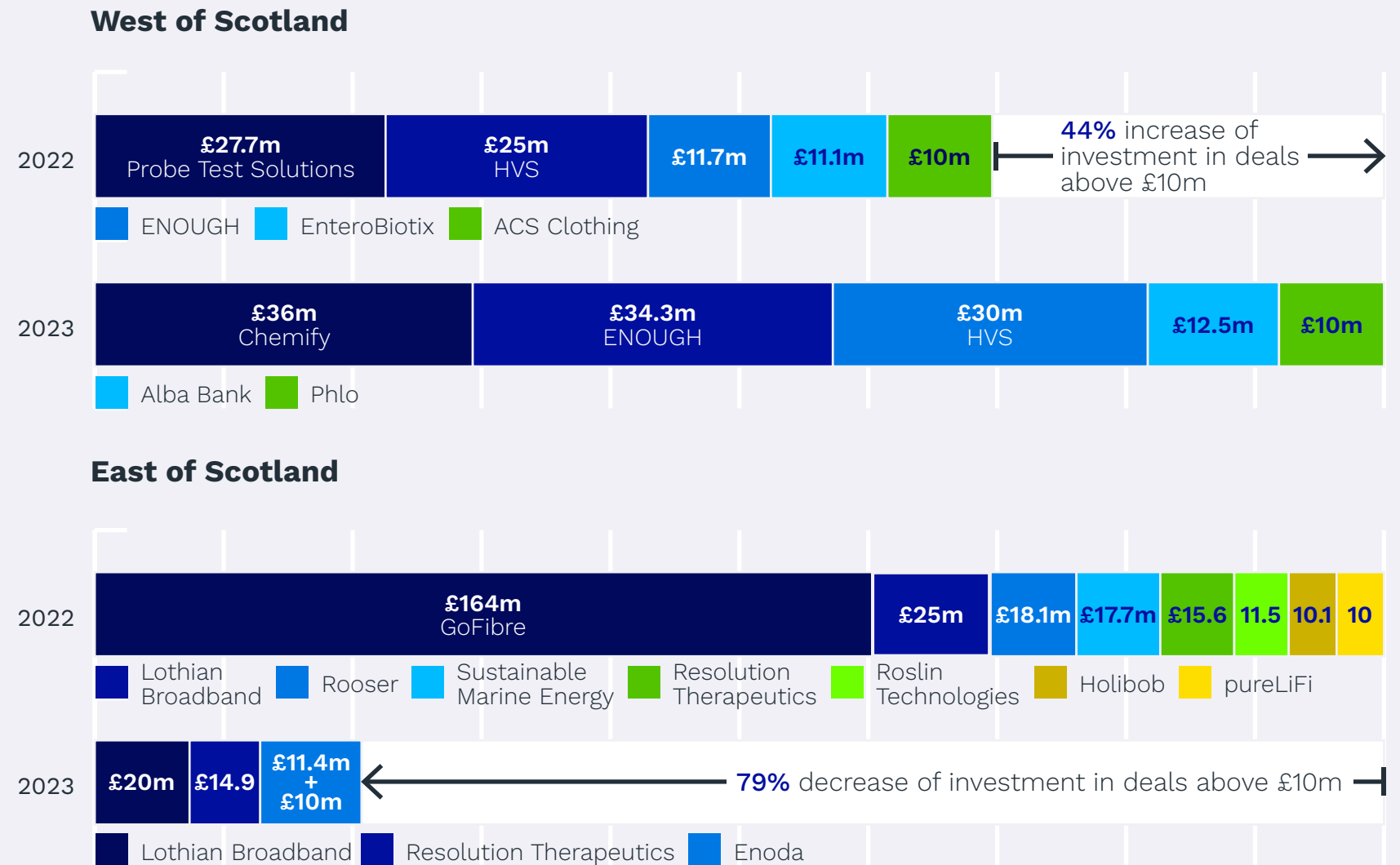
Deals above £10m



The West of Scotland and East of Scotland were the only regions to have any deals above £10m in 2023.

In the West of Scotland, investment in deals above £10m increased by 44%, totalling £122.8m, compared with £85.5m in 2022. The East of Scotland on the other hand, saw a 79% reduction in investment over £10m, with £56.3m invested in this range in 2023, compared with £272m in 2022. While now a regular feature of the market, the size and number of deals above £10m can significantly impact the scale of the overall market.

Figure 7: Deals above £10m (£ millions)



You can find the relevant table for Figure 7 in Appendix 2 on page 50.



New to equity

First time deals and investment

Spotlight on new to equity companies

First time deals and investment

The peaks in investment activity seen in 2021 and 2022 were in large part driven by higher valuations, relatively low interest rates and a strong appetite on the part of investors to invest from well capitalised funds.

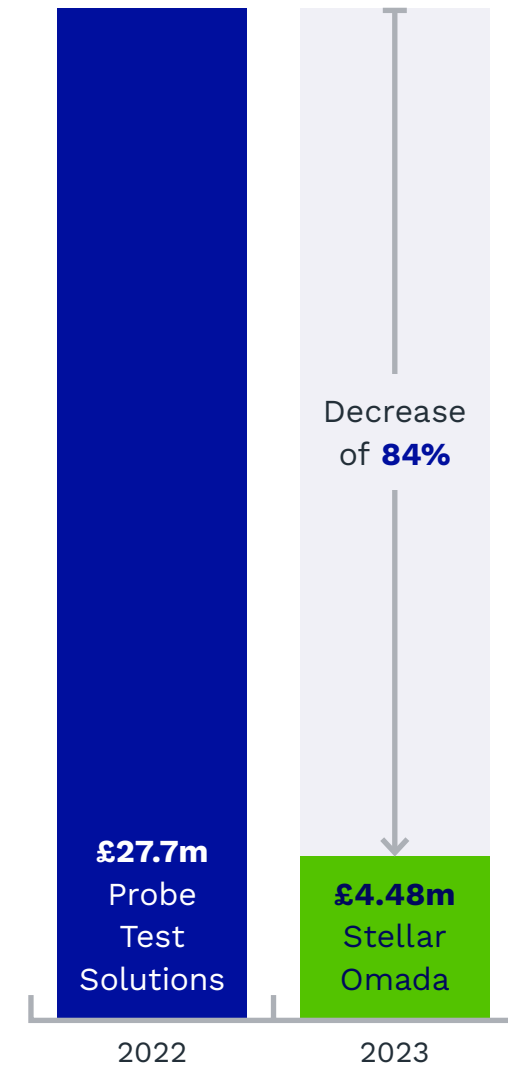
Many investors are now managing large portfolios following these peak years, with investee companies requiring significant follow on investment. Investors have become more selective and are focusing attention on the very best prospects in their existing portfolios. This has contributed to what has been described as a bottleneck, which is closing off the amount of funding going into earlier and higher risk stages and companies securing equity for the first time.¹⁰

Like the UK, new to equity deals in Scotland have fallen year on year after 2021, though at a slightly more pronounced rate.

While new to equity investment in Scotland increased slightly in 2022, in what was a record year for risk capital investment in Scotland generally, new to equity investment value took a significant hit in 2023. As well as fewer first time deals taking place, the greater drop in investment value shows that the amount being invested in new to equity deals is declining. This is also evidenced by the difference in value between the largest new to equity deal in 2022 compared with the largest new to equity deal in 2023.

Although follow on deals and investment have also declined, this has been far less marked and highlights the focus of investors on their existing portfolios.

Largest new to equity deals in Scotland (2022 compared with 2023)



10 Pitchbook, [PE Exit Timelines and the Impending Maturity Wall](#), (Jun 2023)

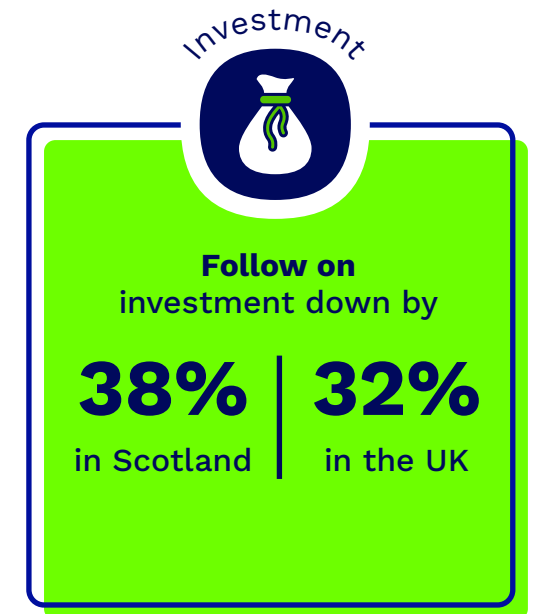
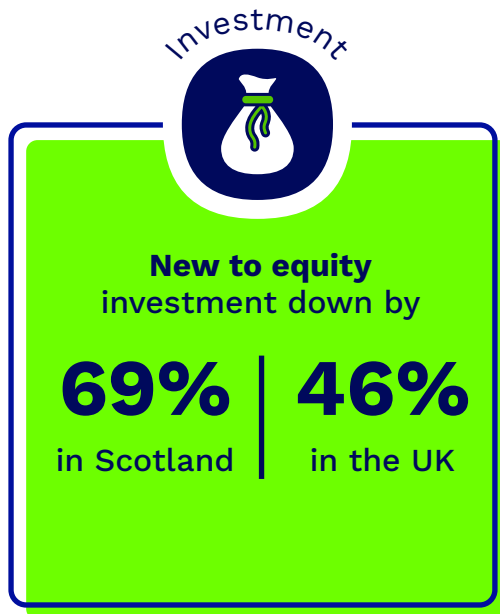


Figure 8: UK new to equity and follow on deals and investment value (2018 - 2023) (see page 51 for data table)

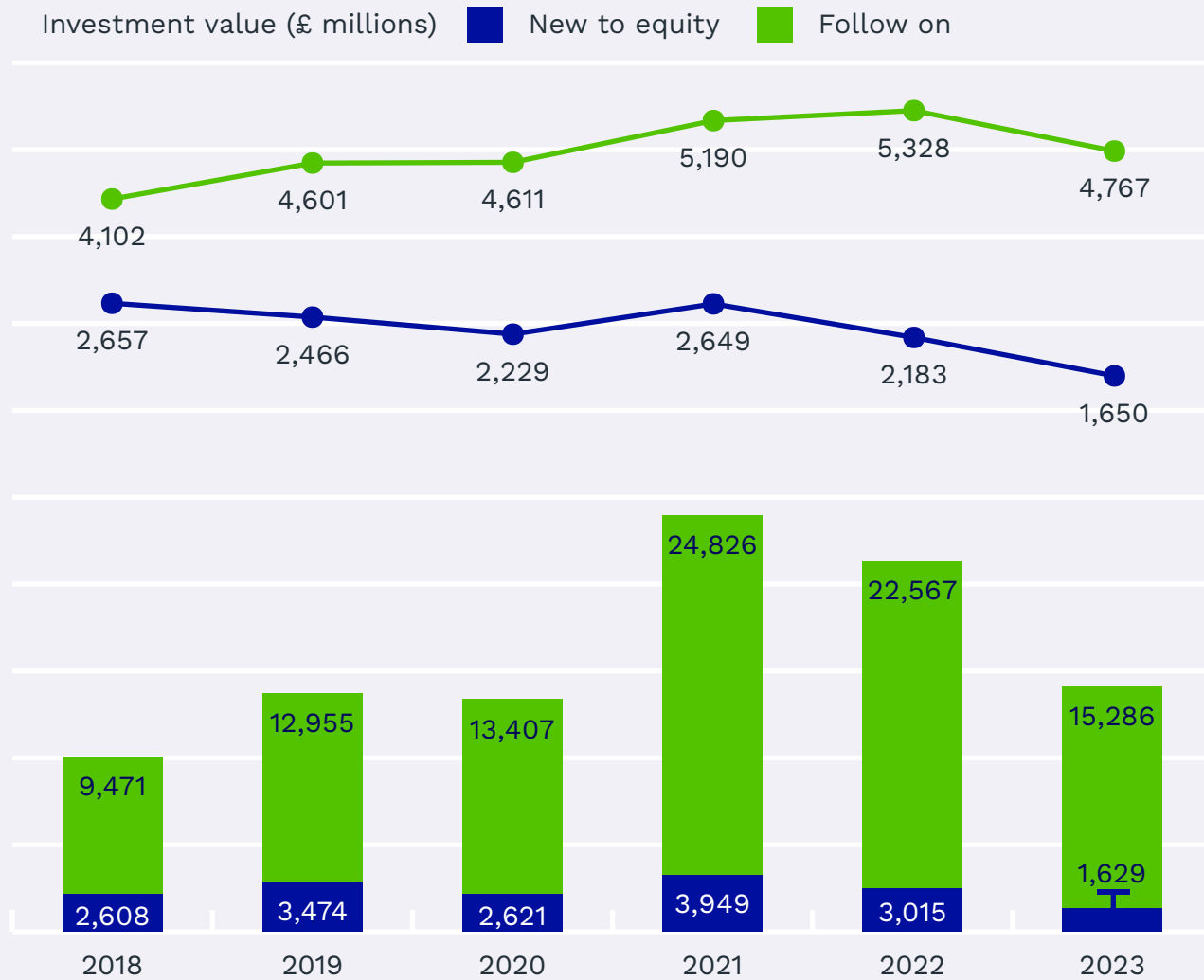


Figure 9: Scotland new to equity and follow on deals and investment value (2018 - 2023) (see page 51 for data table)



Spotlight on new to equity companies

Despite the downturn and ongoing challenges in the new to equity market, a number of exciting companies secured first time investment in 2023. Such companies will play an important part in ensuring the strength of Scotland's future investment pipeline.

Glox Therapeutics



A Glasgow based developer of precision antibiotics aiming to target drug-resistant pathogenic bacteria, raised first time investment of £4.30m in November 2023. Glaxo Therapeutics spun out from the University of Glasgow in February 2023.

Malted AI



An Edinburgh based developer of a software platform which distils large language models (LLMs) into more specialised "student" models, allowing businesses to build custom AI solutions, raised first time of investment of £1.05m in August 2023.

Neuranics



A Glasgow based developer of magnetic neurotechnology intended to integrate with wearables and implantable devices, raised first time investment of £1.90m in September 2023. Neuranics was founded in 2021 as a joint spinout from the Universities of Glasgow and Edinburgh.

Heero Technologies



A Dundee based developer of a platform allowing homeowners to manage and reduce their energy consumption and install energy reduction technologies, raised first time investment of £550k in March 2023. Follow on funding of £248k was raised in September 2023.



Spinouts

Spinout investment activity

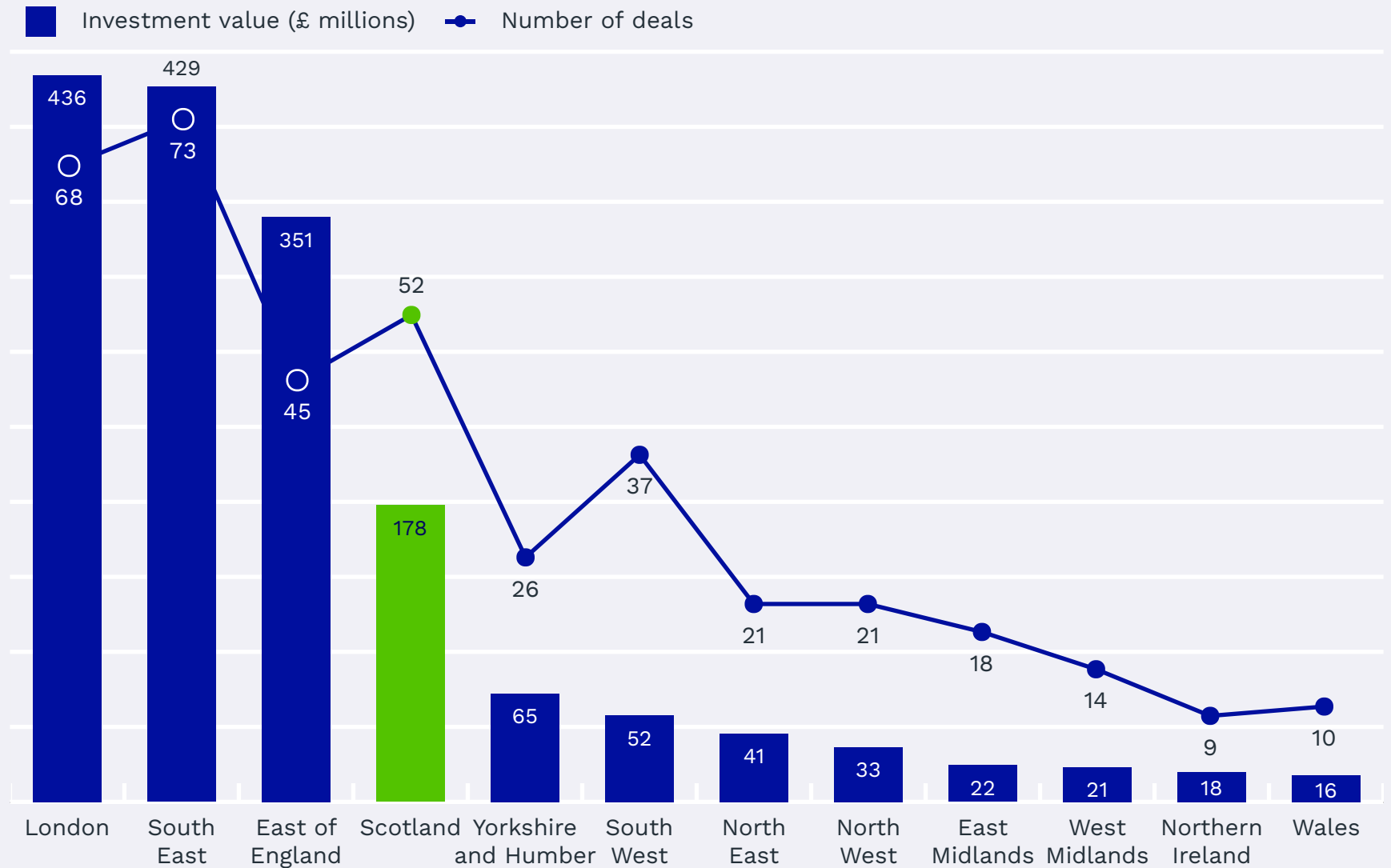
Scottish spinout deals over £10m

Spinout investment activity

With £1,662m invested in 394 deals, the UK saw a drop of 6% in spinout deals and a 30% decrease in the amount invested in them in 2023.

Despite a 23% decrease in spinout investment value, and a 12% decrease in deals, Scotland was surpassed by only the Golden Triangle for spinout investment value, and by just London and the South East for the number of spinout deals.

Figure 10: Spinout deals and investment by UK region (2023)



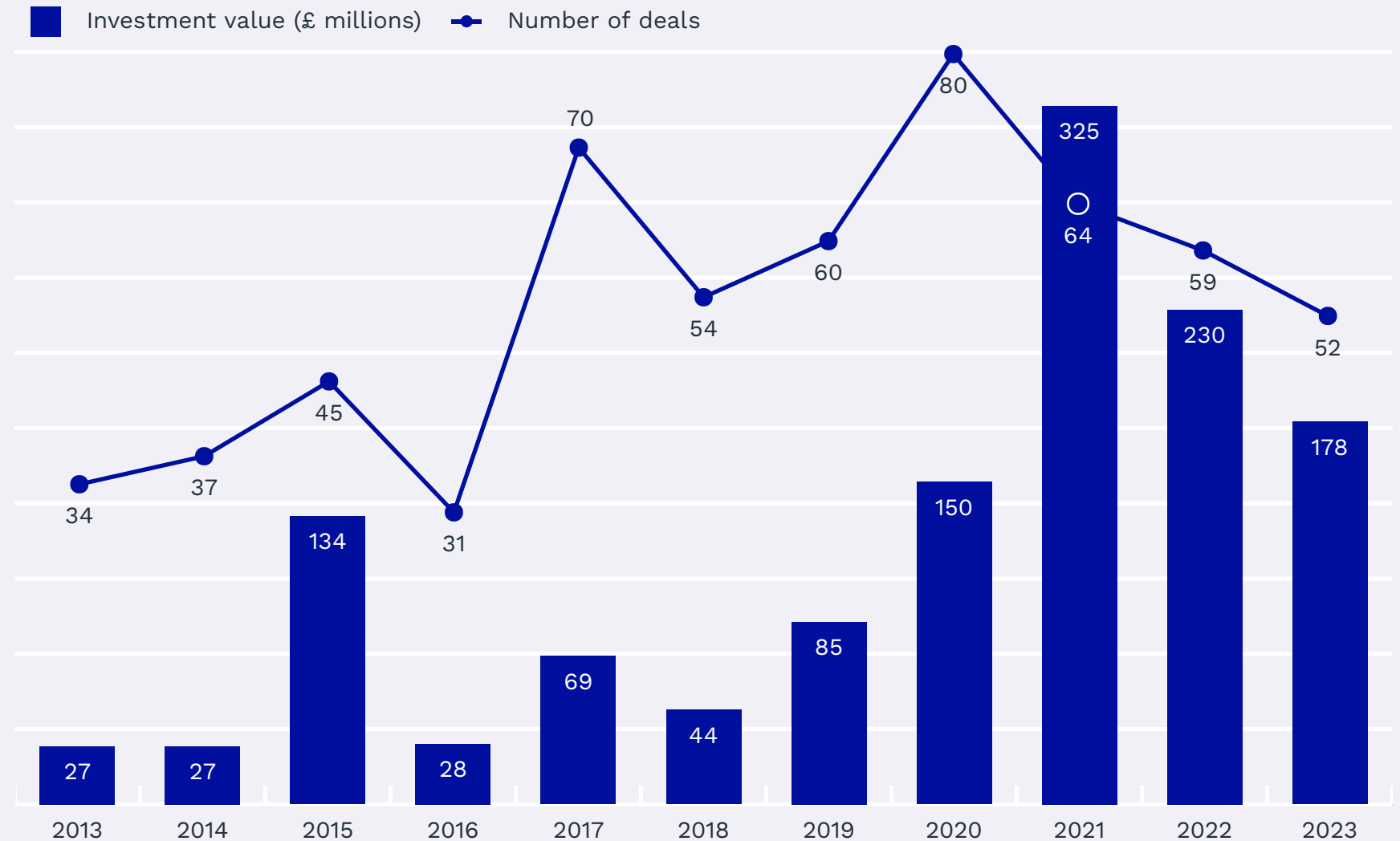
You can find the relevant table for Figure 10 in Appendix 2 on 52.

Scotland's university spinouts continued to attract significant investment in 2023, despite global investment challenges. Scottish spinouts attracted 32% of Scotland's total investment and 11% of UK spinout investment value, outperforming the UK, where spinout investment made up 10% of total UK investment value.

At £3.4m, the average deal size for Scottish spinouts was behind just the Golden Triangle (£6.5m), and higher than the total average deal size in Scotland (£1.6m).

The decrease in deals and amount invested in Scottish spinouts was lower than the decline in the overall Scottish market, indicating that spinouts are more resilient to macro-economic pressures.

Figure 11: Spinout deals and investment in Scotland (2013-2023)




You can find the relevant table for Figure 11 in Appendix 2 on page 52.

Scottish spinout deals over £10m

In 2022, five spinout companies received investment over £10m, reaching a total of over £150m. This included Scotland's second largest deal of 2022 into TauRx, a pharmaceutical company spun out from the University of Aberdeen. Although investment above £10m into spinouts decreased by 43% to £85.2m over three deals in 2023, Scotland's innovative spinout companies proved they are capable of attracting large amounts of investment, often from international investors. Indeed, Chemify and ENOUGH were the largest deals to take place in Scotland in 2023.



Analysis of all Scottish spinout deals indicates that 48% were in the life sciences sector, and a further 21% in industrial biotech, illustrating the research excellence in these sectors being commercialised by Scottish universities. These are sectors where Scotland is well positioned to compete globally.¹¹ The three Scottish spinout deals over £10m that took place in 2023 were in either the life sciences or industrial biotech sector.




Chemify

AMOUNT INVESTED
£36m

SPINOUT INSTITUTION
University of Glasgow

DESCRIPTION
Chemify is a company digitising chemistry and building infrastructure to execute chemical code for drug discovery, chemical synthesis, and materials discovery.



ENOUGH

AMOUNT INVESTED
£34.3m

SPINOUT INSTITUTION
University of Strathclyde

DESCRIPTION
ENOUGH produces mycoprotein, a sustainable alternative to meat which can be used in food manufacturing and processing, for both human and animal food.



Resolution Therapeutics

AMOUNT INVESTED
£14.9m

SPINOUT INSTITUTION
University of Edinburgh

DESCRIPTION
Resolution Therapeutics develops macrophage cell therapies aimed at treating life-threatening inflammatory organ diseases, with a focus on liver cirrhosis.

11 Scottish Enterprise, [Our Focus on Economic Transformation](#), (Jan 2024)



Scottish sectors

Spotlight on fintech

Spotlight on aerospace and satellites

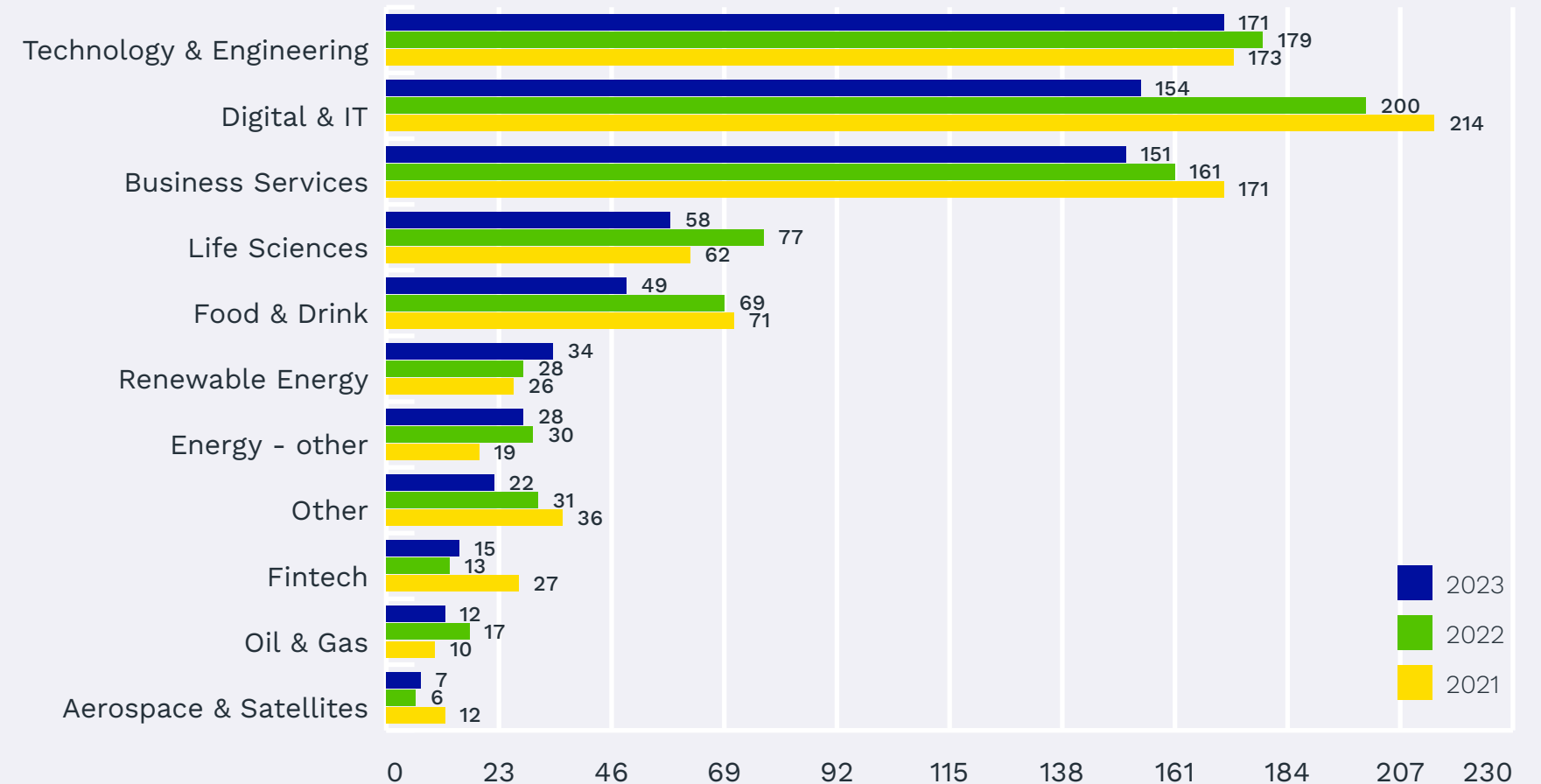
Spotlight on renewable energy

Technology and engineering was the top performing sector in Scotland by deal count, followed by digital and IT and business services. These sectors are consistently the top performing in Scotland.

As in 2022, life sciences and food and drink were the next best performing sectors.

Renewable energy, aerospace and satellites and fintech were the only sectors to see an increase in deals. These are all sectors where Scotland has strengths to compete and lead in international markets.¹²

Figure 12: Scottish sectors by deal count (2021-2023)



You can find the relevant table for Figure 12 in Appendix 2 on 52.

There is no single way of allocating companies to market sectors which paints the whole picture because companies can have multiple activities and target markets. The Beauhurst database can allocate companies to more than one sector where information is available. The sectors chosen for analysis are a combination of those representing a core activity (Digital & IT, Business Services) and/or a target market (Fintech, Food & Drink, Oil & Gas).

12 Scottish Enterprise, [Our Focus on Economic Transformation](#), (Jan 2024)

Spotlight on fintech

After a slight increase in fintech deals in 2023, following a drop from the investment boom seen in the sector in 2021, it has been predicted that 2024 will see further growth in fintech, with emerging technologies like Generative Artificial Intelligence (GenAI) expected to drive innovation. Like the wider risk capital market, expectations are that fintech deal volumes will stabilise but are unlikely to return to 2021 levels.¹³ Fintech deals taking place in 2023 provide examples of the innovative companies and the growth potential of Scotland's fintech industry.

Direct ID



An Edinburgh-based developer of a global credit and risk platform, designed to help businesses make better informed decisions, based on open banking data, raised £7.92m in February 2023. This was the largest fintech investment in Scotland in 2023.

Aveni



An Edinburgh-based developer of software that uses AI, machine learning, and natural language processing to analyse financial advisors' client interactions, raised £2.25m in June 2023.

Nude



A Glasgow-based developer of a savings app for first time property buyers, raised £1.47m in August 2023. The company has since been acquired by London-based mortgage specialist Tembo, who have expressed a desire to grow and develop Nude in the future.¹⁴

Zipzero



A bill management platform developer, also offering an advanced AI tool to identify target consumers, raised £1.75m in September 2023. The company relocated from London to Aberdeen's ONE Tech Hub in June 2023,¹⁵ and is in the process of further developing cutting edge AI capabilities.

13 PitchBook, [Fintech State of the Industry](#), (Jan 2024)

14 EU-Startups, [London based Tembo acquires lifetime ISA provider Nude Finance](#), (Feb 2024)

15 Aberdeen Live, [Financial tech firm Zipzero moves head offices to Aberdeen from London](#), (Jun 2023)

Spotlight on aerospace and satellites

Aerospace and satellites is an exciting sector for Scotland. Scotland is a world leader in small satellite manufacturing, and in 2022 published the first ever Space Sustainability Roadmap, setting out how the sector can help achieve our climate targets.¹⁶

Scotland's existing strengths in this industry provide enormous potential for companies to compete and lead in new international markets. Companies attracting investment in this sector in 2023 include:

SaxaVord UK Spaceport



In October 2023, £3.5m of investment into the UK's first licensed spaceport for vertical rocket launches, based in Shetland, was announced.

Krucial



A Glasgow based developer of sensors that collect a range of data and use satellite communications technology, secured £3m in funding in September 2023.

DDK Positioning Systems



An Aberdeen based developer of satellite navigation systems, providing positioning data, received investment from a US investor in April 2023. While the terms of investment have not been disclosed, this deal is an example of the strengths and international appeal of Scottish companies in the aerospace and satellites sector.

16 Scottish Government, [Supporting Scotland's Space Ambitions](#), (Jan 2024)

Spotlight on renewable energy

The global shift to net zero is creating opportunities to innovate and gain a competitive advantage in fast-growing international markets, and Scotland is well positioned to take a leadership role in sectors like offshore wind and green hydrogen production, to accelerate the energy transition and maximise its economic benefits.¹⁷ A number of companies in these key areas were successful in attracting investment in 2023, including:

Enoda ENODA

An Edinburgh-based developer of advanced technologies, with a focus on making green hydrogen a viable fuel for industry and transport decarbonisation, raised over £21m across two separate rounds in April and October 2023.

Verlume verlume

An Aberdeen-based developer of energy management and reduction technology across subsea, offshore, and onshore sectors, raised £7.20m in April 2023. The company has consistently attracted investment since 2016, and despite the current challenging environment, 2023 was its largest funding round to date by a significant margin.

Smart Green Shipping



A Dumfries and Galloway based developer of technology that aims to use renewable energy sources to power commercial ships, raised £1.35m in investment in February 2023.

Mocean Energy



An Edinburgh based developer of ocean wave energy converter technology, which is also designed to desalinate sea water, raised £2.20m in investment in November 2023.

17 Scottish Enterprise, [Our Focus on Economic Transformation](#), (Jan 2024)



Investor participation

Investor types

UK investor participation

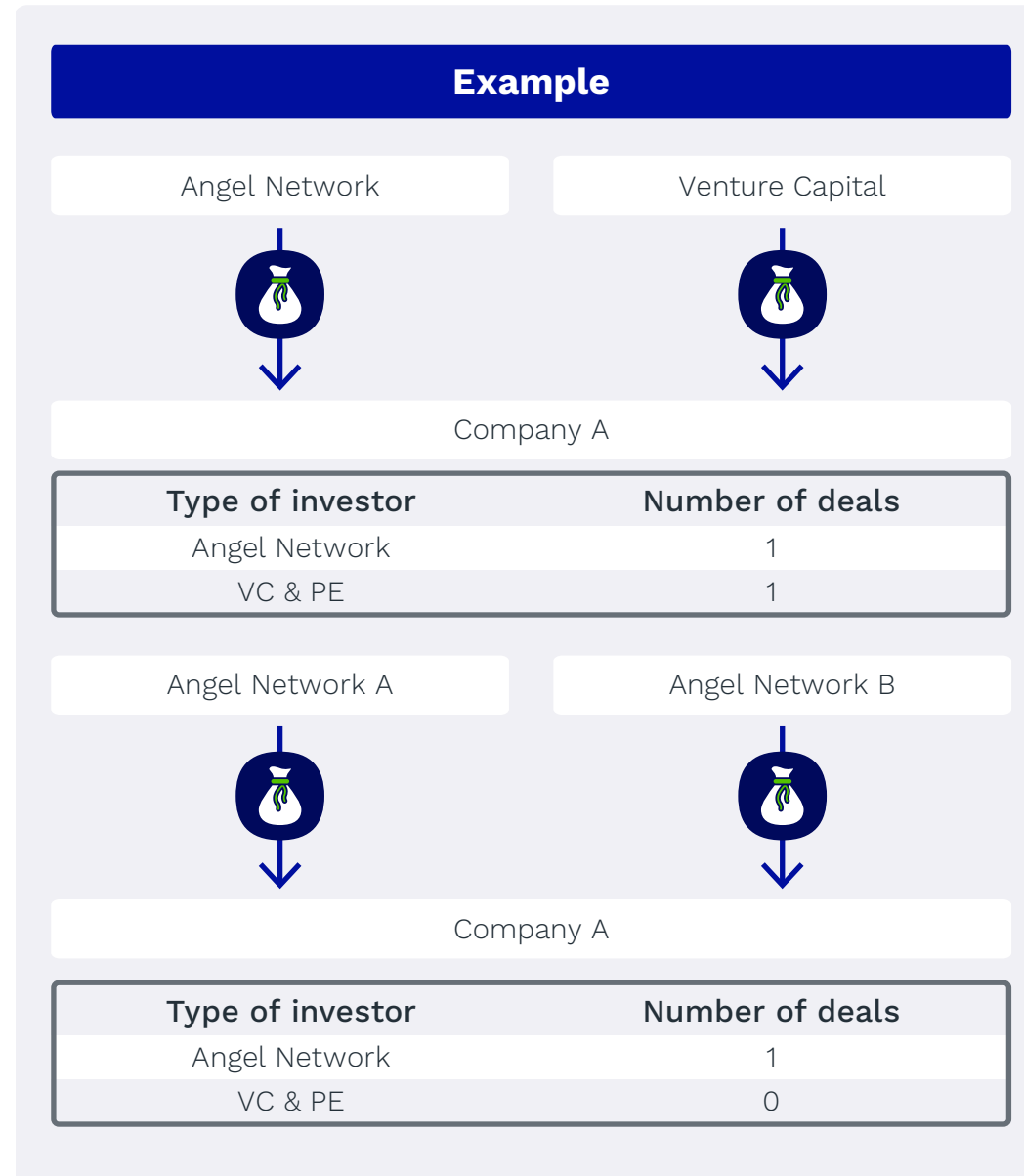
Scotland investor participation

Investor types

It is common for multiple investor types to participate in the same deal. Looking at investor participation is a way of identifying which investor types are the most active in the UK and Scottish markets.

Beauhurst tracks investment from seven investor types:

- Angel Network
- Business Angel(s) - only counts deals that involved a disclosed individual, typically famous or prominent investors
- Corporate
- Crowd Funding
- Government
- Other Private - comprises any investor that Beauhurst has classified as any of the following: Family Office, Private Investment Vehicle, Asset Management, Accelerator, Bank, Commercialisation Company, Merchant Bank, Sovereign Wealth Fund
- Venture Capital and Private Equity.



Investor types are counted in as many deals as they participated in, but each investor type is only counted once per deal.

UK investor participation

VC & PE were the top investors by both deal participations and value. However, as with all investor types, there was a drop in deal participations and investment value, which were down by 21% and 40%, respectively.

The value of investment has fallen more starkly than participation in deals across all investor types, pointing to lower amounts being invested, a further sign of a more cautious attitude from investors.

Table 4: UK number of deal participations by investor type and % change

Investor type	2023	2022	% change
Government	299	369	-19%
Angel Network	281	358	-22%
VC & PE	1,176	1,493	-21%
Business Angel(s)	486	694	-30%
Crowd Funding	376	522	-28%
Corporate	239	276	-13%
Other Private	217	372	-42%

Table 5: UK value of participations by investor type and % change

Investor type	2023	2022	% change
Government	£594m	£1,263m	-53%
Angel Network	£596m	£760m	-22%
VC & PE	£8,954m	£14,920m	-40%
Business Angel(s)	£1,517m	£3,746m	-60%
Crowd Funding	£436m	£813m	-46%
Corporate	£3,189m	£5,418m	-41%
Other Private	£3,060m	£6,558m	-53%

Scotland investor participation

Government was the most frequent investor into deals in Scotland, despite a 11% decrease in deal participation compared with the previous year. It should be noted that Scottish Enterprise’s Scottish Co-investment Fund model is based on direct Government investment, which is different from the more prevalent approach elsewhere in the UK where Government support is more commonly delivered through private sector Fund Managers.

The top investor type by value also remained unchanged, with VC & PE investors contributing the greatest amount of investment by value to Scottish businesses.

Table 6: Scotland number of deal participations by investor type and % change

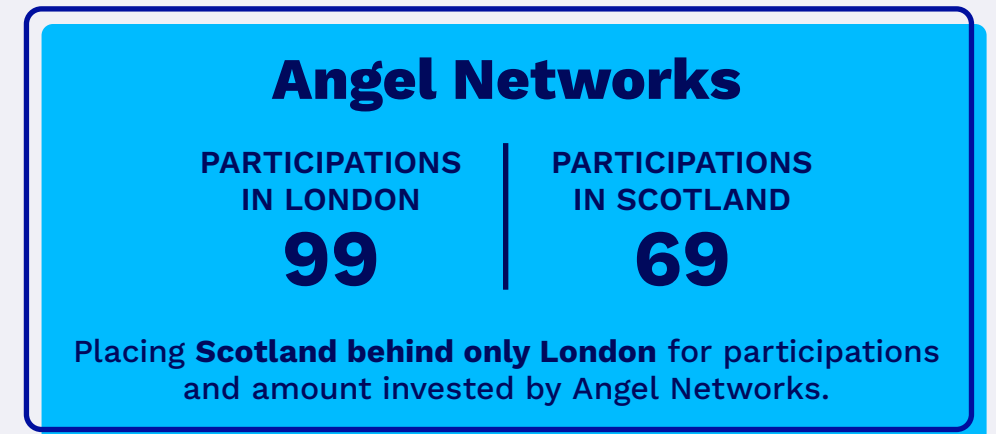
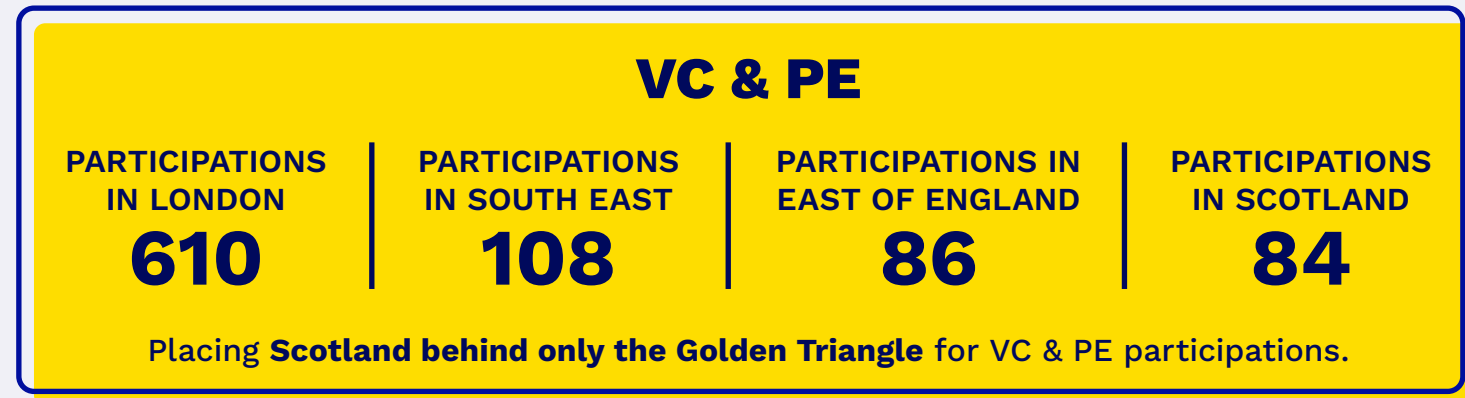
Investor type	2023	2022	% change
Government	108	121	-11%
Angel Network	69	89	-22%
VC & PE	84	92	-9%
Business Angel(s)	53	67	-21%
Crowd Funding	18	12	50%
Corporate	14	14	0%
Other Private	13	25	-48%

Table 7: Scotland value of participations by investor type and % change

Investor type	2023	2022	% change
Government	£234m	£277m	-16%
Angel Network	£126m	£122m	3%
VC & PE	£241m	£438m	-45%
Business Angel(s)	£156m	£182m	-14%
Crowd Funding	£16m	£18m	-11%
Corporate	£45m	£83m	-46%
Other Private	£64m	£140m	-54%

Even with investment levels falling by 45%, Scotland remained one of the top performing regions, behind only the Golden Triangle and the North West for investment from VC & PE investors. When considering participation in deals by VC & PE investors, Scotland placed behind the Golden Triangle only.

Angel Networks were the only investor type to see an increase in amounts invested, as value fell across all other investor types. Scotland also stands out for participations in deals by both Business Angel(s) and Angel Networks, placing behind only London for deal participations.





Appendices

Appendix 1: Methodology

Appendix 2: Figure data

Appendix 1: Methodology

This annual data used in this report, provided by Beauhurst, covers announced and unannounced equity investment rounds into high-growth, private UK companies between 2013 and 2023. A company must meet at least one of Beauhurst's tracking triggers to be considered high growth. Beauhurst's high-growth triggers include:

- Equity investment
- Scaleups
- Accelerator attendances
- Management Buy-outs / Buy-ins
- Academic spinouts
- High-growth lists
- Major grant recipients
- Venture debt

The data encompasses fundraisings secured by UK companies of any size. By "UK company", Beauhurst mean one operationally headquartered in the UK and its respective islands. Crown Dependencies and British Overseas Territories are not part of the UK.

For more information on Beauhurst's data, please visit www.beauhurst.com.

The following types of companies are not covered in this report:

- Non-UK companies
- Purely not-for-profit companies
- Companies whose shares have been listed on a stock exchange
- Companies that are majority-owned by a fund or another company
- 'Project companies', like those formed to create a film, stage play, solar farm, or to undertake a property project.

Appendix 2: Figure data

Figure 1: UK deal numbers and investment value (2013-2023)

Year	Investment value	Deal numbers
2013	£3.50b	3,117
2014	£5.21b	4,213
2015	£6.33b	5,113
2016	£7.00b	5,523
2017	£12.67b	6,530
2018	£12.08b	6,759
2019	£16.43b	7,067
2020	£16.03b	6,840
2021	£28.77b	7,839
2022	£25.58b	7,511
2023	£16.92b	6,417

Figure 2: Scotland deal numbers and investment value (2013-2023)

Year	Investment value	Deal numbers
2013	£187m	231
2014	£256m	265
2015	£358m	289
2016	£328m	283
2017	£592m	398
2018	£340m	368
2019	£608m	446
2020	£516m	456
2021	£926m	431
2022	£980m	428
2023	£575m	354

[Return to Figure 1 on page 12](#)

[Return to Figure 2 on page 14](#)

Figure 4: UK deal numbers by investment band (2018-2023)

Year	Less than £2m	£2m to £9.99m	£10m and above
2018	5,555	795	224
2019	5,797	848	252
2020	5,586	776	261
2021	6,052	1,098	451
2022	5,693	1,123	466
2023	4,943	940	307

[Return to Figure 4 on page 20](#)

Figure 4: UK investment value by investment band (2018-2023)

Year	Less than £2m	£2m to £9.99m	£10m and above
2018	£2,056m	£3,234m	£6,789m
2019	£2,256m	£3,524m	£10,647m
2020	£2,209m	£3,277m	£10,540m
2021	£2,564m	£4,618m	£21,590m
2022	£2,462m	£4,597m	£18,511m
2023	£2,094m	£4,069m	£10,747m

[Return to Figure 4 on page 20](#). Investment band value totals may not amount to exact annual investment value totals. This is due to rounding.

Figure 5: Scotland deal numbers by investment band (2018-2023)

Year	Less than £2m	£2m to £9.99m	£10m and above
2018	322	36	5
2019	381	37	12
2020	393	41	9
2021	339	65	13
2022	327	71	17
2023	267	65	9

[Return to Figure 5 on page 20](#)

Figure 5: Scotland investment value by investment band (2018-2023)

Year	Less than £2m	£2m to £9.99m	£10m and above
2018	£119m	£128m	£93m
2019	£146m	£145m	£317m
2020	£162m	£143m	£209m
2021	£156m	£259m	£512m
2022	£143m	£262m	£575m
2023	£124m	£271m	£179m

[Return to Figure 5 on page 20](#). Investment band value totals may not amount to exact annual investment value totals. This is due to rounding.

Figure 6: Scotland investment value, above and below £10m (2013-2023)

Year	Value below £10m	Value above £10m
2013	£150m	£37m
2014	£177m	£79m
2015	£194m	£164m
2016	£171m	£157m
2017	£242m	£350m
2018	£247m	£93m
2019	£291m	£317m
2020	£307m	£209m
2021	£414m	£512m
2022	£405m	£575m
2023	£396m	£179m

Return to Figure 6 on page 21

Figure 7: Deals above £10m (£ millions)

West of Scotland investment deals in 2023

Company name	Investment value
Chemify	£36m
ENOUGH	£34.3m
HVS	£30m
Alba Bank	£12.5m
Phlo	£10m

West of Scotland investment deals in 2022

Company name	Investment value
Probe Test Solutions	£27.7m
HVS	£25m
ENOUGH	£11.7m
EnteroBiotix	£11.1m
ACS Clothing	£10m

East of Scotland investment deals in 2023

Company name	Investment value
Lothian Broadband	£20m
Resolution Therapeutics	£14.9m
Enoda	£11.4m and £10m

East of Scotland investment deals in 2022

Company name	Investment value
GoFibre	£164m
Lothian Broadband	£25m
Rooser	£18.1m
Sustainable Marine Energy	£17.7m
Resolution Therapeutics	£15.6m
Roslin Technologies	£11.5m
Holibob	£10.1m
PureLiFi	£10m

Return to Figure 7 on page 25

Figure 8: UK new to equity and follow on deals and investment value (2018-2023)

Year	New to Equity deals	New to Equity value	Follow on deals	Follow on value
2018	2,657	£2,608m	4,102	£9,471m
2019	2,466	£3,474m	4,601	£12,955m
2020	2,229	£2,621m	4,611	£13,407m
2021	2,649	£3,949m	5,190	£24,826m
2022	2,183	£3,015m	5,328	£22,567m
2023	1,650	£1,629m	4,767	£15,286m

Return to Figure 8 on page 29

Figure 9: Scotland new to equity and follow on deals and investment value (2018-2023)

Year	New to Equity deals	New to Equity value	Follow on deals	Follow on value
2018	118	£66m	250	£273m
2019	133	£167m	313	£441m
2020	119	£76m	337	£439m
2021	133	£90m	298	£836m
2022	99	£100m	329	£880m
2023	63	£31m	291	£544m

Return to Figure 8 on page 29

Figure 10: Spinout investment activity by UK region (2023)

Nation / Region	Investment value	Deal numbers
London	£436m	68
South East	£429m	73
East of England	£351m	45
Scotland	£178m	52
Yorkshire and Humber	£65m	26
South West	£52m	37
North East	£41m	21
North West	£33m	21
East Midlands	£22m	18
West Midlands	£21m	14
Northern Ireland	£18m	9
Wales	£16m	10

Return to Figure 11 on page 32

Figure 11: Spinout investment activity in Scotland (2013-2023)

Year	Spinout value	Spinout deals
2013	£27m	34
2014	£27m	37
2015	£134m	45
2016	£28m	31
2017	£69m	70
2018	£44m	54
2019	£85m	60
2020	£150m	80
2021	£325m	64
2022	£230m	59
2023	£178m	52

Return to Figure 10 on page 33

Figure 12: Scottish sectors by participation in deals (2021-2023)

Scottish Enterprise high growth sector	2023	2022	2021
Technology & Engineering	171	179	173
Digital & IT	154	200	214
Business Services	151	161	171
Life Sciences	58	77	62
Food & Drink	49	69	71
Renewable Energy	34	28	26
Energy - other	22	31	36
Fintech	15	13	27
Oil & Gas	12	17	10
Aerospace & Satellites	7	6	12

Return to Figure 12 on page 37

Scottish Enterprise

Atrium Court, 50 Waterloo Street, Glasgow, G2 6HQ

www.scottish-enterprise.com

