



ANNUAL REPORT 2020

2020 IN REVIEW

INTRODUCTION BY HELEN OLDHAM
FOUNDING BOARD DIRECTOR, NORTHINVEST

NorthInvest increased its impact significantly in 2020, facilitating 19 rounds of funding worth over £9 million. This compares with 10 rounds and £3 million from the previous year.

A tumultuous year on the world stage, our activity in supporting underrepresented founders drove our initiatives in 2020, with the launch of Fund Her North; a collective of 25 women from Northern-based VCs, funders and angel groups - the first of its kind in the UK.

As we continue to grow, an increasing number of organisations sought to work with us to access to our pipeline and expertise through investor readiness workshops to add value to their own innovation programmes, leading to new revenue streams. We see this as a growing opportunity in 2021 and look forward to enhancing our existing partner offering.

NorthInvest also fully deployed £1m in funding alongside partners the Innovation SuperNetwork as part of the Regional Angel Investment Accelerator programme (RAIA) programme, a partnership between NorthInvest, Innovation SuperNetwork, North East BIC and the UKBAA, backed by Innovate UK.

Despite the success of this pilot, the economic uncertainty caused by Brexit and COVID-19 has called into question its continuation. We have leveraged our angel and funder network to lobby central government to extend the programme to continue the stimulation of regional angel investment and are awaiting a response.



KEY UPDATES IN 2020

INCREASED FREQUENCY OF PITCH EVENTS

Like many organisations in 2020, the COVID-19 pandemic necessitated a review of our processes and activities. In response to the March 2020 lockdown, we pivoted to online pitch events. This virtual event model proved popular among our investor network with its more efficient and flexible format.

We also increased the frequency of our pitch events to monthly and co-host these with the Innovation SuperNetwork to provide further exposure for start-ups and unite our angel network, which spans across (and beyond!) the North of England.

NORTHINVEST TEAM GROWS

The NorthInvest Board welcomed Managing Director of FinTech at Legal & General, Nick Frankland. Matt Cooling also joined NorthInvest in an advisory role. Both roles involve assisting NorthInvest in developing a COVID-19 response for the organisation to benefit local early stage tech and digital start-ups.

NEW STRATEGIC PARTNERSHIPS

We also welcomed new partners to our community in 2020 including:

Ada Ventures, Aon, Bethnal Green Ventures, DSW Ventures, E2E Capital Ventures, HSBC UK, Little Agency.



“NorthInvest has excelled this year and thrived during an uncertain economic climate. This is testament to the strength of - and need for - an easily accessible and collaborative funding model for grassroots investment.

We're very proud to announce our success this year: we've co-founded initiatives to increase accessibility to funding for traditionally overlooked founders, such as Fund Her North, and collaborated with Ada Ventures; we've diversified our revenue model and developed relationships with influential partners; and helped Northern tech start-ups to secure over £9m in funding.

I very much look forward to seeing how far we can go in 2021 and continue our already impressive growth strategy."

- Professor Adam Beaumont, Founder of NorthInvest

2020 KEY STATISTICS

INVESTMENT LANDSCAPE

£9m

TOTAL FUNDING RAISED FOR
NORTHERN START-UPS IN 2020

294

ENTREPRENEUR COACHING
SESSIONS

19

DEALS COMPLETED

144

ANGEL INVESTORS

215

INVESTMENT APPLICATIONS

15%

FEMALE ANGEL INVESTORS

17%

APPLICATIONS FROM FEMALE
ENTREPRENEURS

2020 KEY STATISTICS

START-UPS BY REGION & SECTOR

2020 saw an increase in investment applications for Tech for Good start-ups. Over a quarter of applications submitted by start-ups integrated Tech for Good solutions into their technology or digital solutions, from MedTech and Manufacturing, to Energy and AI-driven software solutions



22%

LEEDS CITY REGION

20%

NORTH EAST & TEES VALLEY

16%

GREATER MANCHESTER

14%

YORK, NORTH YORKSHIRE
& EAST RIDING

30%

OTHER REGIONS:

Cheshire & Warrington

Cumbria

Hull & Humber City Region

Lancashire

Liverpool City Region

Sheffield City Region

Northern Wales

OUR SOCIAL IMPACT OVERLOOKED FOUNDERS

Social impact has always been important for NorthInvest and has its roots in our creation to serve the north of England, traditionally underfunded. We have built on our focus of supporting a more diverse investment landscape by supporting women founders and investors, this year looking to support founders of more diverse backgrounds and increase our tech for good provision.



INVESTING IN WOMEN CODE

NorthInvest became a proud signatory of the Investing in Women Code in 2020, an initiative implemented by HM Treasury to make the United Kingdom one of the most attractive countries in the world to start and grow a business by advancing female entrepreneurship. We also report to the UK Business Angels Associations on our processes and practice to aid research into the distribution of funding to female entrepreneurs.



FUND HER NORTH

Many members of our NorthInvest event regulars will be familiar with our popular Angels of the North: Female Founders & Investors events. We're proud to announce that from this community we co-founded Fund Her North in 2020.

Fund Her North is a collective of over 28 women with combined investment power over £450m in the North to support women entrepreneurs seeking investment. Events include pitch event co-hosted by NorthInvest and GC Angels, as well as entrepreneur events discussing the investment landscape for start-ups and scale-ups. Guest speakers included Dragon's Den 'Dragon' Sara Davies, Director of the Northern Powerhouse Partnership Henri Murison, ClearlySo and Bluebella NED Tracy Lewis, and CEO of Culture Shift, Gemma McCall.

2020 SUPPORT FOR WOMEN ENTREPRENEURS

15%

FEMALE ANGEL INVESTORS
NORTHINVEST MEMBERS

17%

APPLICATIONS FROM FEMALE
ENTREPRENEURS

£715k

INVESTMENT INTO FEMALE
FOUNDED/CO-FOUNDED START-UPS

OUR SOCIAL IMPACT

TECH FOR GOOD

NorthInvest have seen an increased appetite among investors for Tech for Good companies that deliver a positive impact for people and the planet or address social and environmental challenges is an increasingly appetising sector for investors.

According to Tech Nation's Tech for Social Good Report in 2019, tech for social good' companies were worth £2.3 billion in 2019, with a turnover of £732 million.

Increasing numbers of investment applications to NorthInvest in 2020 were from start-ups integrating solutions to social and environmental problems alongside existing, more traditional value propositions, making them profitable enterprises in terms of both social and financial returns.

ADA VENTURES



As part of an ongoing mission to diversify the investment industry and break down barriers for entrepreneurs, NorthInvest and Ada Ventures hosted a virtual fireside chat to discuss the Ada Scout programme, an initiative set up to address the imbalance of funding in underrepresented tech founders across the UK. We have used our network of organisations and people to support this initiative.

BETHNAL GREEN VENTURES



Reflecting the growth in tech for good companies in the North of England, Bethnal Green Ventures and NorthInvest partnered to increase the access to funding for early stage businesses in the sector. Our partnership brings together the expertise and funding base of BGV, who are one of Europe's leading early-stage tech for good VCs. We're collaborating to not only share and promote investment opportunities, but also to prepare up to 30 businesses to be ready for investment, with a selected group taking part in a pitch event in 2021.



“We're excited to partner with NorthInvest to help talented entrepreneurs in the North on track to build purpose-driven tech businesses, launch and scale their businesses. Connecting our communities will ensure more capital is available for tech for good founders across the UK. ”

- Paul Miller, CEO, Bethnal Green Ventures

OUR COMMUNITY

EVENT HIGHLIGHTS

Despite the majority of our events being online in 2020, we held 50 events with 1,171 attendees. The team quickly mobilised to host online events and equip themselves with video editing skills to create an engaging, valuable events for founders and investors alike.

PITCH EVENTS

Our new virtual pitch event model enabled entrepreneurs to present their ideas live to investors. Investors can ask questions and discuss opportunities before a facilitated networking session. We hosted 15 pitch events in 2020, collaborating with the Innovation SuperNetwork, Garbutt + Elliott, RTC North and GC Angels. Through these events, over 90 entrepreneurs had the opportunity to pitch to investors.

NORTHINVEST & FINTECH NORTH LEEDS INVESTMENT FORUM

Having supported FinTech North throughout 2019 by providing speakers at their Newcastle, Manchester, Liverpool and Leeds events, NorthInvest co-hosted a sell-out FinTech Investment Forum event on 31 January. Over 150 guests attended the event, held at aql, and sponsored in part by Leeds City Council. This event involved a series of guest speakers, panel Q&A, and live pitches from 4 FinTech startups who have been supported by NorthInvest. 1 of these start-ups, FeezeDebt went on to be advised by NorthInvest Angel Investor Richard Carter.

HSBC & NORTHINVEST: HOW SMES CAN ACCESS INTERNATIONAL OPPORTUNITIES

On 2nd September 2020, HSBC UK Relationship Director, Jamie McCullough joined NorthInvest and a panel of expert speakers to share insights into how SMEs can access international opportunities. This event celebrated the recent partnership between HSBC UK and NorthInvest, shedding light on a topic more important now than ever as we work across a virtual, and virtually connected, global business landscape. Across the session, speakers set out to address the challenges, opportunities and 'how-tos' for start-ups and scale-ups looking to expand abroad. The event attracted more than 51 attendees, a mixture of professional services and entrepreneurs (both scale-up and start-up).



OUR PARTNERS

HOW WE'VE WORKED TOGETHER

DEAL SUPPORT

NorthInvest's legal partner, Yorkshire law firm Gordons, actively supported on two investment deals during 2020. These comprised equity investments made by NorthInvest angels into property procurement start-up, C-Link, and electric vehicle (EV) start-up, Mina. Both investments were supported with advice from Gordons' corporate solicitor, Amy Pierechod, and corporate partner, Duncan Firman.

NorthInvest partners, E2E Capital Ventures, also engaged with NorthInvest to lead on follow-on investment rounds in partnership with NorthInvest, including Dyman Advanced Materials.

INVESTOR WORKSHOPS & EVENTS

NorthInvest offer our angel members the opportunity to attend educational events co-designed with our expert partners to develop their confidence and knowledge of the investment process. In 2020, these educational events included workshops with Gordons LLP, the UK Business Angels Association (UKBAA), the Innovation SuperNetwork, Garbutt + Elliott, and Geoffrey Martin & Co, covering a range of topics from legals and tax efficient investing, to deal process and managing insolvency.

BESPOKE INNOVATION PROGRAMME SUPPORT

NorthInvest supported both RTC North the and the Advanced Wellbeing Research Centre (AWRC) at Sheffield Hallam University with a bespoke offer of support for existing innovation programmes. We delivered a tailored Investor Readiness workshop for AWRC that provided guidance for Tech for Good and MedTech start-ups.

Meanwhile, we supported RTC North's innovation programme, delivered by RTC North, EEN, Innovate UK, the Knowledge Transfer Network (KTN) and NorthInvest, and originally conceived and delivered by EEN partners in the East of England. The programme culminated in a virtual pitch event, PitchFest 2020, hosted by NorthInvest with RTC North. The event involved 6 start-ups pitching their ideas to 21 investor attendees from an initial cohort of 20 companies, curated with NorthInvest's support. NorthInvest provided an average of 5 hours of support per start-up during the programme, and provided 95 hours of delivery support. 10 Direct investor introductions were made and 1 start-up, K9 Nation led by a female-founder Becky Baker, to raise investment worth £250,000 and place Jordan Dargue, NorthInvest Investment Director as a Non-Executive Director.



“At Gordons, we're committed to working with NorthInvest investors to make the deal process as streamlined as possible. It's really rewarding to be able to support deals like C-Link, which help connect northern investors with start-ups at a stage in their development where investment can make a big impact.”
- Amy Pierechod, Solicitor, Gordons LLP

START-UP CASE STUDY K9 NATION

Dog owner-turned-entrepreneur Becky Baker founded K9 Nation in 2018 to connect the 10.1 million dog owners in the UK in an online social community. The app enables dog owners to share crucial information and advice to care for their dogs and provides a curated directory of dog-friendly products and services across the UK. We secured £250,000 worth of equity investment from private NorthInvest investors. The social media platform was among six start-ups shortlisted from over 30 candidates to take part at a virtual Pitch Event facilitated by RTC North and NorthInvest as the culmination of investor readiness programme Innovate2Succeed. The programme was delivered by EEN, Innovate UK, the Knowledge Transfer Network (KTN), and NorthInvest, hosted by Clarion solicitors.

Following a successful pitch and intensive investment readiness coaching from RTC North, K9 Nation secured investment from NorthInvest angel investors as well as commercial support from Leeds-based software development agency, Nephos Solutions, to enhance the platform. NorthInvest Investment Director and angel investor Jordan Dargue also joined the board of K9 Nation as a Non-Executive Director who is currently leading a further fundraising of £250,000 in 2021.



£40,000

CASH INVESTMENT

£210,000

INVESTMENT IN KIND

Non Executive Director

JORDAN DARGUE PLACED

“ When I got my dog Buddy as a puppy, I felt overwhelmed by the responsibilities of dog ownership and was in constant need of information and guidance – from dog-walking spots and puppy day care, to local vets and products. As I spoke with dog owners across the UK, I realised there was a need for a community that provided this information. I'm delighted K9 Nation has found investors and commercial partners who share our mission to build a global community of support.”

Founder & CEO of K9 Nation, Becky Baker

START-UP CASE STUDY

DYMAN ADVANCED MATERIALS

Revolutionary synthetic diamond production business, Dyman Advanced Materials, based at the North East Technology Park (NETPark) in County Durham, is primed to disrupt the \$12bn market after raising equity investment through NorthInvest. Gull Corporation, trading as Dyman Advanced Materials, and founded by Dr Gary Gibson, is developing technology that improves synthetic diamond manufacture and aims to drastically reduce production costs of diamond grit for industrial use.

NorthInvest, alongside partners the Innovation SuperNetwork presented this opportunity at the Newcastle Angel Hub and Leeds Angel Hub, of which the network of angel investors responded enthusiastically to the diamond manufacturer's pitch, initially committing £65,000 to the start-up in January 2020.

This initial round of funding enabled the company to complete the Proof of Concept phase for its innovative synthetic diamond manufacturing technology in August 2020, and is now productising its Diamond Grit/Powder technology.



NorthInvest partners E2E Capital Ventures was engaged to lead the raising of follow on investment alongside NorthInvest. An initial tranche of £225,000 was secured in October 2020 from existing NorthInvest investors with the total committed investment round due to close in early 2021. This investment will fund 18 months further technological development to scale up production proving the commercial potential and generating initial revenue for the company.

“Gary and his team at Dyman Advanced Materials pitched at my first Newcastle Angel Hub event and I was intrigued by the ramifications of disrupting the diamond market.

We look forward to Dyman becoming a large scale European supplier of industrial diamonds, creating jobs in the NE and exploiting the technology in the computing technology space.”

Tia Patterson, NorthInvest Angel Investor

£65,000 - Round 1

COMPLETED JANUARY 2020

£195,000 - Round 2a

COMPLETED OCTOBER 2020

IN REVIEW:

REGIONAL ANGEL INVESTMENT ACCELERATOR PROGRAMME



The Regional Angel Investment Accelerator (RAIA) programme, a partnership between NorthInvest, Innovation SuperNetwork, North East BIC and the UKBAA, proved to fundamentally stimulate angel investment activity across the North. Through our efforts as part of RAIA, NorthInvest helped 14 start-ups submit grant applications and deployed £780,000 of grant funding from Innovate UK alongside programme partners the Innovation SuperNetwork. This encouraged angel investment in these successful applicants, with £915,000 leveraged in match funding from our angel networks.

Our work with RAIA also enabled us to leverage further investor readiness support through the Access to Finance programme by the Innovation SuperNetwork for over 150 innovative start-ups, as well as introduce an additional pipeline of 96 companies into the funding ecosystem.

The RAIA programme also drove an increase in active angel investors across both the Newcastle Angel Hub and the Leeds Angel Hub as part of NorthInvest. Our joint events with the Innovation SuperNetwork united these local and regional investor networks.

14

START-UP APPLICATIONS
SUBMITTED

50%

APPLICATION SUCCESS RATE

£111,000

AVERAGE GRANT VALUE (MAX
£150,000)

£780,000

GRANT FUNDING DISTRIBUTED

£915,000

ANGEL INVESTMENT LEVERAGED
IN MATCH FUNDING

This also supported the pilot's ambition to create a thriving, well-informed diverse angel community in the North.

The Regional Angel Investment Accelerator demonstrated a clear need for early stage businesses to access investment to facilitate further innovation and support small novel projects.

We hope the success of this programme will encourage further ERDF and private sector funding to build the capacity needed to fundamentally change the early stage finance landscape in the regions.

THANK YOU



2020 would not have been such a successful year for NorthInvest without the help of our partners and supporters.

We would like to say a huge thank you to our partners and our supporters for helping us continue to build communities and accelerate growth within the North by mentoring the future generation of tech innovators.

OUR PARTNERS



OUR SUPPORTERS

