Seed Enterprise Investment Schemes (SEIS) 2023/4

by

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Foreword by Christiana Stewart-Lockhart

Director General, Enterprise Investment Scheme Association (EISA)

It's wonderful to introduce the latest edition of The Catt's Eye View.

The SEIS and EIS continue to play a fundamental role in supporting some of the most exciting new businesses and fueling innovation across the UK. Together they have now accounted for £30 billion of private investment into more than 53,000 businesses.

2024 is particularly special as it marks 30 years since the EIS was created. Tens of thousands of businesses that exist today were able to secure their initial investment thanks to the schemes and many are now household names, having an important impact on our day-to-day lives. "Our incredible EIS", to quote Prime Minister Rishi Sunak, has helped to ensure the UK is one of the best places in the world to start a business, attracting the brightest talent from across the globe. These schemes have been internationally recognised and last year France even announced plans to create their own version of the scheme.

This is a really exciting time for EIS investors, particularly given the fantastic news that the Government will be extending the sunset clause on the EIS for another 10 years to 2035, as well as the recent extensions to the SEIS limits. History shows us that economically challenging times provide immense opportunity for innovative businesses and there are some extremely impressive founders creating incredible businesses.

More than 45,000 people are using the EIS to invest in growth businesses each year. The UK's tax burden is now at the highest level since the Second World War and one in five taxpayers are expected to pay the higher rate of income tax by 2027. The EIS and SEIS provide a significant opportunity for investors who are able to utilise these tax reliefs to mitigate some of the high risks associated with these very early-stage companies.

Many of these start-ups are finding solutions to some of the biggest challenges that we're currently facing and are genuinely changing the world. It is hugely exciting to be a part of that and I'm grateful to this excellent report for highlighting some of the tremendous work being done by those working in the EIS and SEIS Industry.

Christiana Stewart-Lockhart, Director General, Enterprise Investment Scheme Association (EISA)

Introduction

This report has been commissioned by IFA/GBI Magazine to outline SEIS investments as an educational piece to give advisers sufficient information to enable them to be confident to speak about them with their clients. This is one of four parts of the project to cover Tax-Efficient Investment. There are separate reports on EIS Funds, Venture Capital Trusts and Business Relief and other tax-efficient investments.

Primarily, the schemes were introduced and have remained in place over several Government cycles as a tax-efficient means of small businesses raising capital in order for them to grow. I have included the HMRC pages outlining this.

I note from the Autumn Statement 2023 that the Government is looking to continue the tax breaks for investment in new enterprises.

4.52 The government also remains committed to ensuring early-stage, innovative companies have access to the investment they need to grow and develop. To continue supporting thousands of start-ups and small and medium-sized enterprises (SME) each year who face the biggest challenges in accessing growth capital, the government will legislate to extend the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT) to 2035.

Whilst this is great news, the Government has hinted that it is considering abolishing Inheritance Tax in the Spring 2024 budget. I would not want to comment on the politics behind this policy, but it would be extremely bad news for the funding of start-up business as Inheritance Tax mitigation is often the introduction to investors into this type of investment.

The tax efficiency of these types of investment are major drivers for investors. These drivers are heavily relied upon and often outweigh the consideration of the underlying investment risk which is often well above most clients' tolerances for investment risk. As such, the income and capital gains tax advantages remain in place.

There are several elements to EIS and SEIS schemes.

- The Investee company
- HMRC
- The investors who actually become part of the company and mentor the owners
- Fund managers who may arrange the investment into the investee companies
- Third party investors.

There is still a massive education piece to provide advisers with sufficient information to be confident to speak with clients. Often, this lack of knowledge will lead advisers with less experience in this market to simply choose providers that they haver heard rather than looking below the bonnet to align the investee company business to the investment strategies and ethics of the investors.

As ever, a big thank you to all the people that have helped put this report together and the firms that have been able to contribute to the information. I hope that this report will generate business for those firms.

Tony Catt
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What is the SEIS & EIS?

The Seed Enterprise Investment Scheme ('SEIS') is designed to help small, early-stage companies to raise equity finance by offering a range of tax reliefs to individual investors who purchase new shares in those companies. It complements the existing Enterprise Investment Scheme ('EIS') which will continue to offer tax reliefs to investors in higher-risk small companies. SEIS is intended to recognise the particular difficulties which very early stage companies face in attracting investment, by offering tax relief at a higher rate than that offered by the existing EIS.

The Enterprise Investment Scheme ("EIS") is a Government scheme introduced in 1994 to promote investment into smaller, and typically higher risk, companies. The EIS provides a range of tax reliefs for investors who subscribe for qualifying shares in qualifying companies. There are five current EIS tax reliefs available to investors in companies qualifying under the EIS, which are summarised below.

The Seed Enterprise Investment Scheme (SEIS) was introduced in 2012, and is similar to the EIS, though to qualify the companies must be smaller and earlier stage than for EIS.

Whilst the original schemes were intended to encourage investments into direct companies, there are now a number of Funds and Portfolio services run by professional fund managers, providing a portfolio of earlier stage UK companies.

What are the tax benefits for individuals investing through SEIS?

An investor is eligible for income tax relief in respect of shares issued to him or her where particular requirements are met.

The investor need not be UK resident but must have UK income tax liability against which to set the relief. The shares must be held for a period of at least three years from the date of issue for relief to be retained. If they are disposed of within that three year period, or if any of the qualifying conditions cease to be met before the termination date for the shares, relief will be withdrawn or reduced.

The relief takes the form of a reduction in the individual's Income Tax liability. Except where it is restricted as explained below, the amount of the reduction is equal to tax at the SEIS rate of 50% on the amount of the subscription (this excludes any costs incidental to the subscription) or, if that would exceed the liability for the year, whatever amount will reduce that liability to nil. The maximum investment on which an investor may claim relief for a tax year is £200,000 for shares issued on or later than 6 April 2023 (£100,000 to 5 April 2023).

Carry back election

An investor may elect under ITA07/S257AB(5) to have part or all of an issue of shares treated as though acquired in the tax year preceding that in which the shares were actually acquired. This is subject to the maximum annual investment limit for that earlier year, limits of £100,000 apply to 5 April 2023 and £200,000 for shares issued on or after 6 April 2023.

The SEIS rate for the earlier year is then applied to the shares treated as acquired in the earlier year and relief given accordingly. As there is no SEIS rate for periods before 6 April 2012 an election under S257AB(5) will be effective only for shares acquired in 2013-14 and later tax years.

SEIS investors can enjoy substantial tax benefits.

The government took the view that tax reliefs of this level of generosity should be enjoyed only as a result of investments involving high risk. By extension, they should not be enjoyed as a result of investments broadly defined by capital preservation, predictable income and lower risk. This concern was among the issues at the heart of a recent major review of the funding of innovative companies in the UK.

Income tax relief

- An individual with no more than a 30% interest in the company can reduce their income tax liability by up to 30% of the amount invested. An EIS qualifying investment must be held for no less than three years from the date of issue, or until three years from commencement of trade, if later.
- There is no minimum subscription per company and the maximum in respect of which a subscriber may obtain income tax relief in any year is £2m (provided that any amount above £1m is invested in Knowledge Intensive Companies).
- Individuals may elect to treat their subscription for EIS shares, up to their maximum annual allowance, as if made in the previous tax year, thereby effectively carrying income tax relief back one year. In other words, up to £2m may be invested of which £1m could be applied to the previous tax year.
- Individuals each have an EIS allowance of £1m, so a married couple could invest up to £2m per tax year.
- Income Tax Relief is limited to the amount which reduces the individual's income tax liability for the year to nil.

There are two periods of time with respect to which many of the SEIS conditions operate.

'Period A' runs from the company's incorporation to the third anniversary of the date of the share issue.

'Period B' runs from the date of issue of the shares to the termination date.

CGT Freedom

- No Capital Gains Tax is payable on the disposal of shares after three years, or three years after commencement of trade, if later, provided the EIS initial income tax relief was given and not withdrawn on those shares. However, the shares can be held for much longer, thus potentially permitting CGT free gain to accrue over a longer period. The opportunity for a CGT free gain can be an extremely valuable benefit from subscribing for shares in a successful EIS qualifying company.

Inheritance Tax Relief – 'IHT' Relief

- Shares in EIS qualifying companies will generally qualify for Business Property Relief for Inheritance Tax purposes at rates of up to 100% after two years of holding such investment, so that any liability for Inheritance Tax is reduced or eliminated in respect of such shares.

CGT Deferral Relief

- Tax on capital gains realised on a different asset can be deferred for as long as the EIS qualifying shares are held or even indefinitely, where disposal of that asset was less than 36 months before the date of the issue of shares in the EIS investment or less than 12 months after it.
- Deferral relief is unlimited, in other words, this relief is not limited to investments of £1m per annum and can also be claimed by investors (individuals or trustees) whose interest in the company exceeds 30%.

Loss Relief

- If EIS shares are disposed of at any time at a loss (after taking into account income tax relief), such loss can be set against the investor's capital gains, in the tax year of loss or carried forward to a later year, or their income in the tax year of disposal or the previous year.
- For losses offset against income, the net effect is to limit the investment exposure to 38.5p in the £1 for a 45% taxpayer, or 42p in the £1 for a 40% taxpayer if the shares were to become totally worthless.

Use the Seed Enterprise Investment Scheme to raise money for your company

The Seed Enterprise Investment Scheme (SEIS) is one of four venture capital schemes.

To find out if your company or social enterprise's proposal to raise money meets the conditions of SEIS and how to apply go to the HMRC website.

Limits on the money you raise

There is no minimum, but there is a maximum amount you can raise depending on which scheme you opt for.

The maximum amount you can raise in the lifetime of your company for:

- SEIS investments is £150,000
- SITR (Social Investment Tax Relief) investments is £1.5 million
- EIS and VCT investments is £12 million
- There may be higher limits if your company carries out research, development or innovation and meets certain conditions.

How the scheme works

SEIS is designed to help your company raise money when it's starting to trade. It does this by offering tax reliefs to individual investors who buy new shares in your company.

You can receive a maximum of £150,000 through SEIS investments. This will:

- include any other de minimis state aid received in the 3 years up to and including the date of the investment
- count towards any limits for later investments through other venture capital schemes

There are various rules you must follow so your investors can claim and keep SEIS tax reliefs relating to their shares. Tax reliefs will be withheld, or withdrawn, from your investors if you do not follow the rules for at least 3 years after the investment is made.

Source https://www.gov.uk/guidance/venture-capital-schemes-apply-to-use-the-seed-enterprise-investment-scheme

Companies that can use the scheme

Your company can use the scheme if it:

- carries out a new qualifying trade
- is established in the UK
- is not trading on a recognised stock exchange at the time of the share issue
- has no arrangements to become a quoted company or a subsidiary of one at the time of the share issue
- does not control another company unless that company is a qualifying subsidiary
- has not been controlled by another company since the date of your company being incorporated

Your company and any of its subsidiaries must:

- not have gross assets over £200,000 when the shares are issued
- not be a member of a partnership
- have less than 25 full-time equivalent employees in total when the shares are issued

If you have received investment through the Enterprise Investment Scheme (EIS) or from a venture capital trust, you cannot use SEIS.

About the investment

The shares you issue must meet the same requirements as shares issued under EIS.

The money you raise from the investment must be spent within 3 years of the share issue. You must spend the money on either:

- a qualifying trade
- preparing to carry out a qualifying trade
- research and development that's expected to lead to a qualifying trade

You cannot use the investment to buy shares, unless the shares are in a qualifying 90% subsidiary that uses the money for a qualifying business activity.

New qualifying trade

If your company is already carrying out a qualifying trade, it must not have been carried out for more than 2 years by either:

- your company
- any other person who then transferred it to your company
- Your company, or any qualifying subsidiary, must not have carried out any other trade before you started the new trade.
- Your company's trade must be treated as a commercial business with the aim of making profits. However, your trade will not qualify if it consists mostly of an excluded activity.

Before raising your money – Advance Assurance

You can ask HMRC if your share issue is likely to qualify before you go ahead, this is called advance assurance.

You can ask HMRC if they agree that an investment would meet the conditions of a scheme before you apply. This is called advanced assurance. You can use this to show your potential investors that your proposed investment may qualify for a scheme.

Advance assurance will not tell you if an investor would meet the conditions of the scheme.

You will need to make separate applications for each proposed investment that you want advance assurance for.

What is the difference between SEIS and EIS?

SEIS and EIS are very similar in many respects, but there are some important differences.

SEIS and EIS serve the same essential purpose – to be a conduit for early-stage investment into high-growth-potential, smaller and younger UK companies, for which there is widely regarded to be a 'finance gap', meaning many promising businesses can struggle to obtain growth funding.

The key difference between the two is that SEIS is explicitly targeted at start-ups and very early stage companies, while EIS can be used by larger and more mature companies – though these are still relatively small and young in the context of the UK's business and corporate landscape.

SEIS funding criteria for companies:	Fewer than 25 employees	Trading for less than three years	Gross assets valued at no more than £350,000	No previous investment from a Venture Capital Trust or EIS Subject to a lifetime SEIS funding limit of £250,000
The comparable requirements for EIS:	Fewer than 250 employees	Trading for less than seven years (or less than 10 years for 'knowledge-intensive' companies – typically those with high research and development costs/requirements)	Gross assets valued at no more than £15m	Maximum lifetime amount that can be raised under SEIS, EIS and Venture Capital Trusts is £12m (or £20m for 'knowledge-intensive' companies)

HMRC SEIS statistics 2023

About these statistics

This is a National Statistics publication produced by HM Revenue and Customs (HMRC). It provides information on the number of companies raising funds, the number of subscriptions and the amounts raised through the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS).

It also includes Official Statistics on social enterprises raising funds through the Social Investment Tax Relief (SITR) scheme. The EIS, SEIS and SITR are three of four tax-based venture capital schemes, the other being the Venture Capital Trust (VCT) scheme.

The current release includes the first estimates for 2021 to 2022. The figures for 2019 to 2020 and 2020 to 2021 include small revisions and minor updates, arising from the receipt of a small number of further EIS1 and SEIS1 forms for these years.

Companies have a period of 3 years after shares are issued to submit a compliance statement. Figures from 2020 to 2021 onwards have been uplifted to take account of late returns submitted by companies. Thus, these figures should be treated as provisional and will be subject to revisions in future publications.

The publication also provides information on the industrial and geographical breakdown of EIS and SEIS companies, the distribution of companies by the amounts of funds raised, and the distribution of investors by the size of their investment.

Seed Enterprise Investment Scheme

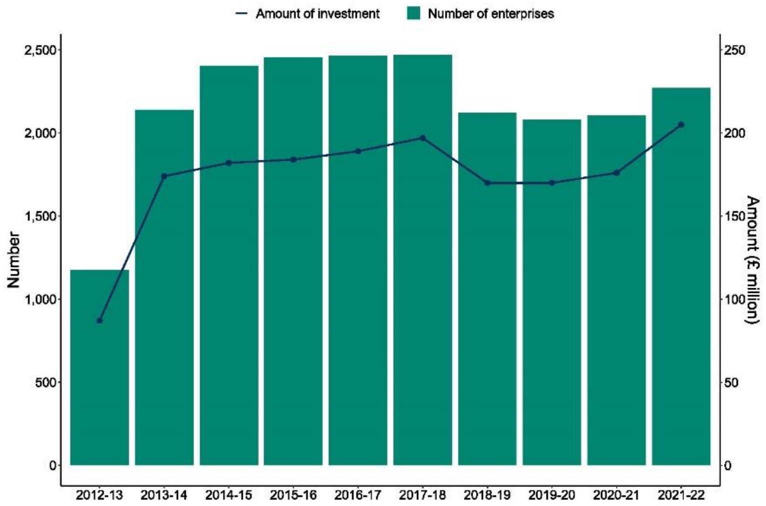
- In 2021 to 2022, 2,270 companies raised a total of £205 million of fundsunder the SEIS scheme. Funding in 2,270 is at the highest level since thescheme was introduced and has increased by 16% from 2020 to 2021 when2,105 companies raised £176 million.
- Around 1,815 of the companies were raising funds under the SEIS scheme for the first time in 2021 to 2022, representing £179 million of investment.
- In 2021 to 2022, companies from the Information and Communication sector accounted for £83 million (40% of all SEIS investment).
- Companies registered in London and the South East accounted for the largest proportion of investment, raising £137 million (67% of SEISinvestment) in 2021 to 2022.

SEIS: Number of SEIS companies and amount of investment

In 2021 to 2022, the number of companies raising investment under SEIS was 2,270, compared to 2,105 in the previous year. However, the amount raised by these companies increased by 16% to £205 million compared to £176 million in the previous year and was the highest amount raised since the scheme was introduced.

The risk–to–capital condition introduced a requirement for growth and development to the SEIS for the first time in 2018 to 2019, and it is expected that this will have had a short–term impact before the industry adjusted.

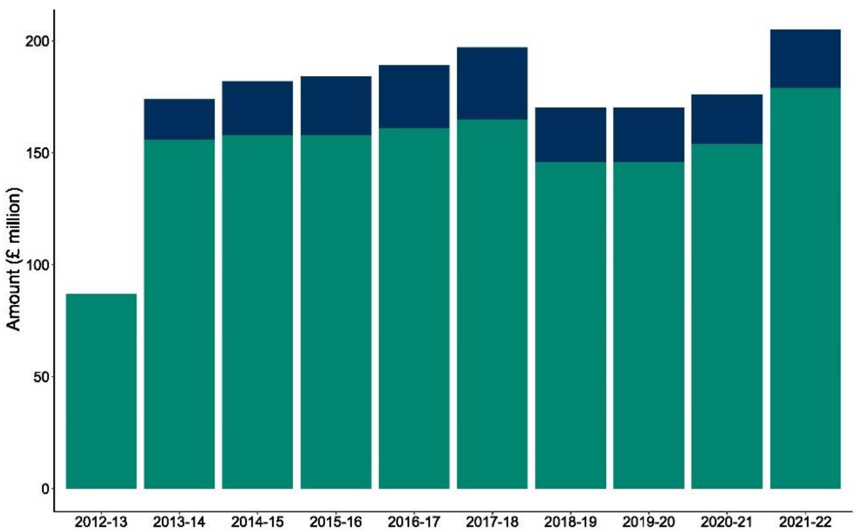
Number of companies raising funds and amount raised, 2012–13 to 2021–22



SEIS: New investment

The number of new companies raising SEIS funds in tax year 2021 to 2022 increased by around 7% from the previous year, and the amount raised by these companies also grew by 16%.

Amount of funds raised by new and old SEIS companies, 2012–13 to 2021–22

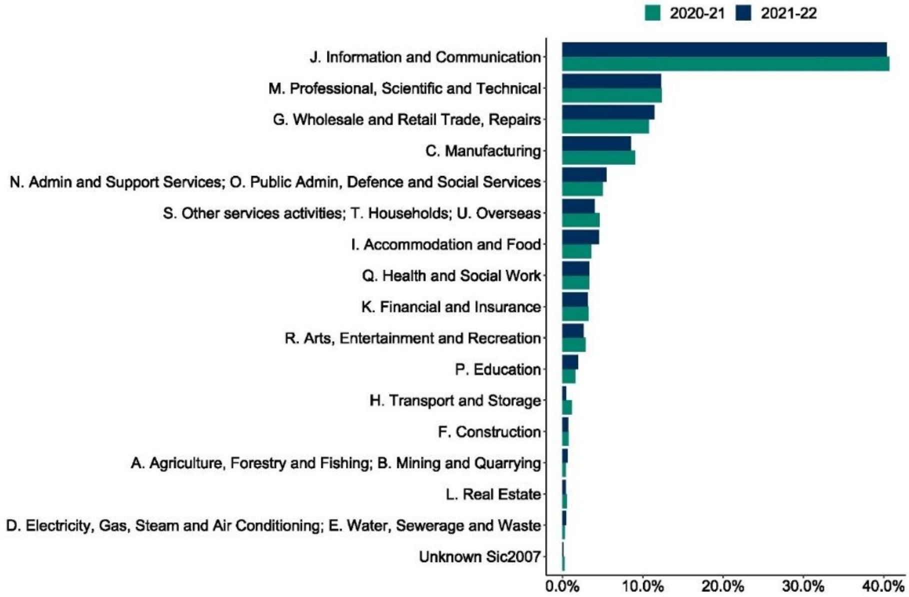


SEIS: Industry sector

In 2021 to 2022, companies from just one sector (the Information and Communication) accounted for £83 million of investment, which makes up 40% of the amount of SEIS investment received. The next 3 largest sectors (the Professional, Scientific and Technical, the Wholesale and Retail Trade, Repairs, the Manufacturing sectors) together account for 32% of investment.

The proportion of SEIS investment by industry sector in 2021 to 2022 has remained consistent in the Information and Communication sector and decreased in the Manufacturing sector, compared to the previous year.

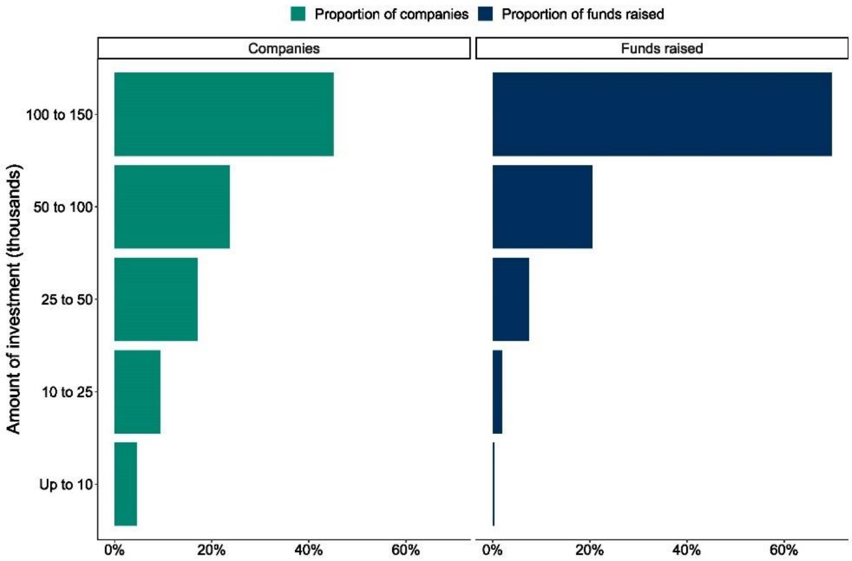
Comparison between the proportion of funds raised under the SEIS by different industry sectors, 2020–21 to 2021–22



SEIS: Size of investment per company

Most companies receive investments of over £50,000 through the SEIS (69% in 2021 to 2022). In 2021 to 2022, around 45% of companies raised amounts over £100,000, compared to 39% in 2020 to 2021.

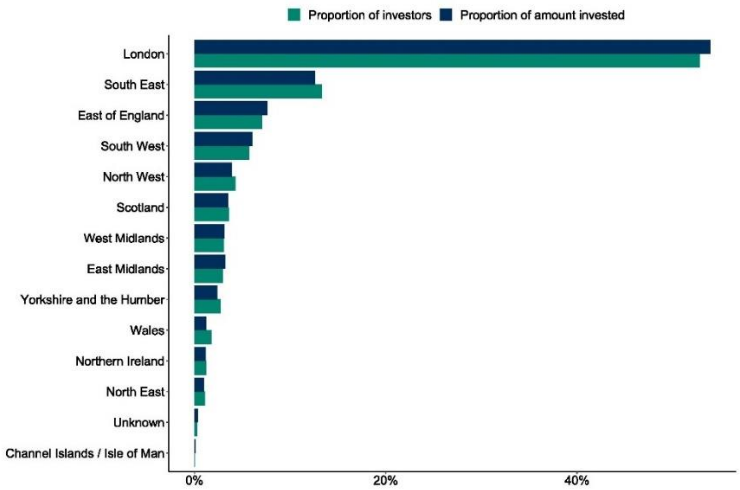
The percentage distribution of funds raised under the SEIS by investment band, 2021–22



Geographical region of company registration

The largest proportion of funds raised under the SEIS were through companies with a registered office in London and the South East. In 2021 to 2022, these regions accounted for 67% of the total SEIS investment (Figure 11), which is slightly lower than the previous year (68%).

The percentage distribution of the number of SEIS companies and amount of investment by location, 2021–22



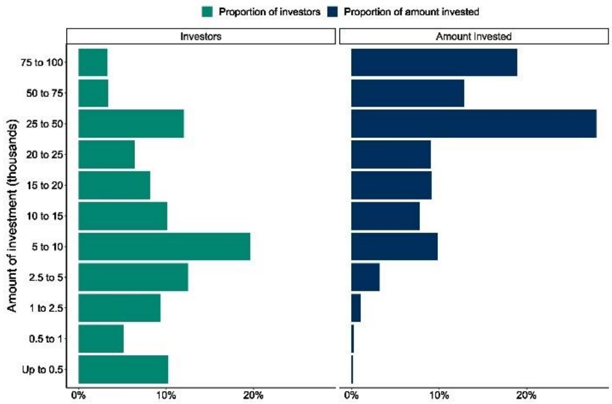
SEIS: Investors claiming Income Tax relief under SEIS

In 2021 to 2022, 9,950 investors claimed Income Tax relief on Self Assessment forms for the SEIS, compared to 9,490 investors in 2020 to 2021. The amount of relief claimed also increased by 12%, which is in line with the 16% increase in funds raised by companies in 2021 to 2022.

Most investors claiming the relief invested £10,000 or less into qualifying SEIS companies (56%).

Investments of over £25,000 contributed 60% of the total amount of SEIS investment raised on which claims were made, which is slightly lower than 2020 to 2021 (61%).

Proportion of SEIS investors claiming Income Tax relief and amount of investment by investment band, 2021–22

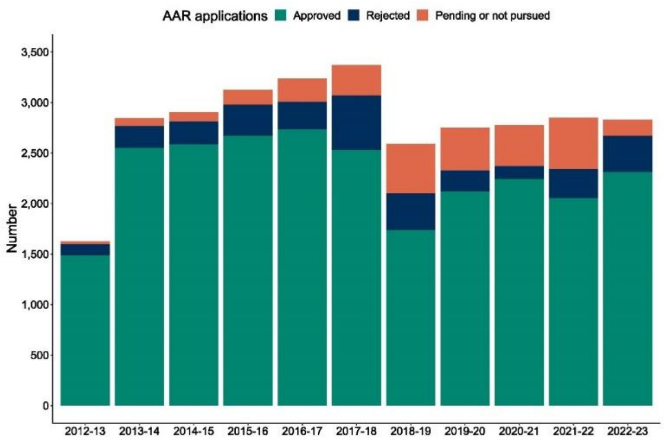


Advance assurance requests

SEIS

- Since 2012 to 2013, there have been a total of 25,365 AAR applications received for SEIS, and of these 20,790 (82%) have been approved.
- In 2020 to 2021, 2,900 AAR applications for SEIS were received and 2,355 (81%) approved. This is an increase from 2019 to 2020, when 2,755 AAR applications were received and 2,120 (77%) approved.
- In 2022 to 2023, HMRC received 2,825 SEIS AAR applications, a decrease of 30 from 2021 to 2022. A number of the applications for 2022 to 2023 are still being processed, but as of March 2023, 82% of applications have been approved. In 2021 to 2022 there were 2,855 SEIS AAR applications and of these 2,055 (72%) have been approved.

Number of SEIS advance assurance applications received, approved and rejected, 2012–13 to 2022–23



Source HMRC

UK Tax-efficient Investment Comparison Table

	ISA	Pension	VCT	EIS	SEIS
Income Tax Relief	Nil	Up to 45%	30%	30%	50%
Capital Gains Deferral	Nil	Nil	Nil	Up to 28% (A)	
Capital Gains Reinvestment Relief	Nil	Nil	Nil		Effective relief up to 14% (B)
IHT Relief	No (C)	Yes (D)	No	Yes after 2 years	Yes after 2 years
Tax Free Exit	Yes	Yes/No	Yes	Yes/No (E)	Yes after 3 years
Tax Free Dividends	Yes	N/A	Yes (F)	No (F)	No (F)
Limits	£20,000	£40,000 (carry forward may also be available) (G)	£200,000	£1M (H)	£100,000 (I)
Minimum holding period	None	To age 55+	5 years	2 years for IHT 3 years for EIS	2 years for IHT 3 years for SEIS

1. Gains arising before 6 April 2021 to higher rate UK tax payers are chargeable at 28%. From 6 April 2021 the rate is generally 20% (but remains at 28% for certain assets.) The relief is a deferral only, and not an exemption and the deferred gain will crystallise on sale of the EIS shares.
2. SEIS reinvestment relief exempts half of the gain reinvested up to the SEIS maximum investment of £100k ie for a gain of £100k reinvested in an SEIS investment, £50k of the reinvested gain is exempt.
3. Some shares in AIM listed companies held in an ISA and held for at least two years may be eligible for IHT relief. All shares held in an ISA are exempt from CGT.
4. In certain circumstances. Specific IHT advice is required
5. There is no tax free exit for shares for which EIS deferral relief only was claimed.
6. With effect from 6 April 2016 the 10% tax credit on dividends has been abolished and replaced with an annual dividend allowance (the dividend nil rate ('DNR')). The DNR charges income tax at 0% on the first £2,000 of an individual's dividend income which would be chargeable to tax but for the DNR. Chargeable dividend income above the DNR is chargeable to tax at basic, upper or higher rate dependent upon the tax rate which applies to the individual shareholder.
7. Relief for pension contributions is complex and separate advice should be taken. I
    a. n 2021/2022 those with annual "adjusted" income (including pension) over £240,000 will have their annual allowance reduced by £1 for every £2 over £240,000 to a minimum of £4,000 for individuals with annual income excluding pension below £240,000 there will be no reduction
    b. Within the Annual Allowance, member contributions benefit from tax relief at the individual's marginal rate of tax, i.e., up to 45%
    c. Within the Annual Allowance, relievable member contributions are limited to 100% of employment earnings.
    d. The reduction in the Annual Allowance is, however, accompanied by a "Carry Forward" facility, allowing pension scheme members (if a member of a pension scheme at some time during the earlier tax years) to Carry Forward any unused pension allowance from the previous three tax years. Including the current tax year, that could mean that you are able to make a pension contribution of up to £160,000 including tax relief.
8. Up to £1M of EIS investment may be carried back to the previous tax year if the limit for that year was not fully utilised.
9. Up to £100k of SEIS investment may be carried back to the previous tax year if the limit for the year was not fully utilised.

Source EISA

SEIS & EIS Eligibility Criteria

The Gross Assets Test

A company looking to secure SEIS investment must have under £200,000 in gross assets pre-money, whilst those looking to secure EIS investment must have less than £15 million in gross assets pre-money.

The Number of Employees Test

A company looking to secure SEIS investment must have no more than 25 employees, whilst those looking to secure EIS investment must have no more than 250 employees.

The Trading Time Test

To be eligible for SEIS funding, a company must have been trading for less than 2 years. It should be noted that the date when a company starts trading is different to the date of incorporation detailed on Companies House. When establishing whether this test has been satisfied, HMRC will review the company's profit and loss accounts rather than the date of incorporation.

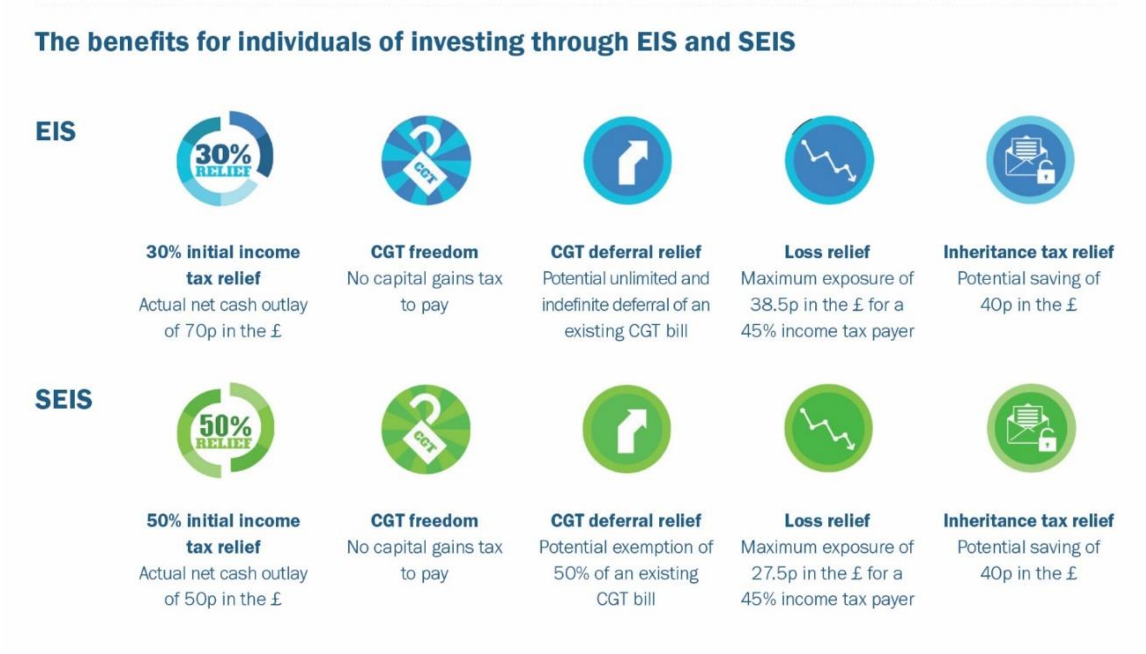
UK Permanent Establishment Test

In order to raise funds under SEIS and EIS, a company does not necessarily need be a UK company in order to qualify. A foreign company can have a permanent establishment in the UK, through which a substantial part of the company's business is conducted. In certain circumstances, having an employee based in the UK may satisfy the permanent establishment test although this should be assessed on a case by case basis.

The Partnership Test

The company looking to raise funds under SEIS or EIS must not be a member of a partnership with another company, as this will be flagged by HMRC.

The benefits of individuals investing through SEIS and EIS



The potential risks of investing in SEIS and EIS

Investing in start-ups and early-stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution. It should be done only as part of a diversified portfolio. EIS and SEIS investments are targeted exclusively at investors who understand the risks of investing in early-stage businesses and can make their own investment decisions.

RISK TO CAPITAL	Investors should only consider subscribing if they are able to bear the risk of losing their entire investment.
INVESTING IN SMALLER COMPANIES	Investee companies can experience significant and sudden increases or decreases in value.
LENGTH OF INVESTMENT	Our aim is to exit the majority of investments five to seven years after we first purchase shares. This is not always possible, and it is not unusual for venture capital investments to be held for periods of 10 years or more.
ILLIQUIDITY	Venture Capital is typically an illiquid investment, funds can only be returned if and when companies are sold.
PAST PERFORMANCE	Past performance is not a reliable indicator of future results.
DIVERSIFICATION RISK	There is a risk that the final portfolio may be comprised of a small number of companies, which will limit diversification .
LEGISLATIVE RISKS	Legislative changes may affect portfolio companies which are expanding to other territories, such as the US. Legislation may also change within the UK resulting in the initial product or technology becoming unviable.
TAX RISKS	Changes in UK tax legislation or its interpretation may adversely affect investment performance and returns to investors.
NEW TECHNOLOGY RISKS	Companies introducing new technology or products into existing or new markets may present additional risks

- The Financial Conduct Authority (FCA) considers these investments to be high risk, due to the potential for losses,
- An investor could lose all the money invested. If the investee company fails, investors may lose up to 100% of the money invested. Most start-up businesses fail.
- Even if an investment is successful, it may take years for investors to get their money back.
- It is unlikely that investors will be able to sell the investment early.
- The most likely way for investors to get their money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.
- Investors in a start-up business, should not expect to get their money back through dividends. Start-up businesses rarely pay these.
- The percentage of the business that investors own will decrease if the business issues more shares. This could mean that the value of the investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares. These new shares could have additional rights that the original shares do not have, such as the right to receive a fixed dividend, which could further reduce an investor's chances of getting a return on the investment.
- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance.

Built Ventures

DON'T INVEST UNLESS YOU'RE PREPARED TO LOSE ALL YOUR MONEY.
THIS IS A HIGH-RISK INVESTMENT, AND YOU ARE UNLIKELY TO BE PROTECTED IF SOMETHING GOES WRONG. TAKE 2 MINS TO LEARN MORE

BUILT VENTURES

We believe we owe it to both entrepreneurs and investors to create an environment that will enhance their chance of success.

About Built Ventures

Our belief has led us to follow the unique space of Venture Building. Collectively the teams at Built Ventures and The Venture Studio have been supporting and building successful startups with ambitious founders since 2008. This same belief led to the launch of the Nova Cofoundery SEIS & EIS (the "Fund") for external investors.

Having The Venture Studio as a venture building partner means investors benefit from a team who are deep rooted in creating startups.

The Nova Cofoundery SEIS & EIS Fund

- Tax Efficient
- Rapid Deployment
- Venture Building Investment Strategy
- Transparent Fees
- Diversification
- Exclusivity
- Tech Driven Companies

Fund open for investment

MINIMUM INVESTMENT	NEXT SOFT CLOSE	FINAL CLOSING DATE*	TARGET RETURN	DEPLOYMENT	TARGET PORTFOLIO SIZE
£10,000	26/01/24	29/03/24	172p for every 100p invested	2023/24 tax year	10 companies per subscription

*Subject to the Investment Manager's discretion.

Example Portfolio Companies

THRIFT

Thrift is an online platform aiming to improve economic opportunity for the masses whilst encouraging sustainability and driving the circular economy.
Thrift does this by removing barriers to reselling through simple-to-use solutions.

AQUARATE

Preventing hydration-related illness through sensor-based technology and products. Aquarate aims to make crucial improvements to internal health care procedures and the detrimental effects caused to a patient's health due to fluid imbalance.

VidiVet

VidiVet is an app that provides on-demand veterinary support to pet owners. As fast as a web search but with advice from a real vet. VidiVet is currently rated 5.0 from 850+ reviews on reviews.io. They aim to ensure veterinary expertise is accessible and affordable to every pet.

Builts Awards

GROWTH INVESTOR 2020 AWARDS — WINNER BEST NEW PRODUCT / SERVICE — WINNER INDUSTRY RISING STAR

GROWTH INVESTOR 2021 AWARDS — FINALIST BEST NEW PRODUCT OR SERVICE — FINALIST BEST SEIS INVESTMENT MANAGER — FINALIST INDUSTRY GAME CHANGER

eisa EISA AWARDS 2020 — FINALIST — BEST SEIS INVESTMENT MANAGER

eisa EISA AWARDS 2021 — FINALIST — BEST SEIS INVESTMENT MANAGER

eisa EISA AWARDS 2021 — FINALIST — SPIRIT OF EIS

Reviews

MICAP ALTERNATIVE INVESTMENT RESEARCH

HARDMAN&CO.

fund@builtventures.uk +44 (0) 151 317 4250 builtventures.uk

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Open Offers – Seed Enterprise Investment Schemes

This list is taken from the GrowthInvest website on 29th December 2023.

- Amersham Growth Fund
- The British Robotics Sidecar Fund
- Deepbridge Innovation SEIS
- Endeavour Ventures EIS
- Green Angel Ventures EIS Climate Change Fund
- Haatch Ventures SEIS Fund
- Jenson SEIS Fund
- Nova Cofoundery SEIS & EIS Fund
- O2h Human Health SEIS Fund
- Oxford Technology Combined SEIS & EIS Fund - The Start-up Fund
- Station12 Sports, Entertainment and Knowledge Service
- Velocity SEIS Technology Fund

Compliance Disclaimer

The material provided by the any correspondent to this report is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. This document does not constitute an offer or invitation to any person.

The information and opinions in the report have been compiled or arrived at from sources believed to be reliable at the time and are given in good faith, but no representation is made as to their accuracy. Any opinion expressed in this document, whether in general or both on the performance of individual securities and in a wider economic context, represents the views of the correspondents at the time of preparation and may be subject to change.

Investments are intended to be long-term. The value of an investment, and any income from it, is not guaranteed and can go down as well as up and there is the possibility of loss to the original investment. The different risks and costs of investing are outlined in this report and further information is also available in the terms and conditions documents of the individual correspondents.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

The Catt's Eye View is unable to provide investment, taxation, or financial planning advice.

Ascension Blended SEIS Fund

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS
Ascension Blended S/EIS Fund.
AUM changed since last year?
Ascension's AUM across the Tax efficient and Institutional funds is 76 million. Over the last year we have raised £9..4m in additional tax efficient capital.
Funds raised v target in the last year?
Our Blended S/EIS Fund this year exceeded 2022's fundraise and met expectations.
How happy are you with your fund performance this year?
The Blended Fund started in 2022. The companies we have invested in are exciting and we are looking forward to supporting them grow.
How has the economic climate affected your AUM?
The current economic climate has been challenging for companies, but Ascension portfolio companies have weathered this well. Some of our portfolio is delaying their Series A and focusing on basic metrics to a time when later stage funding conditions improve. Resulting in a minor uplift to our AUM. We are supporting several companies for exits amid M&A uncertainties, building on our 8 successful exits in 2022. Fundraising has held up very well, the tax efficient structures are a real success story in the UK and our investors tend to have an eye on long-term returns. The combination of these factors has meant our AUM has continued to grow.
What has been your exit record in the last 12 months?
None yet. However, there are exits in progress.
Is your fund evergeen? If not, is it open or closed now? Is this status likely to change?
It was not an evergreen structure for the 23/24 tax year, however it is moving to an Evergreen structure for the next tax year.
How has MiFIDII affected your fund/business?
Ascension is an emerging fund manager, MiFDII has been a reality for the majority of our time in business.
Which investment/research platforms do you use? (i.e Hardman, Deepbridge. MiCAP, GrowthInvest, etc)?
We use Beauhurst for investment research. Ascension receives around 3,000 startup decks a year via the application portal on the website. We also have a robust network of venture capitalists and angel investors, who supply us with a steady stream of investment opportunities.
How have you implemented the PROD rules?
Ascension Ventures has a Product Governance committee made up of at least two senior staff members, including the COO and the Managing Partner. This committee is tasked with ensuring compliance with PROD 3 of the FCA Handbook. The product governance committee meets every four months.

How has SFDR and PRIIPS affected your provision of information?

Again, as an emerging manager PRIIPS has been a reality from the early days for Ascension. Each of our products has a key information document (KID). The goal is to allow retail investors to compare different products more easily.

We have set aside some time in early 2024 to look at the implementation of SDR and how we might market impact funds in the future.

Do you expect Consumer Duty to have any further effects?

As an emerging fund manager with a strong focus on retail investors the new Consumer Duty measures have not required much of a change in culture at Ascension. The tone is set from the top of the investment team with Remy Minute and Jean de Fougerolles being hugely passionate about treating people fairly.

Our costs are rated number 1 in the market by Tax Efficient Review and Micap, with Micap additionally recognising us among the top 10 for EIS performance.

We hold regular investor events and our retail investors are very likely to speak to one another. The majority of our AUM is from retail inventors and the strong growth we are showing is reflective of our culture

We talk to our external Compliance Advisor every 6 months about Consumer Duty.

How has your sustainable investment strategy evolved?

Our company adheres to an Environmental, Social, and Governance (ESG) policy, which guides our business operations to ensure best practices. Specifically, the Ascension Fund III is dedicated to addressing the challenges posed by the cost of living crisis. Our aim is to effectively scale our ventures while focusing on these particular goals.

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

We've seen more advisers using our tax-efficient funds, driven by our high TER score of 86 and the various awards/nominations we have received, including being recognised as Seed VC of the year in 22.

Green Angel Syndicate EIS & SEIS Climate Change Fund

The Climate Change Fund

Green Angel Syndicate, the UK's angel syndicate specialising in the fight against climate change, has launched the GAS EIS & SEIS Climate Change Fund. The Climate Change Fund is unequivocal in its purpose and commitment: drawing upon Green Angel Syndicate's expert specialisation, it will invest exclusively in companies which contribute to the fight against climate change, and which can generate positive investment returns from doing so.

The GAS Climate Change Fund can help deliver the innovation and change we need

Green Angel Syndicate specialises in the fight against climate change. Over the past five years, we have built a membership base which includes respected experts in the sectors in which the fight is concentrated: energy, food and agriculture, buildings, transport, waste and recycling, and environment.

Our members play a crucial role in identifying opportunities, performing due diligence, and providing post-investment growth support for our portfolio companies.

The Climate Change Fund uses the skills base and knowledge embedded in Green Angel Syndicate and its members. You too can take advantage of this now, by investing in the Climate Change Fund.

For illustrative purposes, we show below the portfolio composed for Fund Investors having invested in the Climate Change Fund's second round, which was deployed over July 2021 to May 2022.

11 different investments in 11 different companies

Six broad sectors: Energy, Food & Agriculture, Buildings, Transport, Waste & Recycling and the Environment

A diversity of stages, as shown by the range in pre-money valuations

- Below £4m : 3 investments
- £4-10m: 4 investments
- More than £10m: 4 investments

Since 2017, Green Angel Syndicate members have invested over £22 million into 32 different companies, forming a very diverse portfolio spanning many different sectors. We picked these investments from our rich deal-flow of more than 700 applicants per year.

GAS has attracted over 350 members - a figure which is growing fast (+22% in the past 12 months).

GAS' average deal size has grown steadily. Over the April 2021 to April 2022 period, it stood at more than £500k. As this number continues to rise, so does our ability to help investee companies financially, but also by putting GAS members on the Board, to involve ourselves actively in helping them succeed.

In 2019, GAS won the prestigious UKBAA Angel Syndicate of the Year award. GAS Senior Investment Executive Hugh Bartlett won Business Green Young Sustainability Executive of the Year 2021. In 2022 GAS won the Better Society Green Finance Award.

In 2021, GAS was awarded £5 million by British Business Investments, a part of the British Business Bank, to invest alongside GAS members and GAS Climate Change Fund investors. This amount has since then been increased to £10 million, to be invested over four years.

Early-stage investment is risky but it can generate outsized returns for patient investors. Green Angel Syndicate's first investments only date back five years, which is relatively short given the early stages at which we invest in companies. Nevertheless, we are very proud of the performance of our investments so far:

- 17 of our portfolio companies have successfully raised new rounds at higher valuations, with multiples of up to 12x - reflecting their progress and their ability to attract a broader base of investors. This is more than half of the 32 companies in which we have invested since 2017.
- One of our portfolio companies, Zeigo, was recently acquired by Schneider Electric, generating an excellent return for GAS members who invested in 2019.
- If a Green Angel Syndicate member had invested in all the deals which we have completed over the 2017-2021 period, the aggregate value of his or her portfolio would currently be up 76%. This is a relevant metric because the Fund's strategy is to co-invest with GAS members in all deals completed by Green Angel Syndicate.
- None of the GAS portfolio companies has failed so far.

Green Angel Syndicate exclusively invests in companies tackling climate change - so every single one of them must be developing a product or service that will help reduce greenhouse gas emissions or safeguard the natural environment. Depending on the sectors in which our portfolio companies operate, their impact may stem from enabling the displacement of CO2-emitting activities or from delivering services in more resource-efficient ways.

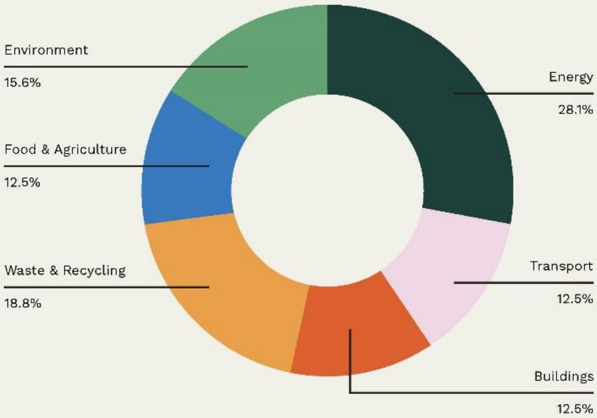
The primary measure of our impact is the amount of CO2e (carbon dioxide equivalent) that is not being emitted into the atmosphere thanks to our portfolio companies. We estimate that since the beginning of 2018, the total quantity of CO2e that has been avoided thanks to the GAS portfolio companies has reached 57,000 tonnes, cumulatively, by the end of December 2021. This is still a small number

- it equates to taking approximately 27,000 cars off the road for a year - but it is growing rapidly. In the last six months, this figure increased by more than 55%, driven by the expansion of our portfolio and by the commercial development of the companies themselves.

A diversified portfolio

Since 2017, Green Angel Syndicate has invested in 32 different businesses, building a widely diversified portfolio: nine investments in energy related startups; five in ecosystems regeneration and the environment; six in waste & recycling; and four in each of transport, buildings and food & agriculture.

A diversified portfolio of early stage businesses tackling climate change



This reflects the fact that greenhouse gases are emitted by all sectors. Hence, the transition to net zero requires a profound and rapid transformation of the economy, across the board. Green Angel Syndicate therefore invests in UK-based early stage businesses in all relevant sectors.

Unlike in the angel syndicate model, whereby each angel investor invests in his or her own selection of deals, the Climate Change Fund's strategy is to co-invest in all companies that GAS members back. If the Fund had existed since 2017, Fund Investors would have gained exposure to all these different sectors and companies. Built-in diversification is one of the key benefits brought by the Fund, compared to angel investment.

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Our investments

This table lists all 32 companies in which GAS members have made investments since 2017. Some of those companies may raise new rounds of investments over the coming months, and in the right circumstances the Fund might invest in them, and some others may not. This table is here to illustrate the types of business that Green Angel Syndicate is supporting, to which Fund investors are likely to get exposure.

AIREX	AirEx replaces the existing air vents in naturally ventilated homes, using smart sensors to monitor and analyse environmental conditions - improving energy efficiency and protecting indoor air quality.
BUYmeONCE	BuyMeOnce is an online shopping website with the stated ambition to be the 'everything' store for the most sustainable, durable goods - and eventually to become a retail shopping kitemark for longevity.
NATURE METRICS	Using cutting edge DNA analysis to survey everything from nematodes to newts, NatureMetrics helps clients monitor biodiversity in contexts ranging from conservation to environmental impact assessment.
ROVCO OCEAN INSIGHT	Rovco aims to revolutionise subsea surveying with its autonomous underwater vehicles and artificial intelligence-powered 3D data collection, reducing the cost and the environmental impact of surveys - in particular for the offshore wind industry.
Smile Plastics	Smile Plastics manufactures large scale decorative flat panels out of recycled plastics. These ultra-high quality panels are widely employed in up-market retail and hospitality environments.
THRIFT+	Thrift+ is an on-demand donation service for second-hand clothes, making it more convenient, more transparent and more rewarding to support your favourite charity with your second-hand clothes.
piclo®	Piclo Flex is the independent marketplace for buying and selling smart grid flexibility services - enabling power utilities to adapt to the rise in renewable energy generation and the electrification of transport and heating.
POWERVAULT	Powervault develops, manufactures and supplies intelligent battery-based home electricity storage systems.

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swytch

Swytch's easy-fit conversion kit can turn any bike into an eBike at a fraction of the cost of purchasing a new electric bike.

GOOD CLUB

Good Club is an online grocery store focused on delivering healthy, organic and sustainable food and household items to people's homes, for up to 40% cheaper.

ZEDIFY

Zedify makes deliveries in cities better, using zero-emission electric trikes and local consolidation hubs. It provides businesses with a service that enhances their brand with deliveries the way they want.

STORMHARVESTER SMARTER DRAINAGE SOLUTIONS

StormHarvester is an innovative technology platform that reduces flooding and sewage pollution (CSOs) using Internet of Things, cloud and machine learning technology.

THE SCOTTISH BEE COMPANY

The Scottish Bee Company produces heather honey, blossom honey and related products. Its profits are making a contribution to RePollinate, a charity working on reversing the loss of Britain's pollinators.

Bunloit Project

The Bunloit estate on the shores of Loch Ness is being converted into an exemplar of an inhabited net-zero carbon-sink rewilding nature reserve. GAS members contributed to a 2 year bond to finance the project.

Better Origin develops targeted engineering and biological tools for insect-based bioconversion of low value waste feedstocks into high value animal feed for poultry and aquaculture.

Zeigo

Zeigo has built a web platform that supports the uptake of renewable energy globally - by connecting supply (renewable energy developers) and demand (corporates wanting to buy zero-carbon electricity).

BetterPoints

BetterPoints is a SaaS behavioural change company delivering evidence-led behaviour change programmes in sustainability and healthcare in the UK & EU - with a strong focus on encouraging zero-carbon active mobility in cities.

Time To ACT

Time To Act has developed a new low cost direct drive permanent magnet generator for the wind turbine market - eliminating the reliance on rare earth materials in the generator.

ALUSID

Alusid's SilicaStone is sintered from recycled glass and waste porcelain to create beautiful surfaces from tiles and bricks all the way up to 2.4m x 1m solid surfaces.

SPINETIC energy

Spinetic's radical ultra low cost energy harvesting panel technology aims to replicate in wind the success of solar PV at community scale.

SHIELDS

Shields' Internet of Things hardware and software reduces energy and operational costs in commercial buildings.

Naked Energy.

Naked Energy is an award winning British design and innovation company specialising in solar technology. It has developed Virtu PVT, a highly efficient hybrid thermal and PV energy collector.

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NATURESPACE PARTNERSHIP

NatureSpace has developed a better way of granting property developers planning permission in areas that contain the protected great crested newt.

Power Roll

Power Roll is developing lightweight flexible film for energy generation and energy storage. Its solar film will come at a fraction of the cost of other flexible solar solutions, enabling a massive acceleration in the rollout of solar energy globally.

QLM

QLM Technology is developing a uniquely accurate, long range and low cost gas detection camera, to be used to detect methane gas from industrial sites and pipelines. Methane is a very potent greenhouse gas, and measuring leakage is an essential step to cut global emissions.

OCEANIUM

Oceanium has developed patentable technology for an innovative, economically-viable and environmentally friendly biorefinery approach to extract food ingredients, nutraceuticals and bio-packaging materials from sustainably farmed seaweed.

eleXsys

EleXsys, originally based in Australia, has developed a hardware and software product to address the problem of electricity grid instability that can occur when solar and wind power grow to be a large part of the mix - a problem that will become more acute and widespread globally as more renewable electricity generation is built.

Qflow

Qualis Flow is a SaaS business providing automated data capture, design verification and optimisation to the construction industry. It builds a digital record of materials delivered on construction sites, enabling companies across the value chain to cut waste, with large economic value as well as environmental benefits.

New Motion Labs

New Motion Labs is an engineering business focused on enhancing the performance of roller chain drive systems. Their Enduo technology is based on a redesign of the sprocket and chain technology to reduce mechanical wear and tear and efficiency losses.

sphera

Sphera has developed carbon neutral and carbon-negative concrete blocks through the incorporation of non-recyclable waste plastic in the mixture, thereby helping the construction industry cut its enormous carbon footprint.

Glaia

Glaia's mission is to increase agricultural sustainability and productivity to fight climate change. The company has developed a nanotechnology-based solution to enhance the efficiency of photosynthesis, leading to increased crop yields without adding further fertilisers.

salvalco

Salvalco has developed innovative aerosol valves (Eco-Valve), replacing traditional propellant gases (hydrocarbon gases) with air and nitrogen - and therefore reducing the carbon footprint of aerosols

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Our impact

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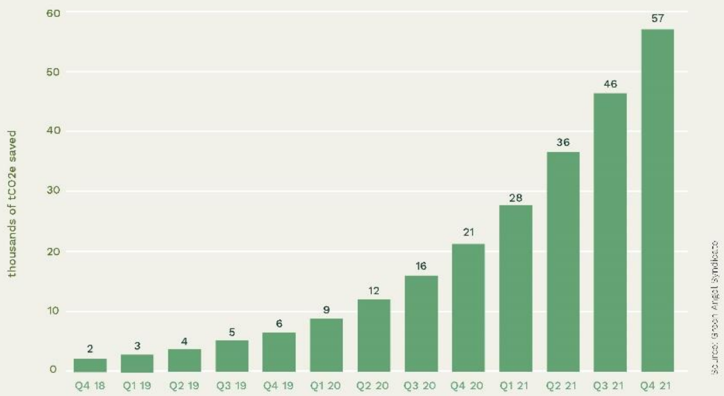
Cumulative CO2e savings from GAS portfolio companies



For more details on how we have calculated this impact, please see this article: https://blog.greenangelsyndicate.com/gas-portfolio-impact-assessment-february-2022/

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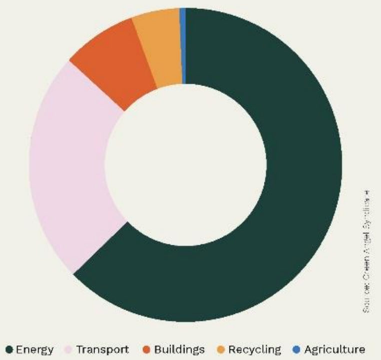
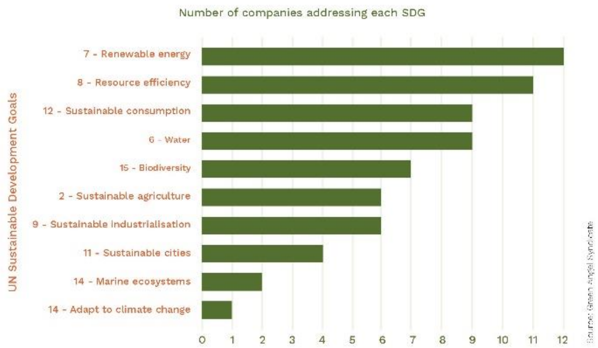
Energy and transport are the two sectors which have contributed the most to CO2e reductions in our portfolio so far, but energy efficiency in buildings and recycling also represent significant components. All sectors are seeing growing contributions but at different paces - as some business models can be scaled more rapidly than others, and not all companies are at the same development stage.

Sector contributions to CO2e savings in H2 2021



Beyond greenhouse gas mitigation, our portfolio companies make many other forms of positive impact, from the protection of terrestrial or marine ecosystems to the development of more liveable cities. We therefore also benchmark our portfolio against the UN's Sustainable Development Goals. Our portfolio companies are directly relevant for 10 of the 17 SDGs.

Matching GAS portfolio companies with UN Sustainable Development Goals



Haatch SEIS Fund

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Haatch Ventures

Founded by Scott Weavers-Wright and Fred Soneya in 2013 as an angel co-investment joint venture under the Haatch Angel brand, before launching Haatch Ventures in 2018, Haatch is an award winning pre-seed and seed-stage fund manager backing growthfocused digital transformation businesses. Looking at the broader market, digital is a key growth driver across many industries. Haatch is therefore able to remain broad in sectors yet focused on the most transformative businesses. This provides Investors with access to what Haatch deems an extremely exciting early-stage and scale-up investment portfolio.

The partners at Haatch have created, grown and sold their own businesses. It is this practical experience that we bring to all the companies that we invest in via our 'Smart Money' approach.

As a manager, Haatch backs entrepreneurs from MVP through to exit via the suite of Haatch funds. Haatch's SEIS fund companies will use the capital to go-to-market and importantly begin to commercialise their business ready for their Seed round and beyond. The SEIS fund provides deal-flow for Haatch's flagship EIS fund and enables investors to back Haatch companies multiple times; right at the beginning of their journey, through go-to-market and commercialisation and as they transition from Startup to Scale Up.

At a glance:

Haatch SEIS Fund
- Portfolio of 10-15 very early-stage digital companies
- Targeting 10x return on investment
- Minimum investment £10,000
- Target time horizon 5-10 years
- Close end of March for deployment 2024/25 tax year

Haatch EIS Fund
- Portfolio of 4-6 pre-seed and seed stage digital companies
- Targeting 10x return on investment
- Minimum investment £20,000
- Target time horizon 5-7 years
- Close end of March for deployment 2023/24 tax year

Working with BBI
In 2022, Haatch secured a £10m commitment from British Business Investments, a subsidiary of British Business Bank, to fund earlystage businesses across the UK as part of its Regional Angel Programme. The monies are invested alongside investors in the Haatch funds over the next three years.

Track record
Haatch Ventures has been investing since 2018 through the different Haatch EIS/SEIS funds. The funds remain targeting a 10x return to investors in a 5-10 year period.

Haatch data as at 1 December 2023.

The above graph shows performance across all investments made in all Haatch SEIS funds per tax year. Investments are held at cost until a thirdparty funding round.

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HAATCH SEIS PORTFOLIO COMPANIES

Plend

Plend is the UK's first Social Lending Marketplace which matches lenders to borrowers, allowing people to directly fund affordable credit.

Plend use open-banking data to reclassify near-prime and subprime borrowers who have been overlooked by traditional lenders due to archaic classification models.The rates offered are better than traditional lenders because they take more data points into account to calculate a borrower's true creditworthiness. The streamlined social lending model lowers the operational costs, and the savings are passed onto the lenders for market-beating returns each month.

In Q1, Plend crossed £1m revenue and is profitable, recently closing a £700k debt facility too. It is currently held at 3x monies invested having first invested in summer 2021.

Streamkap

Streamkap is an easy-to-use solution for data teams seeking easy real-time data synchronization without the need for extensive staffing. Co-founded by industry veterans who bring 25 years of combined data and SaaS experience, Streamkap aims to make streaming data accessible to every business.

By simplifying the data streaming process, it replaces slow and costly batch ETL tools with a streaming change data capture that's not only 100 times faster but also costs 90% less for the same volume of data.Streamkap supports all common databases as sources and effortlessly sends data to top data lakes, data warehouses, and real-time databases.

Streamkap recently closed a 2.5 million seed round, where Haatch investors experienced a 2.6x uplift.

Contact Fred Soneya, Partner and Co-founder at Haatch for more information.
E: fred@haatch.com **T:** +44 7969111846/+38267122499 **W:** www.haatch.com

RISK WARNING: CAPITAL IS AT RISK. INVESTING IN EARLY-STAGE COMPANIES INVOLVES RISKS INCLUDING LOSS OF CAPITAL, ILLIQUIDITY, LACK OF DIVIDENDS AND DILUTION. THESE ARE HIGH-RISK INVESTMENTS WHERE YOU ARE UNLIKELY TO BE PROTECTED IF SOMETHING GOES WRONG. TAKE 2 MINS TO LEARN MORE. PAST PERFORMANCE IS NOT A PREDICTOR OF FUTURE PERFORMANCE. THE AVAILABILITY OF TAX RELIEF DEPENDS ON INDIVIDUAL INVESTORS PERSONAL CIRCUMSTANCES. IF YOU ARE IN DOUBT ABOUT ELIGIBILITY FOR TAX RELIEFS OR THE TAX TREATMENT OF YOUR INVESTMENT, YOU SHOULD SEEK INDEPENDENT TAX ADVICE. THE HAATCH VENTURES ENTERPRISE INVESTMENT FUND, HAATCH VENTURES FOLLOW ON ENTERPRISE INVESTMENT FUND & HAATCH VENTURES SEED ENTERPRISE INVESTMENT FUND, IS MANAGED BY HAATCH VENTURES LLP, AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY UNDER FRN 916959, REGISTERED IN ENGLAND WITH COMPANY NUMBER OC421829 AND WITH A REGISTERED OFFICE AT THE HUB, BLACKFRIARS STREET, STAMFORD, LINCOLNSHIRE, PE9 2BW.

Jenson SEIS Fund 2023/24

Highlights

- **Minimum Subscription:** £10,000 and multiples of £1,000 thereafter.
- **Investment Period:** Tax year rolling from 2023/2024 (with carry-back to 2022/2023).
- **Deployment:** To date two tranches closed and deployment commenced to date, aiming to close two more tranches before tax year end with deployment in the 2023/24 tax year.
- **Target Portfolio size**: 8 – 12 high growth companies.
- **Exits:** 1 EIS exit and 10 SEIS exits.
- **Fees:** No upfront or ongoing fees to investors

Investment Strategy

The Jenson SEIS Fund aims to target exciting new innovative and disruptive technologies, is sector agnostic with a focus on tech-enabled businesses with a unique and disruptive technology. The investee companies are nurtured alongside existing investment opportunities that require follow on investment, via the EIS, to fully exploit commercialization of a proven business model. The fund has a mandate to focus on long-term capital growth and enables private investors to invest in a range of committed and ambitious entrepreneurs and their early stage growing companies. All companies will be small unquoted UK companies which have been trading for less than two years that qualify under the SEIS tax rules. The Jenson SEIS Fund targets companies with: strong management, momentum in the business (i.e. not pure start-ups) and low risk for a start-up (e.g. have a low cash burn).

Example SEIS Portfolio companies:

ARTISIO

Retail	Post Revenue
B2B SaaS	SDG 9

Artisio is an auction management software company that has developed proprietary technology to enable the digital transformation of the auction industry.

www.artisio.co

Delega

FinTech	Post Revenue
B2B SaaS	SGDs 9, 16

Delega has developed a signatory management application that allows companies to access accurate signatory records and enable compliance with audit requirements quickly and accurately.

www.delega-banks.com

HAWKR

Music	Post Revenue
Marketplace	SDG 12

Hawkr has developed an end-to-end marketing, production and distribution platform for music artists to sell customised merchandise to fans. The platform allows artists to outsource all aspects of the process and give fans better access to merchandise.

www.hawkrlive.com

Permia Sensing

Agriculture	Post Revenue
B2B SaaS	SDGs 13, 15

Permia is a precision farming technology company for the palm industry. They use a proprietary sensor and Ai platform to increase productivity through detection of red palm weasels at a very early stage in their growth cycle. This enables farmers to increase yield and reduce the use of pesticides.

www.permiasensing.com

LAB2IPO

IT	Post Revenue
B2B SaaS	SDGs 9, 17

The PIPE Company has developed an ecosystem and platform to process, assess and exploit commercially viable R&D IP. The solution enables universities to manage and determine which R&D projects are commercialise and help develop the IP into a viable market offering.

www.labtoipo.com

RezKit

Travel	Post Revenue
B2B SaaS	SDGs 4, 9

Rezkit has developed a versatile travel booking management solution that uses a proprietary modular architecture to allow clients to easily customize it using third-party apps, making it adaptable to meet their specific needs.

www.rezkit.app

Dealflow

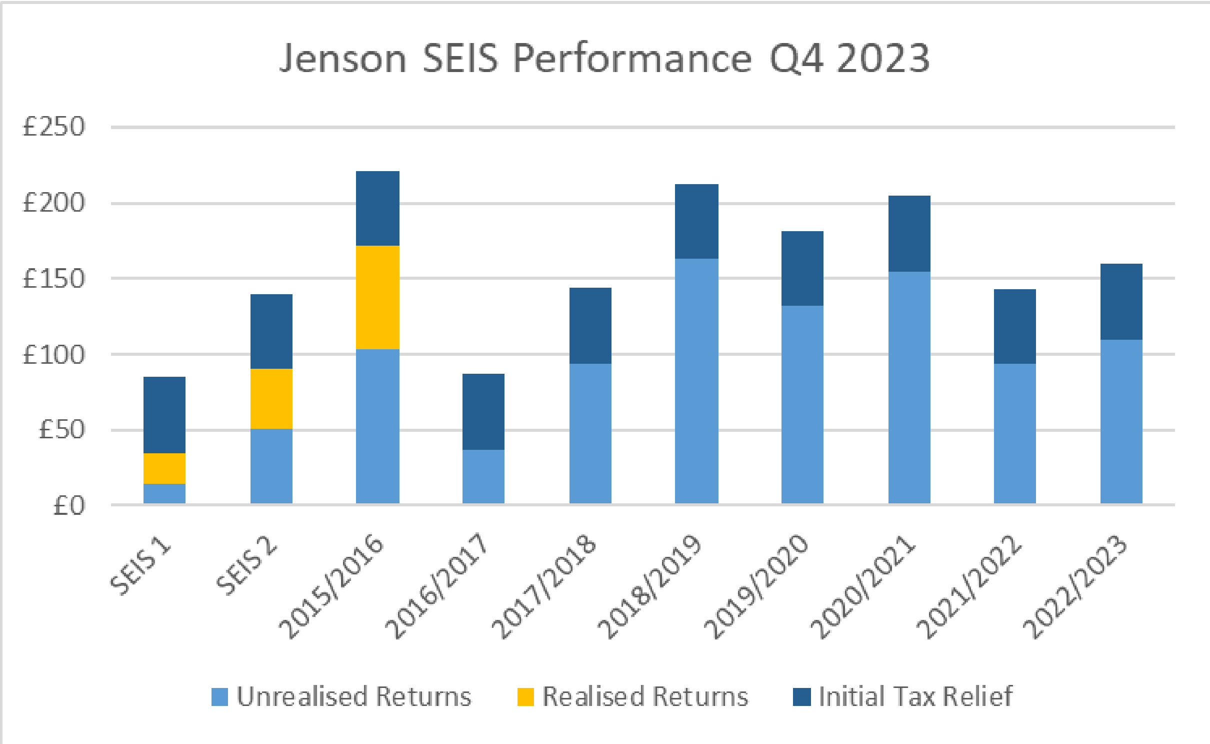
Jenson has a very strong dealflow pipeline that has come about from years of relationship building within the early-stage investment community. Jenson receives well over 2,000 pitch decks a year from a range of sources including accelerators and incubators, entrepreneurial clubs and organisations, corporate finance houses and other professional services firms, syndication with other VC funds and angels and also with their own private network.

Fund Performance and Exits

Jenson has exited ten companies across its first three SEIS funds. All but three of the SEIS exits were cash exits. One exception is Market Making Ltd, the majority was in cash with some publicly traded stock. The current return is 6.1x investment with a mix of shares and equity (before tax incentives and performance fee). Our most recent exit in August 2022 was from OneTouch, a digital health platform that allows home care providers to manage care delivery from a centralised app. The exit was facilitated by a significant investment from August Equity, a private equity firm that specialises in service-oriented companies in high-growth sectors such as healthcare, education, business services and technology. This provided our highest exit return to date.

In May 2020 Gloop Labs Limited in Fund 2 and Optimicer Limited in Fund 3 were acquired by Whitespace Global Limited, in share-for-share deals with Gloop a 3.2x uplift on original cost and Optimicer an 8x uplift on original cost. In February 2021 Voneus exited the SEIS Fund 1 and provided exits across five of Jenson's EIS Funds with a range of returns from 2x to 4x. To date, Jenson has made 125+ SEIS investments.

Fund *Performance for Jenson EIS Funds



Important Information
*Performance is based on the combination of realised and unrealised value. Investments are illiquid until any of the underlying Investee Companies are sold or float on a stock market. As at 5 October 2023.

Company Support

Once an investment has been made, Jenson, through at least monthly contact between investees and the Jenson Portfolio team, will provide investee companies with both general management and strategic advice, including a particular focus on governance and financial management, planning and control. The Portfolio team takes an active role in company boards through Jenson's board observer rights. When the investee company grows to the point of benefitting from specialist support from a dedicated Non-Executive Director or a Finance Director, Jenson works closely with them to monitor company strategy and performance.

Fee Structure

Jenson does not charge investors any upfront or ongoing fees, 100% of their investment is eligible for tax relief. A performance fee of 35% will be charged to the investor once they have received 120% of their Net Subscription. Jenson charges the investee company an upfront fee of 9.5%, there are no ongoing fees to the company or investor.

Jenson SEIS Fund information **November 23**

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS
SEIS and EIS
Minimum investment for funds?
£10,000
Amount to be raised?
£2 million per year
Deployable this tax year?
Yes
What is your fee structure/how are your fees deducted/etc?
No initial or ongoing charges levied against investors. Performance fee - these fees are only payable once investors have received proceeds of at least £1.20 per £1 invested on an investment by investment basis. The Performance Fee in each investee company is calculated as 35% of distributions to Investors in excess of £1.20 per £1 invested. Initial investment fee of up to 9.5% of amount invested, charged to investee companies. Jenson, through at least monthly contact, will provide investee companies with both general management and strategic advice, including a particular focus on governance and financial management, planning and control. Jenson may provide additional services to support companies in raising follow on finance in the external market, such as financial modelling, pitch deck preparation and promotion of the company to investor networks.
What are the sectors that your fund is looking to invest into?
The SEIS Fund aims to target exciting new innovative and disruptive technologies on a sector agnostic basis to be nurtured alongside existing investment opportunities that require follow on investment, via the EIS, to fully exploit commercialization of a proven business model.
AUM changed since last year?
Current AUM £18,878,037 compared to last years £17.2 million
Funds raised v target in the last year?
£1.7 million raised against a target of £2 million – 2022/23 tax year
How happy are you with your fund performance this year?
We are happy that our SEIS Funds are on track. We are satisfied that our portfolio companies are proving resilient in difficult times.
How has the economic climate affected your AUM?
Pre-seed and seed stage businesses are agile and have more flexibility
What has been your exit record in the last 12 months?
Our last exit was in August 2022, however, our 11th exit is on the horizon.

Is your fund evergeen? If not, is it open or closed now? Is this status likely to change?
Yes, we aim to raise and deploy 3-4 tranches per tax year.
How have you implemented the PROD rules?
We believe our products meet legal and regulatory requirements per the PROD guidelines.
How has SFDR and PRIIPS affected your provision of information?
We welcome the SFDR, however, we are not an impact fund but keep these in mind when discussing portfolio companies with green credentials. We have kept our KID updated for both funds.
Do you expect Consumer Duty to have any further effects?
We have seen an impact on our direct investor numbers with the introduction of the 24 hour cooling off period and also a the new risk warning that must be displayed on all marketing material.
How has your sustainable investment strategy evolved?
We have become B Corp Certified and are raising for a transition to net zero fund.
What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?
Funds raised from advisers remains stable so far this year compared to the previous tax year.
Anything else you feel that I should be including.
Aside from SFDR, evaluating how Fund Managers are implementing ESG criteria within their portfolio. As one of the first fund managers to become B Corp Certified, business for good is an important aspect of our journey with our portfolio companies.

Nova Cofoundery SEIS

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS
Nova Cofoundery SEIS & EIS Fund - A fund run by Built Ventures (formerly Nova Growth Capital) which enables the individual to adopt a full 100% EIS and/or SEIS subscription. Or to choose a percentage based split between the two schemes e.g. 20% SEIS and 80% EIS.
Minimum investment for funds?
£10,000
Amount to be raised?
Evergreen
Deployable this tax year?
Yes the Fund has capacity for SEIS and EIS investment and aims to fully deploy investors subscriptions in the 23/ 24 Tax Year as part of its close on 29th March 2024.
What is your fee structure/how are your fees deducted/etc?
100% Tax relief to the investor, fees are taken from the investee company 5% Deal fee 2% AMC
What are the sectors that your fund is looking to invest into?
The Nova Cofoundery SEIS & EIS Fund is intentionally sector agnostic to allow for diversification. Instead of trying to be experts in a certain sector or field and picking individual companies to be winners, we focus our attention on investing into companies which have gone through a Venture Building process. This is a non-negotiable for Built Ventures. This is due to the belief that Venture Building reduces the risk of start up failure and increases founder support. Currently the Fund has a core Venture Building partner (The Venture Studio), but has the ability to invest into other Venture Builders. Once the above has been achieved then The Fund will preferably invest into companies that encompass the following; - Preferably a founder with deep industry knowledge in their niche area of business to bring unique and essential expertise and drive the business forward - Must have a technology focus to allow for scalability and high growth potential - Ideally B2B businesses to increase chances of early adoption - Be in a large and growing market with minimal or missing incumbent competition Examples of sectors within the current portfolio of the Fund; HealthTech, FinTech, PropTech, RetailTech, SportsTech and more.

AUM changed since last year?
£5.9M
Funds raised v target in the last year?
N/a
How happy are you with your fund performance this year?
The SEIS and EIS fund portfolio is performing as expected and we are pleased with the performance to date.
How has the economic climate affected your AUM?
The current climate has had no negative impact on existing AUM. As with most SEIS and EIS funds a large proportion of a fund's AUM is raised in the months of Jan - March and therefore it is too early to say how this year has affected new inflows / AUM.
What has been your exit record in the last 12 months?
Nova Cofoundery SEIS & EIS Fund has not had an exit yet. Founding investors have had significant exits. Previous investments include e.g Boohoo, Asos, Sentri Music, Lucid Games and Orcha. Nova's most recent exit was a 114x return.
Is your fund evergeen? If not, is it open or closed now? Is this status likely to change?
Yes the Fund is evergreen and is open to investors all year round, with quarterly application / deployment deadlines. However, due to the recent rebrand from Nova Growth Capital to Built Ventures, we are anticipating that this Fund will actually close following its last deadline of the 23-24 tax year, on 29th March 2024. Built Ventures are then planning to launch a new EIS Fund in April 2024.
How has MiFIDII affected your fund/business?
The Nova Cofoundery SEIS and EIS Fund is only 5 years old and therefore, we have not experienced anything different. Our regulations and processes were put in place with our investment manager with the requirements in place to be compliant.
How have you implemented the PROD rules?
Built Ventures are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.
How has SFDR and PRIIPS affected your provision of information?
We are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.
Do you expect Consumer Duty to have any further effects?
We are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.

How has your sustainable investment strategy evolved?
The Nova Cofoundery SEIS & EIS Fund invests into technology businesses which are solving real world problems through digitisation. We do not back anything that will have a negative impact on the environment and whilst we believe all of our investments to be sustainable and ethical businesses the Fund does not target 'sustainability' as an investment strategy.
What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?
Since consumer duty changes, we would have hoped that advisors would be required to ask clients about their appetite for risk, therefore increasing the amount of clients wanting to engage in S/EIS, but it would appear that this is still not happening. If anything, slight changes in the consumer duty to require advice to "Avoid causing foreseeable harm to retail customers" has had a negative impact on the opportunity for advisors to offer EIS in general and specifially smaller EIS funds.
Anything else you feel that I should be including.
The Nova Cofoundery SEIS & EIS Fund is a unique investment opportunity within the SEIS / EIS market. There is no other Fund in the market offering investors the potential to invest into companies which go through a Venture Building methodology.

Why Venture Building is so important and unique;

- It's an operating model designed to mitigate early stage risk in start ups.
- The strategy allows for genuine off market deal flow, with companies being picked from Venture Builders rather than the general startup ecosystem
- Leveraging Venture Builder's resource allows founders to focus on what they are good at and developing the business
- Provides continuity of investment capital through SEIS & EIS

How does it work?

- The Fund invests into businesses generated from Venture Builders solving key problem areas whilst creating equity in valuable companies that are acquisition targets for trade sales.
- Currently the Fund has a core Venture Building partner, called The Venture Studio but has relationships with and access to other Venture Builders and the companies they are generating.
- Venture builders are different to incubators and accelerators. Venture Builders give startup founders the access to experienced team members that have worked on multiple start ups before. They offer equity alongside resources and expertise throughout the key stages of a company's development - Venture Builders form the founders first team, i.e. admin, finance, legal, product developers, engineers, sales and marketing etc. They all work on the business with the founder with the aligned goal of reaching a sales acquisition target of £30-50M.

If you'd like to understand more about Built Ventures and The Nova Cofoundery SEIS & EIS Fund then please do get in touch via; fund@builtventures.co.uk.

O2h Ventures – The Human Health SEIS fund

o2h ventures

the o2h Human Health SEIS fund

biotech-focused specialist tax-efficient funds investing in early-stage therapeutics with enabling service tools and related AI tech

our strategy

The fund will primarily invest in biotech therapeutics and the intersection between biotech and AI/ML. We aim to nurture the seed and early-stage companies for growth with potential exits to big pharma or selling to Series B or Series C investors in 5-7 years.

investing in early-stage biotech that impacts human health...

fund manager

With 20+ years in 30+ biotechs, the o2h Group co-founder is a seasoned investor and entrepreneur. He chairs Alevin, Exonate with board roles in Cambridge Angels, BIA. He won the UKBAA's Angel Investor award, OBN's Special Recognition Award, and CEO of the Year at Cambridge Independent Sci&Tech Awards.

Sunil Shah
CEO, o2h Ventures

why invest with us ?

- Among top 5 UK biotech VC 2022 (BIA report)
- Awarded Innovate UK Investor Partnership.
- 75+ yrs combined grassroots biotech experience with access to early-stage deals
- 25+ companies funded, some globally raised, listed, and innovated in life-changing medicines
- ~1.75x unrealised value on initial investment

snapshot of our investments

alevin THERAPEUTICS	Alevin Therapeutics is developing a novel drug discovery molecule that targets integrin biology to address unmet needs in life-threatening diseases such as idiopathic pulmonary fibrosis (IPF).
CardiaTec	CardiaTec Biosciences is applying artificial intelligence on large-scale multi-omic data to develop the next generation of cardiovascular disease drug targets.
5 ALARMBIO	FiveAlarmBio is developing proprietary medicines with the aim of expanding people's healthy lifespan. We congratulate @Dr. Janette Thomas and the entire team at FiveAlarmBio on this significant milestone and wish them all the best for the future.

awards

ANGEL INVESTMENT AWARDS 2023 — UKBAA
GROWTH INVESTOR 2023 AWARDS — FINALIST BEST EIS INVESTMENT MANAGER (SPECIALIST)
GROWTH INVESTOR 2022 AWARDS — FINALIST BEST EIS INVESTMENT MANAGER (SPECIALIST)
eisa enterprise investment scheme association — EISA AWARDS 2023 — FINALIST — EISA IMPACT AWARD
eisa enterprise investment scheme association — EISA AWARDS 2021 — FINALIST — BEST NEWCOMER
eisa enterprise investment scheme association — EISA AWARDS 2020 — FINALIST — BEST NEWCOMER

fund open for subscription

Funds overview	the o2h human health SEIS fund
Portfolio	Invest in at least 3 pre-seed biotech & spin-outs from academia.
Minimum Investment	£10,000
Deployment	Within 12-24 months
Closing	31 March[st] 2024
Target Return	For every £1 invested, the expected target return is £2.5
Tax Benefits	
Tax relief	Shares issued as and when deployed.
EIS certificates	SEIS3 certificates
Income tax relief	Up to 50% tax relief
Carry back	Carryback your tax relief to the previous tax year
Others	Tax-free growth, Capital Gains deferral relief, IHT relief, Loss Relief

fees

Please refer to the IM for more details on the fees.

Initial Fee	**1.5%** + VAT (advised), **2%** + VAT (non-advised)
Annual Management Fee	**2%**
Performance Fee	**20%**

important notice

This document promotes o2h Ventures and its EIS/SEIS funds, issued by o2h Ventures Limited (FCA reg. 812245), regulated by the FCA. Investment is based on the Information Memorandum, to be read alongside this document. *Tax relief depends on an individual's circumstances and may change in the future

Capital at Risk: Don't invest unless you're prepared to lose all your money invested. This is a high-risk investment. You could lose all the money you invest and are unlikely to be protected if something goes wrong.

contact us

invest@o2h.com

o2hventures.com

Oxford Technology Start Up Funds SEIS & EIS

Oxford Technology manages two funds: our flagship three-year combined SEIS and EIS fund, and a one-year EIS fund. Subscriptions into both funds will be used to acquire new shares in the next investments that Oxford Technology makes, but they have slightly different risk/return profiles.

Through them we typically invest up to £150k of seed funding into SEIS companies, and up to £300k of EIS follow-on funding, whilst taking advantage of the generous tax reliefs and downside protection on offer from the schemes. If you have any questions, please contact us.

Our flagship fund invests your subscription over three tax years into a portfolio of ~8 tech startups. In Year 1, we invest a third of your subscription into SEIS companies. In Years 2 and 3, we provide follow-on EIS funding to high-performers. The ability to make follow-on investments is very important. Experience shows that investors who can do so have the best returns, but by investing from day one they can also achieve the highest exit multiples.

Exits are typically expected on a 10-year timescale: investments in OT(S)EIS are illiquid and long-term. Nevertheless, the return multiples when exits occur can be considerable. For instance, a person who invested £5,000 in Ducentis following a £25,000 subscription in the OT(S)EIS fund would have so far received £2,000 of income-tax relief, £21,669 in exit proceeds (cash), and a further £35,000 in cash held in escrow and shares in the buying company. On top of that, there is a potential for a further £800,000 connected to the future milestone payments (paid in steps over the next 10 years and not guaranteed).

We remain open for investment at any time. We average about one or two new investments per quarter, and investors in the fund receive their pro-rata share of these. The latest quarterly report, with a page of information on each investment, is downloadable from www.oxfordtechnology.com.

Portfolio Companies

Since 2012, our SEIS funds and EIS funds have made over 221 investments into 59 companies, with 50 still in the portfolio. We invest up to £150k of seed funding into SEIS companies, and typically up to £300k of EIS follow-on funding (click here to learn about the SEIS and EIS schemes and their tax reliefs). We also regularly give our fund investors the opportunity to make their own follow-on co-investments at our monthly presentations.

Many of our companies are located in and around Oxford, so that our UK team can get actively involved with assisting them during their early years. Beyond that, our only portfolio constraint is that each company must incorporate genuinely novel science or technology: we invest in "proper" start-ups that can disrupt existing sectors or even create whole new ones. The SEIS and EIS schemes offer significant downside protection and loss reliefs to de-risk these opportunities.

For full descriptions, progress updates, and current valuations of our portfolio companies, please see our Latest Quarterly Report.

New Investments (Q3 & Q4 2023)

Celsius develops a wearable wrist device that provides cooling relief for menopausal hot flushes.

Existing Portfolio

Chambertech wants to reduce the duration (by half) and increase the efficiency of treating heart arrhythmia.

Curileum is discovering drugs to intervene in serious intestinal disease. They currently have three pipeline drugs treating bowel cancer, anal fistulas, and chronic inflammation respectively.

Combat develops and manufactures devices for the treatment of bladder and peritoneal cancers. These heat a chemotherapy liquid and circulate it through the target.

Entia are developing a virtual oncology solution to allow healthcare professionals to monitor the haematological toxicity of systemic anti-cancer therapies in the home.

digiLab Solutions are harnessing big data sets to create bespoke Digital Twins, operating at the leading edge of ML/AI data science to convert research into competitive advantage.

LRESystem is offering an alternative to traditional elbow replacement surgery which treats only the ends of bones and thereby preserves upper limb mobility and strength in patients.

Expend are developing a platform which automates spend and expenses management for both SMEs and larger companies. Their platform fully integrates with leading accounting tools.

Bioarchitech are aiming to improve cancer treatment by creating an oncolytic virus which causes the patient's own immune system to target and destroy tumours.

Gripable is enabling therapists to assess and train core hand movements through a mobile-first platform, to accelerate upper limb rehabilitation in stroke patients.

Run3D is using AI-driven gait analysis software to help runners and walkers improve technique, speed, and efficiency, prevent new injuries, and rehabilitate existing ones.

OxWash is making on-demand, sustainable laundry a reality, utilising a fleet of electric bikes and developing a low-impact washing technology which captures plastic microfibres.

Etcembly is assembling the world's largest health and disease immune database, to revolutionise immunotherapy and personalised therapeutics across all patient groups.

Neuroute is making clinical trial recruitment easier and faster by aggregating data from online health conversations.

Refeyn are enabling the accurate mass measurement of single molecules in solution and in their native state, through the pioneering new technique of mass photometry.

Active Needle is addressing the problem of needle placement in ultrasound-guided procedures with their proprietary precision targeting technology.

Process Vision is detecting liquid carryover and removing contamination from natural gas pipelines to minimise the risk of severe damage and improve efficiency of operations.

Covatic is enabling brands to create personalised content without the need for login and tracking IDs, making personalisation more ethical and regulatory compliance less troublesome.

Hydregen is developing bio-based manufacturing technologies for the fine chemicals and pharmaceuticals markets, at both the early and late stages of process design.

OxCan is increasing the early detection of cancers by combining cheap and accessible liquid biopsy techniques with machine learning to detect previously unknown bio-markers.

Atelerix is enabling the consistent delivery of viable, functional cells with their encapsulating alginate gel, removing the need for expedited cryopreserved packages.

Biomoti is developing a new class of drug-loaded particles called "Oncojans", designed to precisely target and gain entry to cancer cells whilst sparing healthy tissue.

Designer Carbon Material is producing endohedral fullerenes (hollow spheres of carbon atoms) containing a single atom of another element, for quantum computing applications.

SIME Clinical AI is enabling the prediction and rapid detection of lung disease at birth to increase the survival rates of babies in the neonatal intensive care unit (NICU)

Metal Powder and Process is producing high quality metal powders via gas atomisation for the aerospace, medical, and other industries, with fewer impurities than existing atomisers.

Orbit Discovery is developing a display engine platform to help biotech clients identify functional and biologically relevant peptide leads for novel therapeutics.

Molecular Warehouse is designing a diagnostic tool for testing the presence and concentration of new proteins, with potential applications in therapeutic drug monitoring and dose control.

Sasets is providing software for the construction industry which replaces paper forms with forms on mobile devices, accelerating data entry and enhancing data sharing between office and site.

Spendology is offering players in the travel industry a white label solution for mail-order foreign currency, capturing margin in a surprisingly resilient sector.

Oxford Nanoimaging is a spin-out from the biological physics lab at Oxford University. It specialises in super-resolution microscopy, which refers to being able to resolve dimensions smaller than the wavelength of light.

RCL is developing novel compressors, expanders and heat pumps that are extremely efficient and cost-effective.

Flarebright is pushing the boundaries of embedded AI technology to develop autonomous drones with their own inertial navigation system.

OxVent is manufacturing high-performance, low-cost, and easily deployable mechanical ventilators ideally suited for emergency situations and routine procedures.

Nikalyte is manufacturing bench-top nanoparticle deposition equipment which operate in a vacuum, to create ultra-pure non-agglomerated nanoparticles

Machine Discovery is leveraging neural network technology to accelerate expensive calculations by an order of magnitude, with minimal data and high accuracy.

Zayndu are developing technologies to sterilise seeds with plasma instead of harmful chemicals, improving seed health and enabling vertical farms to increase production.

Cryologyx is developing cell models which are frozen in-plate and ready to use direct from the freezer, significantly accelerating the research and testing cycle.

Cytoswim is using its proprietary microstructure to create the next generation of sperm conditioning tools, improving male fertility and IVF outcomes.

Connexin is developing novel drugs to protect vision in patients with progressive glaucoma and related conditions who suffer cell death from increased intra-ocular pressure.

Smarter Naturally is developing foods to fight diabetes and high-cholesterol, powered by a specially selected variety of broccoli high in the compound glucoraphanin.

Cytecom is designing a rapid bacterial detector, exploiting the novel field of bacterial electrophysiology and replacing the need for time-consuming agar plating.

SurreyH2 is developing a technology for very cost-effective production of green hydrogen.

Polycat is applying metal nanoparticles onto polymer substrates to give them a range of smart functionality, including antiviral garments and chemical spill-kits.

MitoRx are creating first-in-class mitochondrial-protective therapeutics which target rare neuromuscular disorders and rare metabolic diseases.

OVO Biomanufacturing are solving the effects of "Defective Interfering Particles" for viral vaccine manufacturers and also developing the next generation of preventative antivirals.

Theraport develops engineered exosomes to improve and transform drug delivery.

Scintam's tooling platform is redefining maintenance to increase safety and efficiency.

Genevation aims to treat cancer patients with individually targeted mRNA vaccines.

Exits Full

Ducentis is developing novel therapies for inflammation and autoimmune diseases by targeting the CD200(R) axis to deactivate unhelpful immune responses.

Darkbeam is building a unified solution to protect SMEs against security, brand, and compliance risks across their digital infrastructure: this is "Intelligence as a Service".

The company previously named Lightpoint.

The company is developing technologies which can detect cancer in real time, by using existing radio- pharmaceuticals. This will reduce the need for repeat surgeries and improve patient outcomes.

Exits - Partial

Refeyn are enabling the accurate mass measurement of single molecules in solution and in their native state, through the pioneering new technique of mass photometry.

Animal Dynamics is adapting the techniques and structures of animals to create more efficient vehicles. SEIS shareholders secured a 14x after tax return.

Covatic is enabling brands to create personalised content without the need for login and tracking IDs, making personalisation more ethical and regulatory compliance less troublesome.

OxWash is making on-demand, sustainable laundry a reality, utilising a fleet of electric bikes and developing a low-impact washing technology which captures plastic microfibres.

No Longer in the Portfolio

Message Missile

Abgentis

Ibexis

Power OLEDs

Lupe

Animal Dynamics

Asymmetric Suzuki Reactions

Electrowinning Technologies

SEIS and EIS abbreviations and jargon glossary

ARPU	Average Revenue Per User
AOV	Average Order Value.
ARRG Ratio	Average Recurring Revenue (ARR) / Growth Rate
Accelerator	A program that provides the mentorship and capital necessary to accelerate the growth and success of young startups. Typically, the program will provide some capital and in exchange will take an equity stake in the startup.
Accredited Investor	An individual or institution that meets certain wealth criteria (as defined regulators), and is therefore deemed to be sophisticated enough to participate in private, non-public investments. There are many ways to qualify, including if you are:- An individual that has had income in excess of $200,000 per year in each of the prior two years, and reasonably expects the same for the current year- A spousal couple that has had income in excess of $300,000 per year in each of the prior two years, and reasonably expects the same for the current year- An individual or spousal couple with over $1,000,000 in net worth (excluding the value of their primary residence)- A charitable organization, corporation, partnership or trust with assets in excess of $5,000,000. For most up to date definitions see www.irs.gov.
Advance Assurance	Confirmation from HMRC that investment in your company is likely to qualify for EIS tax relief.
Allocation	The size of the round that is set aside for a specific investor (can be a fund or group of investors), usually communicated in a dollar amount
Anchor investor	First investor in a fund; can be also referred to as the lead investor
ARR	Annual revenue run rate; the revenue for the last month multiplied times 12 months as an estimate of the total revenue rate for the year.
Angel Investor	Wealthy individuals that invest in start-ups in their early stages of development or seed round of fundraising. Due to the inherent risk of loss of capital or significant dilution in subsequent fundraising, angel investors typically pursue investments with returns that they believe may have the potential to return multiples of the initial investment.
Anti-dilution Clause	Contractual clause that protects an investor from having their investment as a percentage of ownership significantly reduced in subsequent rounds of fundraising. Technically the provision increases the number of shares of Common Stock issuable upon conversion of a convertible security or upon exercise of a warrant or option upon the occurrence of specified events, usually the issuance of more shares for a low price.
Blended Preferences	When all classes of preferred stock have equal payment rights in the event of a liquidation
Bootstrapping	Business strategy by which a start-up self-finances, eliminating the need for seed or angel investment. Typically achieved through lean operation and a product that generates revenue early in the company's life cycle.
Bridge Loan | Financing	A loan given to a start-up by investors that serves to fund the company until the next round of financing. The bridge loan is usually converted into equity at the next equity financing of the company.
Burn Rate	Rate at which a company consumes cash to cover expenses. Typically expressed monthly or weekly. Usually applied to a company with no revenues, to give a metric of financial health and fundraising needs. A company with a low burn rate can theoretically operate longer without new injection of capital.
Capital Call	When a fund makes an investment and messages the LPs to put capital into the fund account to invest in the portfolio companies
Cap Table	An official document that shows the capital structure of a company, including the specific ownership level by investor. Generally used to view the percentage ownership that each investor or employee owns of a certain company. For great tool check out http://captable.io/.
Carried Interest	The share of generated profits that an investment manager is entitled to keep as compensation. Typical venture capital fund incentive fees range from 20% to 30%, depending on the fund. This can also be referred to as an "Incentive Fee" or a "Performance Fee."
Clawback	A clawback or clawback provision is a special contractual clause typically included in employment contracts by financial firms, by which money already paid must be paid back under certain conditions.
Cliff	Employee stock vesting agreements generally have a cliff, usually one year, before which no employee stock options vest.
Come Along Rights	Sometimes also called Tag Along Rights. The right of an investor to sell shares, if a founder or other key employee sells shares. This right is designed to protect the investors against being trapped in an investment after the founders have cashed out.
Conversion Rate or Ratio	Means the number of shares of Common Stock into which each share of Preferred Stock is convertible
Common Stock	A type of equity security, contrasted with preferred shares. Common stock is most frequently issued to founders, management, and employees. In a liquidation event, preferred shares generally take priority over common shares.
Control Rights	Rights of an investor or shareholder relating to control over the company's affairs. Control rights typically relate to voting or designation of board seats, voting (e.g., does a class of securities give the holder 10 votes per share?), and certain actions (e.g., incurring indebtedness) which require the consent of a majority of a certain class or series of security.

Convertible Debt	A loan that allows the lender to exchange the debt for common stock at a predetermined ratio instead of recollecting the principle as cash.
Convertible	The right of the investor to convert shares of Preferred Stock into shares of Common Stock at the Conversion Rate stated in the corporate charter. Conversion is usually automatic upon the occurrence of a Qualified IPO. Mandatory conversion is necessary because companies sell Common Stock in their IPOs and new investors are not likely to purchase Common Stock, if earlier investors retain Preferred Stock with superior rights.
Convertible Note	A method of raising funds between funding rounds, where an investor loans money to a startup under the agreement that it will translate into equity at an agreed milestone (upon valuation of the company during a future round, for example). It usually includes a clause to compensate for the risk, such as a discount on future shares.
Covenant	The obligation in a contact to do something. An obligation to refrain from doing something is called a Negative Covenant. For example, the obligation to obtain life insurance on key employees is a covenant and the obligation to not deviate from the budget approved by investors is a negative covenant.
Cumulative Dividend	If the dividend is not declared during the period stated in the corporate charter, the dividend accrues and is payable in a later period. If a dividend right isn't cumulative, the dividend would be lost forever if it's not declared during the period stated in the corporate charter. Accrued but unpaid dividends are sometimes convertible into shares of Common Stock
Cutback Rights	Where shareholders exercise piggyback registration rights, but there are too many shares for the underwriters to sell in the public offering without adversely affecting the price, cutback rights determine whose shares are left out of the offering and whose shares are included in the offering.
Demand Registration Rights.	The right of investors to require the company to register the investors' shares for sale to the public even if the company was not otherwise planning to conduct a public offering. Usually, an investor or group of investors receives one or two Demand Registration Rights. Typically, the right isn't exercisable until after the company's initial public offering or after a stated time period.
Dilution	Generally speaking, as subsequent financing rounds occur, existing investors will own proportionally less of the company than they did previously since additional equity is generally issued as part of a new financing round. Dilution is not necessarily a bad thing _ since new stock can be issued at a higher price, you may own a smaller piece of a larger company, which means the value of your investment is actually higher than it was previously.
Down Round	A fundraising round in which the company is valued at a lower value per share than previous rounds
Drag-Along Rights	The right of the owners of a specified percentage of the shares of the company to require other shareholders to sell their shares or to vote their shares to approve sale of the company. This prevents one group of shareholders from blocking sale of the company to someone who is only interested in purchasing 100% ownership of the company.
Due diligence	The process performed by prospective investors to assess the viability of an investment and confirm that the information provided by the company is accurate.
Exit Velocity	A term from baseball originally referring to the speed of the baseball as it comes off the bat, immediately after a batter makes contact. In venture it refers to the speed between investment and exit, immediately when the investment is made to the liquidity event that allows the investor to cash out. Example — capital invested for growth funds has a higher exit velocity than capital invested by accelerators in startups because the ventures are less mature and have a longer time to exit.
Earnings before interest and taxes (EBIT)	A measurement of the operating profit of the company. A possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBIT
Elevator pitch	A concise presentation given from an entrepreneur to a potential investor about an investment opportunity. The presentation should be concise enough to be shared during an elevator ride.
Employee Stock Ownership Program (ESOP)	A pool of options that is reserved for future employee compensation packages.
Exercise Price (also known as Strike Price)	The amount that must be paid to execute your options. Generally, the exercise price is pegged to the "Fair Market Value" on the date of issuance, rather than the vesting date.
Exit Event or Liquidity Event	When an issuer engages in a transaction that allows investors to sell their shares, which generally happens through a tender offer (sale) or an IPO.
Fair Market Value	The value of a company based on what investors are willing to pay for it. For private companies or illiquid assets, "fair market value" is generally derived from comparable companies or assets that have recently had a transaction associated with them.
Fiduciary	Someone who owes special duties to another person and who has liability for not performing that duty
First Refusal Rights	The right to purchase stock in future offerings by the company on the same terms as other investors. Usually the right is designed to enable investors to maintain their percentage ownership of the company by purchasing a pro rata share of all new stock sold by the company. Investors also often require company founders to grant first refusal rights on shares the founders own. Also sometimes called Pre-emptive Rights.
Friends and Family Round	Capital provided by the friends and family of founders of an early-stage start-up. This is typically its first outside capital. The start-up is generally too early (often still at ideation) to raise capital from professional angel or seed investors, but needs capital to get started.

Full Ratchet	The method of total protection from dilution is called a and ensures that should a fundraising round cause a previous investor's ownership percentage to decrease as a result of newly issued shares, they will be given the opportunity to maintain their ownership level. In more technical terms, it is a type of Antidilution Protection that adjusts the Conversion Ratio so that each share of Preferred Stock will be convertible into a number of shares of Common Stock equal to the number of shares the investor would have received, if the investor had purchased the shares at the lowest subsequent price at which the company later sells its stock. The number of shares sold at the lower price doesn't matter. Only the lower price matters. For example, if the company sells Preferred Stock with a one-for-one Conversion Ratio for $10 per share and later sells Common Stock for $1 per share, each share of Preferred Stock would become convertible into ten shares of Common Stock, even if only one share is sold at the lower price.
Fully Diluted	Fully diluted means the total number of shares of Common Stock the company has issued, plus all shares of Common Stock issuable if all outstanding options, warrants, convertible preferred stock and convertible debt were to be exercised or converted. Fully diluted calculations are used to compare the percentage ownership of a company of different classes of securities by reducing each class to its Common Stock equivalent.
Fund of funds	A fund created to invest in private equity or venture capital funds. This entity is often referred to as a Limited Partner to the venture capital funds.
Grandfather Rights	A grandfather clause (or grandfather policy) is a provision in which an old rule continues to apply to some existing situations while a new rule will apply to all future cases. Those exempt from the new rule are said to have grandfather rights or acquired rights, or to have been grandfathered in
GP	General Partner of a fund
General Solicitation	The act of publicly soliciting investors, usually through advertising or any other non-controlled method of a public offering. If a company or issuer engages in public solicitation, it may eliminate certain safe harbours that were previously afforded to them under current securities regulation.
Gross Margin	The difference between revenue and cost of goods sold (COGS), divided by revenue.
Growth Equity	Growth Equity refers to private investments in late-stage companies which aim to finance revenue growth through market expansion. Such investments typically target minority positions in proven market segment leaders
K1	The Schedule K-1 is an Internal Revenue Service (IRS) tax form issued annually for an investment in partnership interests. The purpose of the Schedule K-1 is to report each partner's share of the partnership's earnings, losses, deductions, and credits. It serves a similar purpose for tax reporting as one of the various Forms 1099, which report dividend or interest from securities or income from the sale of securities.
Key man clause	Document sent to LP investors by the fund that tells investors the percentage of the profits and losses of the fund that they are responsible for. Clause in the LPA that enables the LP to break the agreement if one of the major GPs in the fund leave.
Key man risk	Referred to as the risk associated with depending on a single charismatic individual in a start-up; key tactic is to build a strong capable team around the individual, usually the founder, to mitigate this risk.
Key man insurance	Insurance on the life of key employees which investors require the company to obtain.
Incubator	A program that provides the mentorship and capital necessary to accelerate the growth and success of young start-ups. Typically, the program will provide some capital and in exchange will take an equity stake in the start-up.
Information Rights	The right of investors to have the company provide financial information annually, quarterly or monthly and other information as requested by investors. Under Delaware (and most state) law, a stockholder has the right to inspect and make copies of the corporation's information, including their stock ledger, a list of stockholders, and its books and records. However, such a demand must be for a "proper purpose", which means a purpose reasonably related to the person's interest as a stockholder.
Initial Public Offering (IPO)	Process by which a formerly private company first issues stock to the public. New disclosures must be made, as the company must now adhere to SEC reporting requirements.
Inside Round	A round of financing entirely composed of existing investors.
Investment Syndicate	A group of investors that agree to participate in an investment round of funding for a company.
Investor's Rights Agreement	An agreement that is frequently required by early, or large, investors in a company. This agreement may include many provisions, such as "First Offer" (the right, but not the obligation, to participate in future fundraising rounds) and "Observer Rights" (the right to observe board meetings). This provision is relevant to shareholders because it may include a separate right of first refusal for investors.
Issuer	The entity / company that shares represent ownership in
JOBS Act	Jumpstart Our Business Startups Act, passed in April 2012. Includes several provisions related to early stage companies, including new regulation regarding the maximum number of shareholders private companies are allowed and changes to the method in which companies can solicit private investors.
Knowledge Intensive Company	A company that is engaged in research, development, or innovation while it is issuing shares. It qualifies for extra advantages under the EIS
Letter of Intent (LOI)	A letter of intent (LOI) is similar to a memorandum of understanding (MOU) in that is is a common agreement between businesses (including startups) and potential customers to define commitment, interest, terms, and pricing in writing prior to delivering the good or service. This document is used to clarify understanding of both the customer and founder and often used to show investors. LOI and MOU agreements are used

	interchangeably and usually non-binding. At times, in working with customers on large projects with multiple phases where the customer and business work together before payment and services are exchanged a MOU may be used before a LOI is used to define pricing and terms. Also see Memorandum of Understanding (MOU).
Limited Partner (LP)	Limited Partner, typically funds 99–100% of a fund, major investors
Lead investor	The investor who takes on most of the work in negotiating the investment terms, doing due diligence and monitoring the company after the closing. The lead investor usually invests more than other investors who participate in the round. The lead investor is often located near the company or specializes in the company's industry.
Liquidation	An event that could result in either investors or debt holders to receive cash from the company, either through acquisition or a sale of assets resulting from bankruptcy. In either case, preference clauses determine order of payout to claimants, typically valuing debt holders and preferred shareholders over common stockholders.
Liquidation Preference	The order in which investors, or debt holders, get paid in the event of company liquidation or bankruptcy. Commonly used by venture capitalists to ensure they see a return on their investment in different liquidation scenarios.
Liquidity	The ability of an asset to be freely transferred with minimal interference from the issuer. Public equity is deemed to be extremely liquid since there are many buyers and sellers, while stock in private companies is generally much less liquid since the buyers and sellers are more limited.
Lock-up Period	A period of time that must elapse before the holder of a specific security can transfer or sell the security.
LPA	Limited Partnership Agreement. Usually a 70 page document and agreement between the LP and the General Partnership.
Management Fee	The fees that a fund will charge its limited partners each year. Venture capital fund management fees typically range from 1–3% annually (usually 2%) and are generally charged based on committed capital during the investment period, and then invested capital after the investment period has finished.
Memorandum of Understanding (MOU)	The memorandum of understanding (MOU) is a common agreement between startups who are pre-product and potential customers to define commitment, interest, terms, and pricing in writing prior to delivering the good or service. LOI and MOU agreements are used interchangeably and usually non-binding. At times the MOU is used in partnerships to define working relationships where no financial exchange is yet made. At times, in working with customers on large projects with multiple phases where the customer and business work together before payment and services are exchanged a MOU may be used before a LOI is used to define pricing and terms. This document is usually also used to clarify understanding of both the customer and founder and often used to show investors. Also see Letter of Intent (LOI).
Milestone	An event that triggers another investment by the venture investors.
Non binding	Refers to the depth of the legal commitment of the document. Term sheets, Memorandums of Understanding (MOUs), Letters of Intent (LOIs) are non-binding documents of which the investor or startup can back out of the intended agreement. The etiquette in venture is to provide a term sheet and once the founder agrees to the term sheet move to execute the investment. It is not common for investors to back out of agreements once a term sheet is issued.
'No shop' clause	The clause in a term sheet that states to the founder they are not to share the term sheet with other investors in order to receive a competing offer. This is a standard clause. The etiquette in venture is to give founders about a week or less for a decision on a term sheet to limit the time founders have to unofficially 'shop around' the deal.
MFN	Most Favored Nation — the anchor investor that the largest investor can get all the benefits of all the side letters with the individual LP investors
Net Revenue	Net revenue is not the same as gross revenue. It accounts for certain price reductions, price adjustments and refunds.
Non-disclosure agreement (NDA)	An agreement issued by entrepreneurs to protect the privacy of their ideas when disclosing those ideas to third parties such as investors.
OA	GP Operation Agreement — governance document for the GP that is based on the term sheet and includes specifics related to the economics of the deal among the fund managers, management and operations, transfers and substitutions, termination and dissolution, and vesting.
Option Pool	A number of shares of Common Stock specified in the corporate charter that can be sold to employees, officers and directors at low prices without triggering the Price Antidilution Protection of the Preferred Stock. 15% of the fully diluted shares is fairly typical, although the size of the Option Pool usually depends on the number of shares estimated to be necessary to grant to employees to attract a team capable of achieving the goals of the company's business plan. This varies from one company to another. Option Pool shares are usually considered to be outstanding shares when calculating the company's valuation.
A Ordinary Shares	A type of Ordinary Share that has Liquidation Priority: when a company is liquidated or sold, the proceeds of the sale are split 99.9% to the AO shareholders and 0.01% to the Ordinary shareholders. Once the AO shareholders have all their money back, any remaining assets are divided up pro-rata between the other shareholders. Compatible with the EIS (must be worded very carefully in the Articles).
Over allotment Option	The right of investors to exercise the First Refusal Rights and Come Along Rights of other investors who don't exercise their own rights.
Pari passu	Legal term that refers to equal treatment for two or more parties in an agreement meaning "on the same terms as".

Participating Preferred	For the term, the Participating preferred stock holders are entitled to receive a share of any remaining liquidation proceeds on an as-converted to common stock basis, after they have already gotten back their liquidation preference, whereas non-participating preferred stock holders either get (i) their liquidation preference back, or (ii) the amount they would have gotten had they converted to common stock. In other words, participating preferred gets the original capital back and the share of ownership. This term is sometimes referred to as investors double dipping as investors are getting the capital and the ownership verses just the percentage of the capital. More here.
Participating Preferred Stock	A class of stock with a Liquidation Preference, whereby on liquidation, sale or merger of the company, the owner has the right to share on an equal basis with holders of Common Stock any money or other assets that remain for distribution after payment of the Liquidation Preference of the Preferred Stock. With Nonparticipating Preferred Stock, the holders of Preferred Stock must choose either to receive their Liquidation Preference or to receive the same distribution holders of Common Stock receive. A holder of Participating Preferred Stock doesn't have to choose and receives both
Pay to Play	In venture capital, investors can raise the ante with co-investors by means of a "pay-to-play" provision, requiring that all investors in a portfolio company continue their pro rata financial commitment to the company, or else lose certain rights with respect to their original investment. The rights can often be anti-dilution rights. In some cases there is a provision of a portion of pro rata (e.g. 50%) or investors convert to common equity.
PEG ratio	Ratio of (price/earnings to growth ratio) is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth.
Party Round	A trend beginning several years ago in early financing rounds where, instead of raising large amounts of money from a few large investors, companies are raising small amounts of money from many small investors.
Piggyback Registration Rights	The right of investors to have shares included in a public offering the company plans to conduct for itself or another shareholder. Usually, this applies to an unlimited number of offerings until the registration rights terminate.
Piggyback rights	Rights of an investor to have their shares included in a registration of a company's shares in preparation for an IPO.
Pledge	A contract that requires one party to transfer the cash proceeds from a liquidation of equity to another party in exchange for cash received prior to the liquidation event.
Portfolio Company	A company that has received an investment from a venture capital fund becomes a portfolio company of that fund.
Post-Money Valuation	The valuation of a company that includes the capital provided by the current round of financing. For example, if an individual invests $3 million in a company with a $10 million pre-money valuation, the post-money valuation is $13 million. Calculated by adding the dollar amount invested in the transaction to the Pre-Money Valuation
PPM	Private Placement Memo — Usually 50–100 pages long that is the 'business plan' for starting a fund or for making an investment.
Pre-emptive Rights	Similar to rights of first refusal. The term pre-emptive rights refers to the right to purchase a company's new shares before they are offered to anyone else. In term sheets the preemptive rights provision may be titled "Right to Participate Pro Rata in Future Rounds". This is standard in term sheets.
Preferred Stock	A type of equity security that has certain rights over common stockholders. These rights may include, but are not limited to, liquidation preferences, dividends, anti-dilution clauses, and managerial voting power. A class of stock with a Liquidation Preference; that is, the right to receive distributions of money or assets prior to one or more other classes of stock if the company is sold, merged or liquidated. This protects investors by ensuring the investors get their money back (and sometimes a fixed return on the investment) before holders of Common Stock receive any money or assets.
Pre-Money Valuation	Valuation of a company excluding the capital from the current round of financing. The theoretical value of the company before the investment agreed upon by the company and the investors. Pre- Money Valuation is calculated by multiplying the number of Fully Diluted shares of the company before the investment transaction by the purchase price per share in the investment transaction.
Price Antidilution Protection	Protects investors from overpaying for stock by adjusting the Conversion Ratio if the company later issues shares for a price less than the price the investors paid. Adjustment of the Conversion Ratio results in more shares of Common Stock becoming issuable upon conversion of each share of Preferred Stock than was agreed at the time of the investment. There are two basic types of Price Antidilution Protection; Full Ratchet and Weighted Average. Weighted Average can be either Broad Based or Narrow Based.
Private Placement	The direct sale of a security to a limited number of qualified buyers, which may include accredited investors or institutional investors. Proper controls and structuring may exempt the placement from standard disclosure and registration policies mandated by the SEC.
Pro-rata rights	Pro-rata investment rights give an investor in a company the right to participate in a subsequent round of funding to maintain their level of percentage ownership in the company. This becomes a way for investors to continue to invest in companies that they want to put more into.

Protective Provisions	The right of an investor or group of investors to veto certain transactions by the company. This is usually achieved by prohibiting certain transactions, unless they are approved by a class vote of the Preferred Stock.
Qualified IPO	Means an initial public offering by the company of a size and price specified in the corporate charter. An IPO with $20 million in gross proceeds to the company and a price per share three times the price the investor paid for its stock is fairly typical for a Qualified IPO, but this varies from one deal to another.
Ratchet	A provision that provides an investor with down-round protection (i.e., where the company raises a subsequent round of financing, which can include IPO, at a lower price) by providing for the issuance of additional shares in the subsequent round. In the IPO context, a ratchet provision provides that if the IPO price does not meet a certain level, say at least the price paid by the investor in the private round or some baked in rate of return above that price, the IPO conversion of those shares to common shares is adjusted such that an additional number of shares are issued to investors which would meet the predetermined level.
Recapitalization	The reorganization of a company's capital structure.
Registration Rights	The right of investors in a public offering to require the company to include shares owned by the investors in a registration statement filed with the Securities and Exchange Commission under Section 5 of the Securities Act of 1933. There are three general types of registration rights (i) Demand; (ii) Piggybacks; and (iii) S-3.
Redemption Rights (Redeemable)	The right of the investor to require the company to repurchase the investor's stock for a price specified in the corporate charter. Redemption rights usually are not exercisable until five years or longer after the investment. Redemption rights are rarely exercised, but they give investors leverage to ensure their investment will eventually become liquid through sale of the company if an IPO hasn't occurred by a specified date.
Repurchase Option	The right of a company to buy back vested or issued shares.
Restricted Stock (also known as RSU)	Represents a class of stock that has some restrictions on the transfer or sale of the instrument. Generally, most non-public stock has some restrictions, though they may vary depending on the issuer and holder. See our post on RSUs for a deeper dive.
Return on Investment (ROI)	The proceeds from an investment during a specific time period, which are calculated as a percentage of the original investment
Revenue	Revenue is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise.
Revenue Multiple	TEV/TTM Revenue, usually used for valuing a company when it's not profitable yet.
Revenue Run Rate	The Revenue Run Rate (also run rate — one word) is the annualized revenue of a company if you were to extrapolate the current revenue over a year. It refers to the financial performance of a company based on using current financial information as a predictor of future performance. The run rate functions as an extrapolation of current financial performance and is based on the assumption that current conditions will continue. Run rates are useful for new business or business units within a company that have only had a short period of revenue generation opportunity. This figure allows managers, venture capitalists and investors to measure the annualized revenue
Reverse dilution	When stock is returned to a company by departed employees whose stock has not yet vested.
Risk to Capital Condition:	A condition for obtaining Advance Assurance, introduced by HMRC in 2018. A qualifying company must be intending to grow over the long term, and there must be significant risk that an investor stands to lose more than they stand to gain. The condition is designed to deter tax planning.
Right of First Refusal (ROFR)	A common transfer restriction that gives companies / issuers the right to purchase the stock at the same price, before allowing a shareholder to transfer it to a third party. Large investors in companies are also often granted a ROFR prior to transfers or sales.
Road Show	Presentations usually made in several cities to potential investors and other potentially interested parties. A company will often use a road show to create interest from investors before its IPO.
Roll up	A Rollup (also "Roll-up" or "Roll up") is a process used by investors (commonly private equity firms) where multiple small companies in the same market are acquired and merged. The principal aim of a rollup is to reduce costs through economies of scale.
Rule 506(b)	A legal "safe harbour" that allows issuers of non-public stock to sell interests to accredited investors without having to register with the SEC. Under this provision, issuers cannot engage in "general solicitation", such as advertising.
Run Rate	The run rate is how the financial performance (usually revenue) of a company would look like if the current results are extrapolated out over a certain period of time.
SAFE	A SAFE or safe stands for a "simple agreement for future equity". This document was authored by Y Combinator lawyer Carolynn Levy and open sourced. It was created and published as a simple replacement for convertible notes. In practice a SAFE enables a start-up company and an investor to accomplish the same general goal as a convertible note, though a SAFE is not a debt instrument. A SAFE is an agreement that can be used between a company and an investor. The investors invests money in the company using a SAFE. In exchange for the money, with a SAFE, the investor receives the right to purchase stock in a future equity round (when one occurs) subject to certain parameters set in advance in the SAFE.
Seed Round	The earliest round of fundraising, typically backed by a company's founders, their friends, family, or Angel investors. The company is generally not generating revenues and is in the process of developing their product.

Senior Liquidation Preference	An entitlement given to a certain class of shareholders that gives them a higher liquidation preference over other shareholders. Also known as Stacked Preference.
Separation Agreement	Not always one document, the "Separation Agreement" refers to the entire package of rights and considerations when an employee amicably leaves a company. In addition to severance pay, separation agreements often include provisions about non-disparagement, non-disclosure, and vesting of equity.
Shareholder Agreement	A contract that sets out how the company will be operated and the shareholders' obligation and rights. It often provides protection to minority shareholders.
Shareholder Limit	Established by Section 12(g) of the Exchange Act, requires that private companies register with the SEC, depending on certain criteria, including the type of shareholders and the total number of shareholders.
Shareholder of Record	The name of a shareholder as it exists on the registrar of the issuer.
Shares Outstanding	Refers to a company's stock currently held by all of its shareholders, including shares held by institutional investors and restricted shares owned by a company's executives. This number is used to calculate key metrics such as a company's market capitalization, earnings per share, and cash flow per share.
Side Letter	Agreement between the fund and the individual investor.
Stacked Preference	When different classes of preferred stock have senior rights to payment over other classes of preferred stock. Also known as Senior Liquidation Preference.
Stock Option	A right to purchase or sell a share of stock at a specific price within a specified period of time. Stock options are often used as long term incentive compensation for management and employees at high-growth companies.
Stock Plan or Employee Incentive Plan	The Stock Plan is an assimilation of all the rights and economic interests that are attached to company stock, including the company's bylaws, grant documents, shareholder agreements, etc.
Super Pro Rata	Super pro-rata right the investor (let's say in your A round) will ask for more than their pro-rata right.
Syndicate	The group of venture investors who participate in the investment round.
S-3 Registration Rights	The right of investors to require the company to file a short form registration statement on Form S-3. S-3 Registration Rights are similar to Demand Registration Rights, but usually one or two registrations each year are permitted, because the short Form S-3 is less burdensome to the company.
TEV	Total Enterprise Value.
TTM	Trailing 12-month revenue; sum of revenue.
Tag-Along Right	The right of a minority investor to receive the same benefits as a majority investor. This often applies to a sale of securities by investors and is also known as co-sale right.
Term Sheet	A document that includes the basic terms of a company's fundraising round (or any investment). Once signed, it indicates that the investor and the company intend to move forward to complete the transaction and stipulates the major economic or corporate governance terms related to the investment.
Trading	When applying for Advance Assurance from HMRC, it's necessary to know the date your company started trading. HMRC uses the analogy of a shop: if you've turned the shop sign to "Open", so it's clear you're looking for customers, that means you've started trading ("undertaking activities with a view to a profit"). Earliest date of trading will always be before or equal to the date you first received revenue.
Transfer Restrictions	Contractually defined limitations on an individual's ability to sell or transfer their shares in the company.
Unicorn	Team referring to a start-up valued at $1B or more
Visitation Rights	Also called Observer Rights. The right of investors to have a nonvoting representative attend meetings of the Board of Directors of the company and committees of the Board.
Vesting	Generally, when something that is promised is delivered and ownership is officially granted to the recipient. For employees, shares generally vest according to a predetermined schedule. Vesting effectively means that employees only receive their equity compensation after a period of employment to ensure alignment of interest between the company and the employee. The current market standard for vesting schedules is 4 years with a one-year "cliff". Typically, this means that 25% of the grant will vest after one year, and the balance will vest in equal monthly instalments over the following 36 months.
Warrant	The right to purchase stock at a later date at a fixed price. Similar to stock options, but usually given to investors, not employees
Warrant Coverage	Warrants issued to reward bridge loan lenders, guarantors or other lenders for incurring the risk of lending. The number of shares issuable upon exercise of the warrants is based on a percentage of the debt.
Washout Round	A round of financing where previous investors, the founders, and management suffer significant dilution. The new investor in a washout round will typically gain majority ownership and control of the company.
Weighted Average	A form of Antidilution Protection that adjusts the Conversion Ratio according to a formula that takes into account both the lower price and the number of shares issued at the lower price. This is more favorable to the company than a Full Ratchet. Narrow Based Weighted Average uses only the number of outstanding shares of Preferred Stock in the formula used to adjust the conversion price. This is more favorable to the investor than Broad Based Weighted Average, which includes all fully diluted shares in its formula.
Write-Off	A decrease in the reported value of an asset or company.