

NI Deal Tracker 2021



Analysing equity investment
in Northern Ireland

Catalyst



In 2021, NI entrepreneurs raised a record £100m, an extraordinary 127% higher than 2020.

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Catalyst's View



Kieran Dalton
Head of Scaling

2020 was very much a year of consolidation for investment across the UK – battening down the hatches as the impact of Covid and subsequent lockdowns forced investors to back their existing portfolio at the expense of doing new deals. However, as we all became more resilient to this new way of working, investment very quickly recovered and surpassed what we in NI have ever seen.

In 2021, NI entrepreneurs raised a record £100m, an extraordinary 127% higher than 2020. Investment into new deals was up, larger funding rounds were raised and there were more international investors getting involved in the region for the first time. The challenge stated in previous NI Deal Tracker reports focussed very much around the need to attract more external capital to NI and this happened, with over 75% coming from mainly UK, Ireland and US.

The majority of deals completed were at the seed level – we need to ensure that they are supported to raise larger sums of capital. NI entrepreneurs have always been great at starting things, we need to ensure that they can tackle the challenges that come with scaling. And while NI is still at the early stages, there is a lot to be excited about.

Key Findings

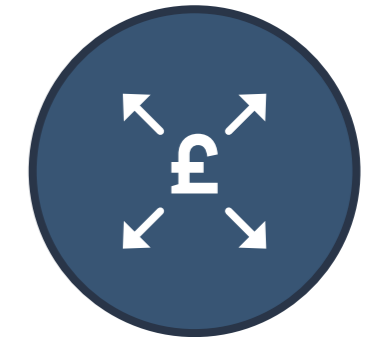
This data has been gathered utilising our strong relationships as a trusted neutral party and therefore the detailed information underlying this report will remain confidential.



66 deals
up from 39 deals 2020



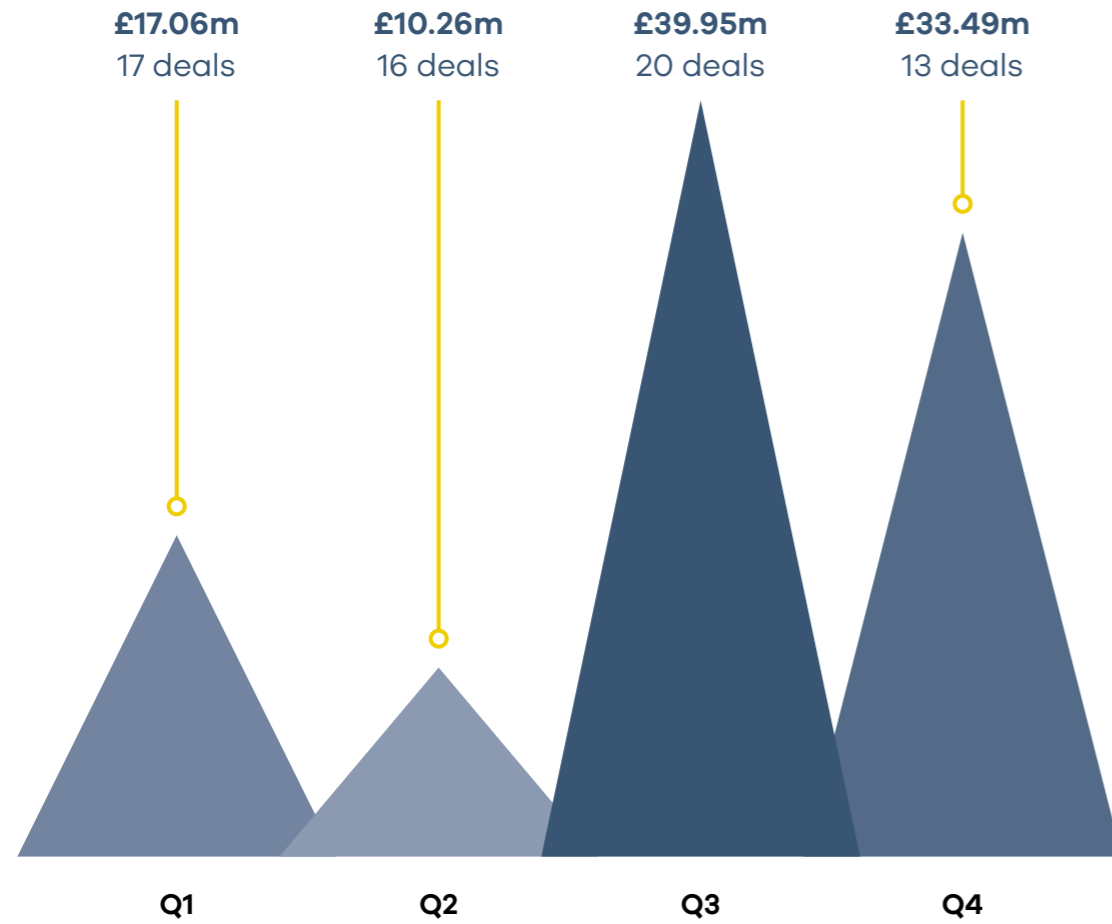
Average deal
£1.53m
up from £1.14m 2020



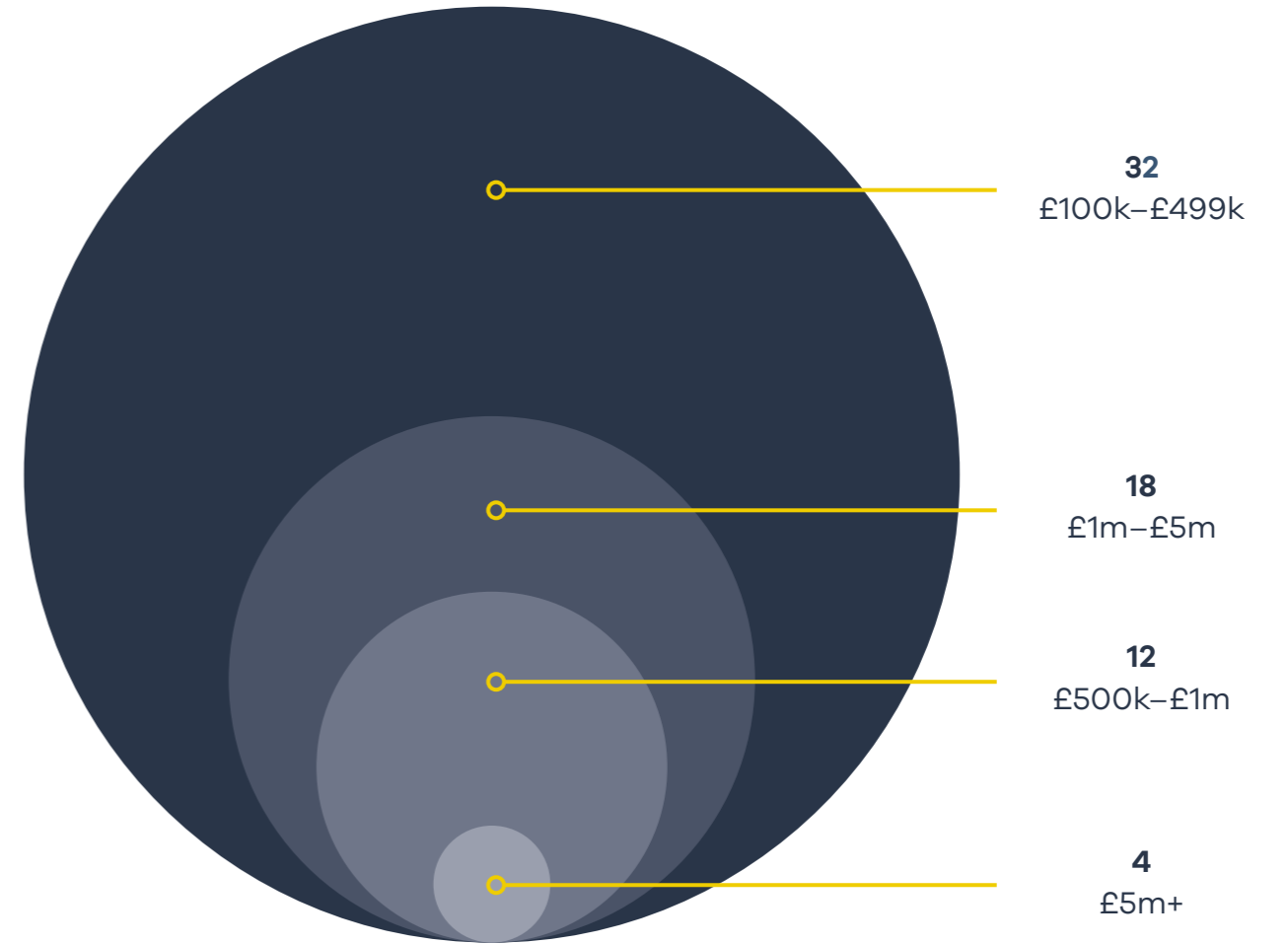
£100.7m
up from £44.3m 2020

Deal Activity

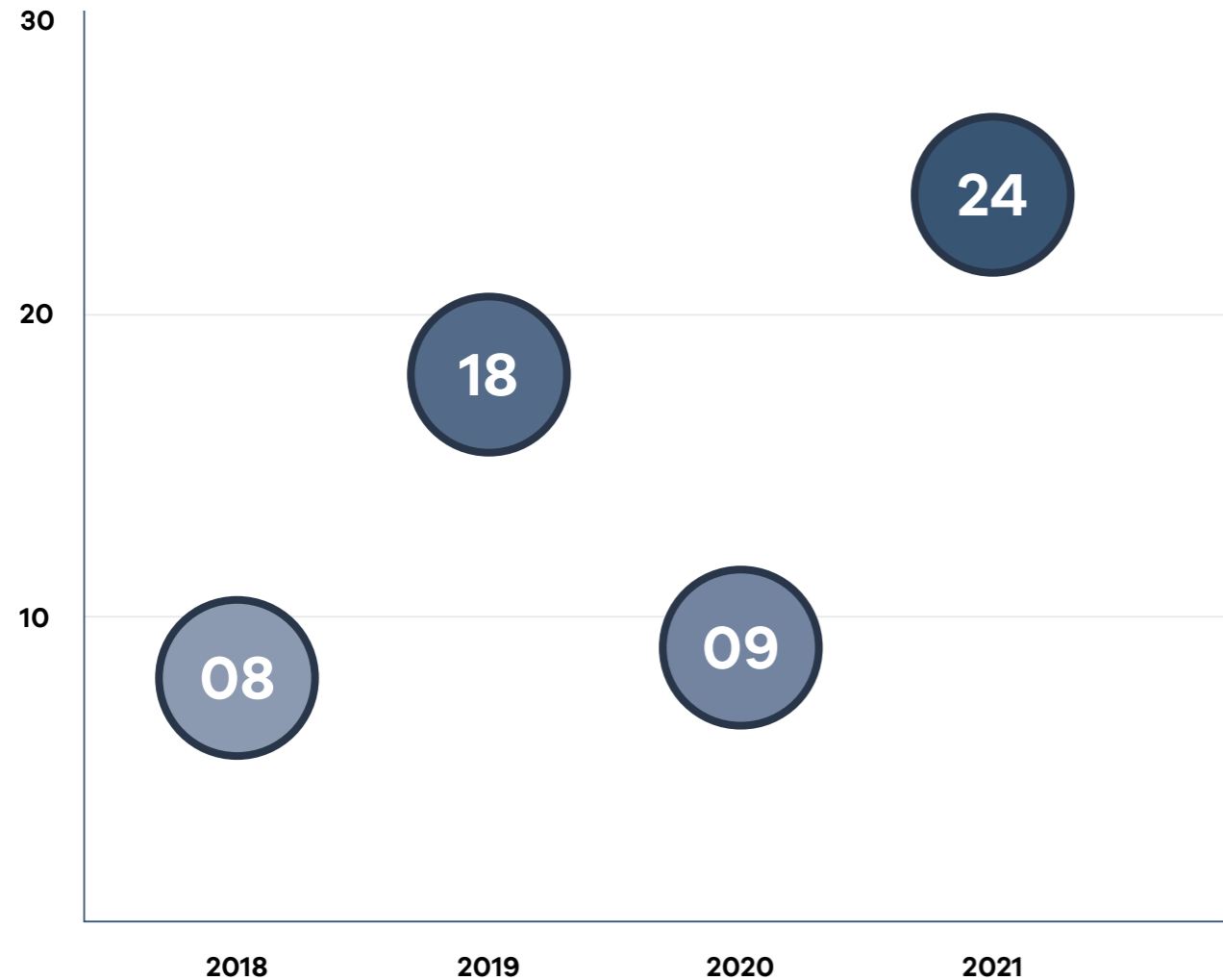
Deal Activity (deal number and amount per quarter).



Deal Size



New (1st Investment Deals)



Records at All Levels

The overall investment figures remained the same, highlighting that investors were ensuring their portfolio companies were resilient to the effect that lockdown would potentially have. However, as we became more resilient to the effects of Covid, activity levels quickly came back and surpassed what has ever happened before.

Investment reached its highest

level ever by hitting over £100m

Investment reached its highest level ever by hitting over £100m, with the number of deals and average deal size hitting record peaks. The biggest effect of Covid in 2020 was the number of new deals that were completed, with only 9 companies receiving an investment for the first time. However, 2021 saw 24 companies receive pre-seed investment, another record. The number of deals over £5m increased from 3 in 2020 to 4 in 2021.

Female Led Companies

The report looked into deals where there the company is led/founded by at least one female member. Of the 66 investments, 15 (23%) were with female led/founded. A number of those female led companies received multiple rounds in 2021, which meant that these companies raised £16m (16%) of the total raised in 2021.

When compared with 2020, there were 6 female led/founded companies (15%) who raised £11.8m, equating to 27% of the total raised. A couple of larger deals into female founded companies skewed the figures slightly but it highlights that the vast majority of capital goes into companies without a female founder.

NI v All Ireland Figures

Record fundraising figures were not limited to NI. Looking at the figures produced by the IVCA, funding into Irish SMEs grew by 44% to a record €1.3b in 2021, compared to €925m the previous year.

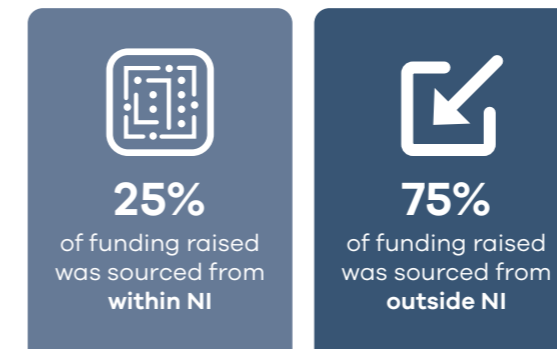
These figures take into account deals that occurred in NI which means that NI account for approx. 9% of the deals completed in 2021.

The VC Challenge

When Catalyst created the Knowledge Economy Report, investment was one of the key pillars that would track NI's progress to becoming a leading economy in Europe by 2030. The figure highlighted at the time was a minimum of £90m of VC investment deployed in NI annually. This target has been hit for the first time since the report was published. For NI's companies to grow, access to international venture capital is a must and the report found that over 75% of the funding raised was sourced from outside NI. Funds such as Tiger Global, Angular Ventures and Ada Ventures invested here for the first time with Frontline, MMC and Par Equity continuing their support of NI companies.

The local investment firms (Techstart Ventures, Clarendon Fund Managers and Kernel) and the commercialisation arms of the universities (QUBIS and Innovation Ulster) have been important in getting a number of these companies initially funded and connected to further capital from outside the region. Of the companies that raised funding in 2021, 81% secured part of their overall fundraising from one of the local venture capital companies.

The impact of support programmes such as Catalyst, Ignite, Tech Nation and others in supporting companies and connecting to investors has been strong. But the real drivers of investment into the region are the entrepreneurs themselves. The effect of Covid has allowed better connectivity to international capital but an increased number of founders with increased ambitions has highlighted that global businesses can be built from NI.



Case Studies



Software supply chain management company Cloudsmith raised \$15 million (£11 million) in funding in a landmark investment for a Northern Irish tech company.

Leading venture capital firm Tiger Global led what is the largest Series A round in the Northern Ireland.

Other new investors participating in the Series A round include Shasta, Amaranthine, Sorenson and Leadout Capital. Previous backers, including Dublin-based Frontline, MMC and Techstart Ventures, who were the initial backers at pre-seed.



Machinery Partner closed a \$4.5 million series seed round, led by One Way Ventures and Euclid Ventures, with participation from PJC and Techstars Ventures. The company took part on the Techstars accelerator programme and managed to convince the Techstars Boston MD to leave and join Machinery Partner as part of the founding team.

The company aim to democratize access to high quality heavy equipment and machinery for small and medium sized businesses. Its unique, integrated model offers procurement, financing and service that are more affordable, more efficient and more accessible for customers.



SideQuest, a Belfast-based start-up that has developed a platform for virtual reality (VR) games and apps has raised \$3 million (£2.2 million) from investors. Founded by husband-and-wife team Shane and Orla Harris, SideQuest was established two days after Facebook-owned Oculus launched its Quest VR headset in May 2019.

Its platform, which has more than one million monthly active users, provides developers with a resource for uploading work in progress ahead of a public release. The result it that players can access games that are not yet publicly available on the Oculus Store, while also providing developers with a means to validate their work and start building communities.

The start-up raised an initial \$650,000 with backers including Oculus VR founder Palmer Lucky and this latest funding round has been led by PROfounders and included Ada Ventures, Connect Ventures, Ascension, SCNE as well as several strategic angel investors.

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