Venture Capital Trust Association

VCTA Response to Treasury Select Committee inquiry into Venture Capital

The Committee would welcome written evidence on the following areas:

1. **The current state of the venture capital industry in the United Kingdom, including opportunities and threats, such as the availability of domestic capital to allow firms to scale up in the UK.**

The UK is a great place to start and grow a business and is helped by tax-advantaged investment through schemes such as the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT)[1]. These have helped to develop a thriving startup community recognised around the world, providing financial support at the earliest stages of starting a business by encouraging investment in small, unquoted trading companies. A 2019 report[2] collating data on general economic factors from the World Bank, World Economic Forum, UNESCO, OECD, and tax consultancies ranked the UK as the second-best country in Europe for startup businesses.

These high growth small businesses are the engine of the economy, growing rapidly to punch well above their weight in terms of their economic contribution, productivity, and job creation. They are not without risk, however, which is why the government provides tax advantaged money to leverage private investment.

Significant sums have been raised from the UK's retail investors through the schemes. In 2021, VCTs invested £668.6m in new and follow-on investments in UK-based small private businesses and Alternative Investment Market (AIM) companies, and throughout the recent pandemic, £1.2 billion was invested in UK SMEs. They are well established programmes that resonate well with investors and the entrepreneurs in whom they invest. They play a vital role in providing a continuous ecosystem from early-stage funding for companies from angel investing through to non-tax incentivised venture capital.

It is the complimentary nature of these three schemes together that makes the UK such a successful place to start and scale a business. SEIS allows for very early stage, EIS provides for further advance in maturity, and VCTs for further scale up before moving on to non-tax incentivised venture capital. However, both EIS and VCTs face considerable uncertainty due to the existence of a Sunset Clause in April 2025 [as detailed in our response to question 3].

VCTs, in particular, are able to provide evergreen patient capital, which also means they can enable individual investors to realise their investment without the need for fund managers to sell the underlying assets, enabling the funds to remain invested in companies over the long term. Because they are evergreen funds, the initial 30% income tax relief not only leverages the additional 70% of private capital, but this sum can grow and be re-invested multiple times by the fund into new eligible businesses across the UK. This combination of an evergreen fund and recycling capital has meant that VCTs have

[1] The BVCA's submission to this inquiry provides a fuller analysis of the venture capital industry and other sources of early-stage capital.

[2] Best Countries in Europe for Startups 2019 | NimbleFins

had capital to invest through cycles and importantly in times of greatest economic need, when fundraising from other investors may be more challenging.

Over 1,000 of the most ambitious companies across the United Kingdom currently benefit from VCT funding, each of which is looking to scale and grow at pace. The impact of VCT investment on the UK economy and fast-growing SMEs is set out in detail in our answer to question 3.

The demand for, and success of, SEIS, EIS and VCT schemes has been consistently noted by a series of independent reports over the last five years.

As the Patient Capital Review found in 2017, the "popularity of these schemes has contributed significantly to the development of a vibrant UK start-up scene." That review led to the tax incentive schemes prioritising knowledge intensive companies undertaking research and development, thus strengthening the ability of these innovative high growth small businesses to access the incremental capital they need to develop their businesses.

The Future of Growth Capital Report, published by the Scale Up Institute in 2020, found that "approximately 80% of total investment in angels' investment portfolios were made through these [EIS and VCT] schemes in 2015[3], and the British Business Bank's Angel Market research report of 2018 revealed that 86% of total investment in angel investment portfolios were made through these schemes in 2017"[4].

The Kalifa Review of UK Fintech, commissioned by the current government and published last year, found that this popularity has not waned, with a survey showing that "97% of founders have used tax-incentivised investment schemes including EIS, SEIS and VCT." Separately, the Number 10 Taskforce on Innovation, Growth and Regulatory Reform[5] published a series of recommendations calling for the VCT scheme to be expanded in order to unlock investment outside of London and the South East as part of the government's levelling-up agenda.

It is clear that both entrepreneurs and independent experts hugely value the schemes as an important part of the UK's funding ecosystem.

2. **The level of co-operation/integration between start-ups and established industry**

N/A

3. **The operation and effectiveness of the current tax incentives (such as the Enterprise Investment Scheme (EIS), the Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trusts (VCTs)) in the venture capital market, including any options for change.**

With £6.3 billion currently invested in VCTs, the VCTA represents 90% of the VCT industry, having investments across sectors as diverse as digital technology, medicine development, specialist manufacturing and retail. As the needs of businesses have

[3] ERC (2015). A Nation of Angels. Assessing the impact of angel investing across the UK. https://www.enterpriseresearch.ac.uk/wp-content/ uploads/2015/01/ERC-Angels-Report.pdf

[4] Future of Growth Capital Report 2020 - Scale Up Institute

[5] FINAL_TIGRR_REPORT__1_.pdf (publishing.service.gov.uk)

evolved, the scheme has changed to reflect this, proving to be adaptable to new and evolving technology and sectors.

VCTs work by using a 30% tax relief to leverage private investment into high growth small businesses. In the two years ending 5 April 2021, funds raised and the imputed upfront tax relief were:

£m	Raised	Tax Relief	Amount invested
2020/21	684.6	205.4	668.5
2019/20	618.7	185.7	432.6
Total	1,303.3	391.1	1,101.1

There is a lag between raising capital from investors and then deploying it, so investment activity is best measured by the £1.16 billion invested in the following two years. Therefore, the £391.1m of tax relief was followed by £1.16 billion of investment into high-growth businesses during the pandemic, supporting businesses when they found it difficult to source other forms of support. Equity capital was crucial in enabling these businesses to continue to grow and drive the creation of high-value jobs, and it will continue to be essential as the economy faces an uncertain future with the challenges of the invasion of Ukraine, the cost-of-living crisis and accompanying inflation. Despite these challenges, VCTs have, in 2021/22, successfully leveraged a further £811.8m with £347.9m of tax relief.

Typically, when receiving their first investment from VCTs, entrepreneurs have managed to get their business started, have a small number of employees and a handful of customers, but lack the organisational infrastructure to be able to accelerate growth. A snapshot looking at a typical company at point of its first VCT investment has remained relatively consistent over the last five years. It:

- Has thirty-five employees
- £2.35m in revenues
- Is approximately 6.2 years old; and
- Receives an initial investment of approximately £2.2m.

Case study 1 provides an example of the benefits of VCT investment for startups looking to scale up.

CASE STUDY 1: Antidote Technologies

Antidote Technologies, a UK-based clinical trial matching platform with significant operations in the US, helps patients find the right clinical trials online. According to Antidote, over 80% of clinical trials are delayed or closed due to a lack of patients taking part and Antidote's founding purpose is to solve this critical problem by transforming the way patients and researchers connect. Since its inception in 2010, Antidote has already provided thousands of 'matches' and is continually refining and expanding its trial data to both improve patient experience and provide value to its clients.

Antidote has built an impressive team and a 300+ partner network dedicated to providing an innovative solution to the problem of clinical trial patient recruitment. Working with leading patient communities such as JDRF, Lung Cancer Alliance, and Healthline, Antidote provides a tool where patients simply answer questions about their condition, and in return the platform provides information regarding any matching clinical studies. Importantly, this service is always free to the patient.

When the pandemic hit, Antidote quickly added a curated journey for COVID-19 to help speed up the process of connecting possible patients to COVID-19 trials.

In June 2021, Antidote completed a $23m funding round in which VCTA member Octopus Ventures, an investor in Antidote since 2013, participated to enable Antidote to realise its growth ambitions.

The latest round of funding is supporting the digital health start-up to accelerate the development of its trial matching platform and reach millions more patients in need of new and better treatments. It exemplifies the benefits of the patient capital unlocked by the VCT scheme: despite the speed of response to Covid-19, by summer 2021, the majority of clinical trials focused on other conditions and areas of medicine still faced persistent threats of delays or closure, due to a lack of participants. In the first half of 2021, as the global economy was still reeling from the impact of the pandemic, the funding provided by Octopus and others was available to give Antidote the financial injection it needed to grow its innovative platform dedicated to solving the clinical trial participant shortage.

Effectiveness of VCTs

VCTA data comprising more than 90% of the VCT industry by value shows that investments made by VCTA members delivered the following boosts to the UK economy:

Scale

- Over the last financial year, VCTA-backed businesses delivered £12.5 billion in revenues, generating £3 billion in exports and investing £548m in R&D. 76% of post-2015 VCT investee companies have invested in R&D.
- Since 2018, VCTA members have made investments totalling over £1.64 billion, of which £668.6m was invested in the last financial year.

Delivering Growth

- Our investments help businesses to grow fast, helping to tackle the scale up challenge. Over the past three years, unquoted[6] VCTA companies have increased sales by 62.5%. Exits from successful VCTA backed businesses have valued those businesses at £7.6 billion in 2021.
- Since 2018, VCTA backed business have on average increased export sales by 275% to £1.1m in 2021.

High-value jobs

- The 1,119 companies currently supported by VCTA members employ 50,844 people, predominantly across the UK.
- The average salary of unquoted VCT companies was £47,975 in 2021 – significantly higher that the UK average salary of £38,131 for full-time employees.

[6] The significant majority of VCT investments are made into unquoted companies.

- VCT companies provide significant sums to HMRC. In 2021, £492m of PAYE, NI and social security payments was paid to HMRC by VCTA companies.

Since 2015, when the then government made several changes to the scheme, we have tracked the performance of a cohort of VCT-backed businesses to see how they have developed. Our findings include:

1. Looking at the cohort of companies in the VCTA portfolio who have been present from 2018-2021, sales have grown from £548m to £783m over 3 years: a 42.8% growth despite the pandemic. Average sales have increased from £5.5m per company to £7.8m (a 42% increase).

	2018	2019	2020	2021	% Growth - 2018 to 2019	% Growth - 2019 to 2020	% Growth - 2020 to 2021
Unquoted Sales							
# Companies	100	100	100	100	n/a	n/a	n/a
Total Sales (£m)	548	638	718	783	16.5%	12.5%	9.1%
Mean Sales per Co. (£m)	5.5	6.4	7.2	7.8	16.5%	12.5%	9.1%

2. From 2019–2021, employee numbers, for a second cohort, have increased from 12,616 to 16,414 (a 30% increase). Average employees have increased from 57 to 75 (+32%).

	2018	2019	2020	2021	% Growth - 2018 to 2019	% Growth - 2019 to 2020	% Growth - 2020 to 2021
Unquoted Group Employees							
# Companies	n/a	220	220	220	n/a	n/a	n/a
Total # Emp	n/a	12,616	15,507	16,414	n/a	22.9%	5.8%
Mean # Emp per Co.	n/a	57	70	75	n/a	22.9%	5.8%

The VCT scheme has won the support of successive governments and has an established track record of success. We have seen a number of high-tech businesses emerging from the venture capital trust stable having achieved and delivered significant value gains. These companies have been characterised by high growth not just in value but also employment. Notable examples include Altrincham-based Matillion which has grown from 20 to over 570 employees in the last 5 years backed by Leeds-based YFM Equity partners.

Equally impressive has been data analytics business Quantexa, used by many global banks to fight financial crime, which has grown revenues thirty times since being invested in by the Albion Capital VCTs and now employs close to 500 people globally. Amid a pandemic, Quantexa raised $153m in Series D funding in July 2021. Octopus has seen specialist lens business Waveoptics emerge creating £0.5 billion of value and 154 jobs. Another example of a high-value business is fashion marketplace Depop, which created and delivered over £1.1 billion of value.

Crucially, at this stage of a small business's development, VCTs also provide integrated business support and advice that is bespoke for each business to help the entrepreneurs scale their companies faster by developing new products, entering new markets, and grow to create new jobs. Experienced VCT managers have a network of specialists who can help investee companies scale and grow, for example advising how to hire and build effective management teams, supporting overseas expansion, or to develop effective sales and marketing strategies. VCTA member firms are Board members or Board Observers on over 70% of all VCTA backed companies, providing professional, intensive support and guidance over to the long term.

Case study 2 highlights how the expert advice and guidance VCT funds provide can deliver real benefits for investee companies.

CASE STUDY 2: Martel Instruments

Durham-based Martel Instruments has been developing bespoke printers for a range of industries for over 30 years, including the healthcare sector. Winners of the Manufacturing Innovation Award at Insider's Made in the North East Awards 2017, Martel was already supplying custom-built thermal printers to medical diagnostic equipment manufacturers before the COVID-19 pandemic.

This experience enabled Martel to play a critical role in servicing the demand from global medical device specialists, such as Siemens, who required its technology as part of their clinical point-of-care testing solution. Martel's printers enabled physicians to meet the increased demands to print test results in hospitals or other locations where there is an unreliable Wi-Fi network. The rapid availability of these results helped doctors deliver prognoses about the severity of COVID-19 cases with minimal delay.

Initially providing backing for Martel in 2007, VCTA member Maven has provided a crucial role in offering Martel ongoing advice, support, and guidance throughout the development of the business. Keith Walker, Managing Director of Martel, said that Maven "has supported Martel in investments ranging from infrastructure to new product development and continues to participate actively in the development of the company's brand."

Following the unexpected death of the company's Chair in 2018, the role was taken on by a Maven portfolio manager. This hands-on approach to running the business proved particularly effective during the COVID pandemic, where in addition to the portfolio manager's role as Chair, Maven held weekly meetings to help prepare the business for the new COVID compliant methods of working.

Elsewhere, Maven has supported the implementation of a new long term incentive plan for Martel's senior managers, assisting with staff retention.

Future of the VCT scheme

The VCT scheme is working well, and we strongly believe that it should continue to be backed by the UK government with the 'sunset clause' built into the *2015 Finance (No.2) Act* extended, or preferably, amended so that the scheme is placed on a permanent footing so that it can continue beyond 2025.

Entrepreneurs and VCT-backed businesses require certainty for long term investment, particularly when the nature of patient capital means that business require support from VCT investors for an average of seven years (as shown by VCTA data).

Since the 2015 rule changes, VCTs being able to raise further capital has been an increasingly important part of supporting businesses to scale and grow, meaning that entrepreneurs can receive additional funding throughout the years they are supported by VCT funds. The value of follow-on investment per annum across the whole industry increased from £88.3m in 2017 to £197.8m in 2021, as businesses sought increasing investment to support their ambitious business plans. There is therefore a significant latent demand within existing portfolio businesses for further capital, in addition to the need for new businesses to access VCT support (between £250-280m per annum between 2017 and 2020).

However, built into the *2015 Finance (No.2) Act* is a sunset clause, which states that eligibility for VCT tax relief will only apply to shares that are issued before 6 April 2025. Unless the sunset clause is amended or removed, it also means that the last time new shares can be issued to subscribers who will still be eligible to claim VCT income tax relief is 5 April 2025. This would mean that no new capital would be raised after this point, because the tax break is essential to raise further money for the VCT scheme.

Entrepreneurs are currently seeking support from VCT investors not knowing if they will be able to continue to receive funding beyond the expiry date of the scheme in 2025. We believe that the government should send an early signal to the industry to reassure these high growth small businesses that this successful scheme will operate beyond 2025.

Improving the effectiveness of the VCT scheme

The most impactful way to improve the effectiveness of the VCT scheme would be to take advantage of the UK's post-Brexit regulatory freedoms to remove the 2025 sunset clause, placing the scheme on a permanent footing and providing entrepreneurs with confidence that they will continue to be able to receive VCT funding beyond 2025.
The VCTA has previously made some further, secondary, suggestions about improving the efficiency of the scheme in our most recent Budget submission[7]. However, the message we hear directly from entrepreneurs and businesses seeking VCT support is that placing the VCT scheme on a permanent footing is the principal issue they wish the government to address.

4. **The operation and effectiveness of the regulatory regime(s) concerning venture capital.**

VCTs are listed companies subject to the Disclosure and Transparency Rules and the UK Corporate Governance Code.

The current regulatory regime, the fundamentals of which have remained largely unchanged since VCTs were first established in 1995, require the shares of a VCT to be listed on the official list of the FCA and admitted to trading on the premium segment of the main market of the London Stock Exchange ("Main Market"). Having shares admitted to trading on the Main Market mean that VCTs are subject to the highest level of regulatory scrutiny and must complete an FCA eligibility process prior to being listed. Once listed, ongoing obligations mean VCTs must comply with strict rules on transparency and corporate governance.

For example, all VCTs are required by law to issue a Key Information Document (KID) to potential investors. This contains information on charges, a risk indicator, performance scenarios and a recommended holding period of 10 years. The purpose of this information is to help investors to understand the nature, risks, costs, potential gains, and losses of the product and to help them to compare it with other products.

[7] VCTA 2021 Budget Submission

The interests of investors are also protected by the VCT's board of non-executive directors, a majority of which must be independent of the investment manager. VCT investment managers are regulated by the FCA, ensuring that VCT's are managed by well resourced, experienced, and accountable entities.

Further oversight is provided by the FCA in relation to fundraising, where documents are subjected to an FCA vetting process to ensure that potential investors are empowered with all necessary information to make an informed decision before deciding to invest. VCTs offer retail investors the unique opportunity to invest in exciting early-stage UK businesses which have yet to establish themselves, and the regulatory framework and levels of scrutiny and transparency ensure that the interests of those investors are protected, to the extent possible, from the inherent risks of this type of investment.

5. **The role of other key bodies, such as the British Business Bank and the programmes which it oversees (including the Future Fund and British Patient Capital), and the Advanced Research and Invention Agency, and how they can support the venture capital market.**

N/A

6. **The merits of policy proposals for strengthening the venture capital industry in the United Kingdom, such as:**
    a. **Opening new pools of capital for venture capital investment, such as pension funds, retail products (e.g., investment through ISAs)**
    b. **Generating home-grown talent through the education system**
    c. **Attracting international talent through the visa system**

N/A

7. **The effectiveness of any other government or public sector intervention in the venture capital industry.**

The importance of the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) are consistently noted by many scaleups as a cornerstone of early-stage growth capital and follow-on funding.

It is the complimentary nature of these three schemes together that makes the UK such a successful place to start and scale a business. SEIS allows for very early stage, EIS provides for further advance in maturity, and VCTs for further scale up before moving on to venture capital. Many VCT-backed businesses have received prior EIS or SEIS investments and are 'handed on' through the effective ecosystem developed in the UK.

We believe that more can be done to increase the pool of high growth and scalable companies to the benefit of the UK economy. SEIS targets the very early-stage investments, and recent statistics published by the Government show that 2,065 companies raised a total of £175m between 2020 and 2021. Allowing companies at the very earliest stage to raise more funds would improve their prospects of success, and increasing the cap from £150,000 to £250,000, would provide that additional early-stage investment.

8. **The effectiveness of government policy around venture capital in meeting wider government objectives (for example: around "levelling-up" and**

tackling regional inequality, the aim for the UK to be a science and technology "superpower," net zero).

VCT funds play a vital role in the UK funding ecosystem, supporting businesses to move from earlier stage investment towards fully commercial investment. VCT funds are invested and managed by independent fund managers through an extensive regional network of more than 20 local offices in towns and cities around the UK, supporting growth in all parts of the country. In having investment professionals located across the UK's regions and nations, they can be closer to the companies in these areas in which they invest and therefore gain a better understanding of their needs and focus on investing in those areas. Local presence is also an effective way of ensuring that the availability of patient capital is well known and understood by local entrepreneurs.

VCTs have an excellent track record of stimulating well-paid jobs in innovative, fast-growing industries across the UK, delivering on the government's intention to level up regional economies outside of London and the South East. For example, the average salary for an employee at an unquoted, VCT-backed company in the North West of England is approximately £40,000. This is nearly £10,000 higher than the whole-region average wage. Amongst quoted VCT-backed companies in the North West, the average salary rises to £50,000. The average salary for an employee at a quoted, VCT-backed company in the West Midlands is over £41k, and this rises to over £47k amongst unquoted VCT-backed companies. Respectively, this is over £11k and over £16k higher than the average wage across the region.

Since the rule changes to the VCT scheme in 2015, VCTs have focused on seeking out high growth areas of the economy, including specialist manufacturing, data analytics, digital security, health tech, automation and FinTech. Our focus on growth sectors of the economy extends to growth regions – the Kalifa Review of UK FinTech recommended supporting regional specialisms and nurturing the growth potential of the UK's top ten FinTech clusters to maintain the UK's status as a FinTech hub, and by design the VCT scheme is ideally positioned to offer much needed patient capital to fast-growing SMEs in those regions.

R&D investment in the UK can be critical to increase productivity and prosperity through the adoption of new products and services, and the creation of higher-wage jobs. Last year the government committed in the Budget to increase R&D spending from 1.7 per cent to 2.4 per cent of GDP by 2027 to help it achieve its goal of levelling up the whole country.

VCT companies invest significantly in R&D – especially important for innovative companies in the science and tech sectors. Between 2019 and 2021, the total VCTA R&D spend increased from £420m to £548m, despite the pandemic. 76% of the VCTA's cohort of post-2015 investee companies spend on R&D. Case studies 3-5 look at three VCTA-backed businesses that demonstrate the VCT scheme's effectiveness in supporting companies that deliver scientific and technological innovation, supporting the aim for the UK to be a science and technology "superpower". Case study 3 exemplifies how this can be of benefit to the UK's net zero agenda.

In addition, case study 2 (Q3) Martel Instruments, also serves to demonstrate the value of the patient capital VCT funds provide for a STEM-business based outside of London and the South East, and which taps into the industrial and manufacturing heritage of its base in Durham.

CASE STUDY 3: Ilika

Ilika is a pioneer in a ground-breaking solid state battery technology able to meet the specific demands of a wide range of applications in MedTech, Industrial Internet of Things (IoT), Electric Vehicles and Consumer Electronics.

Headquartered in Southampton, Ilika was founded in 2004 as a spin-out from the School of Chemistry at the University of Southampton. The company quickly established an international reputation for the rapid development of novel materials and secured commercial partnerships with a portfolio of blue-chip companies including Asahi Kasei, Shell, Applied Materials, Toyota, and Murata. The technology developed by companies like Ilika could play a crucial role in the automotive industry's net-zero carbon future.

In 2014, Ilika started designing the Stereax family of solid-state batteries and is prioritising building out its development and manufacture of solid-state batteries for medical implants and Industrial IoT devices.

The company's growth has been financed by three rounds of venture capital, an initial public offering (IPO) on the London Stock Exchange in May 2010 and three placings in April 2012, July 2018, and March 2020. Ilika has received VCT backing from VCTA member Canaccord Genuity, which has supported its rapid growth and enabled it to expand.

In December 2021, Ilika cut the ribbon on its new manufacturing facility in Chandlers Ford. The facility will manufacture their Stereax micro batteries that are designed for powering next generation implanted medical devices and industrial wireless sensors used in the Industrial IoT.

CASE STUDY 4: Arecor

Arecor is a Saffron Walden-based biopharmaceutical company that is transforming patient care by bringing innovative medicines to market through the enhancement of existing therapeutic products.

By applying their innovative proprietary formulation technology platform, Arestat™, they are developing an internal portfolio of proprietary products in diabetes and other indications, as well as working with leading pharmaceutical and biotechnology companies to deliver enhanced formulations of their therapeutic products.

In addition, Arecor has a portfolio of different Ready-to-Use ("RTU") and Ready-to-Administer ("RTA") hospital specialty products in development.

VCTA members AlbionVC and Downing Ventures first invested in Arecor in 2018 alongside Calculus Capital. The patient capital provided by VCT funding has allowed Arecor to progress the development of their proprietary diabetes products, including to run clinical trials.

In June this year, Arecor successfully raised £20m through an IPO on London's Alternative Investment Market (AIM) – an important step for the company's ambition to develop into a significant, UK-based global biotechnology company.

The listing will enable Arecor to continue to grow, put more resources behind its proprietary pipeline and ultimately drive improved outcomes and convenience for patients.

CASE STUDY 5: Elvie

Elvie is a pioneer in femtech, an umbrella term for companies that are using technology to improve women's health and wellbeing. VCTA member Octopus Ventures recognised that co-Founder and reproductive health expert Tania Boler's vision for Elvie had identified a clear gap in the market - to produce a suite of beautiful and usable tech products focused on women's health.

Founded in 2014, Elvie raised over £2m initial seed funding, before attracting £4.5m of investment from Octopus in 2016, following the launch of its first product - the Elvie Trainer. This product, which helps women with pelvic floor-strengthening exercises, has been distributed by the NHS across the UK since 2018. Elvie then launched its second core product – a truly pioneering soundless, wireless breast pump, which has seen huge success in both the UK and the US.

In April 2019, Elvie completed a record-breaking investment of $42 million in Series B funding from IPGL, Octopus Ventures, and Impact Ventures. This represented the largest femtech fundraise in history. Elvie went on to see product sales nearly double in 2020, despite the pandemic.

The funds raised in 2019 are fuelling the company's growth and the development of new products, alongside a £70 million capital injection in Elvie's 2021 Series C fundraise.

With this latest funding, the firm aims to accelerate its research and development efforts, as well as grow the brand to continue distributing its products across America. Before launching in the US, Elvie had more than 17,000 people on the US waiting list. Judging by the strong demand, its products clearly serve a need that wasn't being met before.

About the VCTA

The VCTA represents thirteen of the largest VCT funds across the UK, which together represent more than 90% of the VCT industry by value.

The businesses we support range across sectors as diverse as digital technology, medicine development, specialist manufacturing and online retailing.

The thirteen funds we represent are Octopus, Gresham House, Albion Capital, Foresight Group, Downing, Beringea, Mercia, Maven Capital Partners, YFM Private Equity, Canaccord Genuity, Molten Ventures, Pembroke VCT and Puma Investments.