

# UK impact startups raise £2 billion to solve the world's greatest challenges

- UK tech is helping to solve some of the world's most pressing problems from climate change, health and food insecurity
- Impact startups in the UK have raised £2 billion in investment in 2021, up from £1.7 billion last year
- Impact investment is up 127% in the UK since 2018
- Together these companies are worth £50 billion and employ over 35,000 people

UK impact tech startups – companies founded to build solutions to the United Nations' Sustainable Development Goals – have raised £2 billion in investment this year as technology becomes increasingly important in tackling global problems.

New analysis published today by Dealroom for the UK's Digital Economy Council has shown that impact investment in the UK has increased by 127% since 2018.

This comes as Digital Secretary Nadine Dorries hosts the Future Tech Forum taking place this week in London, marking the end of the UK's Presidency of the G7. The two-day event will be attended by ministers from governments across the world. They will come together with world-leading experts from industry, civil society and academia to discuss future public policy issues relating to the development and use of digital technologies. In particular, they will discuss how technology can deliver positive global change and deliver some of the ambitious targets agreed by nations at COP26.

## **12 impact unicorns and counting**

The UK is now home to 12 impact unicorns – companies worth over \$1 billion or more in value.

The unicorns are:

- Arrival (London)
- Octopus Energy (London)
- Babylon (London)
- ITM Power (Sheffield)
- Ceres Power Holdings (Horsham)
- Vertical Aerospace (Bristol)
- Compass Pathways (London)
- Depop (London)
- Ovo Energy (Bristol)
- Britishvolt (Blyth)
- Tractable (London)
- BenevolentAI (Cambridge)

Of these 12 companies, six of them are based outside of London, demonstrating

the wide-reaching nature of the companies working in this space. These include Vertical Aerospace which is based in Bristol and is building zero-carbon, commercial flying taxis; ITM Power in Sheffield which designs and manufactures hydrogen energy systems; and Ceres Power Holdings in Horsham which is creating low-cost next-generation fuel cell technology to enable companies to deliver clean energy at scale.

In addition, there are now 22 impact futurecorns, the high-growth scale-ups which are on track to reach unicorn valuation in the next few years. These include the alternative protein startup AgriProtein, fusion power research energy company Tokamak Energy and the leading mobile-delivered health and insurance provider Bima, with 25 million active users across Asia and Africa. As these companies grow and scale they are predicted to become future leaders and take their technologies global.

## **Technology tackling global solutions**

Impact investing has grown across the globe with investors keen to back companies that will generate positive social and environmental impacts alongside financial returns. In the UK, there are now nearly 900 impact startups and scale-ups using technologies such as artificial intelligence, deep tech, big data, and blockchain to develop next-generation solutions to take on global problems such as climate change, health and food insecurity. From Dundee to Dorset, these companies have a combined worth of £50 billion and have created over 35,000 jobs.

Most of the capital from impact funds is going to companies creating affordable and clean energy and tackling the climate crisis, something investors across the globe are paying closer attention to given the threat caused by global warming. Collectively, climate tech companies make up 65% of the deals in the impact space. This is being driven by companies such as the green energy provider Octopus Energy, which raised the biggest impact round this year of £438 million, the electric car subscription platform ONTO which raised £130 million in a Series B round, and future energy company Newcleo, which launched earlier this year to disrupt the nuclear energy industry.

It's not just energy companies that are leading the green revolution – Plastic Energy, based in London with industrial plants across Spain, raised £123m this year to transform plastic waste that would otherwise be destined for landfill into recycled oils that can be used to create clean, recycled plastic. Last year, UK climate tech investments made up more than a quarter (28.6%) of all climate tech deals in Europe and are expected to continue increasing in value this year.

As well as climate tech, the UK's impact startups are focused on solving global health problems. For instance, Benevolent AI is the UK's leading health impact company and uses big data and deep learning to discover more effective medicines and recently discovered a treatment for Covid-19 which has been approved by the US healthcare regulator. Other health tech companies using big data include Huma, which enables remote patient monitoring to reduce hospital readmission rates in countries including the UK and Germany, and Cera, an app which helps families to provide the right care for their

loved ones.

Digital Secretary Nadine Dorries said:

From world-class AI discovering new treatments for Covid-19 to green energy solutions paving the way to a net-zero future, UK tech is transforming the world for the better.

Our 'impact' startups are raising investment with nearly £2 billion in funding this year to help fight some of the most pressing problems we face as a planet.

We want to harness the power of technology to make greener, healthier and safer choices and today I'm hosting the first Future Tech Forum in London to discuss how we can make that happen through future governance, policy and cooperation.

Luisa Alemany, associate professor of management practice in strategy and entrepreneurship at London Business School's Institute of Entrepreneurship and Private Capital, said:

Impact investing has come a long way since its start in the late 90s when it was considered more of a philanthropic endeavour until investors realised these investments could deliver not only a social benefit but also a financial return. At the heart of this is technology, as the way to scale social impact is by applying science and technology. From biotech to nanotech, cleantech, computer science and medicine, technology is not only improving our lives but finding solutions to these pressing problems that only entrepreneurs, with the right source of financing, can dare to solve.

Eric Archambeau, partner and co-founder at Astanor Ventures, said:

There are some brilliant, impact-driven UK entrepreneurs who are developing innovative technologies to put nature back into the heart of the economy. It's solutions like these that will transform the economy from a system of extraction to one of regeneration, and entrepreneurs are the key drivers of this transition.

Remus Brett, general partner at LocalGlobe and Latitude, said:

COP26 and the ongoing Covid-19 pandemic have shone a light on the need for bold solutions to tackle these enduring challenges. Companies realise that they need to make significant changes and startups like Supercritical can help them to make real change, not just greenwashing.

Rana Yared, general partner at Balderton Capital, said:

With more money than ever being invested in UK tech companies, it's critically important to see that an increasing amount is being dedicated to supporting this new generation of impact companies. These companies have dual missions to have a positive effect on the world, while being self-sustaining businesses. As these companies grow and scale, it's important they have the right conditions to thrive and become global leaders.

Gerard Grech, Founding CEO of Tech Nation, said:

The UK tech ecosystem is constantly innovating to solve societal, economic and environmental challenges – on a national and global scale. The contributions of these inspiring impact tech scaleups has never been more vital – as is made evident by the increase in impact tech investment that we have seen this year. The value of UK Net Zero tech companies alone has nearly doubled over the last year (skyrocketing from \$24.4bn to \$47.6bn). However, with 40% of the technologies needed to reach net zero not yet at mass market scale, there is huge potential still to be realised. The UK tech ecosystem must do all we can to support and scale the UK's impact tech scaleups who are shaping our society, economy and future.

**ENDS**

### **Notes to editors:**

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### **About DEC**

The Digital Economy Council is a non-statutory advisory committee of independent members set up to provide advice to the government. Its purpose

is to harness the expertise of industry and the wider tech community to develop a world-leading digital economy that works for everyone.

### **About Dealroom:**

Dealroom.co is the foremost data provider on startups, growth companies and tech ecosystems in Europe and around the globe. Founded in Amsterdam in 2013, Dealroom.co now works with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on startups and venture capital activity.