

Regional Funding for growing businesses

Impact Report 2021

Welcome to The FSE Group 2021 Impact Report.

In 2002 The FSE Group was established to provide high-growth businesses with accessible, regional market-gap funding, which would support job creation and economic prosperity. Since then we have witnessed many changes affecting the funding landscape for SMEs but, almost twenty years on, our core function remains the same: a purpose-led organisation helping to fund scaleup enterprises.

Since our last report FSE has grown considerably; with a staff of 50, we have expanded our geographical coverage and now manage almost £200million across 19 funds and loan schemes operating in five regions of the UK: South East, South West, East of England, Midlands and Greater London.

We continue to see a gap in the SME funding market with the UK still behind other major economies when it comes to scaling up its SMEs. At FSE we believe that strong early-stage finance, combining both venture debt and equity options that can be tailored to the individual needs of a business, works best on a regional basis.

This past year has brought challenges that we could not have imagined 18 months ago, and UK SMEs have demonstrated a flexibility and resilience to be proud of.

We have witnessed existing customers and the wider business community tackling the impact of Covid-19 with accelerated productivity and successful pivoting along with a host of other innovative responses, and we are delighted to have been here providing support throughout.

In this report you can read about how we are helping SMEs across each of the regions in which we operate, as well as case studies that really dive into how our funds have impacted the growth of the businesses we invest in. You will also gain an insight into how our customers feel about working with us. Time and again we find it's our personal, relationship focused approach that they truly value; we are a funder prepared to take the time to understand their business and see its potential.

FSE continues to operate as a Community Interest Company (C.I.C.) focusing on the wider impact and benefit of our investments, with responsible investment a key priority. This is further embodied by our corporate values – collaboration, innovation, inclusivity and sustainability – and our commitment to applying these values to our workplace behaviours.

We now look forward to continuing to provide SMEs with the funding they need in order to reach their potential and we have the infrastructure to manage more market-gap economic impact funds – funds that will be crucial to the recovery and growth of smaller SMEs and an essential part of helping the UK's economic bounce back.

Paul Marston
Chief Executive



For almost 20 years, The FSE Group has provided SME funding with one key goal: **to support growth**

With a range of funds that are driven by an economic impact rationale and are not purely focused on commercial return, FSE is committed to supporting long-term, sustainable businesses that will grow, provide employment, and generate economic benefit in an environmentally and socially responsible manner.

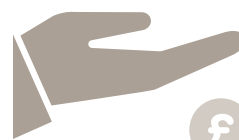
Our Purpose

With a passion for, and successful history in, managing and deploying market-gap funds with an economic impact purpose, we focus on more than pure commercial return to support the growth of SMEs. We promote diversity. We support underrepresented geographies. We are insightful in determining how we can improve an evolving funding landscape and we stimulate sustainability by successfully recycling smaller funds. **We are more than money.**

£200m
Under management
across **19**
funds/loan schemes



703 Enterprises supported



Private investment leveraged
£354m

£
£104m
Lent/Invested

Our Values



Funds under management

Cornwall & Isles of Scilly Investment Fund £40million

- Loans £25,000 - £1million
- Equity £50,000 - £2million



Midlands Engine Investment Fund £40million

- Loans £100,000 - £1.5million



Greater London Investment Fund £55million

- Loans £100,000 - £1million



South East Funding Escalators

- Loans £50,000 - £300,000
 - Equity £50,000 - £250,000
- For businesses based in Berkshire and in qualifying parts of Hampshire, Surrey and Sussex



Hertfordshire LEP Schemes

- Loans £200,000 - £500,000
 - Grants £10,000 - £100,000
- To support local businesses affected by Covid-19 and help mitigate the economic impact of the pandemic.



East of England Regional Loan Schemes

- Loans £50,000 - £250,000
- For businesses based in Norfolk, Suffolk, Essex, Bedfordshire, Hertfordshire, Cambridgeshire and Peterborough



FSE Investor Network

A business angel network co-investing alongside funds managed by FSE.



See page 19

"Having secured our initial investment prior to Covid-19, our earlier momentum was stalled by the huge impact the pandemic had on the hospitality sector. FSE was able to see our potential beyond the current situation, investing further in our innovative software and helping us to get back on track for substantial growth."

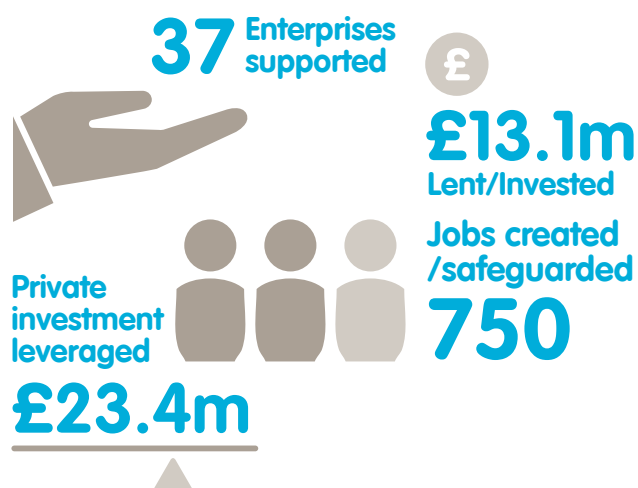
Chris Noon
Caterbook



Greater London Investment Fund

The Greater London Investment Fund (GLIF) is a £100million debt and equity fund launched in 2019 by the Mayor of London to help achieve economic growth through enterprise, promoting an inclusive and sustainable economy for London. At FSE we manage the £55million debt element of the fund, which actively assists high-growth, innovative companies in their journey towards achieving successful scaleup.

We have supported SMEs across a broad range of sectors including healthcare & life sciences, circular economy & low carbon energy, cultural & creative, manufacturing, financial services, and the expansive technology & digital sector. Across all of these, we are seeing the provision of innovative solutions underpinned by increasingly sophisticated digital technology such as AI, machine learning, and data analysis tools. This has resulted in a portfolio resistant to the challenges of the pandemic which, as we emerge from lockdown, will be well positioned to drive growth, create new jobs and support economic recovery.



Funds available:
Loans £100k to £1m



In keeping with GLIF's aim to deliver inclusive funding across the capital, we are active in underserved boroughs and communities. To date 28% of funds deployed are supporting SMEs with diverse representation at a senior management level.

Our recent accreditation to provide the Recovery Loan Scheme (RLS) will further enhance our ability to identify, support and deliver debt solutions for early-stage, high-growth, innovative SMEs.

"The service from FSE has been excellent from the very sensible approach to diligence, to understanding our business quickly and being very supportive throughout the whole process. I would highly recommend FSE to any of my contacts."

Sandeep Dhillon
Talmix



European Union
European Regional
Development Fund



**European
Investment
Bank**

The EIB bank

SUPPORTED BY
MAYOR OF LONDON



**GREATER LONDON
INVESTMENT FUND**



The Enterprise

Distributed is disrupting the way organisations build software, removing the need to hire full-time development teams by sourcing and managing top-level engineering teams on-demand for their clients. Established in 2017, the company has built a process and platform which allows businesses to work with the world's best IT workforce for every project as easily as they can with local teams.

Having recognised an issue affecting the IT sector where project delivery was inefficient, costly, and lacking specific technical needs, the team sought to develop a solution that would deliver fast, consistent, high-quality project delivery and give developers democratic access to work, wherever they are based. Distributed's pioneering Elastic Teams platform works alongside its fully managed service to match clients with pre-vetted, specialised expert developers at scale.

The Ambition

Having created a global framework of first-in-class IT specialists, Distributed required external funding to expand the business in the UK and globally, to meet growing interest from multinational clients. With the arrival of Covid-19, a combination of debt and equity finance would be needed to provide the flexibility essential for the business to stay on track. With a number of strong partnerships in place with private and institutional investors, as well as Capita plc, Distributed is now continuing the development of its innovative IT project management solution.

The Funding

Following successful equity raises in 2019 and 2020, the company was looking to secure debt finance alongside an upcoming Series A funding round. The FSE Group was able to provide a £500,000 loan from the Greater London Investment Fund at a time when debt finance from traditional providers was harder to secure. The finance has been used to fund additional jobs with the business rolling out a plan to recruit 20 new staff in London throughout 2021.

The Impact

Already on a high-growth trajectory, Distributed has established a significant presence in its sector that has seen the company almost triple in size over the last two years. The GLIF funding has allowed the Distributed team to navigate unforeseen challenges related to Covid-19 without impacting its growth plans. The company has attracted highly reputable institutional investors - successfully completing a further fund raise of £5m in 2021 - whose confidence has been positively impacted by the relationship with FSE.

"The pandemic has made the world smaller, with a growing recognition that geographical boundaries are becoming increasingly irrelevant when it comes to recruiting the best talent. With a product already built on this premise, we were confident that we could not only survive, but thrive at a time when Covid-19 was having widespread consequences across the business landscape. However, accessing funding for growth was always going to be challenging in this climate. With FSE we found a lender who was straightforward to deal with and was prepared to go beyond the surface to understand our offering and consider our potential. This has enabled us to continue our growth uninterrupted and we are grateful to have built this relationship."

Callum Adamson
CEO & Co-founder



Midlands Engine Investment Fund

The Midlands Engine Investment Fund (MEIF) is a £250million initiative operated by British Business Bank and supported by the European Regional Development Fund. At FSE we manage the £42million FSE Group Debt Finance Fund.

With the FSE part of the Fund launched in early 2020, we established our presence within the Midlands at the most difficult of times when the Coronavirus Business Interruption Loan Scheme (CBILS) was the main lifeline supporting SMEs. During the sustained period of lockdown we worked hard to make our presence widely known and ensure the region's SMEs could access this vital funding stream. Over the last year and a half, we have worked in close partnership with the ten LEPs across the Midlands Engine region, as well as the growth hubs, high street banks and the Chambers of Commerce, to deliver the funding and support needed to drive the growth of the region's SMEs.

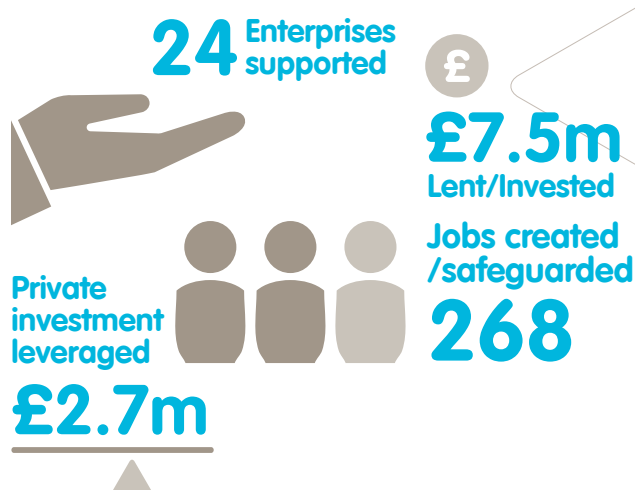
We have received over 270 enquiries to date, valuing c£100million, and are now working to realise the £7million+ of pipeline funding currently in developed stages of negotiation. During the last 12 months we have used our CBILS accreditation to support Midlands based SMEs in maintaining a position from which they can grow and will continue this effort in utilising our Recovery Loan Scheme accreditation.

Funds available:
Loans £100k to £1.5m



"With the pandemic hitting just as we were about to launch our product across a number of high-end retailers, the impact of Covid-19 was significant. Confident in the quality of our product, we needed to find a way to weather the storm and emerge still standing. Our FSE Investment Manager was able to see the strength of our business and growth plans and provide support when many lenders could not. An initial CBILS loan allowed us to safeguard the 13 jobs within the company and pivot our focus towards the online B2C market, whilst our recent RLS loan is enabling investment in R&D and marketing and will allow us to create a number of new jobs. Furthermore, it has helped us prepare the business for an upcoming multi-million pound equity raise, which will fund entry into overseas territories. We are now in a stronger position to take on the market opportunities available to us and really grow as a business."

David Zulman
Firetree Chocolate



European Union
European Regional
Development Fund



**European
Investment
Bank**

The EU bank



Department for
Business, Energy
& Industrial Strategy



**MIDLANDS
ENGINE**
Investment Fund

Delivered by British Business Bank
Financing growth for Midlands businesses

Midlands Engine Investment Fund supports



The Enterprise

Off Grid Energy designs, supplies and manufactures temporary energy storage solutions that deliver clean and efficient energy where the grid is weak or not available. The company has been focused on providing zero or net carbon neutral energy solutions since 2011, putting its sustainability credentials well ahead of its competitors. Its generators are used across a wide range of commercial and domestic applications including construction sites, large-scale events, remote residential locations and more.

By displacing the use of diesel generators, Off Grid Energy's technology has a significant environmental impact, reducing carbon emissions and tackling air quality issues whilst also delivering cost efficiencies for its customers. Its solutions are used across the globe, both in advanced, fast-growing sectors as well as to facilitate access to clean, reliable power in developing nations.

The Ambition

Having designed and manufactured sustainable power storage for over a decade, Off Grid Energy is looking to firmly establish its position as a leading provider of clean energy storage solutions. One particular area of growth for the business is electric vehicle charging, which is set to expand exponentially over the next few years. The company is now looking to further develop its product range and boost capacity to meet increased demand across both domestic and international geographies.

The Funding

With a considerable funding requirement to realise its ambitious growth plans whilst ensuring the resilience to navigate the unexpected impact of Covid-19, Off Grid Energy secured a £1.25m MEIF loan, including £250,000 backed by the Coronavirus Business Interruption Loan Scheme (CBILS). The debt finance will allow the business to implement some growth activity prior to a future equity raise.

The Impact

The funding has enabled the relocation of the business to state-of-the-art premises where it will continue to develop and bring to market new products that address an identified need in the energy storage sector. The company is looking to create 30 new skilled positions, supporting a step-change in the business to become a full-production operation. The CBILS backing has allowed Off Grid Energy to fulfil work deferred due to the temporary workshop closure during the initial Covid-19 lockdown and retain its current workforce without disruption, whilst investing in its pre-covid growth plans.

"Amongst the unpredictability surrounding Covid-19, it was reassuring to find a funder that was able to support our growth in this climate. The funding has been essential in helping us to drive the business forward and take full advantage of the opportunities available to us."

Janene Dooler
Joint Managing Director



Cornwall & Isles of Scilly Investment Fund

Since its launch in 2018, the £40million Cornwall & Isles of Scilly Investment Fund (CIOSIF) has become a significant part of the local funding ecosystem and plays a key partnership role, working closely with a range of partners and stakeholder groups. CIOSIF is a key stepping-stone for many early-stage businesses that are seeking to extend their growth after the initial stages of support from other organisations such as Falmouth, Plymouth and Exeter Universities, Cornwall Chamber of Commerce, CIOS Growth Hub and Oxford Innovation.

With a key emphasis on scalable technologies, we support businesses across a range of sectors including medtech, aerospace, advanced manufacturing, marine, and renewables. We play an important role in assisting the economic prosperity of Cornwall by backing the most ambitious Cornish SMEs.

Operated by British Business Bank and supported by the European Regional Development Fund, CIOSIF aims to nurture regional entrepreneurship and to help realise Cornwall's potential to achieve economic growth through enterprise.

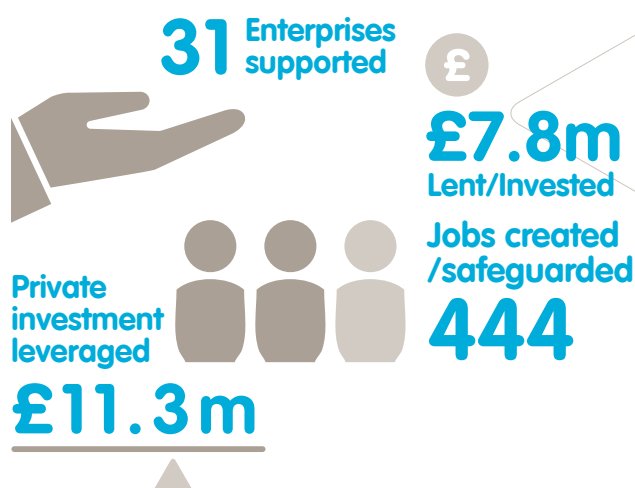


Funds available:
Loans £25k to £1m
Equity £50k to £2m

Focusing on innovation-led SMEs that are looking to scale up their operations and realise their growth ambitions, we manage both the debt and equity funding available through CIOSIF.

"My personal experience has been an integral part of the development of my business and with FSE I found a lender who was prepared to listen to my story and understand my motivation and ambition. I don't think I would have found this with another provider and I have truly valued this support."

Anne Cooper
Cornwall Laser Clinic



European Union
European Regional
Development Fund



**CORNWALL &
ISLES OF SCILLY**
LOCAL ENTERPRISE PARTNERSHIP



Department for
Business, Energy
& Industrial Strategy



**CORNWALL &
ISLES OF SCILLY**
Investment Fund

Delivered by British Business Bank

Cornwall & Isles of Scilly Investment Fund supports



The Enterprise

Wildanet was founded in 2017 to provide a superfast broadband solution that could guarantee consistent broadband speeds for hard-to-reach areas across Cornwall. Mainstream internet providers find it hard to access these areas, often leaving them digitally stranded. Even the lesser-remote areas can experience poor internet connection due to the infrastructure being over subscribed and under capacity.

To deliver a viable, high-quality broadband solution across the region, Wildanet has developed a unique infrastructure that stands apart from the copper cables used by mainstream providers. Its cutting-edge, independent network runs through the air via wireless hubs, which are connected to properties using state-of-the-art radio technology.

The Ambition

With the recent upsurge in people working from home, Wildanet's goal to provide all of Cornwall with a reliable and stable internet connection is more relevant than ever. The company continues to expand its technology across the county, moving towards its aim of being the region's premier ultrafast broadband provider. The team is now working to implement its infrastructure in neighbouring areas and further develop its Fibre to the Premises (FttP) offering.

The Funding

An initial £750,000 CIOSIF investment was matched by business angels from the FSE Investor Network and Crowdcube, resulting in a £1.5million funding round. A subsequent £600,000 CIOSIF investment means the fund has provided Wildanet with over £1.35million of equity to support its growth. The business has since received a £50million investment from Gresham House British Strategic Investment Fund LP (BSIF), one of the largest investments ever made in Cornwall.

The Impact

The investments have allowed Wildanet to expedite its growth strategy and deploy its broadband network extensively across Cornwall; its technology is currently available to over a third of Cornwall's properties. The funding has seen the business relocate to Liskeard where it delivered the county's first gigabit broadband service, providing speeds up to 40 times faster than the average connection. The company is now embarking on its £50million roll-out of this new gigabit-capable network, whereby a further 6000 Cornish properties will gain access to hyperfast broadband, while creating around 100 jobs in the process.

"Since our initial CIOSIF investment in 2018, FSE has been a key partner providing support throughout our growth journey. Our Investment Manager has taken a genuine interest in our business and we value the personal relationship that we have been able to maintain. Having a credible investor at our side has been a huge advantage when attracting further investment."

Ian Calvert
Founder & Deputy Chairman



Thames Valley Berkshire Funding Escalator

The Thames Valley Berkshire Funding Escalator has been supporting business from a wide range of sectors including tech & digital, life sciences, medtech, cultural & creative and food & beverage, since its launch in 2013. Initially an £8.3million initiative, the scheme benefited in 2018 from an additional £3million from its funder, Thames Valley Berkshire Local Enterprise Partnership, and was given evergreen status: now self-sustaining, it continues to support Berkshire SMEs in perpetuity.

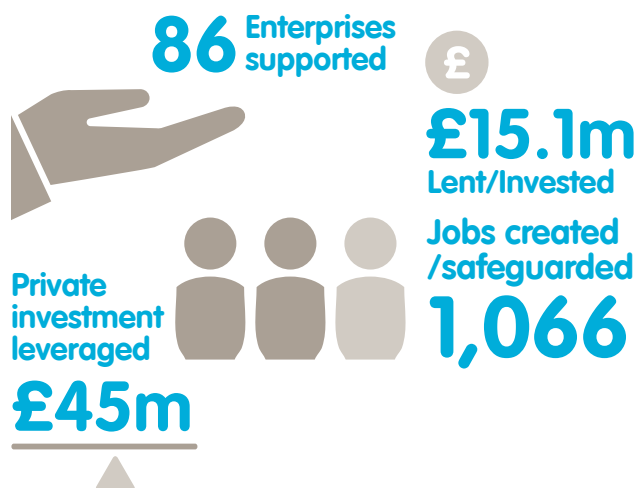
With a key focus on high-growth businesses with strong management teams, we continue to deliver the funding and support needed to help SMEs reach their potential, working closely with partners throughout the area including Berkshire Business Growth Hub, Innovate UK, Tech Nation, Bracknell Enterprise & Innovation Hub, Thames Valley Science Park and Curious Lounge. With a current pipeline of prospective funding opportunities in excess of £3.5million, the escalator will play an ongoing role in supporting SMEs that have the potential to deliver high-growth and employment opportunities across the county.

Funds available:

Loans £50k to £300k
Equity £100k to £300k



The Escalator includes an expansion loan scheme, a trade finance loan scheme and an equity growth fund, which focus on innovation-led SMEs that are looking to scale up their operations and realise their growth ambitions.



“The equity funding provided has been invaluable in enabling us to scale the business, but even more importantly, our Investment Manager has provided incredible support with additional advice and guidance during an incredibly turbulent economic time. They were also on hand and fully supportive during tough negotiations with other parties, post-investment. The team at FSE provides open and transparent communications and I know I can rely on them to help and advise me on any issue.”

Olivia Smith
Olivia & Pearl



HAYGAIN®

The Enterprise

Haygain was established to find a new way of cleaning hay – a necessary process to remove the dust, mould and fungal spores that can cause serious respiratory problems in horses. The company worked with specialists from the University of Bristol and the Royal Agricultural University to pioneer an effective technique that could replace the labour intensive and inefficient traditional soaking method. The resulting Haygain Hay Steamers inject steam into the centre of the hay using the only method scientifically proven to completely eliminate bacteria and improve equine respiratory health.

Haygain is now a leading international equine health company that is revolutionising the global horse care industry with its range of progressive products. The company maintains an impressive customer list that includes most leading racehorse trainers, a long list of Olympic medal winners and London's Metropolitan Police.

The Ambition

Having started life as a project by a group of riding enthusiasts to address an issue affecting the health of their own horses, Haygain transitioned into a global business focused on sharing its transformative products with the wider equine industry. External funding was needed to expand the business and enter new international territories, specifically Canada and the US. The company continues its ongoing research and development, working with a large international network of leading scientists and veterinarians to expand its portfolio of scientifically backed, proprietary products on offer to the global market.

The Funding

After successfully raising a substantial amount of equity, Haygain found it difficult to access traditional debt financing. The FSE Group stepped in to provide the company with £482,000 across three separate Thames Valley Berkshire (TVB) expansion loans in 2018 and 2020. The finance has been used to fund product development, sales and marketing activity and additional staff, supporting the overall growth of the business.

The Impact

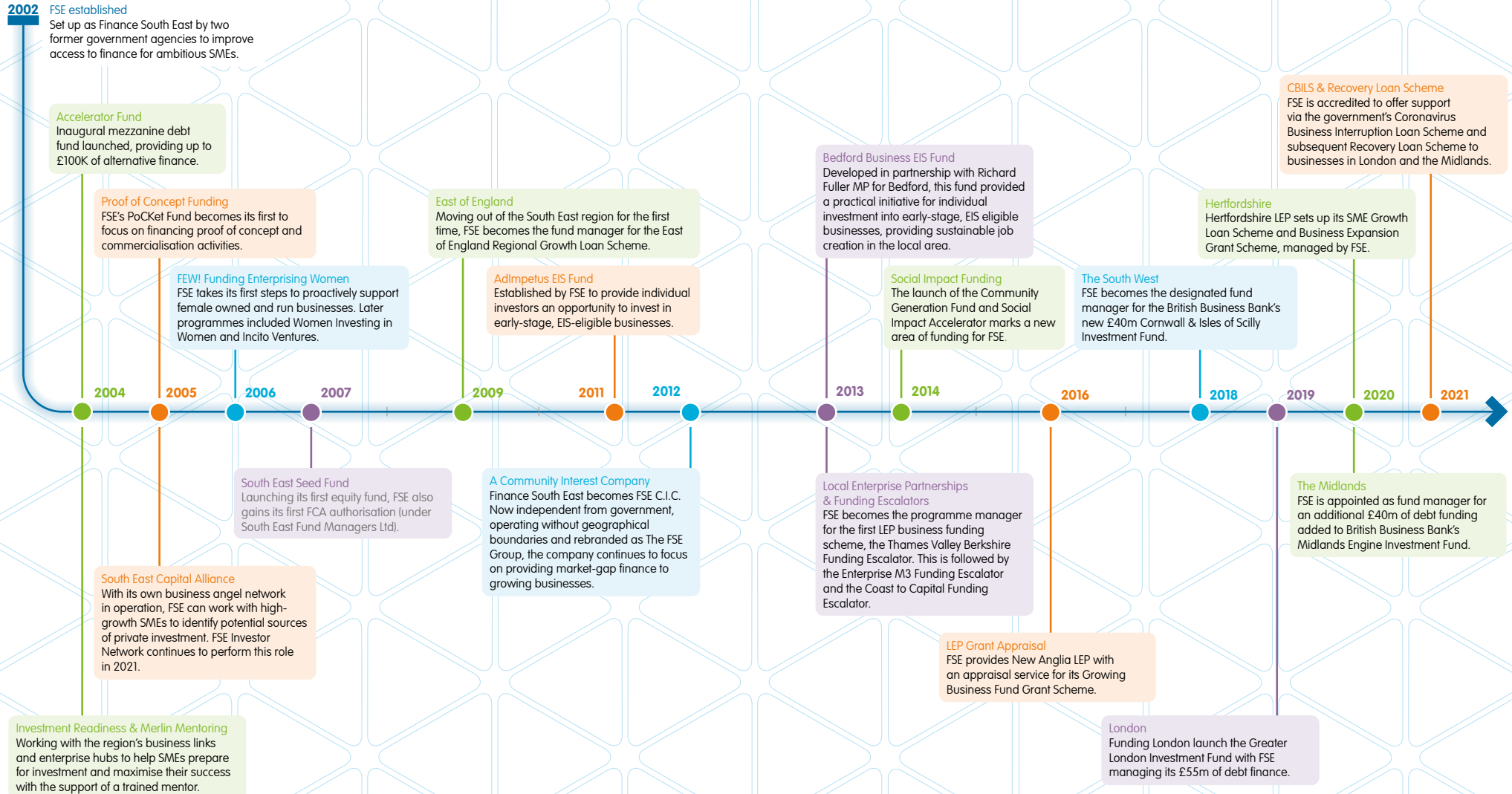
Haygain has experienced a path of exponential growth and has almost tripled in size since 2018. The funding has assisted with the development of a range of market leading products and helped the company to establish a presence in more than 25 international geographies. It has developed an impressive reputation across the industry which has helped it attract a highly experienced Board of Directors. Furthermore, knowing the business has been through FSE's thorough due diligence processes has provided reassurance to Haygain's equity investors.

"When we first contacted The FSE Group we had been unable to secure traditional debt finance. FSE was able to see the additional markets that we could tap into and support our growth plans. We have always received a personal service from FSE and have never felt left to just get on with it; our Investment Manager is always at the end of the phone if I have a question and it is a great working relationship. We really value the support that FSE has provided."

Edzo Wisman
CEO



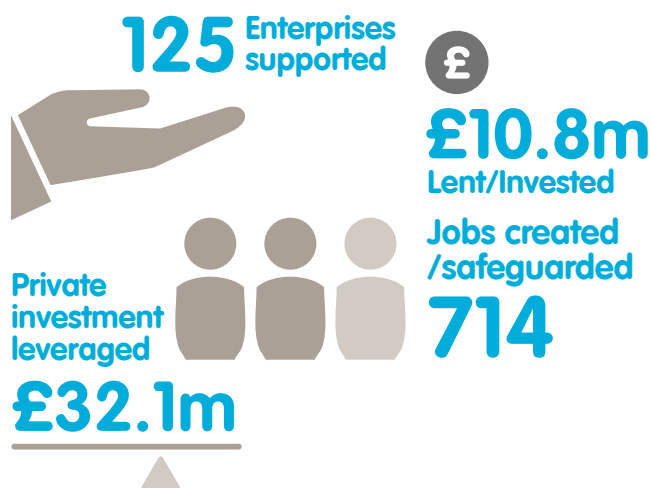
The FSE Group timeline



Enterprise M3 Funding Escalator

Launched in 2014, the Enterprise M3 Funding Escalator is a £15million initiative funded by Enterprise M3 Local Enterprise Partnership, which saw an initial £5.5million followed up with a further £10million in 2018. The Escalator continues to play an important role in the local funding landscape for SMEs, with a current pipeline of potential opportunities in excess of £4million.

To meet the key aim of stimulating job creation and economic prosperity across the EM3 area, we focus on high-growth businesses, prioritising sectors that include medtech, aerospace, animal health and satellite technologies. We work closely with partners, including EM3 Growth Hub, BASE Bordon Innovation Centre, SETSquared, Innovate UK, Tech Nation and the area's universities, to identify the best of the region's SMEs and ensure they can access the funding and support they need to deliver high growth.



Funds available:

Loans £50k to £300k
Equity £100k to £300k



The Escalator includes an expansion loan scheme, a trade finance loan scheme and an equity growth fund, which focus on innovation-led SMEs that are looking to scale up their operations and realise their growth ambitions.

Utonomy

Sector: Cleantech

Funding: £225,000 equity investment across two funding rounds totalling £3.5million with leveraged external investment

Impact: Enabled development of innovative technology to digitise the gas distribution network resulting in lower emissions of greenhouse gas methane, as well as greater use of renewable biomethane.

“FSE has contributed significantly to the growth of Utonomy over the last four years, largely through their observer seat on our board where they have provided very helpful advice and feedback on the company’s strategic plans, budgets and any important decisions facing the board. While it is clear that they expect high performance from the management team, they have always provided effective support to help us resolve any challenges we may face.”

Adam Kingdom
CEO

Enterprise M3 Funding Escalator supports



The Enterprise

Founded by three friends with a shared passion for cooking, Baked In offers a home baking experience made a little easier by providing conveniently packaged, pre-weighed and measured dry ingredients. With an early focus on offering a first-class product, in 2015 the team engaged Michelin starred chef Michel Roux as a partner and advisor to help develop Baked In's exclusive recipes over the next five years.

With its products available to purchase from its own website as well as from a number of leading UK grocery providers, Baked In's primary focus is on the expanding digital subscription market.

The Ambition

The Baked In team recognised a business opportunity around the resurgence of baking as a pastime, which was being fuelled by the success of shows such as The Great British Bake Off. It aspired to take advantage of this renewed market, creating a successful model that quickly gained traction in the UK subscription market. The company is now focusing on international expansion, specifically into the US, whilst growing its subscription customer base from 2,000 to 50,000 subscribers over the next five years.

The Funding

Baked In has received both debt and equity funding from the Enterprise M3 Funding Escalator. Its expansion loans in 2018 and 2019, totalling £300,000, helped fund a range of growth activities including product development, sales and marketing, increased headcount and a move to larger premises. In 2020 a £200,000 EM3 equity investment completed a £675,000 funding round from Velocity Ventures and private investors.

The Impact

The funding and support received from The FSE Group has helped Baked In increase its capacity in line with demand and grow the business at an accelerated rate, establishing it as one of the largest challenger brands in the UK home baking market. Over the last three years, turnover has grown from £1m to nearly £5m. The relationship with FSE, both as a lender and investor, has contributed to Baked In's positive standing with external investors and will continue to benefit the company in future funding rounds.

"Finding a funder that recognises the potential of your business and of the wider market is invaluable; we were impressed by the effort FSE put in to really understand us and our funding requirements. Our initial loans were instrumental during that phase of growth, enabling us to access funding not easily obtainable by an early-stage business. The recent equity investment has enabled us to grow significantly, and the team are a pleasure to work with. I've found their input at our board meetings constructive and valuable, and they've brought with them connections and expertise that's already proving useful to us."

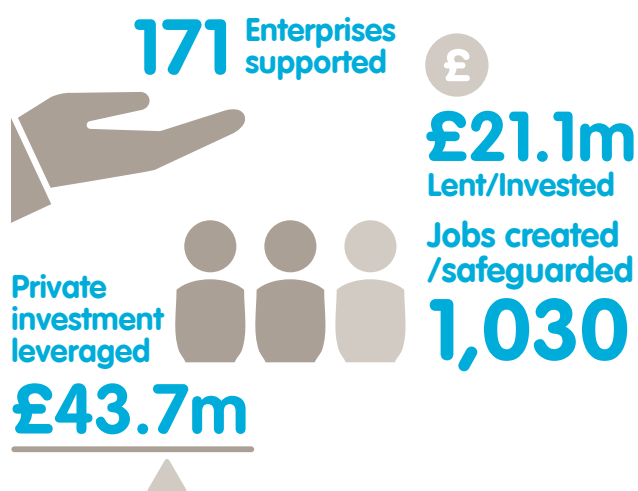
Joe Munns
Founder & CEO



East of England Regional Loan Scheme

At FSE we are proud of our record in successfully recycling smaller funds to generate continuous economic impact. A £6.5million initiative established in 2009, the East of England Regional Loan Scheme demonstrates how this can be achieved. Over the last decade, the £6.5 million has been recycled numerous times with a total £21.1million being lent in that time.

With its initial funding coming from UK government, the scheme is now managed by FSE on behalf of the region's LEPs. It can provide loans for growth as well as to service short to medium-term trade and contract finance requirements. The scheme aims to stimulate job creation and economic prosperity and supports SMEs that have the potential to deliver high-growth and employment opportunities across the East of England region.



Funds available:
Loans £50k to £250k



AiSolve

Sector: AI

Funding: £325,000 across two East of England Regional Growth Loans

Purpose: to support R&D and overall investment in resources to increase capacity and meet growth in demand

Impact: growth in turnover from £500k at first loan in 2015 to current £2.5million

"Securing finance for growth can be challenging. The team at FSE were knowledgeable and responsive, and we have valued their support in helping us to secure the funding we needed to be able to take on new customers and expedite the growth of our business. Without these loans, this growth would undoubtedly have been delayed."

Devi Kolli
Co-founder & Group CEO



"Our Investment Manager had a genuine interest in moving the business forward. He was supportive throughout and contributed greatly to our ultimate success."

Linda Dixon
Paper Projects



East of England Regional Loan Scheme supports



The Enterprise

Armadillo is a leading UK designer and manufacturer of high-performance, cutting-edge ranges of interior and exterior LED lighting solutions that include architectural, street, and commercial lighting. Its high-profile clients cut across a range of sectors including tourism, sports stadiums, transport, the NHS and the hotel and leisure industry.

Originally established in 1996 as an electronic components provider, the company responded to an impending gap in the market for high-quality LED lighting solutions, being driven by environmental and legislative agendas. When Armadillo started on its LED journey in 2008, the products available were low quality and even the large, multinational lighting companies were unable to provide a solution that met the needs of potential customers. Armadillo set about developing a cost-effective LED product that could replace traditional bulbs without compromising light quality.

The Ambition

With its market-leading product gaining traction back in 2010, Armadillo put two East of England Regional Growth Loans to use, helping it establish an early mover advantage and accelerate its growth. Its success at this stage allowed the business to aim high, with its sights set on prominent clients with large-scale lighting projects. Its current ambition to remain the go-to provider for customers seeking innovative LED lighting means Armadillo must ensure it has the capacity to compete with the bigger market players in this sector.

The Funding

In addition to its two initial growth loans totalling £150,000 in 2010, Armadillo has received a further £680,000 of contract delivery finance across three separate advances from the East of England Regional Loan Schemes, including £200,000 in 2020. With the original funds facilitating product development, marketing and other growth activity, the more recent finance has been used to assist with contract delivery related payments.

The Impact

As a result of the funding received, Armadillo has expanded exponentially whilst investing in research, product development and sales delivery. It is now a multi-million-pound turnover business and has almost doubled its workforce in the last three years. The later loans have enabled the business to take on major contracts with significant up-front supplier costs - without the cash flow concerns that can prevent smaller businesses from taking on the opportunities available to them - helping Armadillo to reach its full potential.

"We really could not have grown as significantly as we have without this help from The FSE Group. It wasn't always a smooth road but our Investment Manager helped us enormously. It is fair to say that we wouldn't be where we are today without this support."

David Bide
Managing Director



Hertfordshire LEP Schemes

Launched in May 2020, Hertfordshire Business Expansion Grant Scheme and Hertfordshire SME Growth Loan Scheme are part of a package of measures from Hertfordshire LEP to support local businesses affected by Covid-19 and help mitigate the economic impact of the pandemic within the county. Both the grant and loan schemes are available to businesses with expansion plans that have the potential to lead to business growth and job creation.

Funds available:

Loans £200k to £500k

Grants £10k to £100k



28 Enterprises supported

Private investment leveraged

£3.4m



£2.2m
Lent/Awarded



Jobs created /safeguarded

159

Hertfordshire

Local Enterprise Partnership

New Anglia LEP Scheme

The FSE Group has been providing independent due diligence services for New Anglia LEP's Growing Business Fund grant scheme since 2014. Experts in assessing applications against a range of eligibility criteria, we ensure that all potential projects have been fully vetted before their submission to the decision-making panel. Since April last year we have also been providing this service for the LEP's Covid-19 Business Resilience and Recovery Scheme.

Awarded to

291
projects

Generating
£227m
of private match
funding

Creating
3,303
jobs

Over the past 7 years the
Growing Business Fund has awarded

£30.4m

NEWANGLIA

Local Enterprise Partnership
for Norfolk and Suffolk

FSE Business Angel Network

FSE has been encouraging and supporting angel investment since its inception and has operated its own business angel networks since 2005. Our current FSE angel investor network is aimed exclusively at active angel investors, experienced or novice, who are seeking to make new investments in high-growth UK companies.

Our Investor Network Manager works alongside our Investment Managers to identify opportunities where the network can provide match-funding for our equity funds under management. Working closely with our angels and our SME customers, we aim to create an investment package that will enable SMEs to reach their growth potential and provide the best returns for our angels.



Funding: £525,000 FSE angels + £375,000 Enterprise M3 Growth Fund, over two funding rounds

Impact: Enabled investment needed to support the growth of the business without impacting working capital, allowing the company to take 20+ products through accreditation and providing a springboard to start delivering at scale.

"FSE has been really supportive and incredibly knowledgeable. They have a great contact base and have expanded our ability to drive structure into finance and board governance that helps to run a company effectively."

Antony Summerfield
CEO



Funding: £885,000 FSE angels over three funding rounds, + £175,000 Enterprise M3 Growth Fund

Impact: Enabled growth of the business to the point of acquisition by a US technology company.

Over the past five years,
FSE Investor network has invested

 **£3.5m** in
16 separate businesses.



Funding: £500,000 FSE angels + £150,000 Coast to Capital Growth Fund, over two funding rounds

Impact: Initial funding, delivered at a critical time to back up early customer wins and build momentum, enabled critical hires and early sales and marketing impact. Further funding from FSE angels enabled follow-on investment to scale the business.

"FSE is an investor who puts their customers first. Their support and advice is always on-point and they go the extra mile to enable early-stage companies like ours to succeed."

Chris Platts
Co-founder & CEO



Colateral.

Funding: £260,000 FSE angels + £800,000 CLOSIF

Impact: Supported further product development and entry into overseas markets, including North America.

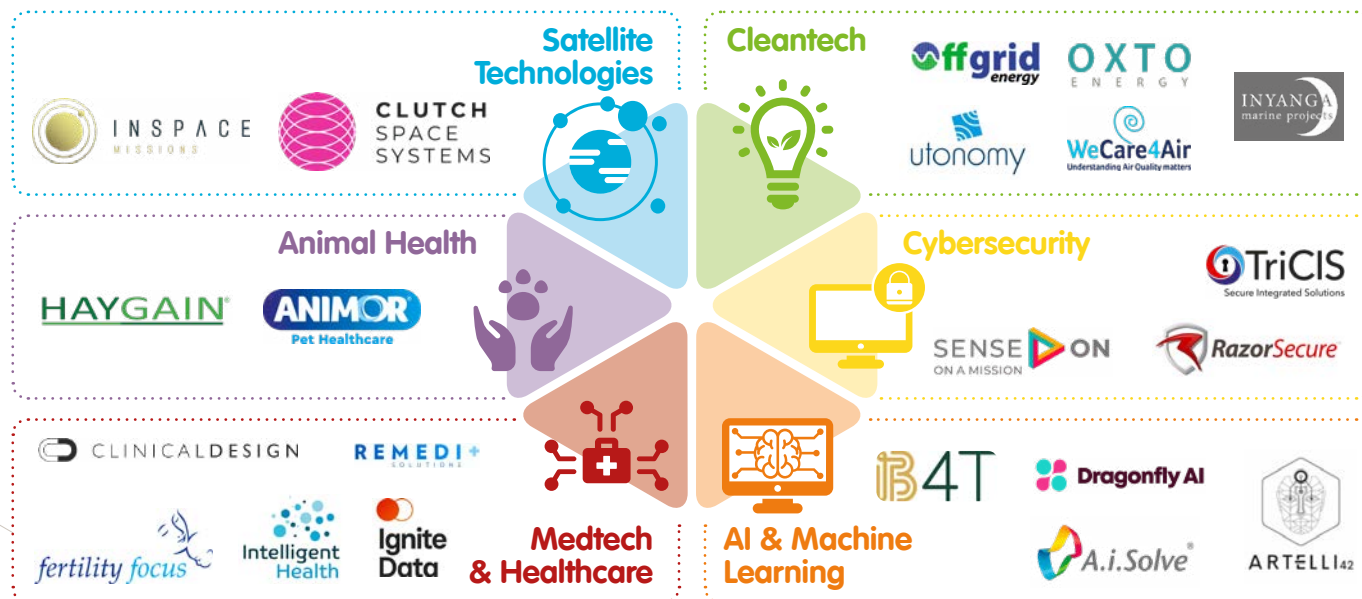
"FSE are a patient and intelligent investor who have shared the journey with Colateral and enabled us to expand, grow our product and start to unlock revenues from our sizeable potential customer base."

Dorian Spackman
Founder & Managing Director



Supporting priority sectors

Whilst working with businesses across a diverse range of markets, we look to actively support those operating in our stakeholders' priority sectors. These sectors reflect the key areas of competitive advantage and opportunities for maximum growth impact across each region.



INSPACE
MISSIONS



Sector: Satellite Technologies

Funding: £300,000

Impact: Enabled move to larger premises and further product development, to increase capacity to deliver new business worth £100+million. The business has already increased its headcount from 13 to 31 since the investment and is looking to create a further 200 new jobs over the next three years to meet growing demand.

"FSE recognised the potential of our business model and we are grateful to the team for their support in helping us secure the funding to drive our business forward."

Tony Holt
Director & CTO



Sector: Cleantech

"The FSE group has been a pleasure to deal with. Our investment manager has been very friendly, supportive and professional throughout. The trade finance loan has enabled us to cover up-front costs for a major contract – without this funding, we would have been unable to take on this opportunity."

Vanessa Ambler
Managing Director





Sector: Cybersecurity

Funding: £175,000

Impact: Initially enabled marketing activity and recruitment of new business development team; facilitated successful completion of a subsequent seed round with corporate investors; size of team doubled in the last year.

"FSE really understood what RazorSecure was about and what we wanted to do for cybersecurity in the rail industry. They supported us in initial conversations with other investors and introduced us to the lead investor in our later seed round. The team has been exceptionally supportive, continuing to work with our management team over the years following their investment."

Alex Cowan
Founder & CTO



B4T



Sector: AI & Machine Learning

Funding: £300,000

Impact: Enabled further product development, establishment of offshore manufacturing and a move into new premises.

"The debt funding provided by FSE has been instrumental in our market penetration and product development. We continue to work with FSE for equity deals to fully achieve our growth ambitions."

Alex Barter
Managing Director



Sector: Animal Health

Funding: £200,000

Purpose: To support – as part of a £1.5million funding round – the rollout of pet health centres in established retail outlets across the UK, disrupting the current market with a subscription-based health cover model.



Sector: AI & Machine Learning

Funding: £250,000

Impact: Enabled further development of AI technology and marketing activity to support planned expansion, including creation of 12 new jobs over the next three years.

"We found FSE open and clear to work with and were impressed with the level of flexibility, something we felt would be lacking in other providers."

Richard Mann
CEO



Sector: Medtech/Healthcare

"At the time we received debt funding from FSE, it was the only reasonable option we had to get our project off the ground – a project that would have been abandoned without this support. As a result, we are now working with leading pharmaceutical companies and are currently raising £3m equity to power our growth. Thanks FSE!"

Dan Hydes
Co-founder & Managing Director

Fully Invested Funds Under Management

We currently manage a dynamic portfolio for a number of fully invested funds.

South East Seed Fund

The South East Seed Fund – backed by a consortium of South East universities, BEIS (Department for Business, Energy & Industrial Strategy), and Prologis – provided seed stage funding for university spin-outs and SMEs. Our first equity fund, South East Seed Fund has had a number of successful exits and we now continue to provide support to its remaining active portfolio.

Invested: £5.1million

Investee companies: 21

Realised: £1.8million

Jobs created: >560

Private investment leveraged: >£120m

Coast to Capital Funding Escalator

This initiative was funded by Coast to Capital Local Enterprise Partnership and provided both debt and equity finance. We currently manage a portfolio of 12 Coast to Capital SMEs.

Lent/invested: £4.2m

Enterprises supported: 28

Jobs created/safeguarded: 395

Private investment leveraged: £21.3m

Bedford Business EIS Fund

Developed in 2013 as a practical initiative for sustainable job creation, this locally focused EIS Fund enabled investors to support the growth of early-stage and developing businesses in Bedfordshire. Making small but impactful investments, this fund helped create 22 jobs leveraging over £1.3m of additional private investment, and we continue to manage the portfolio on behalf of the fund's investors.

Adimpetus EIS Fund

Adimpetus was established in 2011 to provide a tax-efficient, diversified and actively managed early-stage EIS investment fund. The three remaining portfolio companies in this small fund have created over 45 jobs and raised co-investment of over £10million.

Bluebella

South East Seed Fund & Adimpetus EIS Fund

“The assistance FSE has provided over the past 10 years has been much bigger than the funds invested. As well as our initial South East Seed Fund investment in 2011, Bluebella has received funding from business angels from both the FSE Investor Network and Incito, FSE’s female angel network. Over the last ten years we have grown into a global, digitally enabled business with a turnover of £10+million, and our relationship with FSE has been incredibly positive and supportive throughout.”

Emily Blundell
Founder & CEO



Survey results

94%

would **recommend**
The FSE Group
to an associate.

94%

feel we are
knowledgeable of
and responsive
to their business needs.

96%

say we are a
straightforward
organisation
to deal with.

89%

feel their relationship with
us has contributed to the
success of their business.

Our portfolio companies have
experienced average
turnover growth of 70%
and average **job growth of 43%.***

*Based on an average relationship of 27 months

79%

said their project
would have been
delayed or abandoned
without FSE support.

73%

feel we provide
a unique service.

71%

feel we provide valuable
PRE-investment support
to help businesses
secure funding

72%

feel we provide valuable
POST-investment support
to help businesses
achieve their goals

ArmaUrto

Sector: Sports Clothing Manufacture

Funding: £150,000 CIOISIF equity investment as part
of a £300,000 funding round

Impact: Enabled product development and
marketing to support growth and position
the business well for scaleup.

**"Working with FSE has been a constructive
experience throughout – they have
provided support both pre and post-
funding and our Investment Manager has
always been very helpful and positive
towards the business."**

Chris Battin
Founder & Director



Our partners

Local Enterprise Partnerships



Universities



Other partners





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