

The Welsh firms in which the UK Government now has ownership stakes

THE UK Government has taken ownership stakes in some of Wales' leading high-growth potential firms.

The Westminster government, as one of its business support response measures to the pandemic, used its Future Fund to make investments into firms across the UK with debt that could be later converted into equity.

In total the now closed fund, backed 1,190 with just over £1.1bn in funding.

Under the Future Fund firms needed to have raised £250,000 in a previous equity round. It provided funding up to £5m.

When debt is converted into equity the UK Government gets a stake at a 25% discount to the required match funding investors.

The British Business Bank, the UK Government's economic development which administered the fund on behalf of the Treasury, has now confirmed that as of the end of 2021, some 265 convertible loans had been turned into equity stakes in firms across the UK.

In Wales it has a stake in six firms, although this could increase as a number of other Welsh firms currently have loans, including Swansea-based [Calon Cardio-Technology](#), that could convert debt into equity on a new investment round.

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Welsh firms where the UK Government now has small equity interests include Llangennech-based cleantech venture Hydro Industries.

Hydro secured £3.5m from the Future Fund with £4.6m from existing backers. With the Future Fund debt now converted into equity it gives the UK Government a 2.5% stake in a deal that values Hydro at north of £150m.

The match equity came from existing shareholders in the business that include co-founders of Admiral Henry Engelhardt and his wife Diane, and David Stevens and Heather Stevens.

The UK Government also had a small stake of less than 3% in Alternative Investment Market listed home-testing healthcare firm MyHealthChecked. Its ownership interest came as a result of MyHealthChecked's acquisition of Nell Health last year for £1.5m with the vast majority satisfied through the issuing of new shares. Nell had been backed by the Future Fund and had seen its debt being converted into equity before it was acquired. As a result of its acquisition this has gave the Treasury a share interest in MyHealthChecked.

The other Welsh firms where debt has been turned to equity for the UK Government are tech firms LGN Innovations and We Build Bots, life sciences venture Momentum Bioscience and hydrogen vehicle pioneer [Riversimple](#).

The fund saw the lion's share (around 72% on value) going into firms in London and south-east. The deal flow in Wales accounted for less than 2% of the total on value.

The British Business Bank will provide quarterly updates on the latest number of firms that have converted debt into equity for the UK Government.

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