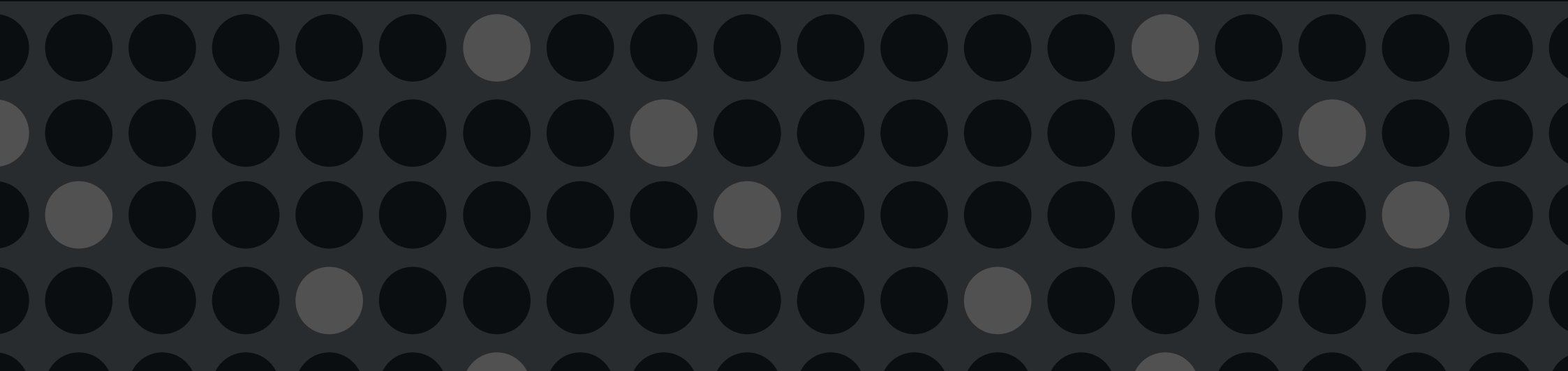




Ventures
Untapped

channel4ventures.com



Introduction to Channel 4 Ventures

Established in 2015, Channel 4 Ventures is the consumer venture capital arm of Channel 4.

The fund is a pioneer of the media-for-equity investment model in the UK, investing in consumer companies from the seed to pre-IPO stages using Channel 4's advertising space (including linear and streaming) and in return receiving equity stakes in the companies it backs.

We are a data-driven investment team that believes that consumer companies can scale more rapidly by leveraging the reach of mainstream media platforms, like TV and VOD. TV advertising can drive significant benefits for early-stage companies to create better shareholder value through improved marketing effectiveness.

Channel 4 Ventures has completed over 50 deals, backing companies such as **what3words**, **Oddbox**, **Purplebricks**, **Pinterest**, **Crowdcube**, **Carwow**, **Raylo** and **Swyft**.



what3words



**PURPLE
BRICKS**

RAYLO.

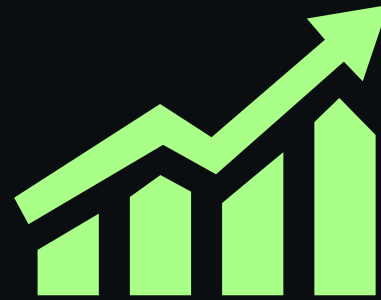
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Supporting a new wave of investment into overlooked founders

Untapped is a ground-breaking commercial initiative from Channel 4 Ventures to invest in entrepreneurs who have traditionally been overlooked by the VC ecosystem.

The initiative is informed by new Channel 4 Ventures research which shows that founders securing significant investment historically fall into a narrow range of elite profiles. Untapped seeks to address this by investing in high growth businesses led by founders with a broader range of profiles based on factors including gender, education, socio-economic history, race, location and employment history. Channel 4 Ventures is committing that a significant proportion of potential deals taken to its investment committee for approval each year will be in businesses led by such founders.



“Untapped will enable Channel 4 to invest in and incubate high-growth businesses, delivering significant commercial returns to drive forward Channel 4’s distinctive remit. More broadly, Untapped can be a catalyst to grow the UK consumer investment landscape and encourage others to follow.”

Vinay Solanki, Head of Channel 4 Ventures

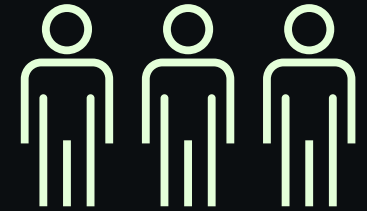
Data shows founders have historically fallen into a narrow range of profiles

To understand the current state of investment into early-stage consumer-focused companies in the UK, Channel 4 Ventures benchmarked the profiles of hundreds of founders that have secured investment valuing their companies at £100 million or more since 2013. The data suggests founders fall into a narrow range of profiles.

Our findings reveal:

The overwhelming majority of founders were men

94% of the founders were men, despite representing only **41%** of all UK graduates



Founders over-index from a small subset of universities

51 times more likely to have graduated from an Oxbridge university or its US equivalents, than a graduate of a university outside the top 100 institutions globally



Most founders have come from within the VC / start-up ecosystem

67% of founders were either previous founders or came from within the traditional start-up / investor ecosystem



Companies were typically based in London, Oxford or Cambridge

Consumer companies in London, Oxford or Cambridge are **11 times more likely** to have raised a valuation of **£100m+** than a company located anywhere else in the UK



Founders were overwhelmingly white university graduates

White university graduates are **10x** more likely to have founded a consumer company that raised at a valuation of **£100m+** than a Black graduate, and nearly twice as likely as an Asian graduate



Why are we exploring this space?

The data is clear.

The Channel 4 Ventures team believes talented founders leading high-potential companies are being missed by the investment ecosystem.

Untapped sees this issue as a clear commercial opportunity and seeks to back more of these founders.

The primary reason for pursuing this strategy is to generate superior returns:

1

Backing talented founders currently overlooked by the start-up ecosystem enables Channel 4 Ventures to drive proprietary deal flow.

2

Superior returns could be driven by supporting innovative new ideas from a wider base of founders.

3

Investing in these founders within the UK consumer ecosystem is a commercially sound investment thesis:

- Everyone in the UK is a consumer and will have a view on consumer trends, behaviour, taste and appetite.
- The insights and ideas of founders with such profiles is a source of innovation for shareholder value creation and increased portfolio diversification.

There are secondary benefits to the Untapped strategy:

- Untapped can be a catalyst to develop the UK consumer investment landscape and become a beacon for others to follow.
- Untapped marks a union between a commercial investment strategy and Channel 4's own remit to represent voices across the UK. Successful commercial returns enhance Channel 4's ability to fulfil its purpose in the longer term.

A new approach

The strategy is based on a new, industry-leading framework which will determine founders' profiles across a number of criteria. It will enable Channel 4 to identify more potential investment opportunities in early-stage businesses led by a broader range of founders. Channel 4 Ventures is committing that a significant proportion of potential deals taken to its investment committee for approval each year will be in businesses led by such founders.

For each of its prospective investments, Channel 4 Ventures will assess the founder based on criteria including the following:

BACKGROUND

1. Employment history
2. Highest level of education
3. Type of school attended
4. Type of university attended (if any)
5. Location of start-up HQ

DEMOGRAPHIC

6. Ethnicity
7. Gender
8. Sexual orientation
9. Disability or neurodiversity

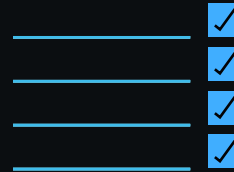
FINANCIAL

10. Pre-founding household income
11. Household net worth
12. Student loan balances (if any)
13. Friends and family round size (if any)

How will Untapped operate and engage with the start-up community?

To consistently reach companies led by a new wave of founders, Channel 4 Ventures commits to:

Evaluating all shortlisted investments against its proprietary framework



Channel 4 Ventures is a core part of Channel 4's revenue diversification strategy, which seeks to reduce Channel 4's reliance on traditional linear advertising revenues. All profits made from exits of Channel 4 Ventures equity stakes are invested back into Channel 4 to support its distinctive remit.

Anyone interested in having their business plan reviewed should contact: Untapped@Channel4.co.uk by 5pm on Wednesday 17 April 2024

Embarking on a UK roadshow which will see Channel 4 Ventures hold five pitch events per year in locations around the UK.



Reporting outcomes and adjusting targets accordingly



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